

G E N O V A



Year-end Report January-December/**2020**



# The period in summary

## Full-year January-December 2020

- Rental income amounted to SEK 231.1m (180.6), an increase of 28%.
- Net operating income amounted to SEK 177.4m (129.9), an increase of 37%.
- Income from property management<sup>1</sup> increased 49% to SEK 60.8m (40.8), of which income from property management attributable to ordinary shareholders was SEK 18.8m (4.1), corresponding to SEK 0.53 (0.09) per ordinary share.
- Net income after tax amounted to SEK 418.0m (571.0), corresponding to SEK 10.69 (11.77) per ordinary share. The decrease is a result of lower value changes during the period compared with 2019.
- Long-term net asset value attributable to ordinary shareholders increased 62% to SEK 2,364.6m (1,457.0), corresponding to SEK 59.75 (47.43) per ordinary share.
- The Board proposes that a dividend of SEK 10.50 (10.50) per preference share be distributed quarterly and that no dividend be paid on ordinary shares.

## October-December 2020 quarter

- Rental income amounted to SEK 62.8m (52.6), an increase of 19%.
- Net operating income amounted to SEK 47.2m (35.5), an increase of 33%.
- Income from property management<sup>1</sup> amounted to SEK 10.8m (13.7), of which income from property management attributable to ordinary shareholders was SEK 0.3m (3.2), corresponding to SEK 0.01 (0.10) per ordinary share.
- Net income after tax amounted to SEK 108.2m (150.6), corresponding to SEK 2.47 (4.56) per ordinary share.

1) Currency effects for the quarter and the period are no longer included in income from property management and are recognised separately in profit or loss. Comparative figures have been restated. Refer to Performance analysis on pages 21-22.

	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
Rental income, SEKm	231.1	180.6	62.8	52.6
Net operating income, SEKm	177.4	129.9	47.2	35.5
Income from property management, SEKm <sup>1</sup>	60.8	40.8	10.8	13.7
Income from property management per ordinary share, SEK <sup>1</sup>	0.53	0.09	0.01	0.10
Residential units under construction, no. <sup>2</sup>	540	527	540	527
Residential units completed, no.	137	133	48	133
Net investment, SEKm	1,074.7	1,146.1	368.1	132.5
Loan-to-value ratio, %	55.2	61.0	55.2	61.0
Equity/assets ratio, %	39.0	33.5	39.0	33.5
Interest-coverage ratio, times <sup>3</sup>	1.8	1.8	1.7	1.4
Long-term net asset value, SEKm	2,883.0	1,975.3	2,883.0	1,975.3
Long-term net asset value attributable to ordinary shareholders, SEKm	2,364.6	1,457.0	2,364.6	1,457.0
Total no. of ordinary shares outstanding, 000s <sup>4</sup>	39,577	30,722	39,577	30,722
Long-term net asset value attributable to ordinary shareholders, per ordinary share, SEK	59.75	47.43	59.75	47.43

1) Currency effects for the quarter and the period are no longer included in income from property management and are recognised separately in profit or loss. Comparative figures have been restated. Refer to Performance analysis on pages 21-22.

2) Including 35 hotel rooms.

3) Excluding non-recurring items.

4) Restated for 2019 to correspond to the number following the withdrawal of every other share in the second quarter of 2020.

“2020 was a year of strong development and important growth steps for Genova, in a turbulent business environment marked by the coronavirus pandemic.”



**SEK 5,355m**

Property value

**5,890**

Residential building rights

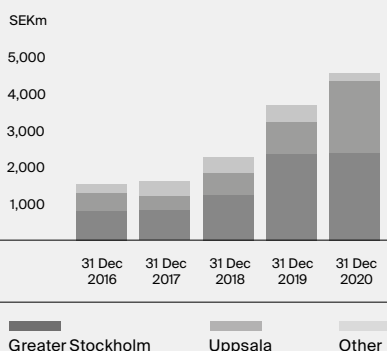
**55 %**

Loan-to-value ratio

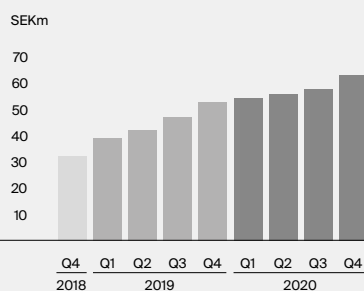
**SEK 2,883m**

Long-term net asset value

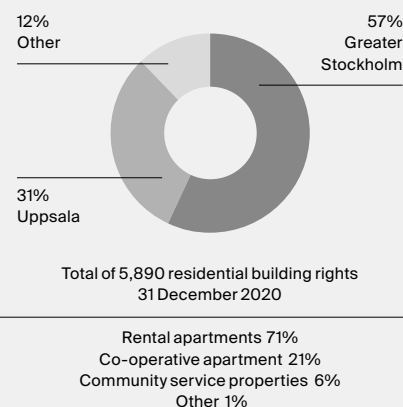
#### Value of investment properties per geography



#### Rental income



#### Project development



# Significant events during and after the end of the period

## First quarter

- In February, Genova's Board of Directors adopted new financial and operational targets and a new dividend policy.
- In March, Genova concluded an agreement to divest 50% of the shares in the property-owning company that owns Stapelbädden 3 in Lidingö at an underlying property value of SEK 400m before deductions for deferred tax.
- In March, Genova signed a letter of intent with Internationella Engelska Skolan to build an elementary school with a 20-year rental agreement in the Viby 19:3 property in Upplands-Bro, where Genova is planning to build a new district together with housing company K2A.
- In March, Genova agreed to acquire a ground lease in Nacka at an underlying property value of approximately SEK 40m. Accession took place in May 2020.
- During the quarter, rental agreements for approximately 4,500 sqm in two properties in Lund were extended, with an annual rental value of approximately SEK 6.2m. The agreements have terms of five and eight years, respectively, with National Historical Museums and Friskis & Svettis as the tenants.
- Genova decided to change its accounting policies and will henceforth consolidate the co-operative housing association that owns the Liljegatan 1 project in Fålhagen, Uppsala. Under the new policies, the date on which income from newly constructed co-operative apartments is recognised is the point in time when home buyers gain accession to their units and not, as previously, over a period of time as the work is completed. Due to application of the new accounting policies from the first quarter of 2020, items attributable to prior periods have been restated, which is presented in Note 1. As a result of the restatement, equity decreased by SEK 47.0m. Revenue will be recognised when the project is completed, which is scheduled for the fourth quarter of 2020.

## Second quarter

- In May, Genova agreed to acquire a community service property in Ekeby, Uppsala, at an underlying property value of SEK 350m. The lettable area is approximately 16,500 sqm with a lot size of about 16,700 sqm. The largest tenants are Gluntens Montessori School, Stadsmissionens Skolstiftelse, Friskis & Svettis and Uppsala Municipality. The average remaining rental duration is 2.9 years and the annual rental value approximately SEK 26m. Accession took place in August 2020.
- In June, Genova agreed to acquire a property in Åkersberga at an underlying property value of SEK 20m. The property is located in central Åkersberga adjacent to one of Genova's existing properties. The lettable area is about 1,100 sqm, with an approximate lot size of 6,000 sqm. The property is fully let to Lidl Sweden, has an annual rental value of approximately SEK 1.3m and a rental term of approximately 3.5 years. Accession took place in July 2020.
- In June, 50% of the shares in the property-owning company that owns Stapelbädden 3 in Lidingö were divested. The shares were acquired by Samhällsbyggnadsbolaget i Norden AB (SBB) in March 2020, and the parties will develop the property jointly with a focus on sustainable, community-oriented residential units. The underlying property value of SEK 400m in the transaction exceeded Genova's book value by approximately SEK 220m, which was recognised as a value change in the first quarter.
- In June, Genova's first own-produced rental apartments were completed and occupied. Genova will own and manage the 35 rental apartments, which are located in Alsike in Knivsta.
- As of 12 June, Genova's preference shares were admitted to trading on Nasdaq Stockholm's Main Market.
- In June, Genova decided on an offering to subscribe for and purchase ordinary shares in the company, and a subsequent listing of the ordinary

shares on Nasdaq Stockholm. The offering was oversubscribed and in total, including the over-allotment option that was exercised in July, the company generated proceeds of approximately SEK 576m before listing expenses.

- 30 June was the first day of trading for the ordinary shares on Nasdaq Stockholm's Main Market.

## Third quarter

- In July, Genova announced that the over-allotment option had been fully exercised.
- In July, the zoning plan for Genova's jointly owned project in central Knivsta came into force. The zoning plan for the Segerdal project grants permission to develop approximately 25,000 sqm of gross lighted floor area, where Genova is planning to construct approximately 300 rental apartments combined with some commercial operations.
- In July, Peter Lövgren resigned from his position as Head of Business Development. In conjunction with this, Head of Properties Henrik Sandström assumed responsibility for Genova's business development.
- In August, Genova and SBB jointly acquired and gained accession to Nackahusen Holding AB, which owns six properties in Nacka Strand. The properties, which contain building rights of approximately 40,000 sqm of gross lighted floor area, were acquired for SEK 1. The parties assumed the existing bond loan of approximately SEK 360m. Following the settlement of Nackahusen Holding's previously divested properties, Genova and SBB will jointly control properties and building rights of about 30,000 sqm of gross lighted floor area. The properties are owned through a joint venture, where Genova's investment commitment amounts initially to SEK 30m.
- In September, Genova successfully issued senior unsecured bonds in the total amount of SEK 400m under a framework of SEK 750m. The bonds have a tenor of four years and a floating interest rate of Stibor three months plus 450 bps and will mature on 9 September



2024. The first day of trading of the bonds on the corporate bond list of Nasdaq Stockholm was 9 October 2020.

- In September, Genova announced the result of the voluntary tender offer that was announced as of 24 August 2020 to the holders of Genova's outstanding senior unsecured floating rate bonds 2017/2021 with an outstanding amount of SEK 156m. The offer was accepted by holders of bonds representing a total nominal amount of SEK 106m. Genova intends to exercise its right to voluntary early redemption of all outstanding bonds.
- In September, Genova agreed to acquire three properties in central Enköping at an underlying property value of SEK 91m. Accession took place as of 23 October 2020. The properties are directly adjacent to a property that is already owned, where planning is in progress for the future development of residential units. The annual rental value of the let commercial space is approximately SEK 2.8m. The properties include residential building rights that have gained legal force of approximately 14,000 sqm of gross lighted floor area and an estimated potential to develop a further approximately 12,000 sqm of gross lighted residential floor area.

## Fourth quarter

- In October, Genova conducted a number of strategic lettings of approximately 6,500 sqm with an annual rental value of approximately SEK 10m in Stockholm and Lund.
- In October, Genova signed a letter of intent with Axfood pertaining to the development of the Viby 19:3 property in Upplands-Bro, where Genova is planning to build a new district. The parties are to work to construct a supermarket with Hemköp covering a floor area of 1,200-2,000 sqm with a 10-year rental agreement, at a minimum, on market terms. The project in Upplands-Bro is being run together with K2A and is expected to commence in 2021.
- In October, Genova agreed to acquire a project property for warehouse and logistics strategically located in Uppsala. When completed, the property will contain approximately 21,500 sqm of lettable area and entail a total investment of SEK 275m. In connection with the accession, Genova paid consideration of SEK 25m. The property is scheduled for completion in September 2021 and the property value when the project is completed is estimated to SEK 360m, with a total rental value of approximately SEK 23.5m and expected net operating income of approximately SEK 22m.

- In October, Genova agreed to acquire two properties with a school, retirement home, supermarket and rental apartments in Knivsta at an underlying property value of SEK 246m before deductions for deferred tax. The total lettable area is approximately 8,700 sqm and the properties also include land of approximately 50,000 sqm with the potential for future development of residential units and community service properties. The annual rental value for the properties is approximately SEK 14m with an expected net operating income of approximately SEK 12m. The average remaining term for the rental agreements exceeds seven years. Accession took place on 1 December 2020.
- In November, properties were exited by Nackahusen Holding AB and a payment of nearly SEK 50m was received. The properties were already divested on the date of Genova and SBB's joint acquisition and accession in August 2020. In November, Nackahusen Holding also repaid the bond loan of SEK 360m that was assumed in connection with the acquisition and replaced it with a new bank loan, which means significantly lower financing costs for the jointly owned company.



Gredelby 7:89, Knivsta



- In November, Genova entered into a barter transaction whereby Genova would divest the Sjöborren 5 & 6 properties in Sollentuna at an underlying property value of SEK 111m, while also acquiring one newly renovated pre-school in Kungsängen and one newly renovated school in Örnberg for a total underlying property value of SEK 129m. The divested properties were acquired in December 2018 for SEK 92.5m and contain an extended-stay hotel of approximately 2,600 sqm with an annual rental value of approximately SEK 6m. The accession/exit date was 15 February 2021.
- In December, Genova agreed to divest three commercial properties in Gävle and Sundsvall at an underlying property value of SEK 128m before deductions for deferred tax. The selling price

exceeds the book value by approximately 10%. The divestment comprises two properties with car sales premises in Sundsvall and Gävle, and one property with retail in an out-of-town shopping centre in Gävle. The exit date was 15 December 2020.

- In December, Genova commenced the Segerdal project located in central Knivsta, next to the Town Hall and directly adjacent to the train station. The project comprises new construction of approximately 300 rental apartments with a lettable area of approximately 17,000 sqm. The buildings will be environmentally certified and the first occupancy is scheduled for year-end 2022/2023. The project is being carried out as a joint venture together with Redito.

## Events after the end of the period

- Genova is significantly accelerating the pace of its ongoing construction of properties for own long-term management by starting the construction of projects in Knivsta and Enköping, and increased area in the ongoing project in Norrtälje. In total, these projects comprise approximately 60,000 sqm and more than 1,000 rental apartments. This means that Genova's production rate has increased significantly from 438 residential units under construction at 30 September 2020 to more than 900 at the end of the first quarter of 2021. The projects are being constructed with a clear sustainability profile and will be environmentally certified. As part of this process, a new green finance framework has been established with a 'second opinion' from Cicero.



Särsta 3:398, Knivsta

- In January 2021, the Board of Genova set new growth targets for the operations and extended the business plan to cover the period up to the end of 2025. The operational targets were revised upwards and, as of 2022, will increase ongoing construction of own-produced residential units to 1,500 per year from the previous figure of 750, and increase the share of rental income from residential and community service properties to at least 70% of Genova's total rental income by the end of 2023, from the previous figure of 60% by the end of 2024. The company's financial targets, risk limitations and dividend policy will remain unchanged.
- After the end of the quarter, Genova extended the rental agreement with Gluntens Montessori School for the Flogsta 47:1 property with approximately 6,000 sqm and an annual rental value of approximately SEK 11m until 31 August 2041. In addition, the rental agreement with Leo's Lekland for the Mackmyra 20:18 property of approximately 3,600 sqm and an annual rental value of SEK 4.5m was extended for three years until 2029.
- During and after the end of the quarter, more than 10,000 sqm were newly let in the project property for warehouse and logistics in Uppsala which was acquired in October 2020, and construction started immediately at the beginning of 2021. The property will comprise a total of 21,500 sqm and is scheduled for completion in September 2021.
- Genova has engaged ABG Sundal Collier AB and Swedbank AB (publ) to act as joint bookrunners and arrange investor meetings starting on 24 February 2021 to study the possibility of issuing new subordinated perpetual floating rate callable green capital securities in the amount up to SEK 700m, under a framework of SEK 1,250m. This may be followed by a capital market transaction, with reservation for factors such as the prevailing market conditions. Upon completion of the transaction, the issue proceeds will be used in accordance with the green framework that has been established, including redemption of preference shares outstanding.

## Impact of COVID-19

The COVID-19 outbreak is continuing to have both humanitarian and economic effects on the world around us, and posing a challenge for people, society and the business community. Genova's priority is to protect the health of our employees and tenants and to prevent the risk of spreading the virus. We will continue to monitor the situation and are continuously assessing the risks for Genova.

However, the effects of COVID-19 on Genova have been manageable to date, and our assessment is that the basic conditions for a relatively limited impact on the company will remain favourable. Genova has a stable financial position, good liquidity and a diversified tenant mix, where approximately half of the rental value is derived from publicly funded operations and supermarkets. Rental apartments and community service properties in Greater Stockholm and the Uppsala Region account for approximately 70% of Genova's ongoing and planned project development.

### Government grants

Genova has not needed to use the Swedish government's support for furlough schemes, give notice of termination or terminate any employees. Nor has the company claimed tax relief, but has taken advantage of the possibility to reduce employer contributions for the March to June period of 2020 that was available to all employers.

### Rent payments

Genova's tenants, however, like society in general, are impacted by COVID-19. Of Genova's annual rental income of SEK 263m, about 60% is due quarterly in advance, and about 40% monthly

in advance. Genova has engaged in discussion with a number of individual tenants with liquidity concerns and offered some of these the possibility to switch from quarterly rent payments to monthly payments. Of the adjusted rent receivable due for payment by 31 December 2020, 97.2% had been received by 15 January, which is in line with the normal outcome.

### Project development

All of Genova's projects are more or less on track, and we do not envisage any significant delays at present. Should material deliveries be at risk of delay, we will look into alternative solutions. At present, we can see that the timetables are being met.

### Liquidity and financing

Genova has a stable financial position and good liquidity. As of 31 December 2020, cash and cash equivalents and undrawn credit facilities amounted to SEK 1,013m. Loans maturing within 12 months amounted to SEK 184m, of which SEK 134m will be refinanced before maturity. In the period, Genova implemented a successful spread of ownership and listing of the company's ordinary shares on Nasdaq Stockholm's Main Market, which in early July generated proceeds of approximately SEK 535m for the company after listing expenses. The proceeds from the issue that were provided to the company in July, combined with existing undrawn credit facilities, allows excellent access to finance.



# Genova – the personal property company

Genova is a personal property company that owns, manages and develops properties with a long-term, sustainable and highly committed approach. We are focused on commercial, community service and residential properties in Greater Stockholm and the Uppsala Region.

Genova's large portfolio of own residential building rights ensures the Group's long-term growth and continued stable growth of the investment property portfolio, regardless of economic conditions. We are active across the entire value chain – from acquisitions, urban and project development to letting and property management.

Our mission is to combine stable cash flows from the investment property portfolio with cost-efficient project development of mainly rental apartments and community service properties for our own long-term management.

Sustainable, safe and attractive urban environments evolve where Genova develops and invests. We see a direct link between good architecture, sustainability and profitability. New construction is carried out efficiently, with wood as our building material of choice, in close collaboration with well-established construction companies.

## Genova's cornerstones

### Customer perspective

We are a personal property company, always close to our tenants. By trying to understand our customers and see things from their perspective, we build better and more long-term relationships.

### Active acquisitions

We are active in the acquisition market where we seek properties with stable cash flows and development potential, always with the starting point of finding opportunities for value growth.

### Sustainable

Sustainability is our compass and we take responsibility as a property owner and urban developer. Key components are green financing, environmental certification of properties, wood as our preferred choice of building material and social initiatives.

### Geographic focus

We are based and mainly growing in Greater Stockholm and Uppsala, which are expansive regions with a major demand for residential units. Good relationships with municipalities and local operators create conditions for further acquisitions and project opportunities.

### Long-term owners

We mainly develop rental apartments and community service properties for our own long-term management. Ownership with an eternal perspective motivates long-term investments and creates scope for sustainable urban development.

### Urban developer

We invest in projects where the city is evolving with a holistic approach to urban development. Genova helps to create sustainable and attractive environments where people want to live, work and visit.

### Value creation

We create value through both active property management and project development. We do this by increasing letting, development and investment in properties and projects with attractive residential units and premises.

### Large project portfolio

We ensure production and growth through our own large project portfolio, mainly generated from existing properties. Cash flows from our property portfolio provide a stable foundation for financing acquisitions and projects.

### Architecture and design

We have a passion for design and architecture. We see a direct link between design, architecture, sustainability and profitability. Quality, design and architecture are aligned with Genova's long-term ownership perspective.

### Committed employees

By being responsive and committed, we want to help improve job satisfaction and quality of life in a more sustainable society. Employees are Genova's most valuable asset and our most important ambassadors.



Genova's overall objective is to create value for the company's shareholders. Value creation is measured over a business cycle as growth in both long-term net asset value and income from property management per ordinary share.

## Financial targets

<b>Long-term net asset value</b>	<b>&gt;20 %</b> Target
Achieve an average annual growth of at least 20% in long-term net asset value per ordinary share (including any value distributions to ordinary shareholders) over a business cycle.	<b>26%</b> 31 Dec 2020

<b>Income from property management<sup>1</sup></b>	<b>&gt;20%</b> Target
Achieve an average annual growth of at least 20% in income from property management per ordinary share over a business cycle.	<b>64%</b> Full-year 2020
<small>1) Currency effects for the quarter and the period are no longer included in income from property management and are recognised separately in profit or loss. Comparative figures have been restated. Refer to Performance analysis on pages 21-22.</small>	

The goal is to create growth in net asset value and income from property management, while maintaining a continued stable and strong financial position with balanced financial risk-taking, meaning that:

<b>Equity/assets ratio</b>	<b>&gt;35%</b> Target
Over time, the equity/assets ratio shall be at least 35%.	<b>39%</b> 31 Dec 2020

<b>Loan-to-value ratio</b>	<b>&lt;65%</b> Target
Over time, the loan-to-value ratio shall not exceed 65%.	<b>55%</b> 31 Dec 2020

<b>Interest-coverage ratio</b>	<b>&gt;2.0 times</b> Target
Over time, the interest-coverage ratio shall be higher than 2.0.	<b>1.8 times</b> 31 Dec 2020

## Operational targets

<b>Rental income</b>	<b>&gt;70 %</b> Target
Rental income from residential and community service properties shall account for at least 70% of Genova's total rental income by the end of 2023.	<b>49%</b> 31 Dec 2020

<b>Ongoing construction</b>	<b>1,500</b> Target
Ongoing construction of own-produced residential units shall amount to at least 1,500 residential units per year as of 2022.	<b>540<sup>1</sup></b> 31 Dec 2020
<small>1) Including 35 hotel rooms</small>	

## Dividend policy

Genova's overall objective is to create value for the company's shareholders. In the coming years, this is deemed best achieved by reinvesting cash flows in operations to create further growth through investments in new construction, existing properties and property acquisitions, which could lead to either small or no dividends at all on ordinary shares. In the long-term, the dividend on ordinary shares shall be at least 50% of income from property management attributable to ordinary shares. Dividends on preference shares shall be paid in accordance with the provisions of the Articles of Association.

# CEO's statement

2020 was a year of strong development and important growth steps for Genova, in a turbulent business environment marked by the coronavirus pandemic. Our ordinary share was listed on Nasdaq Stockholm and the proceeds of a new share issue strengthened our financial position and liquidity. Genova's first and environmentally certified rental apartments were completed and we added several strategic acquisitions to the portfolio. The year ended with continued growth in the investment property portfolio, net operating income and the number of residential units under construction.

The pandemic that we thought was receding in autumn continued to create uncertainty in the fourth quarter and early 2021. We are grateful that most of our tenants continued to handle the challenges well, and that the impact on Genova's operations is very limited. Overall, property management, projects and transactions have been able to continue efficiently, with consideration for the guidance and advice issued by the authorities. At the same time, we are looking forward to the time when we can once again work closely with our colleagues, tenants and partners in the manner we are accustomed to and appreciate.



**“We are significantly accelerating the pace of ongoing construction”**

## Successful letting and good profitability

In 2020, Genova continued to develop with good profitability. During the year, income from property management rose to SEK 61m, corresponding to an increase of 64% per ordinary share, which is well above the annual growth target of 20%. However, the value changes were greater in 2019, meaning that Genova's net income after tax for the period is lower than in the preceding year. We also outperformed our target of at least 20% for annual growth in long-term net asset value per ordinary share due to transactions, successful management and profitable project development.

During the year, we signed new and extended rental agreements for more than 30,000 sqm with stable and long-term tenants. We consider this a sign of the strength in our portfolio, confidence in our locations, and proof of the strong work taking place in our property management activities.

## Accelerated pace of residential construction

In summer 2020, Genova's first rental apartments were completed and occupied, a major step forward in our growth strategy. Genova has a clear focus on growth through the production of sustainable rental apartments, and community service properties for own management. We have several projects under construction, all with a clear sustainability profile, planned environmental certification and green finance. In January, we announced that we would be significantly accelerating the pace of ongoing production by starting the construction of projects in Knivsta and Enköping, and increased area in our ongoing project in Norrtälje. In total, these projects

comprise approximately 60,000 sqm and more than 1,000 rental apartments. This means that Genova's production rate has increased significantly from 438 residential units under construction at 30 September 2020 to more than 900 at the end of the first quarter of 2021.

## New growth targets

In light of this development, Genova's Board set new operational growth targets in January 2021 to step up the pace of our business operations. As of 2022, we will increase our ongoing construction of own-produced residential units to 1,500 per year from the previous target of 750. In addition, we will increase the share of rental income from residential and community service properties to at least 70% of Genova's total rental income by the end of 2023, from the previous target of 60% at the end of 2024.

We now have a substantial building rights portfolio of nearly 400,000 sqm with considerable excess value to work with, ensuring stable organic growth with high profitability and strong concentration to our prioritised markets of Greater Stockholm and the Uppsala Region. At the same time, we are currently evaluating several new and exciting acquisitions that could boost our earnings capacity, while also generating additional building rights. During the quarter, we made a number of strategic acquisitions with considerable development potential and sales outside the core markets that are helping to streamline the property portfolio.

We are well-equipped to meet Genova's new growth targets – the balance sheet is strong, liquidity is good and the team is ready.

Michael Moschewitz, CEO

# Property portfolio

## Investment properties

Genova's investment property portfolio comprises commercial properties for retail, offices and warehousing, as well as community service properties. Genova also owns properties with ongoing planning for future rental apartments combined with community service properties, mostly in new districts. The properties are mainly located in Greater Stockholm and Uppsala.

Genova works continuously to identify properties that will contribute to achieving the financial and operational targets. Potential acquisition candidates include cash flow-generating properties, fully or partly let, and vacant buildings

with development and letting potential. Genova's aim is that the acquired properties will eventually provide opportunities to create building rights for new construction projects in the future.

At the end of the period, Genova's wholly owned investment property portfolio comprised a total of 48 investment properties with a market value of approximately SEK 4,560m, allocated over approximately 190,000 sqm. The total property value, including accessed properties, properties under construction and joint ventures, was approximately SEK 6,000m.

## Development during and after the end of the quarter

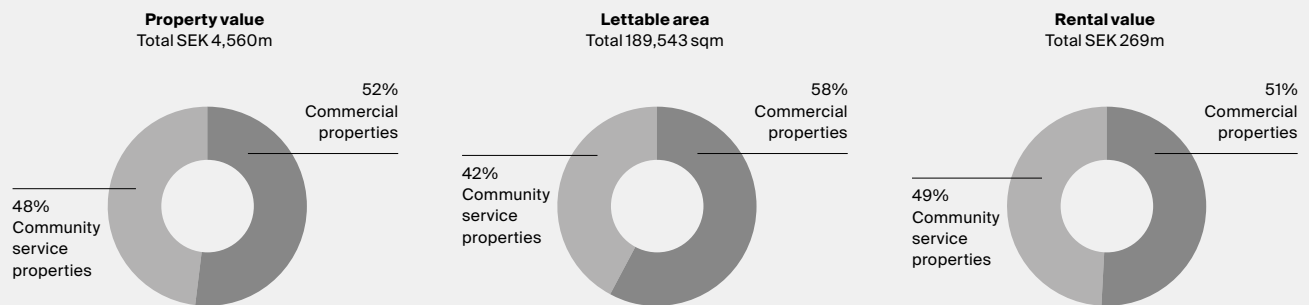
### Acquisitions and accessions

During and after the end of the quarter, Genova acquired investment properties at a total underlying property value of SEK 375m and divested properties at an underlying property value of SEK 239m.

In October, Genova agreed to acquire the Gredelby 7:89 and Särsta 3:398 properties in Knivsta at an underlying property value of SEK 246m (SEK 28,300/sqm) before deductions for deferred tax. The properties, which include a school, retirement home, supermarket

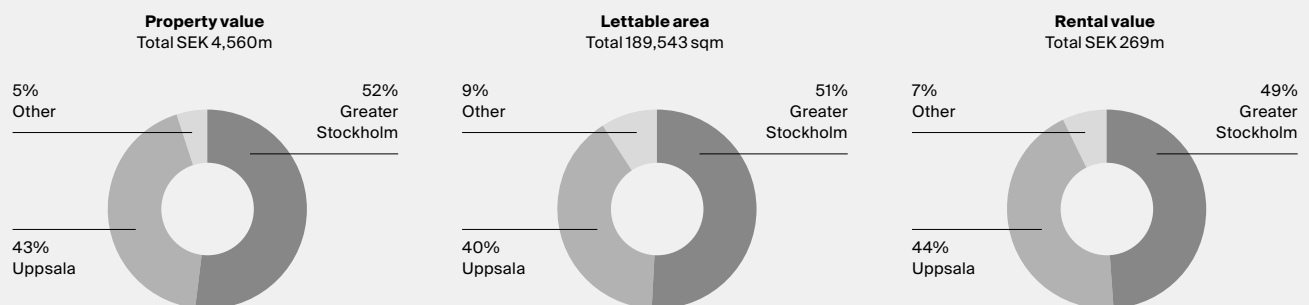
### Investment properties per property category

31 December 2020



### Investment properties per geography

31 December 2020





and rental apartments, are strategically located in a rapidly growing municipality, have a substantial development potential and are fully let to tenants that include Knivsta Municipality, Vardaga and Willys. The total lettable area is approximately 8,700 sqm and the properties also include land of approximately 50,000 sqm with the potential for future development of both residential units and community service properties. The Gredelby 7:89 property already has building rights that have gained legal force for residential units. The annual rental value for the properties is approximately SEK 14m with an expected net operating income of approximately SEK 12m. The average remaining term for the rental agreements exceeds seven years. Accession took place on 1 December 2020.

In November, Genova entered into a barter transaction with KTI Holding whereby Genova would divest the Sjöborren 5 & 6 properties in Sollentuna at an underlying property value of SEK 111m, while also acquiring the Kungsängens-Tibble 25:1 properties, containing one newly renovated preschool and Örnberg 2 containing one newly renovated school for a total underlying property value of SEK 129m. The Sjöborren 5 & 6 properties were acquired in December 2018 for SEK 92.5m and contain an extended-stay hotel of approximately 2,600 sqm with an annual rental value of approximately SEK 6m. The properties to be acquired include one newly renovated preschool in Kungsängen with a newly signed 15-year rental agreement with Tellusbarn, and one newly renovated school in Örnberg with

a newly signed 10-year rental agreement with Distra Utbildningscenter. The total lettable area is approximately 3,500 sqm with an annual rental value of approximately SEK 6.6m.

In December, Genova agreed to divest three commercial properties in Gävle and Sundsvall at an underlying property value of SEK 128m before deductions for deferred tax. The selling price exceeds the book value by approximately 10%. The divestment comprises two properties with car sales premises in Sundsvall and Gävle, and one property with retail in an out-of-town shopping centre in Gävle. The buyer is Tvättbjörnen Holding AB and the exit date was 15 December 2020.

During the quarter, accession was gained to the Kryddgården 6:5, Korsängen 20:2 and 20:3 properties in

## Investment property portfolio

31 December 2020

	No. of properties	Lettable area, sqm	Property value		Rental value		Occupancy rate, %	Contracted annual rent <sup>1</sup> , SEKm	Property costs		Net operating income	
			SEKm	SEK/sqm	SEKm	SEK/sqm			SEKm	SEK/sqm	SEKm	SEK/sqm
Per property category												
Commercial properties	33	110,409	2,355	21,331	136	1,234	96.1	131	-38	-344	93	839
Community service properties <sup>2</sup>	15	79,134	2,205	27,858	133	1,680	99.2	132	-23	-290	109	1,377
Total per property category	48	189,543	4,560	24,056	269	1,420	97.6	263	-61	-322	202	1,064
Per geography												
Greater Stockholm	25	96,895	2,371	24,472	131	1,351	98.2	129	-30	-309	99	1,017
Uppsala	17	76,547	1,946	25,416	118	1,547	96.9	115	-26	-342	89	1,157
Other	6	16,101	243	15,086	20	1,232	97.3	19	-5	-296	15	903
Total per geography	48	189,543	4,560	24,056	269	1,420	97.6	263	-61	-322	202	1,064
Ongoing construction			416									
Planned projects			380									
Total as per the balance sheet			5,355									
Acquired, not yet accessed properties and near-term completed constructions <sup>3</sup>	3	5,741	246		15	2,561	100.0	15	-0.5	-81	14	2,481
Total	51	195,284	5,601		284	1,454	97.7	277	-61	-315	216	1,106
Divested, but not exited properties	-1	-2,574	-111		-6	2,368	100.0	-6	0.2	-60	-6	2,308
Total	50	192,710	5,490		278	1,441	97.6	271	-61	-318	210	1,089
In addition:												
Properties owned through joint ventures			654									

1) Not including rental discounts of SEK 6.3m.

2) Of which two properties pertain to 51 rental apartments.

3) Ongoing construction that will generate rental income within 12 months, not including rental discounts of SEK 4m.

The above summary pertains to the properties owned by Genova at the end of the period, with the addition of acquired but not accessed properties and near-term completed constructions. The table reflects income from, and costs of, the properties as if they had been owned throughout the entire period.

Enköping that were acquired in September 2020 at a total underlying property value of SEK 91m.

### Lettings

During the quarter, Genova successfully conducted a number of strategic lettings of approximately 6,500 sqm with an annual rental value of approximately SEK 10m in Stockholm and Lund. Genova extended the rental agreement with Scanreco for the Lillsåtra 2 property in Stockholm with approximately 5,000 sqm until 30 September 2025. Genova signed a new rental agreement with Coop for approximately 1,500 sqm of the Nordanvinden 3 property in Lund until 31 October 2025. Genova also signed a letter of intent with Axfood pertaining to the development of the Viby 19:3

property in Upplands-Bro. Here, Genova is planning to build a new district with a focus on sustainability, that will include residential units, a school for 600 pupils run by Internationella Engelska Skolan, a preschool and retirement home. The aim is that the parties will work to construct a supermarket with Hemköp covering a floor area of 1,200-2,000 sqm with a 10-year rental agreement, at a minimum, on market terms. The project in Upplands-Bro is being run together with K2A and is expected to commence in the second quarter of 2021.

After the end of the quarter, Genova extended the rental agreement with Gluntens Montessori School for the Flogsta 47:1 property with approximately 6,000 sqm and an annual rental value of approximately SEK 11m until

31 August 2041. In addition, the rental agreement with Leo's Lekland for the Mackmyra 20:18 property of approximately 3,600 sqm and an annual rental value of SEK 4.5m was extended for three years until 2029.

During and after the end of the quarter, more than 10,000 sqm were newly let in the project property for warehouse and logistics in Uppsala that was acquired in October 2020, and construction started immediately at the beginning of 2021. The property will comprise a total of 21,500 sqm and is scheduled for completion in September 2021.



Flogsta 47:1, Ekeby, Uppsala

## Tenants and rental agreement structure

At the end of the period, Genova had approximately 280 tenants with an average remaining rental duration of close to seven years.

The three largest tenants were Coop Sverige, Stiftelsen Uppsala Musikklasser

and HOOM Home & Hotel AB, which together accounted for approximately 15% of rental income. Of the total rental value, the proportion derived from publicly funded tenants amounted to nearly 49%. If supermarkets are also included, the proportion of total rental value amounted to nearly 60%.

Of the adjusted rent receivable due for payment by 31 December 2020, 97.2% had been received by 15 January, which is in line with the normal outcome.

### Structure of rental agreements

31 December 2020

	No. of rental agree- ments	Area Ksqm	Contract- ed rent, SEKm	Percent- age %
Term				
2021	64	13	17	6
2022	50	23	34	13
2023	33	25	30	11
2024	34	26	32	12
2025	10	24	40	15
>2025	35	66	104	39
<b>Total</b>	<b>226</b>	<b>178</b>	<b>257</b>	<b>98</b>
Rental apartments	51	3	5	2
Parking spaces and other	3	-	-	-
<b>Total</b>	<b>280</b>	<b>181</b>	<b>262</b>	<b>100</b>
Vacant		9	7	
<b>Total</b>		<b>190</b>	<b>269</b>	

### 10 largest tenants

31 December 2020

Tenants	Contracted rent, SEKm	% of total portfolio
Coop Sverige Fastigheter AB	13.5	5.14
Stiftelsen Uppsala Musikklasser	12.9	4.91
HOOM Home & Hotel AB	11.4	4.33
City of Stockholm, Education Administration	11.3	4.31
Uppsala Municipality	11.2	4.26
Gluntens Montessori School	10.3	3.93
Yrkesplugget i Sverige AB	9.8	3.72
Norlandia Care AB	9.5	3.60
Dagab Inköp och Logistik AB	9.3	3.54
Scanreco AB	8.6	3.28
<b>Total</b>	<b>107.7</b>	<b>41.03</b>
<b>Average weighted remaining term, years</b>		<b>6.22</b>

## Current earnings capacity

The table shows Genova's current earnings capacity on a 12-month basis. The earnings capacity is based on the investment properties accessed by Genova at the end of the period.

It is important to note that the current earnings capacity is not a forecast for the next 12 months. The earnings capacity does not include, for example, an assessment of occupancy, vacancy or interest-rate changes.

Genova's earnings are also impacted by changes in the value of investment properties. Earnings are also affected by tax. Genova's current earnings capacity does not account for any of the above factors.

Rental income is based on contracted income at the end of the period. Decreasing rental discounts of SEK 6.3m have not been deducted from the rental value. Property costs reflect the past 12-month outcome for properties owned throughout the entire period. Properties acquired and projects completed have been adjusted to an annual rate.

Administrative expenses pertain to costs attributable to property management, and are based on estimated costs for the next 12-month period, excluding any non-recurring costs.

Net financial items have been calculated on the basis of current interest-bearing net debt. No interest is received on cash and cash equivalents, and interest on the interest-bearing debt has been calculated using the average interest rate at the end of the period.

After the end of the period, accession was gained to the Kungsängen Tibble 25:1 and Örnberg 2 properties. At the same time, the Sjöborren 5 & 6 properties were exited. These transactions had a marginal effect on rental value and net operating income. Since the properties had not been accessed, respectively exited, as of 31 December 2020, they are not included in the table of estimated earnings capacity.

### Estimated earnings capacity of investment properties

SEKm	
Rental value <sup>1</sup>	269
Vacancy rate	-7
<b>Rental income</b>	<b>263</b>
Operating costs	-45
Maintenance costs	-10
Property tax	-6
<b>Total property costs</b>	<b>-61</b>
<b>Net operating income</b>	<b>202</b>
Central administration, property management	-13
Genova's share of income from property management through joint ventures	12
Net financial items	-90
<b>Income from property management<sup>2</sup></b>	<b>110</b>

1) Not including rental discounts of SEK 6.3m.

2) Currency effects for the quarter and the period are no longer included in income from property management and are recognised separately in profit or loss. Comparative figures have been restated. Refer to Performance analysis on pages 21-22.



# Project development

Project development for rental apartments, community service properties and commercial premises accounts for a growing proportion of Genova's operations. We construct buildings for long-term ownership and property management as part of profitable and sustainable growth. Genova's project development also includes, to a lesser extent, the construction of co-operative apartments. Thus, Genova is active across the entire chain of property investments – from acquisitions to property management, project development and construction, where the assignment often includes contributing to the development of new districts.

Genova's project portfolio is mainly focused on the creation of building rights from the company's own investment properties using existing cash flow. We work together with municipalities to enable the conversion of these properties from mainly commercial space to residential units or community services.

A few acquisitions and granted land-use agreements have also been added to the project portfolio. As of 31 December 2020, Genova's project portfolio comprised approximately 400,000 sqm of lettable area allocated between 5,890 residential building rights, of which 77% consisted of rental apartments and community service properties that Genova intends to develop for own long-term management, and approximately 23% co-operative apartments and commercial properties.

88% of the building rights are located in Greater Stockholm and the Uppsala Region.

## Building rights portfolio

Genova uses an estimated excess value to indicate the value of the company's building rights portfolio in Sweden. The excess value is based on an externally estimated market value of the unused building rights. This could be relevant if Genova did not follow its business

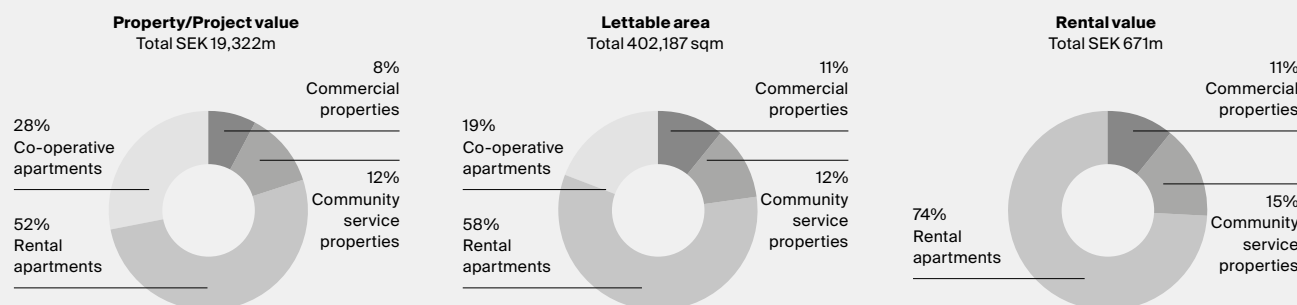
plan to develop the building rights and instead chose to divest them. At 31 December 2020, CBRE's market evaluation of the expected unused building rights in Sweden included in Planned projects was just over SEK 2.6 billion. At 31 December 2020, the existing buildings on these properties, which in some cases will need to be demolished when using the planned unused building rights, and Planned projects had a book value of approximately SEK 1.5 billion. On the basis of this valuation, a review was carried out on 31 December 2020 and the assessment is that the excess value in the Group's building rights portfolio amounted to approximately SEK 1.1 billion at the end of the reporting period.

## Long-term and sustainable development

Sustainability is a key area for Genova and we work actively to take our responsibility as a property owner and urban developer. With a focus on sustainabil-

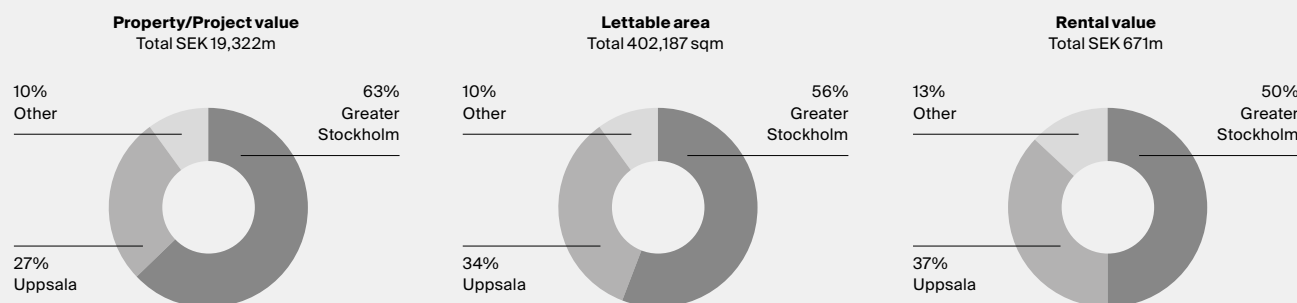
### Project development per property category

31 December 2020



### Project development per geography

31 December 2020



ity, wood is the preferred choice of building material for Genova, enabling us to reduce our carbon footprint and thereby our greenhouse gas emissions. Wood is a renewable and resource-efficient material that stores and delays CO emissions, while wood-framed buildings offer a more comfortable indoor climate and reduce overall noise. Building with wood is also faster, reduces noise at the building site and requires less construction traffic. Our long-term target is that all newly constructed properties in our portfolio will be environmentally certified in order to meet customer requirements, reduce greenhouse gas emissions and risk, increase value and receive more favourable loan terms.

### Ongoing construction

As of 31 December 2020, Genova had 540 residential units under construction, of which 35 hotel rooms, with a carrying amount of SEK 421m.

The units under construction are Hotell Nobis in Palma, Majorca (hotel), Handelsmannen 1 in Norrtälje (retirement home, preschool and rental apartments) and Segerdal in Knivsta (rental apartments). When these projects are completed, they will remain owned and managed by Genova. The Segerdal Project is being carried out as a joint venture together with Redito and comprises a total of 300 rental apartments, of which 150 are recognised as ongoing construction, which corresponds to Genova's stake.

Completion of the project in Palma is scheduled for the second quarter of 2021, when the tenant Nobis will take over the hotel. In Norrtälje, Genova has worked on, and thereby increased the utilisation of the existing building right in the ongoing Handelsmannen 1 project, which means that the project will increase from approximately 21,000 sqm of lettable area to nearly 31,000 sqm. The ongoing project comprises two blocks containing one retirement home with 80 residential units, one preschool with 125 places and approximately 440 rental apartments. The first occupancies are scheduled for the first half of 2022.

Before the end of 2020, Genova commenced the Segerdal project located in central Knivsta, next to the Town Hall and directly adjacent to the train station. The project comprises new construction of approximately 300 rental apartments with a lettable area of approximately 17,000 sqm. The buildings will be environmentally certified and the first occupancy is scheduled for year-end 2022/2023.

In October, Genova agreed to acquire the Danmarks-Kumla 8:31 project property in Uppsala. The property is strategically located adjoining the E4 motorway and will contain approximately 21,500 sqm of lettable area for warehouse and logistics purposes. When completed, the total investment will amount to SEK 275m before deductions for deferred tax. Construction of the property started immediately in early 2021 and is scheduled for completion in September 2021. At the publication date of this report, approximately 50% was let. The property value when completed is estimated at approximately SEK 360m with a total rental value of approximately SEK 23.5m and an expected net operating income of approximately SEK 22m.

During the quarter, the Liljegatan 1 co-operative apartment project in Uppsala, comprising 48 residential units, was completed.

### Planned projects

Planned projects comprised a total of approximately 5,350 expected residential building rights allocated between approximately 370,000 sqm, of which about 78% is intended for own long-term management with a focus on Greater Stockholm and Uppsala. The number of residential units under construction will further increase at the end of the first quarter of 2021 when Genova commences construction of the Korsängen project in central Enköping, comprising approximately 11,000 sqm of lettable area and approximately 220 rental apartments. The first occupancies are scheduled for year-end 2022/2023.

### Joint ventures

Genova owns 50% of the shares in five joint ventures, together with SBB, Fastator, Redito and Järngrinden. These joint ventures own 11 properties with a total property value of SEK 654m, of which Genova's stake is SEK 327m. Shares in joint ventures are recognised using the equity method. The properties, which are currently let, comprise a total of approximately 2,132 residential building rights (of which Genova's share is 1,066 and included in the total number of 5,920 building rights recognised for the future development of residential units). Nackahusen Holding AB, which was acquired and accessed in August, is owned in a joint venture with SBB. The estimated market value of the acquired properties was SEK 478m, resulting in a positive value change of SEK 118m. Genova's share of the value change was SEK 46.8m (after deferred tax) and was recognised in the third quarter of 2020. In November, properties were exited by Nackahusen Holding AB and a payment of nearly SEK 50m was received. The properties were already divested on the date of Genova and SBB's joint acquisition and accession in August 2020. In November, Nackahusen Holding also repaid the bond loan of SEK 360m that was assumed in connection with the acquisition and replaced it with a new bank loan, which means significantly lower financing costs for the jointly owned company.

## Ongoing construction

31 December 2020

Project	Municipality	Category	Construction start	Planned completion	No. of residential units	Lettable area, sqm		Property value <sup>1</sup>		Rental value		Investment, SEKm		Book value, SEKm
						Residential units	Premises	SEKm	SEK/sqm	SEKm	SEK/sqm	Estimated	Accumulated	
Hotell Nobis	Palma	Commercial properties	Q3 2019	Q2 2021	35	2,300	-	253	110,000	7	3,250	116	92	161
Handelsmannen 1 <sup>2</sup>	Norrköping	Community service properties	Q4 2019	Q4 2021	80	6,021	1,296	337	46,057	16	2,132	251	100	126
Handelsmannen 1 <sup>2</sup>	Norrköping	Rental apartments	Q4 2019	Q4 2021/ Q2 2022	275	13,257	-	588	44,354	29	2,150	486	96	128
Segerdal <sup>3</sup>	Knivsta	Rental apartments	Q4 2020	Q4 2023	150	8,328	222	392	45,844	19	2,232	331	29	0
<b>Total ongoing construction</b>					<b>540</b>	<b>29,906</b>	<b>1,518</b>	<b>1,570</b>	<b>49,961</b>	<b>71</b>	<b>2,248</b>	<b>1,184</b>	<b>317</b>	<b>416</b>

1) Refers to fair value of the completed investment.

2) Handelsmannen 1 has been redesigned and will be considerably larger with approximately 440 rental apartments, which will have a major impact on the project's completion date. The table is updated in the Q1 report.

3) The Segerdal project is 50/50 owned by Genova and Redito. The table only shows the information that corresponds to Genova's financial stake.

## Planned projects

31 December 2020

Project	No. of residen- tial units	Lettable area, sqm		Property value <sup>1</sup>		Rental value		Investment, SEKm		Book value, SEKm
		Residen- tial units	Premises	SEKm	SEK/sqm	SEKm	SEK/sqm	Estimat- ed	Accum- ulated	
Per category										
Rental apartments	3,771	210,410	–	9,504	45,167	449	2,135	7,798	83	134
Community service properties	290	20,810	18,478	1,683	42,846	83	2,106	1,367	4	4
Commercial properties <sup>2</sup>	40	3,300	39,040	1,210	28,578	69	1,626	953	174	183
Co-operative apartments	1,249	78,725	–	5,355	68,025	–	–	3,924	30	58
Total per category	5,350	313,245	57,518	17,752	47,880	601	2,057	14,043	292	380
Per geography – Own management										
Greater Stockholm	1,926	112,865	18,148	6,161	47,024	290	2,210	5,078	16	56
Uppsala	1,525	82,985	38,905	4,545	37,288	231	1,895	3,708	106	116
Other	650	38,670	465	1,691	43,212	80	2,048	1,332	139	149
Total per geography	4,101	234,520	57,518	12,397	42,450	601	2,057	10,118	261	321
Per geography – Co-operative apartments										
Greater Stockholm	1,104	71,835	0	5,019	69,868	0	0	3,657	23	51
Uppsala	145	6,890	0	336	48,807	0	0	267	9	9
Other	0	0	0	0	0	0	0	0	0	0
Total per geography	1,249	78,725	0	5,355	68,025	0	0	3,924	31	59
Per geography – Own management and co-operative apartments										
Greater Stockholm	3,030	184,700	18,148	11,180	55,114	290	2,210	8,735	39	107
Uppsala	1,670	89,875	38,905	4,881	37,905	231	1,895	3,975	114	124
Other	650	38,670	465	1,691	43,212	80	2,048	1,332	139	149
Total own management and co-operative apartments per geog- raphy	5,350	313,245	57,518	17,752	47,880	601	2,057	14,043	292	380

1) Refers to fair value of the completed investment.

2) Where the number and lettable area of residential units specified in the 'Commercial properties' category refers to hotel development.

The table only shows the number of residential units, area, property and rental value, investment amount and book value that correspond to Genova's financial stake in jointly owned properties.

Information about ongoing construction and planned projects in the interim report is based on assessments of size, focus and scope, and when projects are scheduled for start-up and completion. The information is also based on assessments of future project costs and rental value. These assessments and assumptions should not be considered a forecast. Assessments and assumptions entail uncertainties in regard to the implementation, design, size, timetables, project costs

and future rental value of projects. The information about ongoing construction and planned projects is regularly reviewed and assessments and assumptions are adjusted as ongoing construction is completed or added, and circumstances change. For projects not yet started, financing has not been arranged, which means that financing for planned projects represents an uncertainty.



## Project

31 December 2020

31 December 2020							Phase			
Project specification	Municipality	Category <sup>1</sup>	Estimated construction start	Estimated completion	No. of residential units	Lettable area, sqm	Planning permission decision	Planning consultation	Review	Erected zoning plan
Ongoing construction										
Hotell Nobis	Palma	Commercial properties	Q3 2019	Q2 2021	35	2,300	•	•	•	•
Handelsmannen 1 <sup>2</sup>	Norrtälje	Community service properties	Q4 2019	Q4 2021	80	7,317	•	•	•	•
		Rental apartments	Q4 2019	Q4 2021/Q2 2022	275	13,257	•	•	•	•
Segerdal <sup>3</sup>	Knivsta	Rental apartments	Q4 2020	Q4 2023	150	8,550	•	•	•	•
					540	31,424				
WHOLLY OWNED PROJECTS										
Planned projects										
Korsängen	Enköping	Rental apartments	2021	2023	220	10,800	•	•	•	•
Danmarks-Kumla 8:31	Uppsala	Commercial properties	2021	2021		21,460	•	•	•	•
Hotell Can Oliver	Palma	Commercial properties	2021	2023	40	3,300	•	•	•	•
Boländerna 21:4	Uppsala	Commercial properties	2021	2022		6,400	•	•	•	•
Luthagen	Uppsala	Commercial properties	2021	2023		680	•	•	•	•
		Co-operative apartments	2021	2023	45	1,500	•	•	•	•
Gredelby	Knivsta	Rental apartments	2021	2023	45	2,250	•	•	•	•
		Commercial properties	2021	2023		570	•	•	•	•
Klostergården	Lund	Rental apartments	2021	2023	165	7,700	•	•		
Ekeby	Uppsala	Rental apartments	2022	2024	90	4,500	•	•		
		Commercial properties	2022	2024		900	•	•		
Storvreta	Uppsala	Rental apartments	2022	2024	80	4,560	•			
Drevörn 1, 2	Stockholm	Rental apartments	2022	2024	140	7,700	•	•		
		Community service properties	2022	2024	60	7,820	•	•		
		Commercial properties	2022	2024		2,250	•	•		
Dvärgspetsen 1	Stockholm	Rental apartments	2022	2024	150	7,700	•	•		
Odalmannen	Huddinge	Rental apartments	2022	2024	56	2,960	•			
Jaktvarvet	Nacka	Co-operative apartments	2022	2024	90	4,750	•	•		
Kryddgården	Enköping	Rental apartments	2022	2026	475	23,730	•	•		
		Co-operative apartments	2022	2026	100	5,390	•	•		
		Community service properties	2022	2026	80	7,440	•	•		
		Commercial properties	2022	2026		3,600	•	•		
Västra Knivsta	Knivsta	Rental apartments	2022	2024	250	15,400	•			
Sydöstra Vikdalen	Nacka	Rental apartments	2022	2024	250	14,600	•	•		
Brynjan 5	Huddinge	Rental apartments	2023	2025	145	7,875	•			
		Commercial properties	2023	2025		1,350	•			
Gäddviken	Nacka	Co-operative apartments	2023	2025	100	6,840	•	•		
Örnsberg	Stockholm	Co-operative apartments	2023	2025	120	7,500	•	•		
Runö 7:84	Österåker	Rental apartments	2023	2025	120	6,000	•			
		Co-operative apartments	2023	2025	138	8,250	•			
Särsta	Knivsta	Rental apartments	2023	2025	110	6,000	•			
		Community service properties	2023	2025		3,600	•			
Runö 7:146	Österåker	Community service properties	2023	2025		5,850	•			
Rivan	Lund	Rental apartments	2025	2027	50	3,465	•			
Västerbo	Lund	Rental apartments	2025	2027	80	4,620	•			
Kungsängen	Uppsala	Rental apartments	2025	2027	175	10,000	•			
Total					3,374	239,310				
JOINTLY OWNED PROJECTS (Refers to Genova's stake <sup>4</sup> )										
Planned projects										
Viby <sup>6</sup>	Upplands-Bro	Rental apartments	2021	2028	620	38,250	•	•	•	
		Co-operative apartments	2021	2028	210	17,100	•	•	•	
		Community service properties	2021	2028	80	9,928	•	•	•	
		Commercial properties	2021	2028		1,530	•	•	•	
Gulmäran 7, 8 <sup>6</sup>	Borås	Community service properties	2022	2024	70	4,650	•	•		
		Rental apartments	2022	2024	245	15,400	•	•		
Nacka Strand <sup>7</sup>	Nacka	Co-operative apartments	2022	2025	53	3,420	•	•		
		Co-operative apartments	2022	2025	44	2,850	•	•		
		Rental apartments	2023	2025	25	1,520	•	•		
		Rental apartments	2025	2027	70	4,180	•	•		
Skvaltán <sup>8</sup>	Nacka	Co-operative apartments	2024	2026	175	9,625	•			
Gåshaga <sup>9</sup>	Lidingö	Rental apartments	2025	2027	210	11,500	•			
		Co-operative apartments	2025	2027	175	11,500	•			
Total					1,976	131,453				
Total					5,890	402,187				

1) Where the number of residential units specified in the 'Commercial properties' category refers to hotel development.

2) Handelsmannen 1 has been redesigned and will be considerably larger with approximately 440 rental apartments, which will have a major impact on the project's completion date. Updated in the Q1 report.

3) The Segerdal project is 50/50 owned by Genova and Redito. The table only shows the information that corresponds to Genova's financial stake.

4) The table only shows the number of residential units and area that correspond to Genova's financial stake in jointly owned properties.

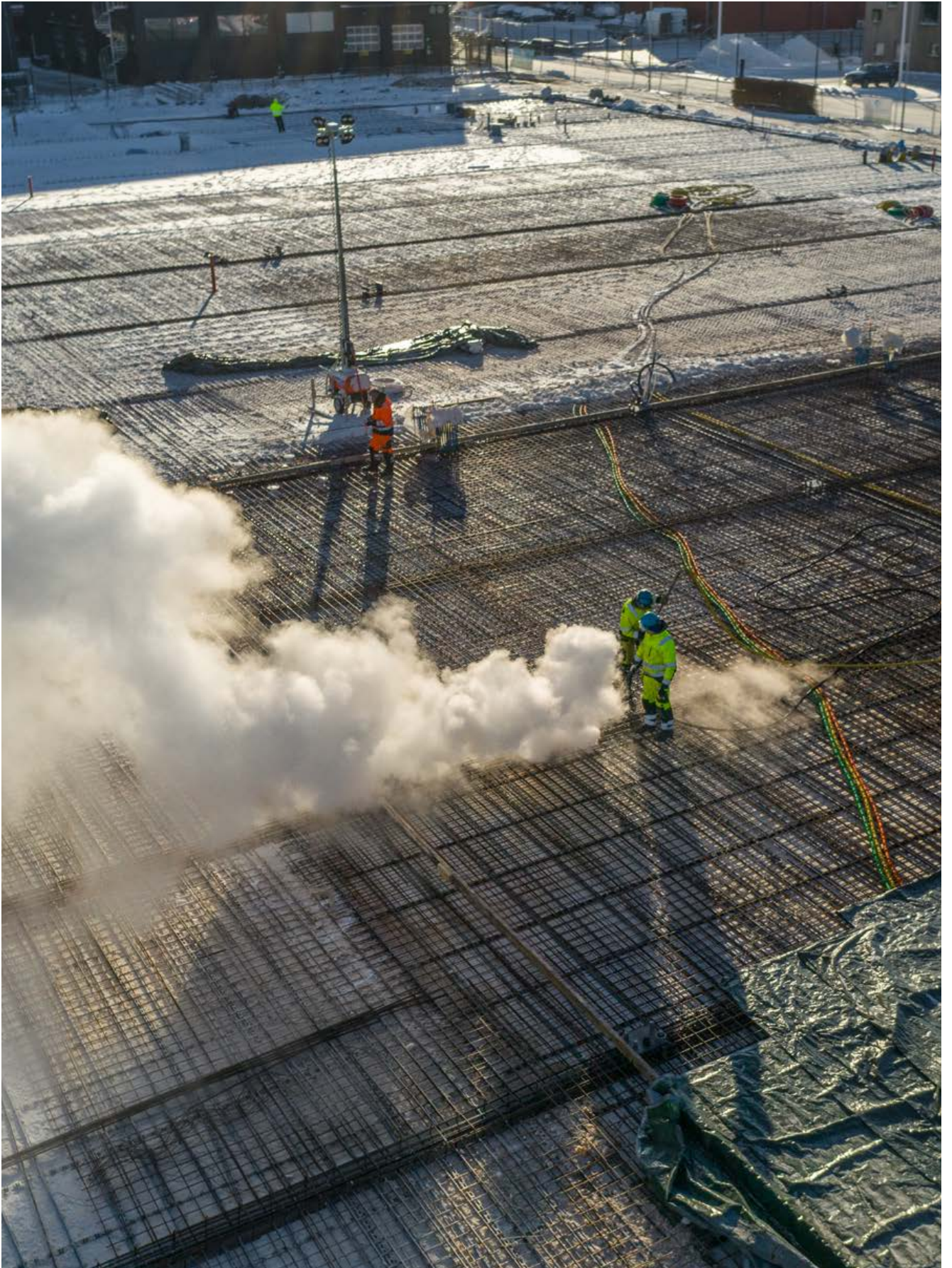
5) Viby is 70/30 owned by Genova and K2A.

6) Gulmäran is 50/50 owned by Genova and Järngrinden.

7) Nacka Strand is 50/50 owned by Genova and SBB.

8) Skvaltán is 50/50 owned by Genova and Fastator.

9) Gåshaga is 50/50 owned by Genova and SBB.



Danmarks-Kumla 8:31, Uppsala



# Consolidated statement of comprehensive income

SEKm	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
Rental income	231.1	180.6	62.8	52.6
Operating costs	-43.0	-37.5	-12.7	-11.7
Maintenance costs	-4.3	-7.6	-1.3	-3.7
Property tax	-6.4	-5.6	-1.6	-1.7
<b>Total Property costs</b>	<b>-53.7</b>	<b>-50.7</b>	<b>-15.6</b>	<b>-17.1</b>
<b>Net operating income</b>	<b>177.4</b>	<b>129.9</b>	<b>47.2</b>	<b>35.5</b>
Central administration, property management	-26.1	-12.4	-4.6	-3.2
Central administration, project development	-39.1	-22.5	-6.8	-5.8
Share of profit from joint ventures	55.7	25.4	2.8	13.0
Net financial items	-107.1	-79.6	-27.8	-25.8
<b>Income from property management</b>	<b>60.8</b>	<b>40.8</b>	<b>10.8</b>	<b>13.7</b>
Income from new construction, co-operative apartments	37.0	57.4	37.0	57.4
Other operating income	2.2	3.2	0.2	1.0
Value changes, properties	380.0	606.5	83.3	97.1
Currency effects, properties	-6.8	2.1	-8.5	-4.4
<b>Income before tax</b>	<b>473.2</b>	<b>710.0</b>	<b>122.8</b>	<b>164.8</b>
Income tax	-55.2	-139.0	-14.6	-14.2
<b>Net income for the period</b>	<b>418.0</b>	<b>571.0</b>	<b>108.2</b>	<b>150.6</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>418.0</b>	<b>571.0</b>	<b>108.2</b>	<b>150.6</b>
<b>Net income for the period attributable to:</b>				
Parent Company shareholders	417.9	549.7	108.1	150.6
Non-controlling interests	0.1	21.3	0.1	-
<b>Total comprehensive income attributable to:</b>				
Parent Company shareholders	417.9	549.7	108.1	150.6
Non-controlling interests	0.1	21.3	0.1	-
Income per ordinary share before and after dilution, SEK <sup>1</sup>	10.69	11.77	2.47	4.56
No. of ordinary shares at the end of the period, 000s <sup>2</sup>	39,577	30,722	39,577	30,722
Average no. of ordinary shares, 000s <sup>2</sup>	35,149	43,574	39,577	30,722
No. of preference shares outstanding, 000s	4,000	4,000	4,000	4,000
Average no. of preference shares, 000s	4,000	3,500	4,000	4,000

1) Earnings in relation to average number of ordinary shares after dividends to preference shareholders.

2) Restated for 2019 to correspond to the number following the withdrawal of every other share in the second quarter of 2020.



# Performance analysis

## Rental income

During the period, the Group's rental income amounted to SEK 231.1m (180.6). The increase corresponds to rental income growth of 28%. Growth in rental income was mainly attributable to a growing investment property portfolio from acquisitions. During the period, the lettable area increased approximately 19,000 sqm to 190,000 sqm, or 11%, with a total rental value of SEK 269m, corresponding to growth of about 19%. The community service properties category accounted for the greatest increase. At the end of the period, the economic occupancy rate was 98% (98), which is in line with the corresponding period of 2019.

Rental income for the fourth quarter amounted to SEK 62.8m (52.6), up 19%.

### Income development

SEKm	Jan-Dec 2020	Jan-Dec 2019	Change, %
Comparable portfolio	140.9	135.7	4
Properties acquired	77.9	27.5	184
Properties sold	12.3	17.4	-29
<b>Rental income</b>	<b>231.1</b>	<b>180.6</b>	<b>28</b>
Commercial properties	140.3	129.8	8
Community service properties	90.8	50.7	79
<b>Rental income</b>	<b>231.1</b>	<b>180.6</b>	<b>28</b>

## Property costs

During the period, property costs in the form of operating and maintenance costs and property tax increased to SEK -53.7m (-50.7), up approximately 6%. The increase in property costs was largely due to the fact that Genova managed a larger investment property portfolio compared with the preceding period.

Property costs for the fourth quarter amounted to SEK -15.6m (-17.1), where the decline was attributable to a growing investment property portfolio but lower maintenance costs during the quarter.

### Property costs development

SEKm	Jan-Dec 2020	Jan-Dec 2019	Change, %
Comparable portfolio	-38.1	-41.2	-7
Properties acquired	-13.7	-5.6	145
Properties sold	-1.9	-3.9	-50
<b>Property costs</b>	<b>-53.8</b>	<b>-50.7</b>	<b>6</b>
Commercial properties	-36.7	-42.1	-13
Community service properties	-17.1	-8.6	99
<b>Property costs</b>	<b>-53.8</b>	<b>-50.7</b>	<b>6</b>

### Annual property costs per sqm

SEK/sqm	Commercial properties	Community service properties	Total
Operation	-232.6	-245.6	-237.8
Maintenance	-65.8	-27.7	-50.7
Property tax	-49.9	-7.3	-33.1
<b>Total</b>	<b>-348.4</b>	<b>-280.7</b>	<b>-321.6</b>

## Net operating income

During the period, net operating income increased to SEK 177.4m (129.9), up 37%. The NOI margin for the period was 76.8%, an increase compared with 71.9% for the corresponding period of 2019.

In the fourth quarter, net operating income amounted to SEK 47.2m (35.5), up 33%. The NOI margin for the fourth quarter was 75.2%, which is an improvement compared with 67.5% for the corresponding quarter of 2019.

## Listing expenses

The total cost of listing the company's ordinary shares and preference shares on Nasdaq Stockholm during the year was SEK -54.9m, of which SEK -29.6m was expensed directly against equity and SEK -25.3m was expensed as a central administration expense in the statement of profit or loss. All expenses, both against equity and in the statement of profit or loss, were recognised in the third quarter of 2020.

## Central administration

Central administrative expenses are allocated between property management and project development. During the period, central administrative expenses totalled SEK -65.2m (-34.9), corresponding to an increase of SEK 30.3m or 87%. The sharp increase is mainly due to costs of SEK -25.3m that were expensed in the third quarter relating to the listing of the company's ordinary shares and preference shares on Nasdaq Stockholm.

Central administration		
SEKm	Jan-Dec 2020	Jan-Dec 2019
<b>Property management</b>		
Other external costs	-7.3	-5.2
Personnel costs	-6.5	-5.0
Depreciation/amortisation and leases	-2.4	-2.2
Listing expenses	-10.1	-
<b>Central administration, property management</b>	<b>-26.3</b>	<b>-12.4</b>
<b>Project development</b>		
Other external costs	-10.8	-9.5
Personnel costs	-9.8	-9.0
Depreciation/amortisation and leases	-3.6	-4.0
Listing expenses	-15.2	-
<b>Central administration, project develop- ment</b>	<b>-39.4</b>	<b>-22.5</b>

## Share of profit from joint ventures

The earnings effect of Genova's properties owned through joint ventures is reported in this item. During the period, share of profit from joint ventures amounted to SEK 55.7m(25.4) and pertained to income of SEK 4.5m (4.4) from operating activities and value changes of SEK 51.2m (21.0). Income from operating activities increased in line with an improved occupancy rate and is expected to improve further with the additional properties owned through joint ventures. The value changes rose sharply compared with the year-on-year period and mainly pertain to Genova's stake in Nackahusen Holding AB, which was acquired in the third quarter, and is owned jointly with SBB. The properties were acquired at an underlying property value of SEK 360m and have an estimated market value of SEK 478m, which means a value change of SEK 118m. Genova's share of the value change amounts to SEK 46.8m (after deferred tax) and was recognised in the third quarter of 2020.

## Net financial items

Net financial items amounted to SEK -107.1m (-79.6) during the period, where the higher financial expense compared with the year-on-year period is attributable to increased borrowing in the growing operations. Currency effects were previously recognised for this item pertaining to the projects in Palma. As of the fourth quarter of 2020, these currency effects are reported on a separate line in profit or loss and no longer included in income from property management. The reason being that exchange-rate effects, which cannot be influenced, reduce comparability in the development of income from property management.

Interest-bearing liabilities, including the bond loan, increased from SEK 2,777m to SEK 3,534m compared with the year-on-year period. As of the balance-sheet date, the average interest rate was 2.1% (2.9% including the bond loan). Financial expenses during the period include SEK 16.3m (8.3) pertaining to bond financing costs, which are allocated over the terms of the loans. The higher expense in 2020 compared with 2019 also pertains to the bond loan issued in the third quarter of 2019 and the new SEK 400m loan raised in the third quarter of 2020. As of 2019, interest expense of approximately SEK -1.9m from lease liabilities is also included and mainly pertains to rents and ground rent. The interest-coverage ratio for the period was 1.8 times (1.8). The interest-coverage ratio does not include bond financing costs, since these are considered non-recurring costs.

Net financial items		
SEKm	Jan-Dec 2020	Jan-Dec 2019
Interest income	3.4	1.9
Interest expense, loans	-92.3	-66.1
Leases	-1.9	-2.1
Other financial expenses	-16.3	-13.3
<b>Net financial items</b>	<b>-107.1</b>	<b>-79.6</b>

## Income from property management

During the period, income from property management amounted to SEK 60.8m (40.8), up 49%. Rental income increased by SEK 50.5m (while property costs increased by SEK 3m), and income from joint ventures also increased by SEK 30.3m, which is largely due to a value change of SEK 46.8m from the participation in Nackahusen Holding AB that was acquired during the quarter. During the period, income from property management was charged with listing expenses of SEK -25.3m and increased financing costs for the larger property portfolio. Excluding listing expenses and value changes from joint ventures, income from property management amounted to SEK 34.7m (19.8), up 75%. Currency effects were previously recognised for this item pertaining to the projects in Palma. As of the fourth quarter of 2020, these currency effects are reported on a separate line in profit or loss and no longer included in income from property management. The reason being that exchange-rate effects cannot be influenced and reduce comparability in the development of income from property management.

In the fourth quarter, income from property management amounted to SEK 10.8m (13.7). The effects of value changes from joint ventures and listing expenses referred to above were mainly expensed in the third quarter of 2020, while value changes from joint ventures were higher in the fourth quarter of 2019.

## Value changes

The sale to SBB of 50% of the shares in the company that owns the Stapelbädden 3 property, which was exited in the second quarter of 2020, was conducted at an underlying property value of SEK 400m. The agreed value exceeded Genova's book value by approximately SEK 220m, resulting in a positive value change during the period. Ongoing construction in Norrtälje and Palma (Majorca) contributed value changes of SEK 83.3m during the period, plus an additional SEK 7.2m in increased value from higher net operating income in the Gördelmakaren 5 property in Norrtälje where Sportringen is a new tenant. During the period, accessed properties had a positive impact of SEK 64.2m on value changes. The ongoing COVID-19 pandemic had some impact on the value of Genova's two extended-stay hotels which, together with a few other properties, declined in value by a total of SEK -35.1m during the period due to changed yield requirements. In the fourth quarter, we noted an increase in values based on both changed net operating income and lower yield requirements. In total, a positive value change of SEK 380.0m was subsequently recognised during the period.

### Value changes, properties

SEKm	Jan-Dec 2020	Jan-Dec 2019
Change in net operating income	17.3	35.3
Ongoing construction	83.2	-18.6
Land and unused building rights	227.5	264.1
Change in yield requirement	-12.2	65.8
Acquisitions	64.2	210.4
Divestments	-	49.5
<b>Value changes, properties</b>	<b>380.0</b>	<b>606.5</b>

## Income tax

Recognised tax amounted to SEK -55.2m (-139.0). Current tax has been calculated using a nominal tax rate of 21.4%, while deferred tax has been calculated with the lower tax rate of 20.6% that will apply from 2021 and onwards. Remaining tax loss carryforwards are an estimated SEK 435m (381), with untaxed reserves of approximately SEK 63m (55). The fair value of the properties exceeded their tax base by SEK 3,091m (2,536). Deferred tax liabilities are calculated using the nominal tax rate of 20.6% of the difference between the book value and tax base, less the tax attributable to asset acquisitions.

### Tax calculation

SEKm	Jan-Dec 2020	Jan-Dec 2019
Income before tax	473.2	710.0
Tax rate, %	21.4	21.4
Income tax at the current tax rate	-101.3	-151.9
Non-taxable income	20.1	17.7
Non-deductible expenses	-1.3	-0.1
Non-deductible net interest income	-18.2	-13.0
Taxable income not included in profit or loss	-	-1.7
Deductible costs not included in profit or loss	15.7	2.2
Property transaction reversals	34.5	2.9
Adjustment of deferred tax for prior periods	-6.7	-
Effect of changed tax rates	3.1	4.9
Other	-1.1	-
<b>Tax for the period as per the income statement</b>	<b>-55.2</b>	<b>-139.0</b>

### Deferred tax liabilities, net

SEKm	Jan-Dec 2020	Jan-Dec 2019
Temporary differences, properties	-311.6	-269.3
Untaxed reserves	-13.0	-11.4
<b>Total deferred tax liabilities</b>	<b>-324.6</b>	<b>-280.7</b>
Tax loss carryforwards	89.6	78.6
<b>Total deferred tax assets</b>	<b>89.6</b>	<b>78.6</b>
<b>Deferred tax liabilities, net</b>	<b>-235.0</b>	<b>-202.1</b>

## Net income for the period

Net income for the period amounted to SEK 418.0m (571.0). Compared with the year-earlier period in 2019, both net operating income and income from property management increased in 2020. However, the value changes, including the provision for deferred tax, were greater in 2019, meaning that Genova's net income after tax for the period is lower than in the preceding year.

# Consolidated balance sheet

SEKm	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	4,559.6	3,661.3
Properties under construction	704.1	702.0
Development properties	91.4	56.5
Right-of-use assets	32.1	37.2
Equipment	6.6	4.6
Deferred tax assets	89.6	78.6
Shares in joint ventures	279.4	88.5
Other non-current receivables	257.3	96.0
<b>Total non-current assets</b>	<b>6,020.1</b>	<b>4,724.7</b>
<b>Current assets</b>		
Ongoing co-operative apartment projects	–	199.3
Rent receivable and accounts receivable	10.6	4.0
Other receivables	131.4	27.8
Prepaid expenses and accrued income	44.2	84.0
Cash and cash equivalents	578.4	109.1
<b>Total current assets</b>	<b>764.6</b>	<b>424.2</b>
<b>TOTAL ASSETS</b>	<b>6,784.7</b>	<b>5,148.9</b>
<b>EQUITY</b>		
<b>Total comprehensive income for the period</b>		
Share capital	52.3	0.7
Other capital contributions	1,183.0	647.6
Retained earnings, including net income for the period	1,334.1	999.6
<b>Non-controlling interests</b>	<b>78.4</b>	<b>78.3</b>
<b>Total equity</b>	<b>2,647.8</b>	<b>1,726.2</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	2,261.9	1,664.6
Bond loans	901.9	659.4
Lease liabilities	30.6	34.4
Other non-current liabilities	43.1	42.1
Deferred tax liabilities	324.6	280.7
<b>Total non-current liabilities</b>	<b>3,562.1</b>	<b>2,681.2</b>
<b>Current liabilities</b>		
Loans from credit institutions	298.1	579.3
Bond loans	52.7	–
Accounts payable	40.8	41.1
Lease liabilities	5.3	4.7
Current tax liabilities	13.5	11.0
Other liabilities	119.1	69.3
Accrued expenses and deferred income	45.3	36.1
<b>Total current liabilities</b>	<b>574.8</b>	<b>741.5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,784.7</b>	<b>5,148.9</b>



# Consolidated statement of changes in equity

SEKm	Attributable to Parent Company shareholders							Non-con- trolling interests	Total equity
	No. of shares out- standing, 000s		Share capital	Other capital contribu- tions	Retained earnings incl. net income for the period	Total			
	Ordinary shares	Preference shares							
Opening balance, 1 January 2019	50,000	3,000	0.5	319.7	748.8	1,069.0	66.1	1,135.0	
Effect of change in accounting policies					-65.2	-65.2	-12.4	-77.6	
Opening balance according to changed policies	50,000	3,000	0.5	319.7	683.6	1,003.8	53.7	1,057.4	
Comprehensive income									
Net income for the year					549.7	549.7	21.3	571.0	
Other comprehensive income									
Total comprehensive income					549.7	549.7	21.3	571.0	
Transactions with shareholders									
Transaction with non-controlling interests					-146.9	-146.9	10.3	-136.6	
Dividends					-86.8	-86.8	-7.0	-93.8	
New issue of preference shares		1,000	0.0	124.0		124.0		124.0	
Issue costs				-4.5		-4.5		-4.5	
New issue of ordinary shares	11,444		0.2	208.2		208.3		208.3	
Total Transactions with shareholders	11,444	1,000	0.2	327.7	-233.7	94.2	3.3	97.4	
Closing balance, 31 December 2019	61,444	4,000	0.7	647.6	999.6	1,647.9	78.3	1,726.2	
Opening balance, 1 January 2020	61,444	4,000	0.7	647.6	999.6	1,647.9	78.3	1,726.2	
Comprehensive income									
Net income for the period					417.9	417.9	0.1	418.0	
Other comprehensive income									
Total comprehensive income					417.9	417.9	0.1	418.0	
Transactions with shareholders									
Withdrawal of ordinary shares	-30,722								
Dividends					-42.0	-42.0		-42.0	
Bonus issue			41.0		-41.0	0.0		0.0	
New issue of ordinary shares	8,855		10.6	565.0		575.6		575.6	
Issue costs of ordinary shares				-29.6		-29.6		-29.6	
Currency effects					-0.6	-0.6		-0.6	
Total Transactions with shareholders	-21,867		51.6	535.4	-83.6	503.4		503.4	
Closing balance, 31 December 2020	39,577	4,000	52.3	1,183.0	1,334.1	2,569.4	78.4	2,647.8	

# Comments on the balance sheet

## Investment property portfolio and property value

### Investment properties

The Group's investment properties comprise a total of 48 wholly owned properties. The fair value of investment properties is mainly estimated using a Discounted Cash Flow Model, where the value has been calculated as the present value of expected future cash flows and the residual value during a calculation period, where discounting has taken place using an estimated cost of capital. The average yield requirement for the property portfolio was an estimated 4.42% as of the balance-sheet date. (Adjusted for the Viby 19:3 property, which has been partially divested based on a valuation of building rights, the average yield requirement is an estimated 4.96%). At 31 December 2020, the book value of the Group's investment properties was SEK 4,560m, up SEK 899m year-on-year. The increase was mainly due to the completion of one community service property and rental apartments in Knivsta together with accessed properties during the period. During the period, however, Stapelbädden 3 was divested to a joint venture that, in conjunction with the exit of three properties in Gävle and Sundsvall, reduced the balance-sheet item in the Genova Group.

### Properties under construction

Properties under construction comprise two planned hotels in Palma, Majorca, one of which is under construction, the Handelsmannen 1 project in Norrtälje, the Korsängen project in Enköping which was acquired during the quarter and the warehouse and logistics property in Uppsala, which is now under construction. The balance-sheet item also includes value changes in building rights related to a number of upcoming projects. During the period, acquisitions and capitalisations amounted to a total of SEK 280m. During the period, the completed retirement home and the rental apartments in Alsike, Knivsta, were reclassified as investment properties.

### Development properties

Development properties refers to accrued and capitalised costs for construction projects not yet started. At construction starts, the amounts are reclassified as properties under construction.

### Ongoing co-operative apartment projects

Genova decided to change its accounting policies and, during the year, consolidated the co-operative housing association that owns the Liljegatan 1 project in Fålhagen, Uppsala. The project is presented as an Ongoing co-operative apartment project under current assets. Since the project was completed and occupied in the fourth quarter of 2020, the project was recognised at the balance-sheet date and subsequently left the Group. For a description of the effects of changes in accounting policies, refer to Note 1.

### Property value

The entire investment property portfolio is externally appraised at least once annually. As of 31 December 2020, the entire investment property portfolio had been externally appraised by CBRE and Newsec, based on the most recent external appraisal on 30 June 2020. In the fair value hierarchy, investment properties are considered Level 3 assets, which means that the fair value of the asset is based on unobservable inputs.

### Change in investment property portfolio

SEKm	Jan-Dec 2020	Jan-Dec 2019
Opening value, investment properties	3,661.3	2,271.0
+ Acquisitions	735.6	960.3
+ Building improvements and renovations	23.0	8.0
- Divestments	-465.1	-7.0
+/- Reclassifications	308.0	-58.0
+/- Unrealised value changes	296.8	487.0
<b>Closing value, investment properties</b>	<b>4,559.6</b>	<b>3,661.3</b>
Opening value, properties under construction	702.0	279.0
+ Acquisitions	69.2	-
+ New construction	207.7	229.5
+/- Reclassifications	-308.0	69.0
- Divestments	-50.0	-
+/- Unrealised value changes	83.2	124.4
- of which ongoing construction	83.2	-18.6
- of which unused building rights	-	143.0
<b>Closing value, properties under construction</b>	<b>704.1</b>	<b>702.0</b>
Opening value, development properties	56.5	50.3
+ Capitalisation	34.9	22.1
+/- Reclassifications	-	-11.0
+/- Unrealised value changes	-	-4.9
- of which unused building rights	-	-4.9
<b>Closing value, development properties</b>	<b>91.4</b>	<b>56.5</b>
Opening value, ongoing co-operative apartment projects	199.3	311.7
+ Capitalisation	53.6	113.8
- Divestments	-252.9	-226.2
<b>Closing value, ongoing co-operative apartment projects</b>	<b>-</b>	<b>199.3</b>
<b>Closing value, investment property portfolio</b>	<b>5,355.1</b>	<b>4,619.1</b>
Investment properties	4,559.6	3,661.3
Ongoing construction	415.8	451.5
Planned projects	379.7	307.0
Ongoing co-operative apartment projects	-	199.3
<b>Closing value, investment property portfolio</b>	<b>5,355.1</b>	<b>4,619.1</b>

### Property yield per category

%	31 Dec 2020	31 Dec 2019
Commercial properties <sup>1</sup>	3.93	4.18
Community service properties	4.94	5.16
<b>Total</b>	<b>4.42</b>	<b>4.50</b>

1) Viby 19:3 has been partially divested based on a valuation of building rights. Excluding Viby 19:3, the yield for commercial properties is 4.62% and the total yield for the entire investment property portfolio is 4.79%.

### Key metrics, property value

	31 Dec 2020	31 Dec 2019
Rental value, SEK/sqm	1,420	1,325
Economic occupancy rate, %	98	98
Property costs, SEK/sqm	322	302
Net operating income, SEK/sqm	1,064	993
NOI margin, %	77	72
Investment property value, SEK/sqm	24,056	21,515
Lettable area, ksqm	189,543	170,174
No. of properties	48	43

## Equity and net asset value

At 31 December 2020, consolidated equity amounted to SEK 2,647.8m (1,726.2) and the equity/assets ratio was 39.0% (33.5).

Long-term net asset value amounted to SEK 2,883.0m (1,975.3), up 46%. Long-term net asset value attributable to ordinary shareholders amounted to SEK 2,364.6m (1,457.0), up 62%. Long-term net asset value attributable to ordinary shareholders per ordinary share amounted to SEK 59.75 per ordinary share (47.43).

During the period, Genova completed an issue of new ordinary shares, generating proceeds of SEK 535.4m for the Group after listing expenses.

Genova decided to change its accounting policies and during 2020 consolidated the co-operative housing association that owns the Liljegatan 1 project in Fålhagen, Uppsala. Under the new policies, the date on which income from newly

constructed co-operative apartments is recognised is the point in time when home buyers gain accession to their units and not, as previously, over a period of time as the work is completed. Due to application of the new accounting policies from the first quarter of 2020, items attributable to prior periods have been restated, which is presented in Note 1. For the period ending on 31 December 2019, the transition led to a short-term decrease in equity and the difference was therefore reversed in the calculation of long-term net asset value, and long-term net asset value attributable to ordinary shareholders. The project was completed in the fourth quarter of 2020 and the actual income of SEK 37m was recognised in the statement of profit or loss at the balance-sheet date.

### Net asset value

	31 Dec 2020		31 Dec 2019	
	SEKm	SEK/ordinary share	SEKm	SEK/ordinary share <sup>1</sup>
Equity as per the balance sheet	2,647.8	66.90	1,726.2	56.19
Reversal:				
Deferred tax liabilities as per the balance sheet	324.7	8.20	280.7	9.14
Effect of change in accounting policies	-	-	47.0	1.53
Less:				
Deferred tax assets as per the balance sheet	-89.5	-2.26	-78.6	-2.56
Preference share capital	-440.0	-11.12	-440.0	-14.32
Non-controlling interests	-78.4	-1.98	-78.3	-2.55
<b>Long-term net asset value attributable to ordinary shareholders</b>	<b>2,364.6</b>	<b>59.75</b>	<b>1,457.0</b>	<b>47.43</b>

1) Restated for 2019 to correspond to the number following the withdrawal of every other share in the second quarter of 2020.

## Interest-bearing liabilities

As of 31 December 2020, the Group's interest-bearing liabilities attributable to investment properties and project properties were approximately SEK 3,534m (2,796), representing a loan-to-value ratio of about 55.1% (61.0) adjusted for cash and cash equivalents. At 31 December 2020, the average interest rate was approximately 2.1% (2.9% including the bond loan) and the equity/assets ratio was 39.1% (33.5).

As of 31 December 2020, the Group's total interest-bearing liabilities of SEK 2,559m (2,112) to credit institutions were attributable to acquisition financing, refinancing of the existing property portfolio and project financing. The Group's credit facilities contain customary loan guarantees and covenants, including the requirement that Genova and its subsidiaries meet certain financial key metrics, such as the loan-to-value ratio and interest coverage ratio.

At 31 December 2020, the average maturity was 3.0 years (3.6). The credit term structure as of 31 December 2020 is shown in the table below.

At the end of the period, undrawn credit facilities in the form of revolving credit and a bank overdraft totalled SEK 435m. In addition to these facilities, granted construction credit of SEK 547m is still undrawn. Within 12 months of the reporting date, loans of SEK 184m will mature, of which SEK 50m pertains to bond loans. The aim is to refinance SEK 134m prior to the maturity dates.

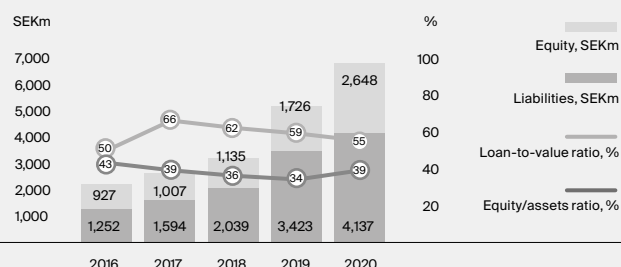
In September, Genova successfully issued senior unsecured bonds in the total amount of SEK 400m under a framework of SEK 750m. The bonds have a tenor of four years and a floating interest rate of three-month STIBOR plus 450 bps and will mature on 9 September 2024. At the same time, Genova announced the result of the voluntary tender offer that was announced as of 24 August 2020 to the holders of Genova's outstanding senior unsecured floating rate bonds 2017/2021 with an outstanding amount of SEK 156m. The offer was accepted by holders of bonds representing a total nominal amount of SEK 106m. Genova exercised its right to early voluntary redemption of all outstanding bonds. The redemption date was 7 January 2021 and the redemption price for each of the bonds was the applicable redemption value (i.e 100.00% of the nominal amount), plus accrued but not paid interest.

## Interest-rate derivatives

Genova has purchased interest-rate caps for a total of SEK 600m in the loan portfolio, limiting interest rates to 2%. The caps apply until 2022 for SEK 300m, and until 2023 for the remaining SEK 300m. At the end of the period, the Group had no other outstanding derivatives or interest-rate swaps, and all loans carried variable interest rates with three-month STIBOR as the reference base.

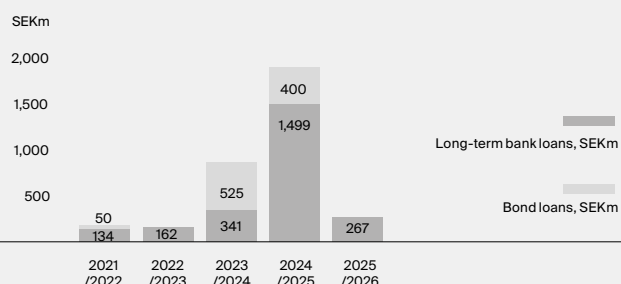
### Capital structure

31 December 2020



### Credit term structure

31 December 2020



### Credit and interest rate term structure

31 December 2020

	Fixed-rate period		Maturity		
	Amount, SEKm	Average rate, %	Credit agreement, SEKm	Drawn, SEKm	Undrawn, SEKm
Term					
0-1 years	184	3.32	184	184 <sup>1</sup>	0
1-2 years	162	2.19	162	162	0
2-3 years	866	3.90	866	866 <sup>2</sup>	0
3-4 years	1,899	3.01	2,159	1,899 <sup>3</sup>	260
4-5 years	267	2.19	267	267	0
<b>Total</b>	<b>3,378</b>	<b>3.17</b>	<b>3,638</b>	<b>3,378</b>	<b>260</b>
Construction credit	156	2.85	703	156	547
<b>Total</b>	<b>3,534</b>	<b>3.15</b>	<b>4,340</b>	<b>3,534</b>	<b>807</b>
<b>Loans, excluding bonds and construction credit</b>	<b>2,403</b>	<b>2.04</b>	<b>2,663</b>	<b>2,403</b>	<b>260</b>

1) SEK 50m pertains to a bond interest rate of 5.75%.

2) SEK 525m pertains to a bond interest rate of 5.25%.

3) SEK 400m pertains to a bond interest rate of 4.50%.



# Consolidated cash flow statement

SEKm	Jan-Dec 2020	Jan-Dec 2019
<b>Cash flow from operating activities</b>		
Income from property management	60.8	40.8
Adjustment for non-cash items <sup>1</sup>	-43.1	-14.3
Other operating income	2.2	3.2
Income tax paid	-3.4	3.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>16.5</b>	<b>32.6</b>
<b>Changes in working capital</b>		
Change in accounts receivable	-6.6	-2.3
Change in other operating receivables	36.7	-42.0
Change in accounts payable	-0.3	-16.2
Change in other operating liabilities	50.2	34.5
<b>Cash flow from operating activities</b>	<b>96.5</b>	<b>6.6</b>
<b>Cash flow from investing activities</b>		
Investments in properties and projects	-1,074.7	-1,146.1
Investments in equipment	-2.4	-0.3
Divestments of investment properties	115.9	7.0
Change in other financial assets	103.5	17.4
<b>Cash flow from investing activities</b>	<b>-857.7</b>	<b>-1,122.0</b>
<b>Cash flow from financing activities</b>		
New share issue	546.0	119.7
Loans raised	1,174.3	1,503.3
Repayment of loans	-447.8	-481.2
Dividends paid	-42.0	-86.8
Changes in non-controlling interests	-	-7.0
<b>Cash flow from financing activities</b>	<b>1,230.5</b>	<b>1,048.0</b>
<b>Cash flow for the period</b>	<b>469.3</b>	<b>-67.4</b>
Opening cash and cash equivalents	109.1	176.5
<b>Closing cash and cash equivalents</b>	<b>578.4</b>	<b>109.1</b>
<i>1) Other non-cash items</i>		
Reversal of depreciation and amortisation	0.4	1.3
Share of profit from joint ventures	-55.7	-25.4
Accrued interest	12.2	9.8
	<b>-43.1</b>	<b>-14.3</b>
Interest received	3.4	1.9
Interest paid	-92.4	-66.1

# Segment reporting

SEKm	Jan-Dec 2020				Jan-Dec 2019			
	Investment properties	Other	Not allocated	Total	Investment properties	Other	Not allocated	Total
Rental income	231.1			231.1	180.6			180.6
Income from new construction		-10.0		-		26.8		26.8
<b>Total income</b>	<b>231.1</b>	<b>-10.0</b>		<b>221.1</b>	<b>180.6</b>	<b>26.8</b>		<b>207.4</b>
Property costs	-53.7			-53.7	-50.7			-50.7
<b>Total costs</b>	<b>-53.7</b>			<b>-53.7</b>	<b>-50.7</b>			<b>-50.7</b>
<b>Net operating income/Income from new construction</b>	<b>177.4</b>			<b>167.4</b>	<b>129.9</b>	<b>26.8</b>		<b>156.7</b>
Central administration	-26.1		-39.1	-65.2	-12.4		-22.5	-34.9
Share of profit from joint ventures	55.7			55.7	25.4			25.4
Net financial items			-107.1	-107.1			-79.6	-79.6
Other operating income			2.2	2.2			3.2	3.2
Value changes, properties	384.9			384.9	606.5			606.5
Currency effects, properties	-6.8			-6.8	2.1			2.1
<b>Income before tax</b>				<b>431.1</b>				<b>679.4</b>
<b>Segment-specific assets</b>								
Investment properties	4,559.6				3,661.3			
Properties under construction	709.0				702.0			
Development properties	91.4				56.5			
Shares in joint ventures	279.4				88.5			
Accrued income		37.0				104.4		
<b>Segment-specific investments</b>								
Acquisitions and investments in properties	1,071.3		53.6		968.3	172.9		

## Segment reporting

Management has identified operating segments on the basis of internal management reports to the company's chief operating decision-maker, which the Group has identified as the CEO. Based on the internal management reports, the operations are organised, managed and reported as two operating segments: Property management and Other. The Investment properties operating segment has been consolidated according to the same policies as for the Group as a whole. The income and expenses reported for each operating segment are actual costs. The same applies to the assets and liabilities reported per segment and that are shown in the Consolidated statement of financial position.

In the segment reporting, ongoing residential projects are recognised under co-operative housing associations in the Other segment, in accordance with the previously applied revenue recognition policy described in the Group's 2019 Annual

Report. As a result, Genova considers the co-operative housing association an external counterparty and therefore recognises income from the sale of the property to the co-operative housing association at a point in time, and income from the project management as the work is completed over a period of time using the percentage of completion method. Income from transactions with co-operative housing associations is recognised in the 'Other' segment. These policies entail that Genova does not apply IFRS 10 Consolidated Financial Statements in its segment reporting, since the co-operative housing associations included in the consolidated financial statements are considered external parties in the segment reporting. Genova deems that this method of recognition best reflects Genova's residential transactions and the Board of Directors and management will continue to monitor the company's operations using this approach.



Handelsmannen 1, Norrtälje

# Key metrics<sup>1</sup>

	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
<b>Key metrics, properties</b>				
Residential units under construction, no.	540	527	540	527
Residential units completed, no.	89	133	48	133
Total no. of building rights	5,890	5,406	5,890	5,406
Lettable area, commercial properties, ksqm	110.4	110.4	110.4	113.9
Lettable area, community service properties, ksqm	79.1	79.1	79.1	73.5
Total lettable area, ksqm	187.4	189.5	189.5	187.4
Economic occupancy rate, %	98.2	97.8	98.2	97.8
NOI margin, %	76.8	71.9	75.2	67.5
Net investments, SEKm	1,074.7	1,146.1	368.1	132.5
<b>Financial key metrics</b>				
Return on equity, %	19.1	39.9	16.7	36.5
Equity/assets ratio, %	39.0	33.5	39.0	33.5
Loan-to-value ratio, %	55.2	61.0	55.2	61.0
Average interest rate, %	2.1	2.1	2.1	2.2
Average interest rate including bond loans, %	2.9	3.0	2.9	3.0
Interest-coverage ratio, times	1.8	1.8	1.7	1.4
Maturity, no. of years	3.0	3.6	3.0	3.6
<b>Key metrics, shares</b>				
Total no. of preference shares outstanding, 000s	4,000	4,000	4,000	4,000
Average no. of preference shares outstanding, 000s	4,000	3,500	4,000	4,000
Total dividend on preference shares, SEKm	42.0	36.8	10.5	10.5
Dividend on preference share, SEK	10.5	10.50	2.63	2.63
Total no. of ordinary shares outstanding, 000s <sup>2</sup>	39,577	30,722	39,577	30,722
Average no. of ordinary shares outstanding, 000s	35,149	43,574	39,577	30,722
Income from property management per ordinary share, SEK	0.53	0.09	0.01	0.10
Income per ordinary share, SEK	10.69	11.77	2.47	4.56
Equity, SEKm	2,647.8	1,726.2	2,647.8	1,726.2
Equity attributable to ordinary shareholders, SEKm	2,129.4	1,207.9	2,129.4	1,207.9
Equity per ordinary share, SEK	53.80	39.32	53.80	39.32
Long-term net asset value, SEKm	2,883.0	1,975.3	2,883.0	1,975.3
Long-term net asset value attributable to ordinary shareholders, SEKm	2,364.6	1,457.0	2,364.6	1,457.0
Long-term net asset value per ordinary share, SEK	59.75	47.43	59.75	47.43

1) The key metrics have been restated to reflect the changes in accounting policies.

2) Restated for 2019 to correspond to the number following the withdrawal of every other share in the second quarter of 2020.



# Parent Company income statement

SEKm	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
Net sales	3.5	-	3.5	-
<b>Total operating income</b>	<b>3.5</b>	<b>-</b>	<b>3.5</b>	<b>-</b>
Other external costs	-29.6	-0.3	-2.4	-0.1
Personnel costs	-7.8	-	0.3	-
<b>Total operating expenses</b>	<b>-37.4</b>	<b>-0.3</b>	<b>-2.1</b>	<b>-0.1</b>
<b>Operating income/loss</b>	<b>-33.9</b>	<b>-0.3</b>	<b>1.4</b>	<b>-0.1</b>
Impairment of participations in Group companies	-52.8	-7.4	-52.8	-7.4
Interest income and similar profit items	64.1	0.3	63.7	-
Interest expense and similar loss items	-59.6	-38.7	-19.2	-12.7
<b>Loss from financial items</b>	<b>-48.3</b>	<b>-45.8</b>	<b>-8.3</b>	<b>-20.1</b>
<b>Income before tax</b>	<b>-82.2</b>	<b>-46.1</b>	<b>-6.9</b>	<b>-20.2</b>
Tax on net income for the year	12.2	-0.2	12.2	-0.2
<b>Net income for the year</b>	<b>-70.0</b>	<b>-46.3</b>	<b>5.3</b>	<b>-20.4</b>

# Parent Company balance sheet

SEKm	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Financial assets</b>		
Participations in Group companies	222.0	222.1
Deferred tax assets	21.6	9.4
Receivables from Group companies	1,173.6	820.6
<b>Total financial assets</b>	<b>1,417.2</b>	<b>1,052.1</b>
<b>Current receivables</b>		
Other receivables	9.2	0.1
Prepaid expenses and accrued income	3.2	11.0
	<b>12.4</b>	<b>11.1</b>
<b>Cash and cash equivalents</b>	<b>509.5</b>	<b>57.0</b>
<b>Total current assets</b>	<b>521.9</b>	<b>68.1</b>
<b>TOTAL ASSETS</b>	<b>1,939.1</b>	<b>1,120.2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total comprehensive income for the period</b>		
<b>Restricted equity</b>		
Share capital	52.3	0.7
<b>Total restricted equity</b>	<b>52.3</b>	<b>0.7</b>
<b>Unrestricted equity</b>		
Retained earnings	811.5	405.5
Net loss for the period/year	-70.0	-46.3
<b>Total unrestricted equity</b>	<b>741.5</b>	<b>359.2</b>
<b>Total equity</b>	<b>793.8</b>	<b>359.9</b>
<b>Non-current liabilities</b>		
Bond loans	901.9	657.3
Other non-current liabilities	40.0	40.0
<b>Total non-current liabilities</b>	<b>941.9</b>	<b>697.3</b>
<b>Current liabilities</b>		
Bond loans	52.7	-
Liabilities to Group companies	114.2	60.5
Other liabilities	36.5	-
Accrued expenses and deferred income	-	2.5
<b>Total current liabilities</b>	<b>203.4</b>	<b>63.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,939.1</b>	<b>1,120.2</b>

# Parent Company statement of changes in equity

SEKm	Share capital	Retained earnings	Net income for the year	Total equity
<b>Opening balance, 1 January 2019</b>	<b>0.5</b>	<b>94.8</b>	<b>70.2</b>	<b>165.5</b>
Carried forward		70.2	-70.2	
<b>Net income for the year</b>			<b>-46.3</b>	<b>-46.3</b>
<b>Transactions with shareholders</b>				
Dividends		-86.8		-86.8
New issue of preference shares	0.0	124.0		124.0
Issue costs		-4.5		-4.5
New issue of ordinary shares	0.2	208.2		208.4
<b>Total Transactions with shareholders</b>	<b>0.2</b>	<b>240.9</b>		<b>240.7</b>
<b>Closing balance, 31 December 2019</b>	<b>0.7</b>	<b>405.5</b>	<b>-46.3</b>	<b>359.9</b>
<b>Opening balance, 1 January 2020</b>	<b>0.7</b>	<b>405.5</b>	<b>-46.3</b>	<b>359.9</b>
Carried forward		-46.3	46.3	
<b>Net income for the year</b>			<b>-70.0</b>	<b>-70.0</b>
<b>Transactions with shareholders</b>				
Dividends		-42.0		-42.0
Bonus issue	41.0	-41.0		0.0
New issue of ordinary shares	10.6	565.0		575.6
Issue costs of ordinary shares		-29.6		-29.6
<b>Total Transactions with shareholders</b>	<b>51.6</b>	<b>452.4</b>		<b>504.0</b>
<b>Closing balance, 31 December 2020</b>	<b>52.3</b>	<b>811.5</b>	<b>-70.0</b>	<b>793.8</b>

# Opportunities and risks for the Group and the Parent Company

Through its operations, Genova is exposed to various risks that could have a material effect on the company's future performance, earnings and financial position.

In Genova's business process, all major transaction and project decisions are analysed to identify risks and risk management, as well as opportunities. Risk management is an integral part of Genova's decision-making. For more information about Genova's risks, refer to the 2019 Annual Report on pages 68-71.

Regarding the possible effects of the COVID-19 pandemic, we are following the situation carefully and continuously analysing the risks for our operations. Our current assessment is that the pandemic will have a limited impact on the company due to our diverse tenant mix. A significant share of our rental income is derived from tenants who are not considered to be affected by the pandemic to any great extent, such as publicly funded operations and supermarkets. Genova's finances are strong, liquidity is very good following completion of the new share issue and we have access to extra capital should it be required, which may create opportunities.

## Opportunities and risks in cash flow

Genova aims to achieve secure, cost-efficient and well-functioning property management. This requires a high level of service and close relationships with tenants. Genova applies an eternal perspective to property management, with the aim of continuing to grow the existing property portfolio through acquisitions and project development. Cash flows from the property portfolio provide a solid foundation for financing project development of residential units, primarily rental apartments, and community service properties such as schools, preschools, retirement homes and residential care facilities, while building on land that we have developed for own long-term management.

Genova's primary markets are Greater Stockholm and Uppsala, where most of the future project portfolio is located. Since existing and future investment property portfolios are located in attractive growth markets with long-term favourable demand for rental apartments, schools, preschools, retirement homes and residential care facilities, demand is expected to remain high. For new construction, the company is focused on cost efficiency, high profitability, short construction times and long-term quality assurance, while architecture and design are important elements.

The assessment is that Genova has good opportunities for maintaining a high level of customer service and therefore offer products with attractive rent levels, low costs and low vacancy rates.

### Sensitivity analysis, cash flow<sup>1</sup>

	Change	Effect on cash flow
Rental value	+/-5%	+/- SEK 13m
Occupancy rate	+/-2 percentage points	+/- SEK 5m
Property costs	+/-10%	+/- SEK 6m
Interest expense	+/-1 percentage points	+/- SEK 26m

<sup>1</sup>) The cash flow pertains to the last 12 months. Occupancy rate is based on the rental value.

## Property value opportunities and risks

Genova's investment property portfolio, investment properties and properties under construction are internally or externally appraised every quarter. External appraisals are carried out by an independent appraisal organisation. Internal appraisals are based on information and market data from independent appraisal organisations or transactions carried out in the market. Changes in the value of properties are included in profit or loss.

The appraisal method used to assess the value of properties is mainly based on the present value of future cash flows and determined by four input parameters – rents, maintenance costs, vacancy rates and internal rate of return. The rent concept includes the actual rent level and any future rental assumptions. The internal rate of return is a sum of the risk-free interest rate and the risk premium that investors can expect to realise from a given investment.

The value of properties is driven by supply and demand, where investors analyse the expected net operating income and, in combination with the willingness to accept a given level of risk, assess the internal rate of return. Increased demand/willingness to accept risk lowers internal rate of return and therefore raises the value, while declining demand/willingness to accept risk has the opposite effect.

By continuing to develop and build attractive properties for own management in growth areas, Genova's believes that the company can maintain favourable rent levels, low vacancy rates and low costs.

### Sensitivity analysis, value changes<sup>1</sup>

Value changes, %	+/-5%	+/- SEK 268m
Value changes, %	+/-10%	+/- SEK 536m
Loan-to-value ratio <sup>2</sup>	+/-5%	53%/58%
Loan-to-value ratio <sup>2</sup>	+/-10%	50%/61%

<sup>1</sup>) The value change is based on fair value as of the balance-sheet date.

<sup>2</sup>) The loan-to-value ratio has been adjusted for the theoretical value change.

## Financial risk

In addition to equity, Genova's operations are largely financed by loans from credit institutions, whereby interest expense is one of the company's largest cost items. Genova's financial risk therefore includes interest-rate risk, financing risk and liquidity risk. The company is exposed to interest-rate risk, since changes in interest rates affect the company's interest expense.

Financing risk pertains to the risk of higher costs for raising new loans or financing and/or that the refinancing of overdue loans will be more difficult or only possible on unfavourable terms. Liquidity risk pertains to the risk that Genova is unable to pay anticipated and/or unforeseen expenses. Genova works actively to manage these risks by allocating capital to hedge interest-rate risk in the credit portfolio, maintaining a positive and proactive dialogue with the company's banks, and monitoring liquidity risk on a regular basis.



# Shares and ownership structure

Genova has two classes of shares – ordinary shares and preference shares. The ordinary shares were listed on Nasdaq Stockholm as of 30 June 2020. The preference shares were listed on Nasdaq Stockholm as of 12 June 2020 and were previously listed on Nasdaq First North Premier Growth Market as of 20 November 2015. At the end of the period, Genova had 4,829 shareholders.

Each preference share entitles the owner to an annual dividend of SEK 10.50, which is paid out quarterly. The next payment date for the quarterly dividend on preference shares is 20 May 2021.

As of 30 December 2020, the closing price for the ordinary share was SEK 73.90. As of 30 December 2020, the closing price for the preference share was SEK 127.

At 31 December 2020, the total number of shares in Genova was 43,576,966, of which 39,576,966 were ordinary shares and 4,000,000 preference shares.

## Ordinary shares

As of 18 June, Genova Property Group decided on an offering to subscribe for and purchase ordinary shares in the company, and a subsequent listing of the ordinary shares on Nasdaq Stockholm, with 30 June 2020 as the first day of trading. The offering comprised a maximum of SEK 650m (excluding over-allotment), of which new ordinary shares accounted for SEK 500.5m and existing ordinary shares in the company for SEK 149.5m, which were offered by the company's largest shareholders Micael Bile and Andreas Eneskjöld. The price per ordinary share in the offering was SEK 65, corresponding to a valuation of Genova of approximately SEK 1,997m prior to the offering. The offering was directed to the public in Sweden, and to institutional investors in Sweden and internationally. A high level of interest was shown by the public in Sweden, as

well as institutional investors in Sweden and internationally. The offering was oversubscribed and initially brought more than 8,000 new ordinary shareholders into the company.

The former principal owners, Micael Bile and Andreas Eneskjöld, are still the company's largest shareholders. The company's CEO, Michael Moschewitz, who together with the principal owners owned all ordinary shares before the transaction, retained his existing ownership and, together with the principal owners, entered into a 720-day lock-up agreement for their existing ordinary shares.

Länsförsäkringar Fondförvaltning AB, Lancelot Asset Management AB, funds managed or advised by Capital Research and Management Company and Skandia Fonder AB, together were anchor investors who purchased ordinary shares for a total of SEK 450m, accounted for 60% of the offering, including over-allotment.

In connection with the offering, an over-allotment option was made available to Carnegie to purchase a maximum of 1,500,000 ordinary shares in the company. As of 8 July, it was announced that the over-allotment option had been exercised in full.

The new ordinary shares were registered in July, when proceeds from the transaction were also recorded in the company's bank account.

## Preference shares

As of 12 June, Genova Property Group AB's preference shares were admitted to trading on Nasdaq Stockholm's Main Market. There was no offering to subscribe for, or otherwise purchase, shares when they were transferred to the new listing segment. The preference shares were previously listed on Nasdaq First North Premier Growth Market.

## Shareholders

31 December 2020

Name	No. of ordinary shares	No. of preference shares	Holding (%)	Votes (%)
Micael Bile (via company)	17,814,999	140,000	41.20	44.60
Andreas Eneskjöld (via company)	8,111,429	39,729	18.71	20.30
Länsförsäkringar Fondförvaltning AB	3,586,926	0	8.23	8.97
Michael Moschewitz (via company)	2,150,538	22,298	4.99	5.39
Lancelot Asset Management	1,651,000	0	3.79	4.13
Avanza Pension	1,002,040	449,138	3.33	2.62
Capital Research and Management	1,384,600	0	3.18	3.46
Skandia Fonder	943,168	0	2.16	2.36
SEB Investment Management	398,107	0	0.91	1.00
Enter Fonder	306,192	0	0.70	0.77
RBC Investor Services Bank SA	0	300,000	0.69	0.08
BNP Paribas	272,350	0	0.62	0.68
Cancerfonden	230,000	0	0.53	0.58
Total other shareholders	1,725,617	3,048,835	10.96	5.08
<b>Total</b>	<b>39,576,966</b>	<b>4,000,000</b>	<b>100.00</b>	<b>100.00</b>

# Other information

## Organisation

During the period, the average number of employees in the organisation was 26 (26), of whom 13 (10) were women. The employees have relevant and broad experience in property management, project management, construction, finance, law, marketing and sales.

## Related-party transactions

Related-party transactions are presented in Note 38 of Genova's 2019 Annual Report. The year-on-year volume and nature of the transactions remained essentially unchanged during the period. Customary remuneration has been paid to the Board of Directors and senior executives.

## Annual General Meeting

The Annual General Meeting of Genova Property Group AB (publ) will be held on 7 May 2021 at 11:00 a.m. in Stockholm, Sweden.

## Nomination Committee

The Nomination Committee prior to the 2021 Annual General Meeting comprises Fredrik Ahlqvist, Chairman of the Committee, appointed by Micael Bile with companies, Andreas Eneskjöld, appointed by Andreas Eneskjöld with companies, Johannes Wingborg, appointed by Länsförsäkringar Fondförvaltning AB (publ) and Mikael Borg, Chairman of Genova Property Group AB. The mandate of the Nomination Committee runs until a new Nomination Committee is appointed.

## Proposed appropriation of profits

Genova's overall objective is to create value for the company's shareholders. In the coming years, this is deemed best achieved by reinvesting cash flows in operations to create further growth through investments in new construction, existing properties and property acquisitions, which could lead to either small or no dividends at all on ordinary shares. In the long-term, the dividend on ordinary shares shall be at least 50% of income from property management attributable to ordinary shares. Dividends on preference shares shall be paid in accordance with the provisions of the Articles of Association.

For the 2020 financial year, the Board proposes that a dividend of SEK 10.50 per preference share be paid out quarterly. The Board proposes that no dividend be paid on ordinary shares for the financial year.

## Accounting policies

Genova applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The information required by IAS 34.16A is also disclosed, except in the financial statements and their related notes, in other sections of the interim report. The Parent Company's accounts are prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The same principles of accounting and measurement are applied as in

the most recent Annual Report, refer to Note 2 in Genova's 2019 Annual Report, except for the policy used to recognise revenue for residential projects, refer to Note 1 below.

## Change in previously applied accounting policies

As a result of the Swedish Financial Supervisory Authority's dialogue with listed residential developers over a longer period of time regarding the application of IFRS 10 Consolidated Financial Statements and IFRS 15 Revenue from Contracts with Customers in relation to the recognition of income from co-operative apartment projects constructed on behalf of a co-operative housing association and whether Genova is considered to control the co-operative housing association, Genova, in line with several other operators in the industry, has changed its accounting policy and now consolidates the co-operative housing association.

This has affected the Group's financial earnings and position, since income from the sale of a property under the previous policy was recognised on the date of the sale to the co-operative housing association, while income from project management was recognised as the work was completed over a period of time using the percentage of completion method. Due to the change in accounting policy, the buyer, and not the co-operative housing association, is considered Genova's customer. In accordance with the new accounting policy, income is recognised when the buyer gains accession to the residential unit, for both the land and the project management contract. Before the customer gains accession, Genova recognises the property as a current asset: Ongoing co-operative apartment projects. The co-operative housing association's other assets and liabilities as well as income and expenses are included in Genova's financial statements. Internal transactions and balance sheet items between Genova and the co-operative housing association are eliminated.

In the segment reporting, co-operative apartment projects will continue to be recognised in accordance with the previously applied accounting policies during the implementation of the project, which means that income will be recognised over a period of time based on the percentage of completion of the project. Genova deems that this method of recognition is fairest and best reflects Genova's co-operative apartment transactions and the Board and management will continue to monitor the company's operations using this approach.

The new accounting policy has been applied as of 2020 and in accordance with IAS 8, adjusted retroactively. This means that items attributable to prior periods have been restated. The restatements have also affected previously reported key metrics. See Note 1 for more information about the restatement effects. The new accounting policies for revenue are set out below.

## Revenue

Revenue from contracts with customers refers to income from the sale of goods and services from Genova's ordinary operations. Revenue is recognised when the customer obtains

control over the goods or services that the company deems to be distinct in a contract and reflects the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods or services to the customer. The Group's revenue is derived from lease income and recognised in accordance with IFRS 16 Leases. These principles are described in Note 2 of the 2019 Annual Report. Other revenue is derived from the sale of apartments to home buyers, who are normally private consumers. Agreements to purchase apartments are continuously concluded with customers, and start before construction has commenced. The Group has identified a distinct performance obligation in these agreements: the sale of a dwelling unit. The transaction price is fixed in its entirety. Revenue is recognised when the customer has obtained control, by allowing the customer to use or benefit from the unit, whereby control is considered transferred. Genova has made the assessment that control of the dwelling unit is transferred to the customer at a point in time, when the buyer gains accession to the residential unit. This normally takes place over a shorter period of time as the residential property is completed.

## Critical accounting estimates and assumptions

### Control over co-operative housing associations

As a result of the Swedish Financial Supervisory Authority's dialogue with listed residential developers over a longer period of time regarding the application of IFRS 10 Consolidated Financial Statements and IFRS 15 Revenue from Contracts with Customers in relation to the recognition of income from co-operative apartment projects constructed on behalf of a co-operative housing association and whether Genova is considered to control the co-operative housing association, Genova, in line with several other operators in the industry, has decided to change its accounting policy and consolidate the co-operative housing association.

## Auditors' review

This interim report has not been audited.

## Assurance of the Board of Directors and Chief Executive Officer

The Board of Directors and Chief Executive Officer hereby certify that this interim report provides a true and fair view of the Parent Company and the Group's operations, financial position and earnings and describes significant risks and uncertainties faced by the Parent Company and those companies included in the Group.

Stockholm, 24 February 2021

Mikael Borg, Chairman of the Board

Micael Bile, Board member

Jan Björk, Board member

Andreas Eneskjöld, Board member

Erika Olsén, Board member

Maria Rankka, Board member

Knut Ramel, Board member

Michael Moschewitz, CEO

## Financial calendar

2020 Annual Report	<b>31 March 2021</b>
Annual General Meeting 2021	<b>7 May 2021</b>
Interim report January-March 2021	<b>7 May 2021</b>
Interim report January-June 2021	<b>17 August 2021</b>
Interim report January-September 2021	<b>29 October 2021</b>

## For further information, please contact:

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This information is inside information that Genova Property Group AB (publ) is obliged 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 24 February 2021 at 08:00 a.m. (CET).

# Note 1

## Effects of change in accounting policy

Genova has decided to adjust its previously applied accounting policies for co-operative apartment projects. The changed application has been adjusted retroactively in accordance with IAS 8, refer to the section on Accounting policies for more information about the new accounting policies. The effects on the Group's income statement and balance sheet are described below.

### Effects on the income statement and balance sheet

#### Consolidation of co-operative housing associations

In accordance with previously applied policies, Genova considered each co-operative housing association a separate legal entity that was not under the Group's control. Based on this assessment, the co-operative housing associations were not included in the consolidated financial statements. IFRS is a principle-based accounting framework that provides scope for professional judgement. In its 2019 Annual Report, Genova has described the assessments underlying the previous principle to not consolidate the co-operative housing associations. Based on its review and assessment of residential projects conducted by other industry operators, the Swedish Financial Supervisory Authority deems that co-operative housing associations should be consolidated. Genova has followed the course of this dialogue, analysed its own transactions and made the decision to consolidate the co-operative housing associations, which also means that the point in time for when income and expenses attributable to the project should be recognised has also changed.

#### Revenue recognition

According to previous accounting policies where the co-operative housing association was considered a separate legal entity, Genova recognised income from the sale of a property when the co-operative housing association acquired the property, and income from project management of the co-operative apartment project over the period of time that Genova completed the work. Now that the co-operative housing association is considered part of the Group, the home buyer is now considered Genova's customer. As a result, Genova recognises revenue as each buyer gains accession to their residential unit, which normally takes place over a shorter period of time as the residential property is completed. In 2019, this led to a change of SEK 30.6m in Income from new construction, co-operative apartments.

#### Ongoing co-operative apartment projects

Due to the need for Genova to change its accounting policies, Genova recognises the co-operative housing association's property and ongoing construction of co-operative apartment project on the balance sheet as: Ongoing co-operative apartment projects. This balance-sheet item includes the cost of the property, the external contractor's expenses, and internal expenses from project management of the co-operative apartment project. Interest rates and other borrowing costs such as origination fees for the funding of the co-operative apartment project are capitalised on an ongoing basis as part of the same balance-sheet item. This led to an increase of SEK 86.4m in current assets for 2019. At the same time, receivables from the co-operative housing associations, recognised as Accrued income, decreased SEK 104.4m for 2019, and Other receivables decreased SEK 65.9m for 2019.

#### Loans from credit institutions

When co-operative housing associations were consolidated, the co-operative housing association's loans from credit institutions to finance the construction of the residential property were included. This increased the Group's external short-term loans from credit institutions by SEK 126.4m for 2019. The property with the ongoing co-operative apartment project has been pledged as collateral for the loan to the credit institution.

The summary on the following pages shows the effects of the changed accounting policy on the Group's financial statements for 2019.



# Consolidated statement of comprehensive income

Jan-Dec 2019

SEKm	Jan-Dec 2019 according to previous policies	Adjustment	Jan-Dec 2019 restated
Rental income	180.6		180.6
Operating costs	-37.5		-37.5
Maintenance costs	-7.6		-7.6
Property tax	-5.6		-5.6
<b>Total Property costs</b>	<b>-50.7</b>		<b>-50.7</b>
<b>Net operating income</b>	<b>129.9</b>		<b>129.9</b>
Central administration, property management	-12.4		-12.4
Central administration, project development	-22.5		-22.5
Share of profit from joint ventures	25.4		25.4
Net financial items	-77.5		-77.5
<b>Income from property management</b>	<b>42.9</b>		<b>42.9</b>
Income from new construction, co-operative apartments	26.8	30.6	57.4
Other operating income	3.2		3.2
Value changes, properties	606.5		606.5
<b>Income before tax</b>	<b>679.4</b>	<b>30.6</b>	<b>710.0</b>
Income tax	-139.0		-139.0
<b>Net income for the period</b>	<b>540.4</b>	<b>30.6</b>	<b>571.0</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>540.4</b>	<b>30.6</b>	<b>571.0</b>
<b>Net income for the year attributable to:</b>			
Parent Company shareholders	523.7	26.0	549.7
Non-controlling interests	16.7	4.6	21.3

# Consolidated balance sheet

31 Dec 2019

SEKm	31 Dec 2019 according to previous policies	Adjustment	31 Dec 2019 restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	3,661.3		3,661.3
Properties under construction	702.0		702.0
Development properties	56.5		56.5
Right-of-use assets	37.2		37.2
Equipment	4.6		4.6
Deferred tax assets	78.6		78.6
Shares in joint ventures	88.5		88.5
Other non-current receivables	96.0		96.0
<b>Total non-current assets</b>	<b>4,724.7</b>		<b>4,724.7</b>
<b>Current assets</b>			
Ongoing residential projects	0.0	199.3	199.3
Rent receivable and accounts receivable	4.0		4.0
Accrued income	104.4	-104.4	0.0
Other receivables	93.7	-65.9	27.8
Prepaid expenses and accrued income	26.6	57.4	84.0
Cash and cash equivalents	109.1		109.1
<b>Total current assets</b>	<b>337.8</b>	<b>86.4</b>	<b>424.2</b>
<b>TOTAL ASSETS</b>	<b>5,062.5</b>	<b>86.4</b>	<b>5,148.9</b>
<b>EQUITY</b>			
<b>Total comprehensive income for the period</b>			
Share capital	0.7		0.7
Other capital contributions	647.6		647.6
Retained earnings, including net income for the period	1,046.6	-47.0	999.6
Non-controlling interests	78.3		78.3
<b>Total equity</b>	<b>1,773.2</b>	<b>-47.0</b>	<b>1,726.2</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	1,664.6		1,664.6
Bond loans	659.4		659.4
Lease liabilities	34.4		34.4
Other non-current liabilities	42.1		42.1
Deferred tax liabilities	280.7		280.7
<b>Total non-current liabilities</b>	<b>2,681.2</b>		<b>2,681.2</b>
<b>Current liabilities</b>			
Loans from credit institutions	452.9	126.4	579.3
Accounts payable	34.1	7.0	41.1
Lease liabilities	4.7		4.7
Current tax liabilities	11.0		11.0
Other liabilities	69.3		69.3
Accrued expenses and deferred income	36.1		36.1
<b>Total current liabilities</b>	<b>608.1</b>	<b>133.4</b>	<b>741.5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,062.5</b>	<b>86.4</b>	<b>5,148.9</b>

# Definitions

## **Genova or the company**

Genova Property Group AB (publ).

## **Return on equity**

Net income after tax, based on a rolling 12-month period, in relation to average equity. Return on equity is used to assess Genova's ability to generate profits from its shareholders' investments in the company.

## **Loan-to-value ratio, %**

Interest-bearing liabilities less cash and cash equivalents in relation to the market value of investment properties, properties under construction and development properties at the end of the reporting period. The loan-to-value ratio is used to assess Genova's financial risk.

## **Net operating income**

Rental income less property costs. This key metric is used to measure the profitability of property management before central administrative expenses, net financing costs and unrealised value changes.

## **Equity attributable to ordinary shareholders**

Equity less the value of all preference shares outstanding as of the balance-sheet date, in relation to the number of ordinary shares outstanding as of the balance-sheet date. The value of all preference shares outstanding is calculated as SEK 110 multiplied by the number of preference shares as of the balance-sheet date. SEK 110 corresponds to the amount per preference share that the holder is entitled to receive, before ordinary shares, in the event of the company's dissolution. Equity attributable to ordinary shareholders is used to measure the ordinary shareholders' proportion of the company's equity per ordinary share.

## **Investment properties**

Refers to properties with existing cash flows and includes commercial premises, residential units and community service properties.

## **Income from property management**

Income before value changes and tax. Income from property management is used to measure the profitability of property management after financial income and expenses, but not unrealised value changes.

## **Income from property management per ordinary share**

Income from property management less dividend payments on preference shares during the period, in relation to the number of weighted average ordinary shares outstanding during the period. Income from property management per ordinary share is used to measure the ordinary shareholders' proportion of income from property management per ordinary share.

## **Rental value**

Contract value plus estimated market rent for vacant properties. Rental value is used to measure the Group's potential net income.

## **Adjusted income per ordinary share**

Net income attributable to Parent Company shareholders less dividend payments on preference shares during the period, in relation to the number of weighted average ordinary shares outstanding during the period. Adjusted income after tax per ordinary share is used to measure Parent Company shareholders' proportion of the company's net income after tax per ordinary share.

## **Long-term net asset value**

Recognised equity with reversal of deferred tax. Long-term net asset value is used to provide stakeholders with information about Genova's long-term net asset value estimated in a standard manner for listed property companies.

## **Long-term net asset value attributable to ordinary shareholders**

Long-term net asset value less the value of all preference shares outstanding. The value of all preference shares outstanding is calculated as SEK 110 multiplied by the number of preference shares as of the balance-sheet date. SEK 110 corresponds to the amount per preference share that the holder is entitled to receive, before ordinary shares, in the event of the company's dissolution. Long-term net asset value attributable to ordinary shareholders is used to clarify the proportion of long-term net asset value considered attributable to ordinary shareholders after the proportion attributable to preference shareholders and non-controlling interests has been eliminated.

## **Long-term net asset value per ordinary share**

Long-term net asset value attributable to ordinary shareholders divided by the number of ordinary shares outstanding as of the balance-sheet date. Long-term net asset value per ordinary share is used to measure the ordinary shareholders' proportion of the company's long-term net asset value attributable to ordinary shareholders per ordinary share.

## **Development properties**

Refers to properties for further development.

## **Income per ordinary share**

Net income for the period/year less dividends paid on preference shares during the period, in relation to the weighted average number of ordinary shares outstanding during the period. Net income after tax per ordinary share is used to measure ordinary shareholders' proportion of the company's net income after tax per ordinary share.

## **Interest-coverage ratio**

Net operating income less costs for central administrative expenses attributable to property management in relation to net interest income (over the past 12 months). Non-recurring financial items are not included in the calculation. The interest-coverage ratio is used to measure the sensitivity of the company's income to interest-rate fluctuations.

## **Equity/assets ratio**

Equity at the end of the period in relation to total assets at the end of the period. The equity/assets ratio is used to measure Genova's financial stability.

## **Lettable area**

Total area in sqm that is available to let.

## **Economic occupancy rate**

Contract value in relation to rental value at the end of the period. This key metric is expressed as a percentage and used to measure vacancies, where a high percentage of occupancy equates to a low economic vacancy rate.

## **NOI margin**

Net operating income in relation to rental income. The net operating income (NOI) margin is used to measure the profitability of property management before financial income and expenses, and unrealised value changes.

# Contact

## Street addresses

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**genova.se**





G E N O V A