



GENOVA

Q2 2022

Company presentation

Genova Property Group AB (publ)

Stockholm

Genova in brief

Q2 – 2022

Overview

SEK 8,848m¹⁾
Property value

295,700 sqm
Lettable area

307 Mkr²⁾
Net operating
income

3,649.5 Mkr
Long term NAV, ordinary shares

7,110
Residential building
rights

863³⁾
Residential units
under construction

Corresponding to
SEK 86,94 per share

Geographic focus



Investments properties

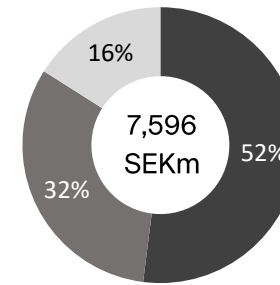
SEK 7,596m
Property value

SEK 425m²⁾
Rental value

295,700 sqm
Lettable area

63
No. of properties

Property value



■ Greater Stockholm ■ Uppsala ■ Other

Project properties

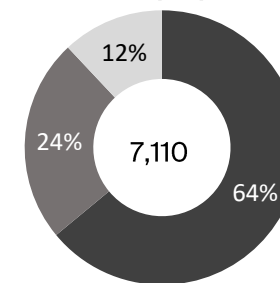
SEK 25,008m⁴⁾
Property value

69%⁵⁾
Own management

31%⁵⁾
Co-operative management

453,005 sqm
Lettable area

Building rights

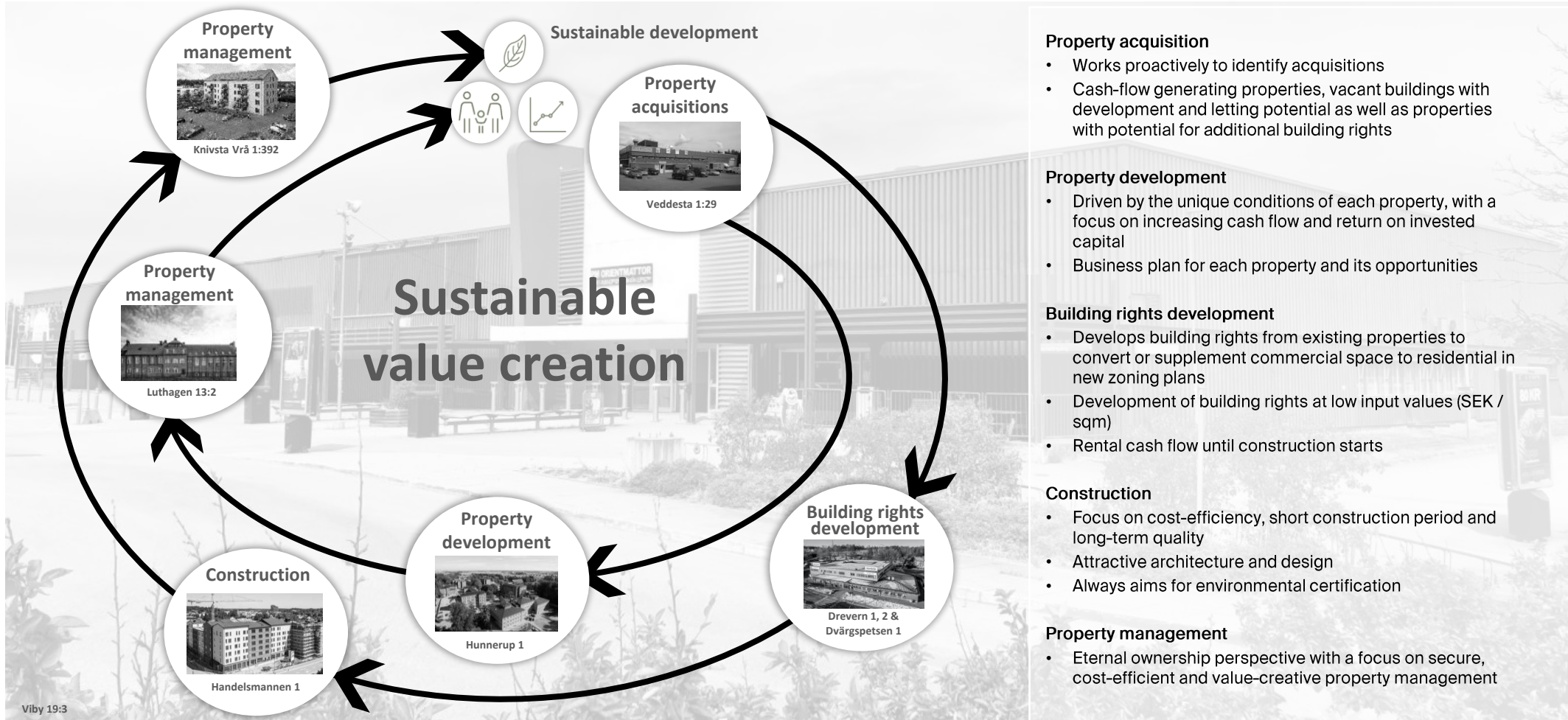


■ Greater Stockholm ■ Uppsala ■ Other

1) Refers to investment properties and ongoing construction. 2) According to current earnings capacity. 3) Including 40 hotel rooms. 4) Refers to estimated value at completion. 5) Based on estimated value at completion.



Genova's business model



Property acquisition

- Works proactively to identify acquisitions
- Cash-flow generating properties, vacant buildings with development and letting potential as well as properties with potential for additional building rights

Property development

- Driven by the unique conditions of each property, with a focus on increasing cash flow and return on invested capital
- Business plan for each property and its opportunities

Building rights development

- Develops building rights from existing properties to convert or supplement commercial space to residential in new zoning plans
- Development of building rights at low input values (SEK / sqm)
- Rental cash flow until construction starts

Construction

- Focus on cost-efficiency, short construction period and long-term quality
- Attractive architecture and design
- Always aims for environmental certification

Property management

- Eternal ownership perspective with a focus on secure, cost-efficient and value-creative property management

Viby 19:3



Operational update

Q2 2022

Transactions

- In April, Genova and Green Group extended their collaboration with the acquisition of two properties in the Södra Veddesta development area in Järfälla, at an underlying property value of approximately SEK 115m. The lettable area is approximately 4,000 sqm with a lot size of about 13,000 sqm, and the annual rental value amounts to approximately SEK 8m
- In May, a newly developed and environmentally certified property was acquired in Järfälla at an underlying property value of SEK 94.5m. The property has a lettable area of 4,200 sqm and is fully let. The annual rental value amounts to SEK 5.5m with estimated annual net operating income of approximately SEK 5.3m and a remaining duration of nine years
- In June, two properties were accessed in Norrtälje at an underlying property value of approximately SEK 153m before deductions for deferred tax, and with a lettable area of approximately 10,800 sqm, where 96% of the area has been let. The annual rental value amounts to approximately SEK 10.5m with estimated net operating income of approximately SEK 7.2m and a remaining average duration of 4.3 years. Genova thereby owns adjacent properties in Norrtälje covering an area of approximately 30,000 sqm, in an area that is expected to be developed with residential units over time

Financing

- In April, additional green hybrid bonds of SEK 100m were issued under the green finance framework of SEK 1,250m. The green hybrid bonds carry a perpetual tenor and the issue price was 100.25% of nominal value, equal to 3 months STIBOR plus 668 basis points
- In April, new financing agreements totalling SEK 3,200m were concluded, including a revolving credit facility of SEK 350m attributable to Genova's existing investment property portfolio comprising 43 properties. The refinancing also strengthened liquidity by almost SEK 170m. The financing agreements will mature in May 2027, with an average maturity of approximately four years
- In June, available liquidity was increased by approximately SEK 500m when SBAB granted approximately SEK 400m in additional construction credit, and Nordea granted a revolving credit facility of SEK 100m

Organisation

- Edvard Schéele has announced that he is leaving his position as CFO for a new position outside the company. Edvard will continue his position until the turn of the year and the recruitment process to appoint a new CFO has started immediately

Acquisitions and accessess

Norrtälje (Jungfrun 2 & 3)



- Underlying property value of SEK 153m
- Annual rental value of SEK 10.5m

Järfälla (Sollentuna Häradssällmanning 1:28)

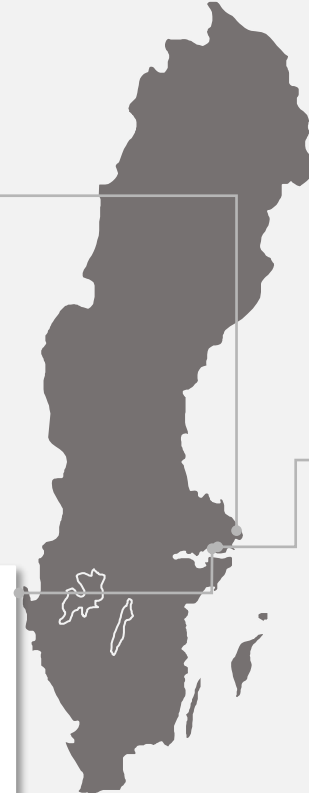


- Underlying property value of SEK 94.5m
- Annual rental value of SEK 5.5m

Järfälla (Veddesta 1:20 & 1:29)



- Underlying property value of SEK 115m
- Annual rental value of SEK 7.7m



Focus 2022

Ongoing construction

As of Q2, Genova had 863¹ residential units under construction with a book value of SEK 1,037m. Ongoing construction is expected to increase current earnings capacity with SEK 68m² within a year

Handelsmannen, Norrtälje

- 408 rental units, retirement home and preschool

Segerdal Knivsta

- 300 rental units directly adjacent to the train station in the center of Knivsta

Korsängen, Enköping

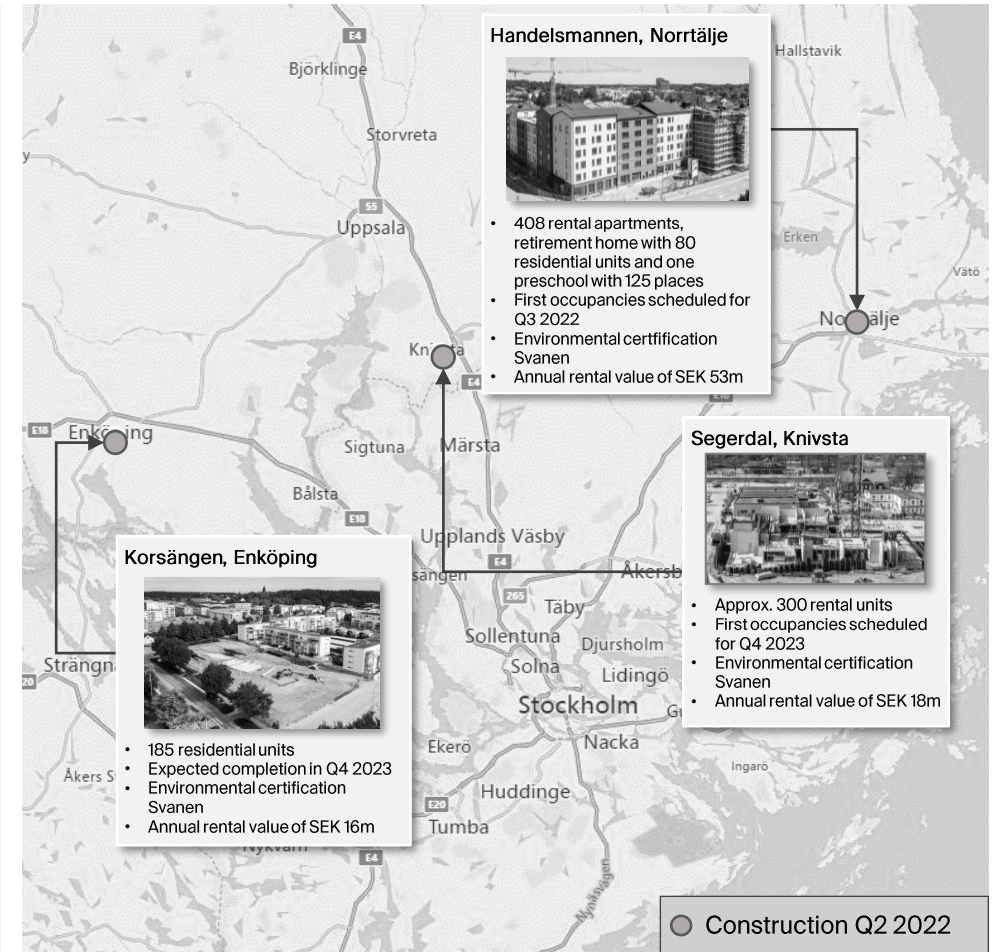
- 185 rental units near the center of Enköping

Hotel Can Oliver, Palma

- Hotel with 40 rooms with Nobis as sole tenant
- Construction started during 2021 with estimated completion in Q2 2023

Focus going forward

- Genova has issued green hybrid bonds in line with the new sustainability targets where green financing is an important part. Genova also has continued ambition to environmentally certify all new production and to initiate the work of certifying investment properties
- Genova has approx. 30 zoning plans under development where several projects has an expected construction start within the next two years. Approx. 80% of the building rights refers to own management
- Genova works actively with lowering the financial costs and has during 2022 refinanced parts of the portfolio amounting to SEK 3.2bn, where SEK 350m refers to revolving credit facilities
- Genova is in a strong financial position for further growth through construction for own management and even though new business opportunities are being evaluated on an ongoing basis Genova acts with caution under current market conditions. Cash flow and liquidity will be prioritized even though Genova's long-term growth strategy through construction of residential units and community service properties in socially sustainable districts will remain



1) Of which 40 hotel rooms. 2) Refers to fully owned properties.



Financial and operational targets

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 value¹⁾



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

Income from property management¹⁾



Achieve an average annual growth of at least 20% in income from property management per ordinary share over a business cycle

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



Over time, the equity/assets ratio shall be at least 35%

Loan-to-value ratio



Over time, the loan-to-value ratio shall not exceed 65%

Interest coverage ratio



Over time, the interest coverage ratio shall be higher than 2.0

Operational targets

Rental income



Rental income from residential and community service properties shall account for at least 70% of Genova's total rental income by the end of 2023

Ongoing construction



Ongoing construction of own-produced residential units shall amount to at least 1 500 residential units per year as of 2022

Property value



The value of the investment property portfolio is to be SEK 20 billion by the end of 2025

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

1) New ordinary shares in a new share issue during 2020 ad 2021 not included in the calculation of annual growth per ordinary share. 2) Including 40 hotel rooms.

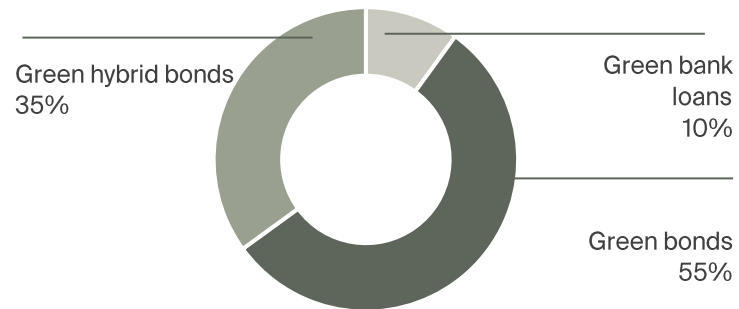


Sustainability targets

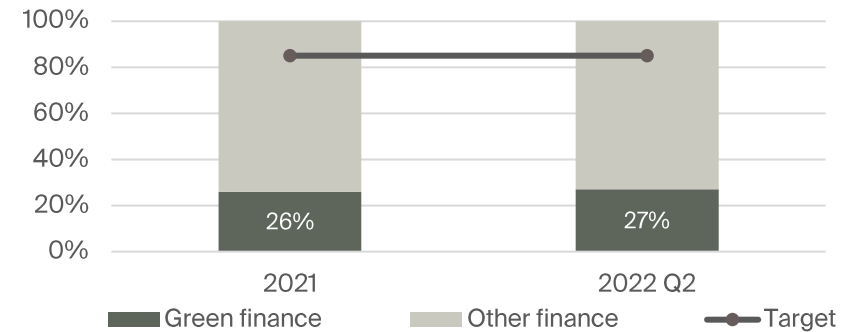
Green financing

The share of green finance for new construction and investment properties is to be 85% by the end of 2023

Distribution Green Framework



Share of green finance



Environmental certification

Certification	Investment properties			Construction	Total
	Certified	Ongoing	Future	Ongoing	
Svanen	1	-	-	3	4
Green Building	1	1	-	-	2
Miljöbyggnad iDrift					
Silver	-	7	17	-	24
Bron	1	-	-	-	1
Total	3	8	17	3	31

Energy consumption

Genova is aiming to join the Science Based Targets initiative and thereby undertake to set ambitious and scientific climate targets in order to reach the Paris Agreement's goal of reducing emissions and limiting global warming to no more than 1.5 degrees



Financial development

Q2 - 2022

Income statement

SEKm	2022 Jan-Jun	2021 Jan-Jun	2021 Jul- 2022 Jun	2021 Jan-Dec
Rental income	185.7	141.8	363.8	319.9
Maintenance costs and operating expenses	-53.4	-37.6	-100.4	-84.6
Net operating income	132.3	104.2	263.4	235.3
Central administration, property management	-11.4	-9.7	-22.6	-20.9
Central administration, property development	-13.9	-10.6	-25.8	-22.5
Income from associations in joint ventures	17.4	3.9	36.0	22.5
Net financial items	-68.1	-53.0	-130.3	-115.2
Income from property management	56.3	34.8	120.7	99.2
Other operating income	0.6	0.4	14.7	14.5
Changes in value, properties	370.0	313.4	738.5	681.9
Currency effects, properties	3.8	1.7	5.2	3.1
Income before tax	430.7	350.3	879.1	798.7
Income tax	-88.2	-86.5	-189.4	-187.7
Income for the period	342.5	263.8	689.7	611.0

Balance sheet

SEKm	2022 30 Jun	2021 30 Jun	2021 31 Dec
Investment properties	7,596.2	6,147.7	6,902.6
Properties under construction	1,119.5	871.2	945.8
Other fixed assets	1,238.1	664.7	1,197.7
Development properties	132.7	120.0	114.1
Cash and cash equivalents	201.9	210.5	316.0
Other current assets	244.5	209.5	184.8
Total assets	10,532.9	8,223.6	9,661.0
Total equity	4,080.7	3,043.1	3,665.9
Loans from credit institutions	4,313.8	3,501.1	3,966.3
Bond loans	1,268.3	911.1	1,263.2
Deferred tax liability	570.0	386.2	497.8
Other liabilities	300.1	382.1	267.8
Total equity and liabilities	10,532.9	8,223.6	9,661.0

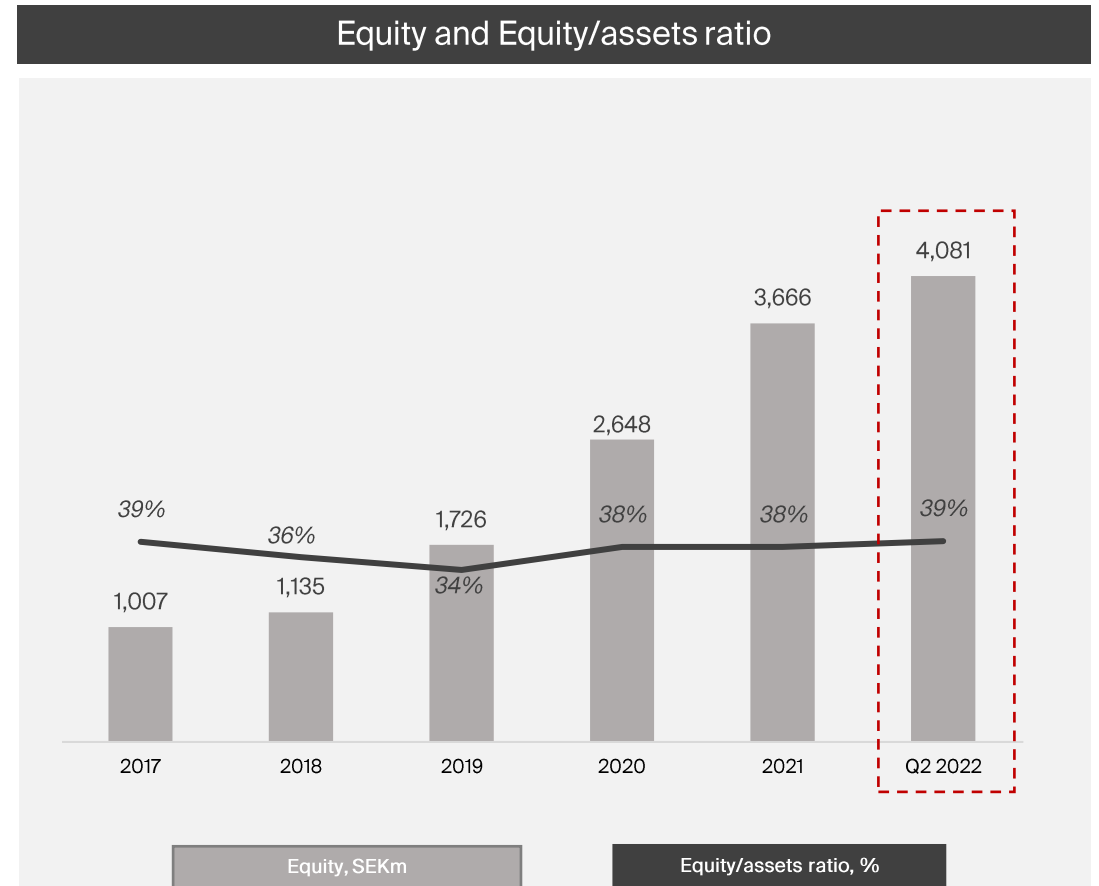
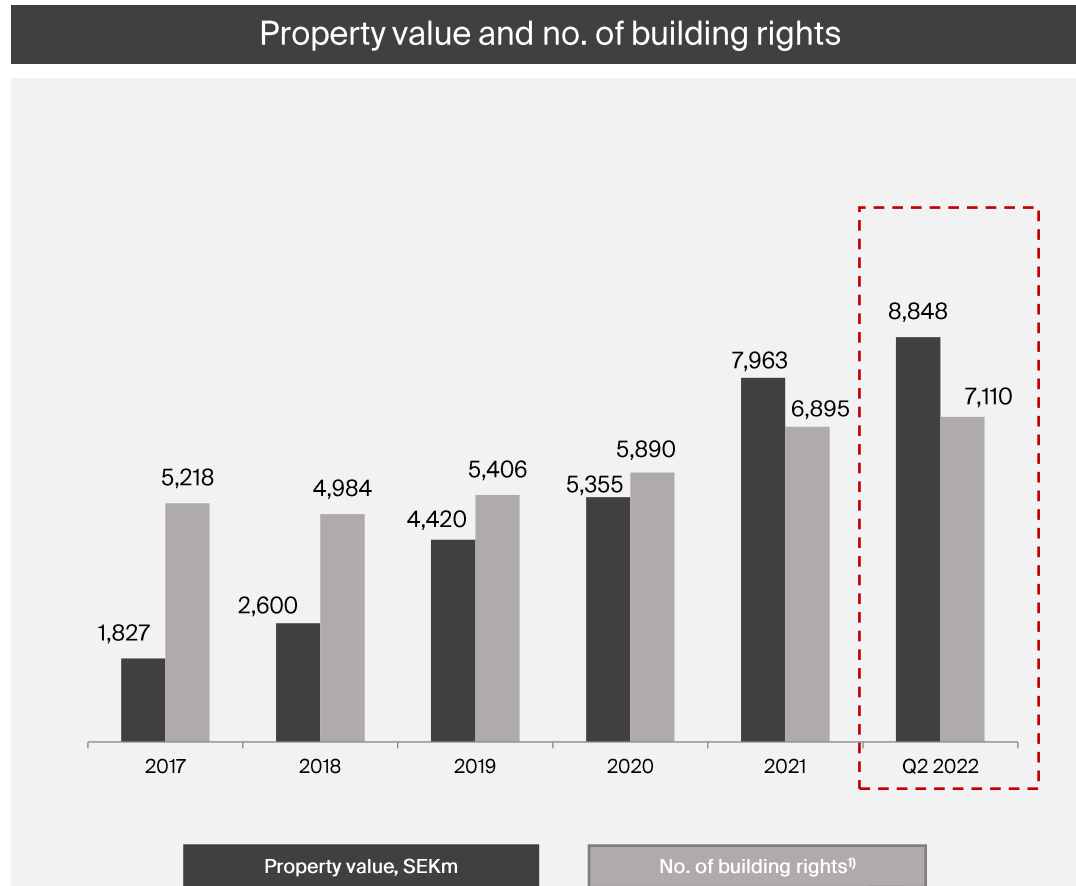
Key metrics

	2022 Jan-Jun	2021 Jan-Jun	2021 Jul- 2022 Jun	2021 Jan-Dec
Rental income, SEKm	185.7	141.8	363.8	319.9
NOI, SEKm	132.3	104.2	263.4	235.3
Income from property management, SEKm	56.3	34.8	120.7	99.2
Income from property management per ordinary share, SEK	0.7	0.3	1.4	1.0
Residential units under construction, no.	863	898	863	863
Residential units completed, no.	-	35	-	35
Net investments, SEKm	515.1	1,450.3	946.4	1,881.6
Loan-to-value ratio, %	60.7	59.2	60.7	61.8
Equity/assets ratio, %	38.7	37.0	38.7	37.9
Interest coverage ratio, times	2.0	2.1	2.2	2.2
Long-term NAV, SEKm	4,573.0	3,341.4	4,573.0	4,077.3
Long-term NAV referable to shareholders, SEKm	3,649.5	2,563.0	3,649.5	3,274.7
Long-term NAV per ordinary share, SEK	86.94	64.76	86.94	78.01



Financial development

Q2 - 2022



1) At 30 June 2022, CBRE's market valuation of the estimated unused building rights in Sweden included in planned projects amounted to approximately SEK 4.2 billion. At 30 June 2022, the existing buildings on these properties, which in some cases will need to be demolished when using the planned unused building rights, as well as accumulated investments for planned projects had a book value of approximately SEK 2.4 billion. This means that the excess value in the Group's building rights portfolio is estimated to be approximately SEK 1.8 billion at the end of the reporting period.



Financial development

Q2 - 2022

Financing in brief

Interest-bearing debt
SEK 5,576m¹⁾

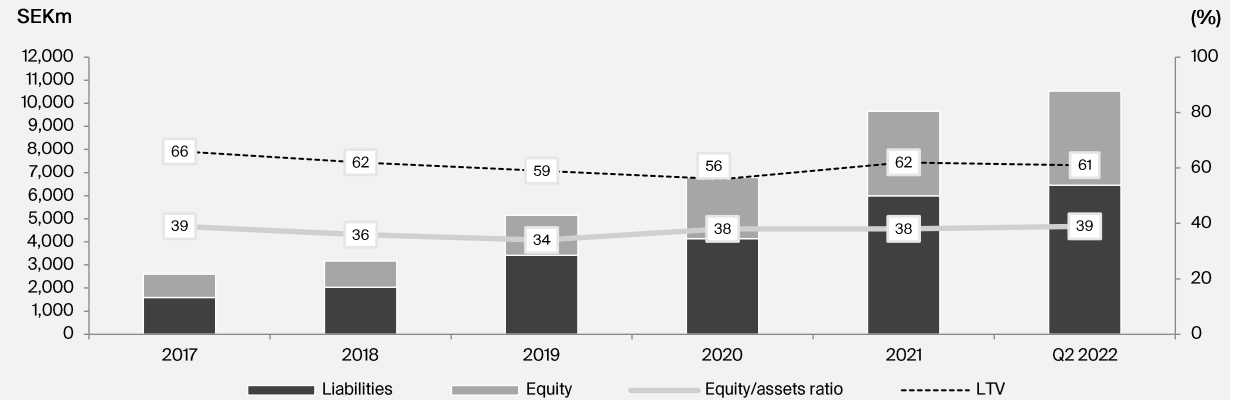
Average interest rate²⁾ (3m STIBOR floating)
2,7 %

Average duration (loans)
3.1 years

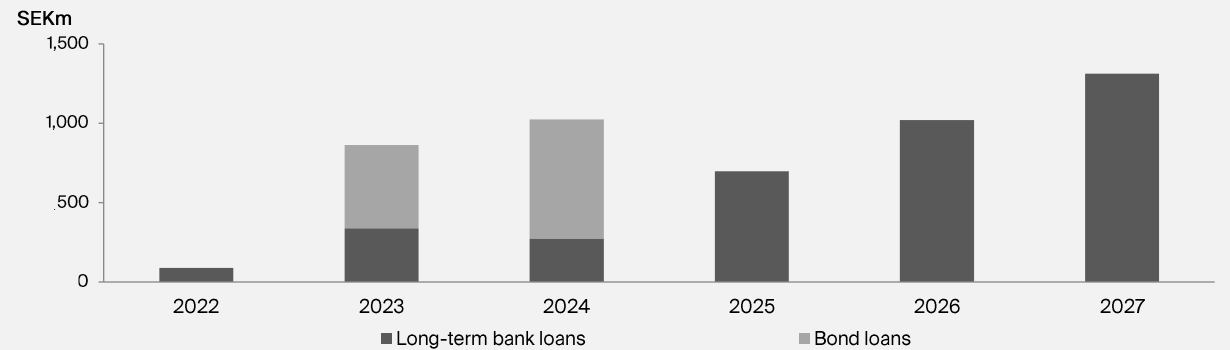
Available liquidity
SEK 667m

Financing from Nordea, Swedbank, SBAB, SEB
and Danske Bank

Capital structure



Debt maturity schedule



1) Includes bond loan of SEK 1,275m (3m STIBOR +4.50/5.25%). 2) Interest-bearing debt to credit institutions.



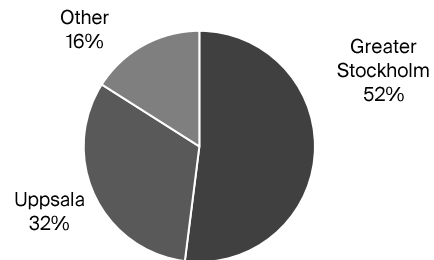
The portfolio

Q2 - 2022

Investment property portfolio	Properties No. of	Lettable area Sqm	Property value		Rental value		Occupancy rate	Contracted annual rent ¹⁾ SEKm	Property costs		Net operating income	
			SEKm	SEK/sqm	SEKm	SEK/sqm	%		SEKm	SEK/sqm	SEKm	SEK/sqm
Per property category²⁾												
Commercial properties	36	155,991	3,616	23,181	198	1,268	92.1	182	-51	-329	131	838
Community service properties ³⁾	27	139,709	3,980	28,489	228	1,630	97.8	223	-46	-331	176	1,263
Total	63	295,700	7,596	25,689	425	1,439	95.1	405	-98	-330	307	1,039
Per geography												
Greater Stockholm	34	153,051	3,964	25,901	215	1,406	95.3	205	-48	-312	157	1,029
Uppsala	19	88,097	2,398	27,214	134	1,515	97.0	129	-30	-337	100	1,132
Other	10	54,552	1,235	22,630	77	1,407	91.3	70	-20	-369	50	916
Total	63	295,700	7,596	25,689	425	1,439	95.1	405	-98	-330	307	1,039
Ongoing construction			1,037									
Planned projects			215									
Total as per the balance sheet			8,848									
Acquired, not yet accessed properties and near-term completed constructions ⁴⁾	2	19,415	311		45	2,294	99.8	44	-5	-258	39	2,033
Total	65	315,115	9,159		470	1,492	94.6	419	-103	-325	320	1,076
Properties owned through joint ventures			869									

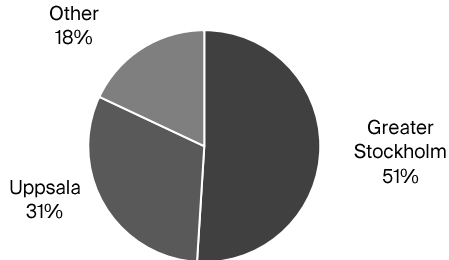
Property value

Property value: SEK 7,596m



Rental value¹⁾

Rental value: SEK 425m



Estimated earnings capacity as of 30 June 2022

(SEKm)	Investment properties	Ongoing construction	Total
Rental value	425	81	507
Vacancy rate	-21	0	-21
Rental income	405	81	486
Property costs	-98	-13	-111
Net operating income⁵⁾	307	68	375

¹⁾ Not including rental discounts of SEK 11m. ²⁾ Based on the primary use of the property. ³⁾ Of which 77 rental apartments are allocated between seven properties. ⁴⁾ Pertains to the Söderhällby project and stages in the Handelsmannen project that will be completed within 12 months. The property value when completed will amount to SEK 1,073m but as of 30 June was SEK 762m recognised in the balance sheet under properties under construction.



Project development

Q2 - 2022

Ongoing construction														
Project	Municipality	Category	Construction start	Scheduled completion	No. of units	Lettable area, sqm		Property value ¹⁾		Rental value		Investment, SEKm		Book value
						Residential	Premises	SEKm	SEK/sqm	SEKm	SEK/sqm	Estimated	Accumulated	SEKm
Handelsmannen 1	Norrtälje	Community service properties	Q4 2019	Q3 2022	80	6,080	1,437	395	52,548	16	2,126	279	268	321
Handelsmannen 1	Norrtälje	Rental apartments	Q4 2019	Q4 2022/Q4 2023 ²	408	21,314	-	985	46,214	37	1,730	720	337	458
Segerdal ³	Knivsta	Rental apartments	Q4 2020	Q4 2023/Q4 2024 ⁴	150	8,582	354	448	50,109	18	2,018	355	107	0
Korsängen	Enköping	Rental apartments	Q1 2021	Q4 2023	185	7,979	243	378	45,970	16	1,937	315	81	89
Hotell Can Oliver	Palma	Commercial properties ⁵⁾	Q2 2021	Q2 2023	40	3,300	-	288	87,273	13	3,806	198	152	169
Total ongoing construction					863	47,255	2,034	2,494	50,600	99	2,016	1,867	945	1,037

Planned projects											
Per category	No. of units	Lettable area, sqm		Property value ¹⁾		Rental value		Investment, SEKm		Book value	
		Residential	Premises	SEKm	SEK/sqm	SEKm	SEK/sqm	Estimated	Accumulated	SEKm	SEKm
Rental apartments	4,431	245,110	-	12,750	52,018	552	2,251	10,391	62	115	
Community service properties	225	15,083	19,169	1,579	46,104	74	2,151	1,279	7	7	
Commercial properties	-	-	16,030	561	34,989	32	1,979	539	9	12	
Co-operative apartments	1,591	108,325	-	7,624	70,385	-	-	5,764	54	81	
Total per category	6,247	368,518	35,199	22,515	55,769	657	2,225	17,973	133	215	

Per geography	No. of units	Lettable area, sqm		Property value ¹⁾		Rental value		Investment, SEKm		Book value	
		Residential	Premises	SEKm	SEK/sqm	SEKm	SEK/sqm	Estimated	Accumulated	SEKm	SEKm
Greater Stockholm	3,355	207,280	22,676	14,516	63,126	325	2,362	11,471	79	146	
Uppsala	1,854	99,775	11,825	5,280	47,315	218	2,171	4,256	41	51	
Other	1,038	61,463	698	2,718	43,725	114	1,991	2,246	14	19	
Total per geography	6,247	368,518	35,199	22,515	55,769	657	2,225	17,973	133	215	

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.

1) Refers to fair value of the completed investment. 2) Approximately 35% of the rental units will be completed in Q4 2022 in a first stage, of which 66 apartments will already be occupied in September 2022. 3) The Segerdal project is 50/50 owned by Genova and Redito. The table only shows the information that corresponds to Genova's financial stake. 4) Approximately 50% of the rental units will be completed in Q4 2023 in a first stage. 5) Refers to hotel development.

