

G E N O V A



Interim report January–March / **2020**



The period in summary

January–March 2020

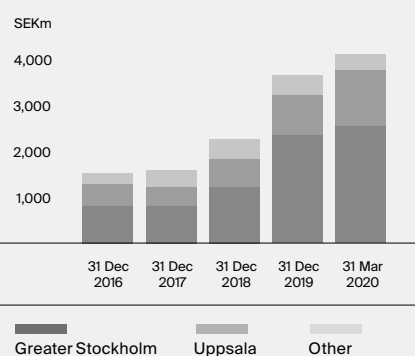
- Rental income amounted to SEK 54.0m (39.4).
- Net operating income amounted to SEK 40.0m (26.7).
- Income from property management amounted to SEK 18.4m (4.4), of which income from property management attributable to ordinary shareholders was SEK 7.9m (-3.5), corresponding to SEK 0.13 (-0.07) per ordinary share.
- Net income after tax amounted to SEK 190.6m (41.7), corresponding to SEK 2.93 (0.50) per ordinary share.
- Long-term net asset value attributable to ordinary shareholders amounted to SEK 1,679.3m (843.9), corresponding to SEK 27.33 (16.88) per ordinary share.

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Rental income, SEKm	54.0	39.4	180.6
Net operating income, SEKm	40.0	26.7	129.9
Income from property management, SEKm	18.4	4.4	42.9
Income from property management per ordinary share, SEK	0.13	-0.07	0.11
Residential units under construction, no. ¹	473	270	527
Residential units completed, no.	54	-	133
Net investments, SEKm	105.7	211.2	1,141.2
Loan-to-value ratio, %	58.3	64.7	59.4
Equity/assets ratio, %	34.7	29.8	33.5
Interest-coverage ratio ²	1.7	1.4	1.7
Long-term net asset value, SEKm	2,197.5	1,227.6	1,975.3
Long-term net asset value attributable to ordinary shareholders, SEKm	1,679.3	843.9	1,457.0
Long-term net asset value attributable to ordinary shareholders per ordinary share, SEK	27.33	16.88	23.71

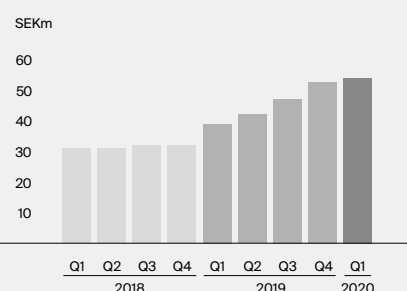
1) Including 35 hotel rooms.

2) Excluding non-recurring items.

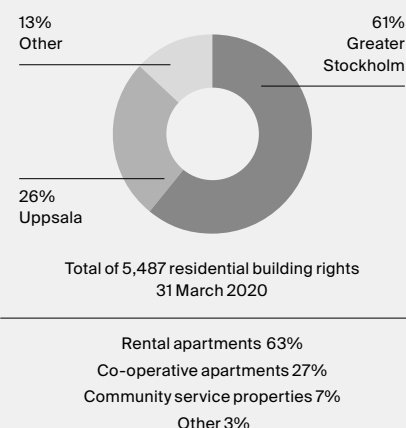
Value of investment properties per geography



Rental income



Project development



SEK 4,944m

Property value

5,487

Residential building rights

58%

Loan-to-value ratio

SEK 2,198m

Long-term net asset value

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. The agreed acquisition price exceeds Genova's book value of the property by approximately SEK 220m, which was recognised as a value change during the period. The property will be exited in the second quarter of 2020.
- 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 the Skarpnäs 6:12 ground lease in Nacka at an underlying property value of approximately SEK 40m. Accession is scheduled for 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 is now consolidating 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. When the project is completed, which is scheduled for the fourth quarter of 2020, SEK 47m will be returned to equity.

Impact of COVID-19

The COVID-19 outbreak is having both humanitarian and economic effects on the world around us, and is posing a challenge for people, society and the business community. In the current situation, Genova is protecting the health and safety of our employees and tenants, and limiting the risk of spreading the infection. We will continue to monitor the situation and are continuously assessing the risks for Genova. The company has taken necessary steps to ensure business continuity. Our employees are mostly working from home, which is working well with good access to the IT environment that is required.

The extent of the pandemic and how long the current situation will last are impossible to assess at present. Nor is it possible to quantify the long-term effects on Genova's earnings, operations or financial position. To date, however, the effects of COVID-19 on Genova have been manageable, 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 over 70% of Genova's ongoing and planned project development.

Rent payments

Genova's tenants, however, like society in general, are impacted by COVID-19. Of Genova's annual rental income of SEK 226m, 62% is due quarterly in advance, and 38% 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, corresponding to 5% of quarterly rents for the second quarter. Of the adjusted rent receivable due for payment by 31 March 2020, 96% had been received by 16 April, 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 March 2020, cash and cash equivalents and undrawn credit facilities amounted to SEK 403.5m. Loans maturing within the next 12 months amounted to SEK 251m. Of this amount, approximately SEK 210m was refinanced after the end of the period and extended until 2024.

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 owner

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

Long-term net asset value	>20% 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.	67% 31 Mar 2020

Income from property management	>20% Target
Achieve an average annual growth of at least 20% in income from property management per ordinary share over a business cycle.	272% LTM 31 Mar 2020

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:

Equity/assets ratio	>35% Target
Over time, the equity/assets ratio shall be at least 35%.	35% 31 Mar 2020

Loan-to-value ratio	<65% Target
Over time, the loan-to-value ratio shall not exceed 65%.	58% 31 Mar 2020

Interest-coverage ratio	>2.0 times Target
Over time, the interest-coverage ratio shall be higher than 2.0.	1.7 times 31 Mar 2020

Operational targets

Rental income	>60% Target
Rental income from residential and community service properties shall account for at least 60% of Genova's total rental income by the end of 2024.	39% 31 Mar 2020

Ongoing construction	750 Target
Ongoing construction of own-produced residential units shall amount to at least 750 units per year as of 2021.	473¹ 31 Mar 2020

¹) Including 35 hotel rooms.

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

Genova continued to grow, and income from property management increased during the first quarter of the year. Our projects to construct community service properties and rental apartments in such locations as Knivsta and Norrtälje are on track, and our first rental apartments will be ready for occupancy by summer – an important milestone for Genova. The effects of COVID-19 are being felt throughout our business environment, in our everyday lives and in our operations. Due to Genova's business model and broad tenant mix, the impact has been limited to date, but we will continue to monitor the situation carefully, close to our tenants, and with preparedness for a range of scenarios.

Focus on residential units and community service properties

Genova shall achieve long-term and profitable growth with a focus on building residential units and community service properties for own management. This will generate stable cash flows with limited risk that complement our commercial investment property portfolio well. During the quarter, this ambition was manifested in new operational targets, where our aim is that residential and community service properties will generate at least 60% of our rental income by 2024. The current figure is close to 40%. The pace of our project development is high with a total of 473 residential units under construction, a figure that includes both rental apartments and retirement homes. We are working towards the target of an annual rate of 750 residential units per year as of 2021.

First rental apartments ready for occupancy in June

During the quarter, we completed one retirement home and one preschool in Alsike, in central Knivsta, which are fully let to Norlandia with long-term rental agreements. In the same area, Genova's first rental apartments will be ready for occupancy in the second quarter. This is a key step in Genova's development and we are looking forward to welcoming our first residential tenants. Demand for rental apartments remains high in our main markets of Greater Stockholm and the Uppsala Region and our residential units are attracting a great deal of interest.

During the quarter, a number of transactions and lettings were completed. We acquired properties in Nacka and Uppsala and signed new rental agreements for 4,500 sqm. We also concluded an agreement to divest 50% of the Stapelbädden 3 property in Lidingö

with the aim of developing the attractive Gåshaga area with sustainable residential units and community service properties in a joint venture. This transaction is strategic in nature and exceeds the book value by approximately SEK 220m.

Impact of COVID-19

The turmoil caused by COVID-19 is also leaving its mark on our business. We are all living with uncertainty about how the pandemic will develop and how long the effects will last. Genova has a strong focus on property management, and we are engaging in close dialogue with our tenants to enable continuous assessment of any problems that may arise. We have seen a limited impact to date in the form of overdue rent payments for the second quarter. Of the expected rental income for the second quarter, approximately 96% in total has been paid as of 16 April, which is in line with the normal outcome. How the situation will develop in the quarters ahead is difficult to assess at present. Regardless of how the situation develops, we have a strong foundation with sound finances, good liquidity and a diversified tenant mix with a focus on publicly funded operations and supermarkets. Genova's projects mainly pertain to rental apartments and community service properties. We will continue to monitor the situation and continuously analyse any changes for our tenants, and for our own operations.

Genova's business model, with a focus on cash flow combined with project development of mainly residential units and community service properties, is a strength in the prevailing situation. Our balance sheet comprises properties for nearly SEK 5bn and a substantial building rights portfolio of nearly 300,000 sqm, with approximately 90% located in Greater Stockholm and Uppsala. These

are expansive regions with high demand for residential units and community service properties, which are the main areas for Genova's future growth.

Genova will continue to prepare the company for a listing on Nasdaq Stockholm's Main Market. In the prevailing market situation, however, we have decided to postpone the process to list our ordinary share and focus initially on transferring Genova's preference shares from Nasdaq First North Premier Growth Market to Nasdaq Stockholm's Main Market.

Michael Moschewitz, CEO



“Genova's business model, with a focus on cash flow combined with project development of mainly residential units and community service properties, is a strength in the prevailing situation.”

Investment property portfolio

Investment properties

Genova's investment property portfolio comprises commercial properties for retail, office and warehouse space 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 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 44 investment properties with a market value of approximately SEK 4,100m, allocated over approximately 174,000 sqm. The total property value, including accessed properties, properties under construction and joint ventures, was approximately SEK 5,200m.

Developments during and after the end of the period

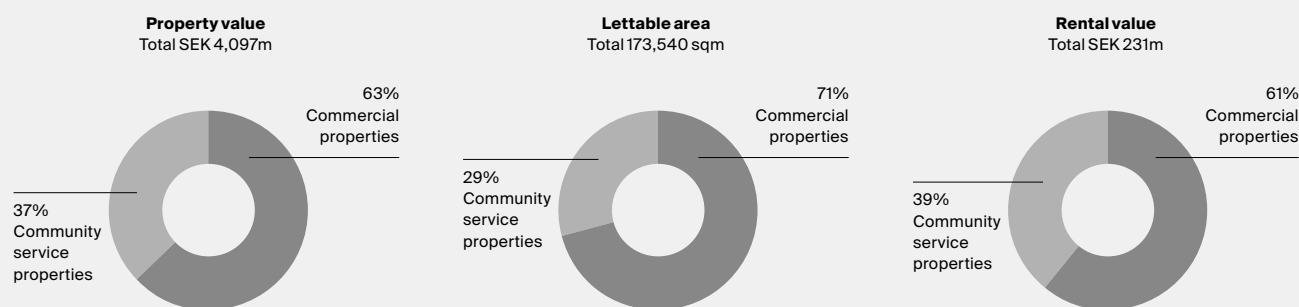
Acquisitions, accessions and reclassifications

During the period, Genova acquired properties at a total underlying property value of SEK 71.5m.

In January 2020, an agreement was signed to acquire part of the Vaksala-Norrby 1:2 and 1:3 properties in Uppsala at an underlying property value of SEK 31.5m. A new office building and carport will be built on these properties and upon completion, will be fully let to Renta AB, which offers rental equipment

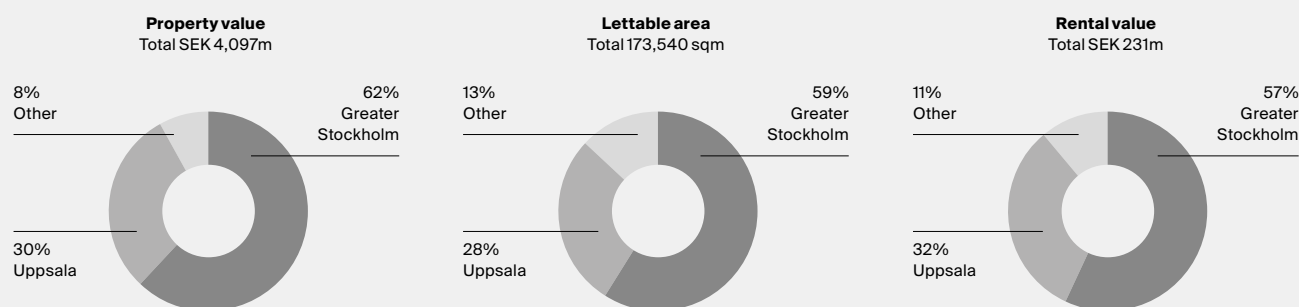
Investment properties per property category

31 March 2020



Investment properties per geography

31 March 2020



and tools for construction contracts. The rental term is seven years, with an annual rental value of approximately SEK 2.1m, and the let area is approximately 2,200 sqm. Accession is scheduled for December 2020.

In March, Genova agreed to acquire the Skarpnäs 6:12 ground lease in Nacka at an underlying property value of approximately SEK 40m. The ground lease includes offices and warehouses that are fully let to Cija Tank AB, a full-service

water and wastewater management company. The rental term is 11 years, with an annual rental value of approximately SEK 2.9m, and the let area is approximately 2,000 sqm. Accession is scheduled for May 2020.



Handelsmannen 1, Norrtälje

In March, Genova completed a community service property in Alsike, Knivsta, for the company's own long-term management. The property houses a retirement home and a preschool and is fully let to Norlandia with 15-year and 20-year rental agreements, respectively. The property was previously recognised as under construction, but was reclassified as an investment property during the quarter.

Divestments

In March, Genova concluded an agreement to divest 50% of its shares in the company that owns the Stapelbädden 3 property in Lidingö at an underlying property value of SEK 400m before deductions for deferred tax. The agreed acquisition price exceeds Genova's book value of the property by approximately

SEK 220m, which was recognised as a value change during the period. The total consideration for the shares was approximately SEK 112m. By selling 50% of the shares, Genova is initiating a partnership with a large and reputable player in the Swedish property market.

The aim is that the parties will jointly develop the property, which currently comprises nearly 50,000 sqm of land and complements previous development of Gåshaga in Lidingö with a focus on sustainable residential units and properties for community services. Genova acquired the Stapelbädden 3 property in 2015, comprising approximately 12,000 sqm of lettable area, 50,000 of land and more than 60,000 sqm of water. At the present, the property is essentially fully let to such tenants as Micab and Marinmontage.

Lettings

In January 2020, a rental agreement for approximately 2,400 sqm in the Boländerna 21:4 property in Uppsala was signed. The tenant, HOOM Home & Hotel Uppsala AB, signed a 20-year rental agreement for a new, 97-room, extended-stay hotel with an annual rental value of approximately SEK 4.8m. The new hotel will be built within Genova's existing property and construction is scheduled to start in the third quarter of 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 tenants.

Investment property portfolio

31 March 2020

	No. of proper- ties	Lettable area, sqm	Property value¹		Rental value		Occu- pancy rate, %	Contracted annual rent², SEKm	Property costs		Net operating income	
			SEKm	SEK/ sqm	SEKm	SEK/ sqm			SEKm	SEK/ sqm	SEKm	SEK/ sqm
Per property category												
Commercial properties	32	122,716	2,594	21,135	141	1,198	97.0	137	-38	-307	99	807
Community service properties	12	50,824	1,504	29,590	90	1,663	99.3	90	-14	-277	76	1,488
Total per property category	44	173,540	4,097	23,611	231	1,334	97.8	226	-52	-298	175	1,007
Per geography												
Greater Stockholm	23	102,752	2,547	24,787	131	1,272	97.5	127	-30	-289	98	951
Uppsala	14	48,162	1,242	25,778	75	1,554	98.4	74	-18	-367	56	1,162
Other	7	22,626	309	13,657	26	1,148	98.0	25	-4	-194	21	931
Total per geography	44	173,540	4,097	23,611	231	1,334	97.8	226	-52	-298	175	1,007
Ongoing construction			295									
Planned projects			330									
Ongoing co-operative apartment projects³			222									
Total as per the balance sheet			4,944									
Acquired, not yet accessed properties and near-term completed constructions⁴	6	12,277	216		17	1,372	100.0	17	-6	-472	11	900
Total	50	185,817	5,160		248	1,336	98.0	243	-58	-310	186	1,000
In addition:												
Properties owned through joint ventures			248									

¹ Partial divestment of Gåshaga Stapelbädden 3 in Lidingö, which increased the property value in Q1 2020 by about SEK 220m, but will be transferred to Properties owned via joint ventures in Q2 2020 when access is granted.

² Not including rental discounts of SEK 7.0m.

³ The Liljegatan 1 co-operative housing association has been included as of Q1 2020. The project will be completed in Q4 2020, and subsequently leave the Group.

⁴ Ongoing construction that will generate rental income within 12 months.

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.

Tenants and rental agreement structure

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

The three largest tenants were Coop Sverige, the Stiftelsen Uppsala Musikklasser and HOOM Home & Hotel AB,

which together accounted for approximately 17% of rental income. At the end of the period, the proportion of publicly funded tenants in the portfolio was approximately 39%. Of the total rental value, the proportion derived from publicly funded tenants and supermarkets amounted to nearly 50%.

Of the adjusted rent receivable due for payment by 31 March 2020, 96% had been received by 16 April, which is in line with the normal outcome.

Structure of rental agreements

31 March 2020

	No. of rental agreements	Area Ksqm	Contracted rent, SEKm	Percentage %
Term				
2020	26	4	5	2
2021	147	22	26	12
2022	28	23	34	15
2023	23	12	14	6
2024	15	27	28	12
>2024	37	80	119	53
Total	276	167	226	100
Parking spaces and other	3	-	-	-
Total	279	167	226	100
Vacant		6	5	
Total		174	231	

10 largest tenants

31 March 2020

Tenants	Contracted rent, SEKm	% of total portfolio
Coop Sverige Fastigheter AB	13.5	6.0
Stiftelsen Uppsala Musikklasser	12.9	5.7
HOOM Home & Hotel AB	11.4	5.0
City of Stockholm, Education Administration	11.3	5.0
Yrkesplugget i Sverige AB	9.8	4.3
Norlandia Care AB	9.5	4.2
Scanreco AB	8.6	3.8
AmiSgo AB	6.1	2.7
Ramilton Apartments Hotel Danderyd AB	6.1	2.7
Uppsala Municipality	6.0	2.7
Total	95.2	42.0
Average weighted remaining term, years		6.72

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 owned 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. Earnings capacity does not, for example, include 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 7.0m

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 net interest-bearing 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.

Estimated earnings capacity of investment properties

SEKm	
Rental value ¹	231
Vacancy rate	-5
Rental income	226
Operating costs	-38
Maintenance costs	-8
Property tax	-6
Total property costs	-52
Net operating income	175
Central administration, property management	-12
Genova's share of income from property management through joint ventures	6
Net financial items	-80
Income from property management	89

¹) Not including rental discounts of SEK 7.0m.

Project development

Project development for rental apartments, community service properties and commercial premises accounts for a growing proportion of Genova's project development. 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 March 2020, Genova's project portfolio comprised nearly 344,000 sqm of lettable area allocated between approximately 5,487 residential units, of which rental apartments and community service properties that Genova is planning to develop for own long-term management accounted for 70%, and co-operative apartments and commercial properties for 30%. 87% of the building rights are located in Greater Stockholm and the Uppsala Region.

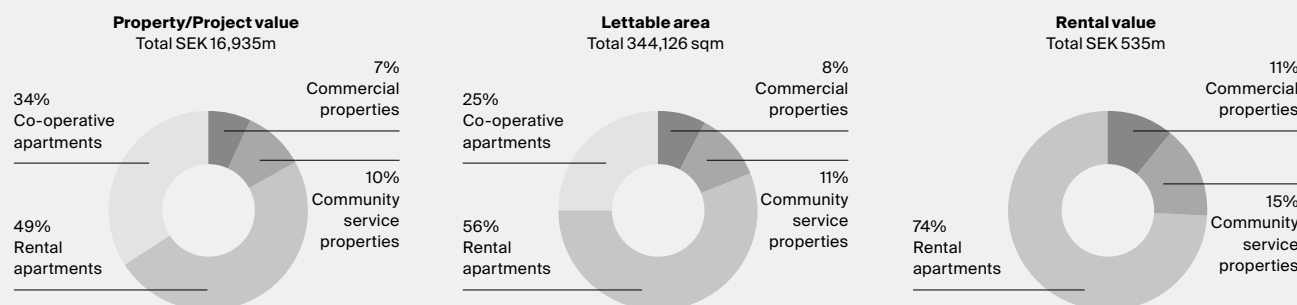
Building rights portfolio

Genova uses an estimated excess value to illustrate the value of the company's building rights portfolio in Sweden. The excess value is calculated using an

externally estimated market value of the unused building rights. This could be relevant if Genova would not follow its business plan to develop the building rights and instead chose to divest them. As of 31 December 2019, CBRE's market evaluation of the expected unused building rights in Sweden included in Planned projects was just over SEK 2.4bn. As of 31 December 2019, 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 1.25bn. On the basis of this valuation, a review was carried out on 31 March 2020 and the assessment is that the excess value in the Group's building rights portfolio amounted to approximately SEK 1.0bn at the end of the reporting period. Adjustment was made for the partial sale of the Stapelbädden 3 property in Gåshaga, Lidingö.

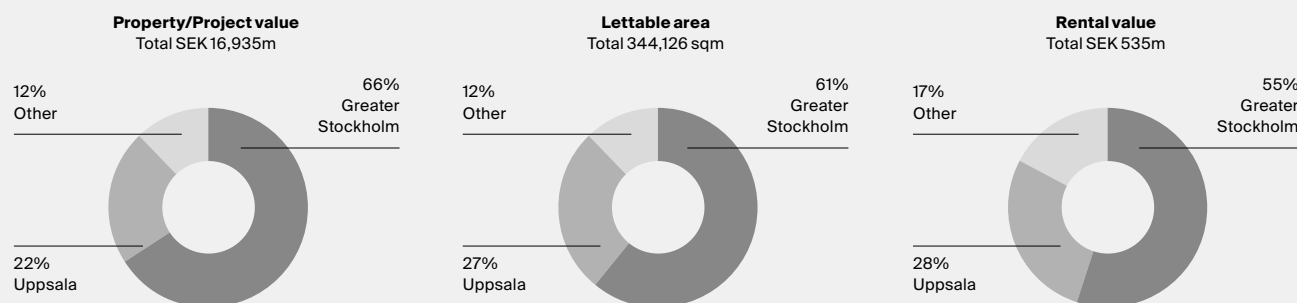
Project development per property category

31 March 2020



Project development per geography

31 March 2020





Knivsta Vrå, Alsike

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 sustainability, 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 CO₂ 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 March 2020, Genova had 473 residential units, including 35 hotel rooms, under construction. Genova recognised ongoing construction of SEK 295m. The projects mainly pertain to projects in

Knivsta (rental apartments), Palma, Mallorca, (hotels) and Norrtälje (retirement home, preschool and rental apartments), with construction commencing in the fourth quarter of 2019. When these projects are completed, they will remain owned and managed by Genova. All ongoing construction is scheduled for completion by 2022, although most is scheduled for completion in 2021.

The number of residential units under construction also includes the Liljegatan 1 co-operative apartment project, comprising 48 residential units that are scheduled for completion in the fourth quarter of 2020.

Planned projects

Planned projects comprised a total of approximately 5,014 expected residential building rights allocated between nearly 315,000 sqm, of which just over 70% is intended for long-term management with a focus on Greater Stockholm and Uppsala.

Developments during and after the end of the period

In the first quarter of 2020, the construction of a retirement home and a preschool in Knivsta, totalling approximately 5,000

sqm, was completed. The areas have been let to Norlandia with 15-year and 20-year rental agreements, respectively. During the quarter, the property was reclassified as an investment property for own long-term management. On the other part of the same property, Genova is building 35 rental apartments with completion scheduled for the second quarter of 2020, and are intended for long-term ownership and management after completion. With the construction and completion of these rental apartments, Genova's operations have been broadened to include ownership and management of rental apartments.

Joint ventures

Genova owns 50% of the shares in three joint ventures, together with Fastator, Redito and Järngrinden. These joint ventures own four properties with a total property value of SEK 496m, of which Genova's share amounts to SEK 248m. Shares in joint ventures are recognised using the equity method. The properties, which are currently let, comprise a total of approximately 1,280 residential building rights (of which Genova's stake is 640) for the future development of residential units.

Ongoing construction

31 March 2020

Project	Municipality	Category	Construction start	Scheduled completion	No. of residential units	Lettable area, sqm		Property value ¹		Rental value		Investment, SEKm		Book value, SEKm
						Residential units	Premises	SEKm	SEK /sqm	SEKm	SEK /sqm	Estimated	Accumulated	
Liljegatan 1 ²	Uppsala	Co-operative apartments	Q3 2018	Q4 2020	48	4,352	483	336	69,590	–	–	276	240	–
Knivsta Vrå 1:392	Knivsta	Rental apartments	Q2 2019	Q2 2020	35	1,587	–	73	45,999	3	1,890	73	57	57
Hotell Nobis	Palma	Commercial properties	Q3 2019	Q2 2021	35	2,300	–	253	110,000	7	3,250	116	66	103
Handelsmannen 1	Norrköping	Community service properties	Q4 2019	Q4 2021	80	6,021	1,296	337	46,057	16	2,132	251	48	63
Handelsmannen 1	Norrköping	Rental apartments	Q4 2019	Q4 2021/ Q2 2022 ³	275	13,257	–	588	44,354	29	2,150	486	53	72
Total ongoing construction					473	27,517	1,779	1,587	54,187	55	2,231	1,202	464	295

1) Refers to fair value of the completed investment.

2) Due to the new accounting policies, SEK 47m of total project profit was reversed and reduced equity by the corresponding amount. The amount will be recognised as profit upon completion in Q4 2020. The book value of Liljegatan 1 on the balance sheet was SEK 221.6m. Refer to Note 1.

3) Approximately 35% of the residential units are scheduled for completion in Q4 2021 in a first stage.

Planned projects

31 March 2020

Project	No. of residen- tial units	Lettable area, sqm		Property value¹		Rental value		Investment, SEKm		Book value, SEKm
		Residen- tial units	Premises	SEKm	SEK /sqm	SEKm	SEK /sqm	Esti- mated	Accum- ulated	
Per category										
Rental apartments	3,177	179,145	–	7,592	42,381	364	2,034	6,103	20	88
Community service properties	290	22,270	7,660	1,286	42,968	64	2,140	960	3	3
Commercial properties²	137	5,800	19,180	965	38,644	52	2,070	747	146	152
Co-operative apartments	1,410	80,775	–	5,504	68,136	–	–	3,921	23	86
Total per category	5,014	287,990	26,840	15,347	48,748	480	2,052	11,732	192	330
Per geography – Own management										
Greater Stockholm	1,771	104,920	13,000	5,179	43,921	250	2,117	4,144	10	70
Uppsala	1,183	62,085	13,375	2,889	38,282	147	1,953	2,350	28	34
Other	650	40,210	465	1,776	43,658	83	2,044	1,317	131	141
Total per geography	3,604	207,215	26,840	9,844	42,057	480	2,052	7,811	169	244
Per geography – Co-operative apartments										
Greater Stockholm	1,225	71,425	0	5,023	70,331	0	0	3,545	16	75
Uppsala	185	9,350	0	480	51,367	0	0	376	7	11
Other	0	0	0	0	0	0	0	0	0	0
Total per geography	1,410	80,775	0	5,504	68,136	0	0	3,921	23	86
Per geography – Own management and co-ops										
Greater Stockholm	2,996	176,345	13,000	10,203	53,883	250	2,117	7,689	27	145
Uppsala	1,368	71,435	13,375	3,369	39,724	147	1,953	2,726	35	45
Other	650	40,210	465	1,776	43,658	83	2,044	1,317	131	141
Total own management and co-ops per geography	5,014	287,990	26,840	15,347	48,748	480	2,052	11,732	192	330

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 share 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 March 2020

							Phase			
Project specification	Municipality	Category ¹	Estimated construction start	Estimated completion	No. of residential units	Lettable area, sqm	Planning consultation	Planning consultation	Review	Enacted zoning plan
WHOLLY OWNED PROJECTS										
Ongoing construction										
Liljegatan 1	Uppsala	Co-operative apartments	Q3 2018	Q4 2020	48	4,835	•	•	•	•
Knivsta Vrå 1:392	Knivsta	Rental apartments	Q2 2019	Q2 2020	35	1,587	•	•	•	•
Hotell Nobis	Palma	Commercial properties	Q3 2019	Q2 2021	35	2,300	•	•	•	•
Handelsmannen 1	Norrtälje	Community service properties	Q4 2019	Q4 2021	80	7,317	•	•	•	•
		Rental apartments	Q4 2019	Q4 2021/Q2 2022 ²	275	13,257	•	•	•	•
					473	29,296				
Planned projects										
Hotell Can Oliver	Palma	Commercial properties	2020	2021	40	3,300	•	•	•	•
Boländerna 21:4	Uppsala	Commercial properties	2020	2021	97	7,500	•	•	•	•
Luthagen	Uppsala	Commercial properties	2020	2022		680	•	•	•	•
		Co-operative apartments	2020	2022	45	1,500	•	•	•	•
Klostergården	Lund	Rental apartments	2021	2023	165	9,240	•	•		
Ekeby	Uppsala	Rental apartments	2021	2023	51	2,160	•	•		
		Commercial properties	2021	2023		900	•	•		
		Co-operative apartments	2021	2023	40	2,460	•	•		
Sydöstra Vikdalen	Nacka	Rental apartments	2021	2023	250	14,600	•	•		
Storvreta	Uppsala	Rental apartments	2021	2023	80	3,900	•			
		Commercial properties	2021	2023		800	•			
Drevörn 1, 2	Stockholm	Rental apartments	2022	2024	140	7,700	•	•		
		Community service properties	2022	2024	60	4,600	•	•		
		Commercial properties	2022	2024		2,700	•	•		
Dvärgspetsen 1	Stockholm	Rental apartments	2022	2024	100	6,160	•	•		
Odalmannen	Huddinge	Rental apartments	2022	2024	56	2,960	•			
Jaktvarvet	Nacka	Co-operative apartments	2022	2024	90	5,400	•	•		
Kryddgården 6:3	Enköping	Rental apartments	2022	2024	300	14,630	•	•		
		Co-operative apartments	2022	2024	100	5,390	•	•		
		Community service properties	2022	2024	80	7,440	•	•		
		Commercial properties	2022	2024		3,600	•	•		
Västra Knivsta	Knivsta	Rental apartments	2022	2024	250	15,400	•			
Brynjan 5	Huddinge	Rental apartments	2023	2024	75	4,070	•			
		Co-operative apartments	2023	2024	100	5,400	•			
Gäddviken	Nacka	Co-operative apartments	2023	2025	100	6,840	•	•		
Örnsberg	Stockholm	Co-operative apartments	2023	2025	120	6,300	•	•		
Runö	Österåker	Rental apartments	2023	2025	50	2,890	•			
		Co-operative apartments	2023	2025	150	8,660	•			
Gåshaga	Lidingö	Rental apartments	2025	2027	340	18,500	•			
		Co-operative apartments	2025	2027	280	18,500	•			
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					3,464	212,265				
JOINTLY OWNED PROJECTS (Refers to Genova's stake ⁷)										
Planned projects										
Segerdal ³	Knivsta	Rental apartments	2020	2022	150	7,450	•	•	•	
		Commercial properties	2020	2022		1,000	•	•	•	
Gulmårn 7, 8 ⁴	Borås	Community service properties	2021	2024	70	4,650	•			
		Rental apartments	2021	2024	245	15,400	•			
Viby ⁵	Upplands-bro	Rental apartments	2021	2028	620	36,000	•	•		
		Co-operative apartments	2021	2028	210	10,700	•	•		
		Community service properties	2021	2028	80	13,240	•	•		
		Commercial properties	2021	2028		4,500	•	•		
Skvaltän ⁶	Nacka	Co-operative apartments	2024	2026	175	9,625	•			
Total					1,550	102,565				
Total					5,487	344,126				

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

2) Approximately 35% of the residential units are scheduled for completion in Q4 2021 in a first stage.

3) Segerdal is 50/50 owned by Genova and Redito.

4) Gulmårn is 50/50 owned by Genova and Järngrinden.

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

6) Skvaltän is 50/50 owned by Genova and Fastator.

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

Consolidated statement of comprehensive income

SEKm	Jan-Mar 2020	Jan-Mar 2019	Apr 2019- Mar 2020	Jan-Dec 2019
Rental income	54.0	39.4	195.2	180.6
Operating costs	-11.5	-10.6	-38.4	-37.5
Maintenance costs	-0.9	-0.8	-7.7	-7.6
Property tax	-1.6	-1.3	-5.9	-5.6
Total Property costs	-14.0	-12.7	-52.0	-50.7
Net operating income	40.0	26.7	143.2	129.9
Central administration, property management	-3.0	-2.8	-12.6	-12.4
Central administration, project development	-4.4	-5.4	-21.5	-22.5
Share of profit from joint ventures	1.1	0.9	25.6	25.4
Net financial items	-15.3	-15.0	-77.8	-77.5
Income from property management	18.4	4.4	56.9	42.9
Income from new construction, co-ops	-	-	57.4	57.4
Other operating income	0.6	0.3	3.5	3.2
Value changes, properties	219.2	48.6	777.1	606.5
Income before tax	238.2	53.3	894.9	710.0
Income tax	-47.6	-11.5	-175.1	-139.0
Net income for the period	190.6	41.7	719.8	571.0
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	190.6	41.7	719.8	571.0
Net income for the period attributable to:				
Parent Company shareholders	190.7	32.8	707.6	549.7
Non-controlling interests	-0.1	8.9	12.3	21.3
Total comprehensive income attributable to:				
Parent Company shareholders	190.7	32.8	707.6	549.7
Non-controlling interests	-0.1	8.9	12.3	21.3
Income per ordinary share before and after dilution, SEK ¹	2.93	0.50	10.88	9.53
No. of ordinary shares at the end of the period, 000s	61,444	50,000	61,444	61,444
Average no. of ordinary shares, 000s	61,444	50,000	61,444	53,815
No. of preference shares outstanding, 000s	4,000	3,000	4,000	4,000
Average no. of preference shares, 000s	4,000	3,000	4,000	3,500

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

Performance analysis

Rental income

The Group's rental income during the period amounted to SEK 54.0m (39.4). The increase corresponds to rental income growth of 37%. The growth in rental income was mainly attributable to a growing investment property portfolio from acquisitions, and an improved occupancy rate in the existing investment property portfolio. During the period, the lettable area increased approximately 29,000 sqm to 174,000 sqm, or 20%, with a total rental value of SEK 231m, corresponding to approximate growth of 31%. The community service properties category accounted for the greatest increase. At the end of the period, the economic occupancy rate was 98% (95), mainly the result of successful letting efforts, and reclassification of the Handelsmannen 1 property vacated in 2019 as a property under construction in December.

Income development			
SEKm	Jan-Mar 2020	Jan-Mar 2019	Change, %
Comparable portfolio	30.4	29.8	2
Properties acquired	23.6	9.5	149
Properties sold	-	0.1	-100
Rental income	54.0	39.4	37
Commercial properties	35.0	30.2	16
Community service properties	19.1	9.3	106
Rental income	54.0	39.4	37

Property costs

During the period, operating and maintenance costs and property tax increased to SEK -14.0m (-12.7), up 10%. 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 development

SEKm	Jan-Mar 2020	Jan-Mar 2019	Change, %
Comparable portfolio	-9.3	-9.8	-5
Properties acquired	-4.6	-2.6	80
Properties sold	-	-0.3	-94
Property costs	-14.0	-12.7	10
Commercial properties	-10.0	-10.7	-7
Community service properties	-4.0	-2.0	99
Property costs	-14.0	-12.7	10

Annual property costs per sqm

SEK/sqm	Commercial properties	Community service properties	Total
Operation	209.4	239.5	217.5
Maintenance	60.0	17.7	48.7
Property tax	42.3	4.3	32.1
Total	311.7	261.4	298.2

Net operating income

During the period, net operating income increased to SEK 40.0m (26.7), up 50%. The NOI margin for the period was 74%, compared with 68% in the corresponding period of 2019.

Central administration

Central administrative expenses are allocated between property management and project development. During the period, central administrative expenses totalled SEK -7.4m (-8.2), which is in line with the corresponding period 2019.

Central administration		
SEKm	Jan-Mar 2020	Jan-Mar 2019
Property management		
Other external costs	-1.0	-0.9
Personnel costs	-1.3	-1.2
Depreciation/amortisation and leases	-0.7	-0.7
Central administration, property management	-3.0	-2.8
Project development		
Other external costs	-1.5	-1.7
Personnel costs	-1.9	-2.4
Depreciation/amortisation and leases	-1.0	-1.3
Central administration, project development	-4.4	-5.4

Share of profit from joint ventures

The earnings effect of Genova's properties owned through joint ventures is reported under this item. During the period, share of profit from joint ventures amounted to SEK 1.1m (0.9) and pertained to income from operating activities.

Net financial items

Net financial items amounted to SEK -15.3m (-15.0) during the period, which is in line with the corresponding period of the preceding year. The item includes positive currency effects of SEK 9.7m pertaining to projects in Palma. Otherwise, interest expenses increased in line with operational growth. Interest-bearing liabilities, including the bond loan, increased from SEK 2,216.4m to SEK 3,056.0m compared with the year-on-year period. As of the balance-sheet date, the average interest rate was 2.4% (3.1% including bond loans). Financial expenses during the period include SEK -3.1m pertaining to bond financing costs, which are allocated over the terms of the loans. As of 2019, interest expenses of SEK -0.5m from lease liabilities are also included and mainly pertain to ground leases. The interest-coverage ratio for the period was 1.7 times (1.4). The interest-coverage ratio does not include bond financing costs, since these are considered non-recurring costs together with positive currency effects.

Net financial items		
SEKm	Jan-Mar 2020	Jan-Mar 2019
Interest income	0.5	0.2
Exchange rate gains	9.7	2.2
Interest expense, loans	-21.2	-14.8
Leases	-0.5	-
Other financial expenses	-3.8	-2.6
Net financial items	-15.3	-15.0

Income from property management

During the period, income from property management amounted to SEK 18.4m (4.4). The sharp increase in income from property management was the result of increased rental income from a growing investment property portfolio, but with unchanged property and administrative expenses as well as net financial items compared with the year-on-year period.

Value changes

The divestment of 50% of the shares in the company that owns the Stapelbädden 3 property with closing scheduled for the second quarter of 2020 will be conducted at an underlying property value of SEK 400m. The agreed value exceeds Genova's book value of approximately SEK 220m, whereby the excess value will be recognised as a positive value change during the period. Ongoing construction in Norrtälje and Palma (Mallorca) contributed value changes of SEK 25.9m 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. The ongoing COVID-19 pandemic has had some impact on the value of Genova's two extended-stay hotels, for which a total value decline of SEK -22.0m was reported during the period. Further adjustments of the minimum yield for five properties resulted in negative value changes of SEK -11.1m. Total value changes of SEK 219.2m were subsequently recognised during the period.

Value changes, properties		
SEKm	Jan-Mar 2020	Jan-Mar 2019
Change in net operating income	7.2	-
Ongoing construction	25.9	2.0
Land and unused building rights	219.2	-
Change in yield requirement	-33.1	-
Acquisitions	-	46.6
Value changes, properties	219.2	48.6

Income tax

Recognised tax amounted to SEK -47.6m. 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 416m (333), with untaxed reserves of SEK 56m (34). The fair value of the properties exceeded their taxable value by SEK 2,970m (1,525). 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-Mar 2020	Jan-Mar 2019
Income before tax	238.2	68.2
Tax rate, %	21.4	21.4
Income tax at the current tax rate	-51.0	-14.6
Non-taxable income	-	3.4
Non-deductible expenses	-	-0.4
Non-deductible net interest income	-3.2	-
Deductible costs not included in profit or loss	6.2	-
Adjustment of ongoing construction	-1.4	-
Effect of changed tax rates	1.8	-
Other	-	0.1
Tax for the period as per the income statement	-47.6	-11.5

Deferred tax liabilities, net		
SEKm	Jan-Mar 2020	Jan-Mar 2019
Temporary differences, properties	-318.9	-138.9
Untaxed reserves	-11.6	-7.0
Total deferred tax liabilities	-330.5	-145.9
Loss carryforwards	85.7	69.2
Total deferred tax assets	85.7	69.2
Deferred tax liabilities, net	-244.8	-76.7

Consolidated balance sheet

SEKm	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Investment properties	4,097.5	2,482.6	3,661.3
Properties under construction	556.5	327.1	702.0
Development properties	68.4	62.6	56.5
Right-of-use assets	38.1	40.0	39.0
Equipment	2.3	7.7	2.8
Deferred tax assets	85.7	69.2	78.6
Unlisted shares	-	1.4	-
Shares in joint ventures	89.6	64.3	88.5
Other non-current receivables	96.0	8.3	96.0
Total non-current assets	5,034.1	3,063.2	4,724.7
Current assets			
Ongoing co-operative apartment projects	221.6	369.8	199.3
Rent receivable and accounts receivable	2.2	4.1	4.0
Other receivables	42.5	30.7	27.8
Prepaid expenses and accrued income	38.2	17.5	84.0
Cash and cash equivalents	158.5	117.7	109.1
Total current assets	463.0	539.8	424.2
TOTAL ASSETS	5,497.1	3,603.0	5,148.9
EQUITY			
Total comprehensive income for the period			
Share capital	0.7	0.5	0.7
Other capital contributions	647.6	319.7	647.6
Retained earnings, including net income for the period	1,179.2	699.1	999.6
Non-controlling interests	78.2	53.7	78.3
Total equity	1,905.7	1,073.0	1,726.2
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1,886.7	892.9	1,664.6
Bond loans	659.9	479.4	659.4
Lease liabilities	33.6	37.5	34.4
Other non-current liabilities	42.1	4.0	42.1
Deferred tax liabilities	330.5	145.9	280.7
Total non-current liabilities	2,952.8	1,559.7	2,681.2
Current liabilities			
Loans from credit institutions	493.3	844.1	579.3
Accounts payable	47.0	53.8	41.1
Lease liabilities	4.7	4.9	4.7
Current tax liabilities	11.4	4.1	11.0
Other liabilities	38.7	15.0	69.3
Accrued expenses and deferred income	43.5	48.4	36.1
Total current liabilities	638.6	970.3	741.5
TOTAL LIABILITIES AND EQUITY	5,497.1	3,603.0	5,148.9

Consolidated statement of changes in equity

SEKm	Attributable to Parent Company shareholders					Total	Non-con- trolling interests	Total equity
	No. of shares outstanding, 000s		Share capital	Other capital contribu- tions	Retained earnings incl. net income for the period			
	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/loss for the period					190.7	190.7	-0.1	190.6
Other comprehensive income								
Total comprehensive income					190.7	190.7	-0.1	190.6
Transactions with shareholders								
Transaction with non-controlling interests					-0.8	-0.8		-0.8
Dividends					-10.5	-10.5		-10.5
Total Transactions with shareholders					-11.3	-11.3	0.0	-11.3
Closing balance, 31 March 2020	61,444	4,000	0.7	647.6	1,179.2	1,827.5	78.2	1,905.7

Comments on the balance sheet

Investment property portfolio and property value

Investment properties

The Group's investment properties comprise a total of 44 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 minimum yield for the property portfolio was an estimated 4.09% at the balance-sheet date. As of 31 March 2020, the book value of the Group's investment properties was SEK 4,097.5m, up SEK 436.2m compared with 31 December 2019. The increase was mainly due to the change in value of the Stapelbädden 3 property, reclassification of the completed retirement home in Alsike, Knivsta as an investment property during the period, together with completed investments of approximately SEK 10.6m in improvements and renovations in other existing properties.

Properties under construction

Properties under construction comprises the construction of rental apartments in Alsike, Knivsta, and two planned hotels in Palma, Mallorca. In the fourth quarter of 2019, this balance-sheet item also included the commenced Handelsmannen 1 project in Norrtälje and value changes in building rights related to a number of upcoming projects. A total amount of SEK 61.6m was capitalised. During the period, the completed retirement home in Alsike, Knivsta, was reclassified as an investment property.

Development properties

Development properties refers to accrued and capitalised costs for construction projects not yet started. At construction start, the amounts are reclassified as properties under construction. During the period, capitalisations were made for construction projects not yet started.

Ongoing co-operative apartment projects

Genova decided to change its accounting policies and is now consolidating the co-operative housing association that owns the Liljegatan 1 project in Fålhagen, Uppsala. The project is recognised as an Ongoing co-operative apartment project under Current assets. 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 March 2020, the entire investment property portfolio had been externally appraised by CBRE and Newsec, based on the most recent external appraisal on 31 December 2019. 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-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Opening value, investment properties	3,661.3	2,271.0	2,271.0
+ Acquisitions	-	161.4	960.3
+ Building extensions and renovations	10.6	3.6	8.0
- Divestments	-	-	-7.0
- Reclassifications	233.0	-	-58.0
+/- Unrealised value changes	192.6	46.6	487.0
Closing value, investment properties	4,097.5	2,482.6	3,661.3
Opening value, properties under construction	702.0	279.0	279.0
+ New construction	61.6	46.1	229.5
+ Reclassifications	-233.0	-	69.0
+/- Unrealised value changes	25.9	2.0	124.4
- of which ongoing construction	25.9	2.0	-18.6
- of which unused building rights	-	-	143.0
Closing value, properties under construction	556.5	327.1	702.0
Opening value, development properties	56.5	50.3	50.3
+ Capitalisation	11.9	12.3	22.1
+ Reclassifications	-	-	-11.0
+/- Unrealised value changes	-	-	-4.9
- of which unused building rights	-	-	-4.9
Closing value, development properties	68.4	62.6	56.5
Opening value, ongoing co-operative apartment projects	199.3	311.7	311.7
+ Capitalisation	22.3	58.1	113.8
- Divestments	-	-	-226.2
Closing value, ongoing co-operative apartment projects	221.6	369.8	199.3
Closing value, investment property portfolio	4,944.0	3,242.1	4,619.1
Investment properties	4,097.5	2,482.6	3,661.3
Ongoing construction	294.5	327.1	451.5
Planned projects	330.4	62.6	307.0
Ongoing co-operative apartment projects	221.6	369.8	199.3
Closing value, investment property portfolio	4,944.0	3,242.1	4,619.1

Property yield per category

%	31 Mar 2020	31 Mar 2019
Commercial properties	3.81	5.00
Community service properties	4.59	6.70
Total	4.09	5.16

Key metrics, property value

	31 Mar 2020	31 Mar 2019
Rental value, SEK/sqm	1,334	1,204
Economic occupancy rate, %	98	95
Property costs, SEK/sqm	298	198
Net operating income, SEK/sqm	1,007	883
NOI margin, %	75	75
Investment property value, SEK/sqm	23,611	17,183
Lettable area, ksqm	173,540	144,494
No. of properties	44	34

Equity and net asset value

As of 31 March 2020, consolidated equity amounted to SEK 1,905.7m (1,726.2) and the equity/assets ratio was 35% (34).

Long-term net asset value amounted to SEK 2,197.5m (1,975.3), corresponding to an increase of 11%. Long-term net asset value attributable to ordinary shareholders was SEK 1,679.3m (1,457.0), corresponding to SEK 27.33 per ordinary share (23.71), an increase of 15%.

Genova decided to change its accounting policies and is now consolidating 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 con-

structed 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 reporting period ending on 31 March 2020, the restatement led to a decrease of SEK 47.0m in equity. Since the project will be completed in the fourth quarter of 2020, SEK 47m will be returned to equity during the year. This amount has therefore been reversed in the calculation of long-term net asset value, and long-term net asset value attributable to ordinary shareholders.

Net asset value

	31 Mar 2020		31 Mar 2019		31 Dec 2019	
	SEKm	SEK/ordinary share	SEKm	SEK/ordinary share	SEKm	SEK/ordinary share
Equity as per the balance sheet	1,905.7	31.02	1,073.0	21.46	1,726.2	28.09
Reversal:						
Deferred tax liabilities as per the balance sheet	330.5	5.38	145.9	2.92	280.7	4.57
Effect of change in accounting policies	47.0	0.76	77.9	1.56	47.0	0.76
Less:						
Deferred tax assets as per the balance sheet	-85.7	-1.39	-69.2	-1.38	-78.6	-1.28
Preference share capital	-440.0	-7.16	-330.0	-6.60	-440.0	-7.16
Non-controlling interests	-78.2	-1.27	-53.7	-1.07	-78.3	-1.27
Long-term net asset value attributable to ordinary shareholders	1,679.3	27.33	843.9	16.88	1,457.0	23.71

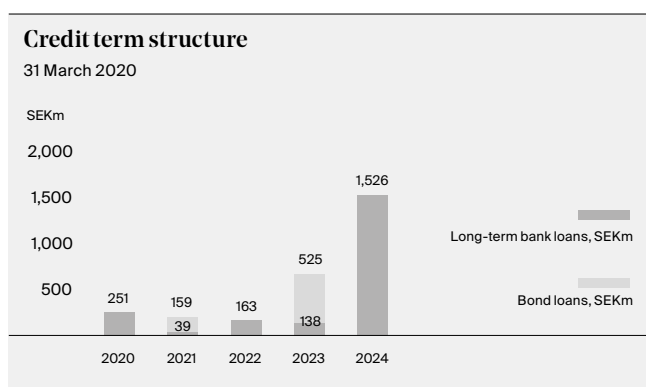
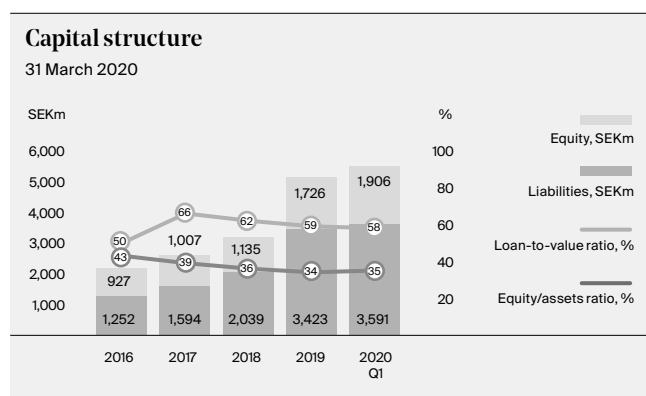
Interest-bearing liabilities

As of 31 March 2020, the Group's interest-bearing liabilities attributable to investment properties and project properties were approximately SEK 3,056.0m (2,903.3), representing a loan-to-value ratio of about 58% (59), adjusted for cash and cash equivalents. As of 31 March 2020, the average interest rate was approximately 2.4% (3.1% including the bond loan) and the equity/assets ratio was 35% (34).

As of 31 March 2020, the Group's total interest-bearing liabilities of SEK 2,380.0m (2,243.9) to credit institutions were attributable to acquisition financing, refinancing of the Group's 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.

As of 31 March 2020, the average maturity was 3.4 years (2.0). The credit term structure as of 31 March 2020 is shown in the table below.

During the period, Genova's revolving credit facility was extended by SEK 100m. As of the end of the period, the undrawn revolving credit facility amounted to SEK 195m, together with an undrawn credit facility of SEK 50m. In 2020, loans of SEK 251m will mature, of which SEK 210m was refinanced after the end of the period.



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.

Credit and interest rate term structure

31 March 2020

	Fixed-rate period		Maturity		
	Amount, SEKm	Average rate, %	Credit agreement, SEKm	Drawn, SEKm	Undrawn, SEKm
Term					
0-1 years	251	3.28	251	251	-
1-2 years	198	5.23	198	198 ¹	-
2-3 years	163	2.30	163	163	-
3-4 years	663	4.66	663	663 ²	-
4-5 years	1,526	2.14	1,771	1,526	245
Total	2,801	3.07	3,046	2,801	245
Construction credit	256	3.27	937	256	682
Total	3,056	3.09	3,983	3,056	927
Loans, excluding Bonds and Construction credit	2,117	2.33	2,362	2,117	245

1) SEK 159m pertains to bond interest rate of 5.75%.

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

Consolidated cash flow statement

SEKm	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Cash flow from operating activities			
Income from property management	18.4	4.4	42.9
Adjustment for non-cash items ¹⁾	11.2	13.1	-14.3
Other operating income	0.6	0.3	3.2
Income tax paid	-4.5	-2.0	3.0
Cash flow from operating activities before changes in working capital	25.7	15.8	34.7
Changes in working capital			
Change in accounts receivable	1.8	-2.4	-2.3
Change in other operating receivables	31.1	20.7	-42.0
Change in accounts payable	5.9	-10.3	-16.2
Change in other operating liabilities	-23.7	-1.4	34.5
Cash flow from operating activities	40.8	22.4	8.7
Cash flow from investing activities			
Investments in properties and projects	-105.7	-224.1	-1,148.2
Investments in equipment	-1.2	-1.8	-0.3
Divestments of investment properties	-	-	7.0
Increase in other financial assets	-	-	17.4
Decline in other financial assets	-	51.5	-
Cash flow from investing activities	-106.9	-174.4	-1,124.1
Cash flow from financing activities			
New share issue	-	-	119.7
Loans raised	246.1	137.0	1,503.3
Repayment of loans	-120.1	-17.7	-481.2
Dividends paid	-10.5	-14.9	-86.8
Changes in non-controlling interests	-	-11.2	-7.0
Cash flow from financing activities	115.5	93.2	1,048.0
Cash flow for the period	49.4	-58.8	-67.4
Opening cash and cash equivalents	109.1	176.5	176.5
Closing cash and cash equivalents	158.5	117.7	109.1
<i>1) Other non-cash items</i>			
Reversal of depreciation and amortisation	1.7	2.1	1.3
Share of profit of joint ventures	-1.1	-0.9	-25.4
Accrued interest	10.6	11.9	9.8
	11.2	13.1	-14.3
Interest received	0.5	0.2	1.9
Interest paid	-21.2	-14.8	-66.1

Segment reporting

SEKm	Jan-Mar 2020				Jan-Mar 2019			
	Investment properties	Other	Not allocated	Total	Investment properties	Other	Not allocated	Total
Rental income	54.0			54.0	39.4			39.4
Income from new construction		-		-		14.9		14.9
Total income	54.0	-		54.0	39.4	14.9		54.3
Property costs	-14.0			-14.0	-12.7			-12.7
Total costs	-14.0			-14.0	-12.7			-12.7
Net operating income/Income from new construction	40.0	-		40.0	26.7	14.9		41.6
Central administration	-3.0		-4.4	-7.4	-2.8		-5.4	-8.2
Share of profit of joint ventures	1.1			1.1	0.9			0.9
Net financial items			-15.3	-15.3			-15.0	-15.0
Other operating income			0.6	0.6			0.3	0.3
Value changes, properties	219.2			219.2	48.6			48.6
Income before tax				238.2				68.2
Segment-specific assets								
Investment properties	4,097.5				2,809.7			
Properties under construction	556.5				327.1			
Development properties	68.4				62.6			
Shares in joint ventures	89.6				64.3			
Accrued income		47.0				92.5		
Segment-specific investments								
Acquisitions and investments in investment properties	10.6				211.2			

Segment reporting

Management has identified operating segments on the basis of internal management reports to the company's highest executive 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.

Key metrics¹

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Key metrics, properties			
Residential units under construction, no.	473	270	527
Residential units completed, no.	54	–	133
Total no. of building rights	5,487	5,292	5,406
Lettable area, commercial properties, ksqm	126.9	125.5	126.9
Lettable area, community service properties, ksqm	46.6	19.0	46.6
Total lettable area, ksqm	173.5	144.5	173.5
Economic occupancy rate, %	97.8	95.0	97.8
NOI margin, %	74.0	67.8	71.9
Net investments, SEKm	105.7	211.2	1,141.2
Financial key metrics			
Return on equity, %	12.8	4.0	39.9
Equity/assets ratio, %	34.7	29.8	33.5
Loan-to-value ratio, %	58.3	64.7	58.1
Average interest rate, %	2.4	2.3	2.4
Average interest rate including bond loans, %	3.1	3.2	3.0
Interest-coverage ratio, times	1.7	1.4	1.7
Maturity, no. of years	3.4	2.0	3.6
Key metrics, shares			
Total no. of preference shares outstanding	4,000,000	3,000,000	4,000,000
Average no. of preference shares outstanding	4,000,000	3,000,000	3,500,000
Total dividend on preference shares, SEKm	10.5	7.9	36.8
Dividend on preference share, SEK	2.62	2.62	10.50
Total no. of ordinary shares outstanding	61,443,932	50,000,000	61,443,932
Average no. of ordinary shares outstanding	61,443,932	50,000,000	53,814,644
Income/loss from property management per ordinary share, SEK	0.13	–0.07	0.11
Income per ordinary share, SEK	2.93	0.50	9.53
Equity, SEKm	1,905.7	1,073.0	1,726.2
Equity attributable to ordinary shareholders, SEKm	1,387.5	701.0	1,207.9
Equity per ordinary share, SEK	22.58	14.02	19.66
Long-term net asset value, SEKm	2,197.5	1,227.6	1,975.3
Long-term net asset value attributable to ordinary shareholders, SEKm	1,679.3	843.9	1,457.0
Long-term net asset value per ordinary share, SEK	27.33	16.88	23.71

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

Parent Company income statement

SEKm	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Total operating income	-	-	-
Other external costs	-0.2	-0.1	-0.3
Personnel costs	-0.9	-	-
Total operating expenses	-1.1	-0.1	-0.3
Operating loss	-1.1	-0.1	-0.3
Impairment of participations in Group companies	-	-	-7.4
Interest income and similar profit items	0.1	-	0.3
Interest expense and similar loss items	-12.6	-9.0	-38.7
Loss from financial items	-12.5	-9.0	-45.8
Loss before tax	-13.6	-9.1	-46.1
Tax on net income for the year	-	-	-0.2
Net loss for the year	-13.6	-9.1	-46.3

Parent Company balance sheet

SEKm	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	222.1	14.2	222.1
Deferred tax assets	9.4	9.6	9.4
Receivables from Group companies	791.6	621.7	820.6
Other receivables	0.1	0.5	0.1
Total financial assets	1,023.2	646.0	1,052.2
Current receivables			
Prepaid expenses and accrued income	16.1	9.0	11.0
	16.1	9.0	11.0
Cash and cash equivalents	61.3	104.5	57.0
Total current assets	77.4	113.5	68.0
TOTAL ASSETS	1,100.6	759.5	1,120.2
EQUITY AND LIABILITIES			
Total comprehensive income for the period			
Restricted equity			
Share capital	0.7	0.5	0.7
Total restricted equity	0.7	0.5	0.7
Unrestricted equity			
Retained earnings	348.7	157.1	405.5
Net income/loss for the period/year	-13.6	-9.0	-46.3
Total unrestricted equity	335.1	148.1	359.2
Total equity	335.8	148.6	359.9
Non-current liabilities			
Bond loans	659.9	475.1	657.3
Other non-current liabilities	40.0	-	40.0
Total non-current liabilities	699.9	475.1	697.3
Current liabilities			
Liabilities to Group companies	62.3	129.8	60.5
Other liabilities	0.3	-	-
Accrued expenses and deferred income	2.3	6.0	2.5
Total current liabilities	64.9	135.8	63.0
TOTAL LIABILITIES AND EQUITY	1,100.6	759.5	1,120.2

Parent Company statement of changes in equity

SEKm	Share capital	Retained earnings	Net income for the year	Total equity
Opening balance, 1 January 2019	0.5	94.8	70.2	165.5
Carried forward		70.2	-70.2	
Net loss for the year			-46.3	-46.3
Transactions with shareholders				
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
Total Transactions with shareholders	0.2	240.9		240.7
Closing balance, 31 December 2019	0.7	405.9	-46.3	359.9
Opening balance, 1 January 2020	0.7	405.9	-46.3	359.9
Carried forward		-46.3	46.3	
Net loss for the year			-13.6	-13.6
Transactions with shareholders				
Dividends		-10.5		-10.5
Total Transactions with shareholders		-10.5		-10.5
Closing balance, 31 March 2020	0.7	348.7	-13.6	335.8

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 good 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, nursing 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 flow¹

	Change	Impact on cash flow
Rental value	+/- 5%	+/- SEK 12m
Occupancy rate	+/- 2 percentage points	+/- SEK 5m
Property costs	+/- 10%	+/- SEK 5m
Interest expense	+/- 1 percentage points	+/- SEK 24m

1) 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 rates 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 changes¹

Value changes, %	+/- 5%	+/- SEK 247m
Value changes, %	+/- 10%	+/- SEK 494m
Loan-to-value ratio ²	+/- 5%	56%/61%
Loan-to-value ratio ²	+/- 10%	53%/65%

1) The value change is based on fair value at the balance-sheet date.

2) 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 are unlisted and owned 65.1% by Micael Bile through Tranviks Udde AB, 27.9% by Andreas Eneskjöld through Manacor Group AB and 7.0% by Michael Moschewitz through MayNoo AB. The preference shares have been listed on Nasdaq First North Premier Growth Market since 15 December 2015. At the end of the period, Genova had 1,580 preference 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 2020.

As of 31 March 2020, the closing price for the preference share was SEK 106.

As of 31 March 2020, the total number of shares in Genova was 65,443,932, of which 61,443,932 were ordinary shares and 4,000,000 preference shares.

Shareholders

31 March 2020

Name	No. of ordinary shares	No. of preference shares	Holding (%)	Votes (%)
Micael Bile (via company)	40,000,000	140,000	61.33	64.70
Andreas Eneskjöld (via company)	17,142,857	39,729	26.26	27.73
Michael Moschewitz (via company)	4,301,075	22,298	6.61	6.96
Avanza Pension	-	477,959	0.73	0.08
RBC Investor Services Bank SA	-	297,509	0.45	0.05
JRS Asset Management AB	-	276,922	0.42	0.04
Catella Fondförvaltning	-	208,686	0.32	0.03
Nordnet Pensionsförsäkring AB	-	175,976	0.27	0.03
Peter Lindell	-	100,000	0.15	0.02
Pension, Futur	-	90,200	0.14	0.01
PEG Capital Partners	-	84,106	0.13	0.01
AB Stena Metall Finans	-	80,000	0.12	0.01
Jessica Rahi	-	70,000	0.11	0.01
Total other shareholders	-	1,936,615	2.96	0.31
Total	61,443,932	4,000,000	100.00	100.00

Other information

Organisation

During the period, the average number of employees in the organisation was 25 (25), 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.

Annual General Meeting

The Annual General Meeting of Genova Property Group AB (publ) will be held on 24 April 2020 at 10.00 a.m. at Gernandt & Danielsson Advokatbyrå, Hamngatan 2, Stockholm, Sweden. The Annual Report is available on the company's website www.genova.se

Accounting policies

Genova applies International Financial Reporting Standards (IFRS) 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 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 project. 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 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 April 2020

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 General Meeting **24 April 2020**

Interim report, January-June 2020 **21 August 2020**

Interim report, January-September 2020 **13 November 2020**

For further information, please contact:

Michael Moschewitz, CEO
e-mail: michael.moschewitz@genova.se
mobile: +46 (0)707 13 69 39

Edvard Schéele, CFO
e-mail: edvard.scheele@genova.se
mobile: +46 (0)703 99 69 90

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 April 2020 at 08:15 a.m. (CEST).

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. This led to a change of SEK 30.6m in Income from new construction, co-ops in 2019 (Jan-Mar 2019: SEK -14.9m).

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 project. 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. For 2019, this led to an increase of SEK 86.4m in current assets (Jan-Mar 2019: 256.0) At the same time, receivables from the co-operative housing associations, recognised as Accrued income, decreased SEK 104.4m for 2019 (Jan-Mar 2019: -60.6) while Other receivables decreased SEK 65.9m (Jan-Mar 2019: -53.2).

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 (Jan-Mar 2019: 302.9). 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 and for the January-March period of 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
			0.0
Operating costs	-37.5		-37.5
Maintenance costs	-7.6		-7.6
Property tax	-5.6		-5.6
Total Property costs	-50.7		-50.7
Net operating income	129.9		129.9
Central administration, property management	-12.4		-12.4
Central administration, project development	-22.5		-22.5
Share of profit of joint ventures	25.4		25.4
Net financial items	-77.5		-77.5
Income from property management	42.9		42.9
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
Income before tax	679.4	30.6	710.0
Income tax	-139.0		-139.0
Net income for the period	540.4	30.6	571.0
Total other comprehensive income for the year	-	-	-
Total comprehensive income for the period	540.4	30.6	571.0
Net income for the year attributable to:			
Parent Company shareholders	523.7	30.6	549.7
Non-controlling interests	16.7		21.3

Consolidated statement of comprehensive income

Jan-Mar 2019

SEKm	Jan-Mar 2019 according to previous policies	Adjustment	Jan-Mar 2019 restated
Rental income	39.4		39.4
			0.0
Operating costs	-10.6		-10.6
Maintenance costs	-0.8		-0.8
Property tax	-1.3		-1.3
Total Property costs	-12.7		-12.7
Net operating income	26.7		26.7
Central administration, property management	-2.8		-2.8
Central administration, project development	-5.4		-5.4
Share of profit of joint ventures	0.9		0.9
Net financial items	-15.0		-15.0
Income from property management	4.4		4.4
Income/loss from new construction, co-operative apartments	14.9	-14.9	0.0
Other operating income	0.3		0.3
Value changes, properties	48.6		48.6
Income before tax	68.2	-14.9	53.3
Income tax	-11.5		-11.5
Net income/loss for the period	56.6	-14.9	41.7
Total other comprehensive income for the year	-	-	-
Total comprehensive income for the period	56.6	-14.9	41.7
Net income for the year attributable to:			
Parent Company shareholders	45.8	-13.0	32.8
Non-controlling interests	10.8	-1.9	8.9

Consolidated balance sheet

31 Dec 2019

SEKm	31 Dec 2019 according to previous policies	Adjustment	31 Dec 2019 restated
ASSETS			
Non-current assets			
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		39.0
Equipment	4.6		2.8
Deferred tax assets	78.6		78.6
Unlisted shares	–		–
Shares in joint ventures	88.5		88.5
Accrued income	–		–
Other non-current receivables	96.0		96.0
Total non-current assets	4,724.7		4,724.7
Current assets			
Ongoing co-operative apartment projects	–	199.3	199.3
Rent receivable and accounts receivable	4.0		4.0
Accrued income	104.4	–104.4	–
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
Total current assets	337.8	86.4	424.2
TOTAL ASSETS	5,062.5	86.4	5,148.9
EQUITY			
Total comprehensive income for the period			
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
Total equity	1,773.2	–47.0	1,726.2
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1,664.6		1,664.6
Bond loans	657.4		659.4
Lease liabilities	34.4		34.4
Other non-current liabilities	42.1		42.1
Deferred tax liabilities	280.7		280.7
Total non-current liabilities	2,679.2		2,681.2
Current liabilities			
Loans from credit institutions	454.9	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
Total current liabilities	610.1	133.4	741.5
TOTAL LIABILITIES AND EQUITY	5,062.5	86.4	5,148.9

Consolidated balance sheet

31 Mar 2019

SEKm	31 Mar 2019 according to previous policies	Adjustment	31 Mar 2019 restated
ASSETS			
Non-current assets			
Investment properties	2,482.6		2,482.6
Properties under construction	327.1		327.1
Development properties	62.6		62.6
Right-of-use assets	40.0		40.0
Equipment	7.7		7.7
Deferred tax assets	69.2		69.2
Unlisted shares	1.4		1.4
Shares in joint ventures	64.3		64.3
Accrued income	31.9	-31.9	-
Other non-current receivables	8.3		8.3
Total non-current assets	3,095.1	-31.9	3,063.2
Current assets			
Ongoing co-operative apartment projects	-	369.8	369.8
Rent receivable and accounts receivable	4.1		4.1
Accrued income	60.6	-60.6	-
Other receivables	83.9	-53.2	30.7
Prepaid expenses and accrued income	17.5		17.5
Cash and cash equivalents	117.7		117.7
Total current assets	283.8	256.0	539.8
TOTAL ASSETS	3,378.9	224.1	3,603.0
EQUITY			
Total comprehensive income for the period			
Share capital	0.5		0.5
Other capital contributions	319.7		319.7
Retained earnings, including net income for the period	777.0	-77.9	699.1
Non-controlling interests	68.3	-14.6	53.7
Total equity	1,165.5	-92.5	1,073.0
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	892.9		892.9
Bond loans	479.4		479.4
Lease liabilities	37.5		37.5
Other non-current liabilities	4.0		4.0
Deferred tax liabilities	145.9		145.9
Total non-current liabilities	1,559.7		1,559.7
Current liabilities			
Loans from credit institutions	541.2	302.9	844.1
Accounts payable	40.1	13.7	53.8
Lease liabilities	4.9		4.9
Current tax liabilities	4.1		4.1
Other liabilities	15.0		15.0
Accrued expenses and deferred income	48.4		48.4
Total current liabilities	653.7	316.6	970.3
TOTAL LIABILITIES AND EQUITY	3,378.9	224.1	3,603.0

Auditor's review

Genova Property Group AB, Corp. Reg. No. 556864-8116

Introduction

We have performed a review of the interim financial information for Genova Property Group AB at 31 March 2020 and the three-month period that ended on that date. The Board and the Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report on the basis of our review.

Focus and scope of the review

We performed our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of interim financial information performed by the independent auditor of the entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards.

The review procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed on the basis of a review does not therefore provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information has not, in all material respects, been prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 24 April 2020
Ernst & Young AB

Henrik Nilsson
Authorised Public Accountant

Definitions

Genova or the company

Genova Property Group AB (publ).

Return on equity

Income after tax in relation to average equity, based on a rolling 12-month period. 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 at the balance-sheet date, in relation to the number of ordinary shares outstanding at the balance-sheet date. The value of all preference shares outstanding is calculated as SEK 110 multiplied by the number of preference shares at 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 at 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 at 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. 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 (over the past 12 months). 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

Head office
Smålandsgatan 12,
SE-111 46 Stockholm,
Sweden

Genova Gallery
Sysslomansgatan 9,
SE-753 11 Uppsala,
Sweden

genova.se

G E N O V A