

GENOVA



Interim report, January-September / **2020**



July–September 2020 quarter

- Rental income amounted to SEK 57.7m (46.6), an increase of 24%.
- Net operating income amounted to SEK 45.3m (36.0), an increase of 26%.
- Income from property management increased 184% to SEK 30.4m (10.7), of which income from property management attributable to ordinary shareholders was SEK 19.9m (0.2), corresponding to SEK 0.50 (0.01) per ordinary share.
- Net income after tax amounted to SEK 78.8m (300.2), corresponding to SEK 1.72 (6.65) per ordinary share.

January–September 2020 period

- Rental income amounted to SEK 168.3m (128.0), an increase of 31%.
- Net operating income amounted to SEK 130.2m (94.4), an increase of 38%.
- Income from property management increased 54% to SEK 51.7m (33.6), of which income from property management attributable to ordinary shareholders was SEK 20.2m (7.4), corresponding to SEK 0.60 (0.15) per ordinary share.
- Net income after tax amounted to SEK 309.8m (420.5), corresponding to SEK 8.26 (7.89) per ordinary share.
- Long-term net asset value attributable to ordinary shareholders increased 70% to SEK 2,299.8m (1,351.6), corresponding to SEK 58.11 (43.99) per ordinary share.

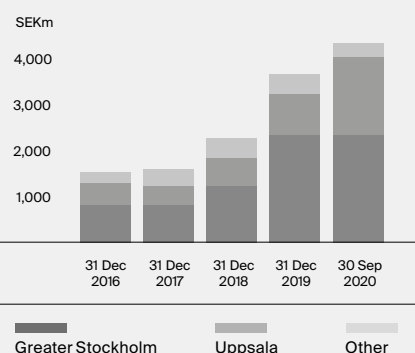
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Rental income, SEKm	57.7	46.6	168.3	128.0	180.6
Net operating income, SEKm	45.3	36.0	130.2	94.4	129.9
Income from property management, SEKm	30.4	10.7	51.7	33.6	42.9
Income from property management per ordinary share, SEK	0.50	0.01	0.60	0.15	0.14
Residential units under construction, no. ¹	438	240	438	240	527
Residential units completed, no.	35	–	89	–	133
Net investments, SEKm	432.2	659.9	706.6	1,013.6	1,141.2
Loan-to-value ratio, %	55.9	62.4	55.9	62.4	59.4
Equity/assets ratio, %	37.9	30.9	37.9	30.9	33.5
Interest-coverage ratio, times ²	2.0	2.1	1.9	1.9	1.7
Long-term net asset value, SEKm	2,818.1	1,864.3	2,818.1	1,864.3	1,975.3
Long-term net asset value attributable to ordinary shareholders, SEKm	2,299.8	1,351.6	2,299.8	1,351.6	1,457.0
Total no. of ordinary shares outstanding, 000s ³	39,577	30,722	39,577	30,722	30,722
Long-term net asset value attributable to ordinary shareholders, SEK per ordinary share	58.11	43.99	58.11	43.99	47.43

1) Including 35 hotel rooms.

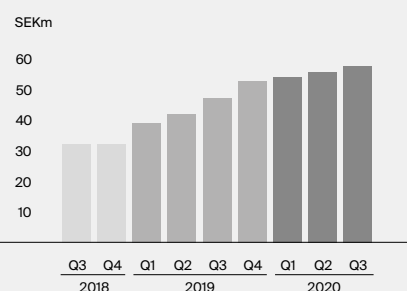
2) Excluding non-recurring items.

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

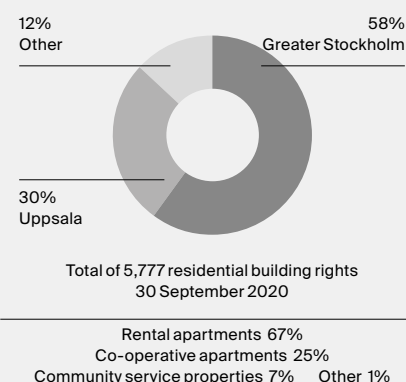
Value of investment properties per geography



Rental income



Project development



SEK 5,224 m

Property value

5,777

Residential building rights

56%

Loan-to-value ratio

SEK 2,818 m

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.
- 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 residential company K2A.
- In March, Genova agreed to acquire a ground lease in Nacka at an underlying property value of approximately SEK 40m. Accession took place in May 2020.
- During the quarter, rental agreements for approximately 4,500 sqm in two properties in Lund were extended, with an annual rental value of approximately SEK 6.2m. The agreements have terms of five and eight years, respectively, with National Historical Museums and Friskis & Svettis as tenants.
- Genova decided to change its accounting policies and will henceforth consolidate the co-operative housing association that owns the Liljegatan 1 project in Fålhagen, Uppsala. Under the new policies, the date on which income from newly constructed co-operative apartments is recognised is the point in time when home buyers gain accession to their units and not, as previously, over a period of time as the work is completed. Due to application of the new accounting policies from the first quarter of 2020, items attributable to prior periods have been restated, which is presented in Note 1. As a result of the restatement, equity decreased by SEK 47.0m. When the

project is completed, which is scheduled for the fourth quarter of 2020, SEK 47m is expected to be returned to equity.

Second quarter

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

- As of 12 June, Genova's preference shares were admitted to trading on Nasdaq Stockholm's Main Market.

- In June, Genova decided on an offering to subscribe for and purchase ordinary shares in the company, and a subsequent listing of the ordinary shares on Nasdaq Stockholm. The offering was oversubscribed and in total, including the over-allotment option that was exercised in July, the company generated proceeds of approximately SEK 576m before listing expenses.

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

Third quarter

- In July, Genova announced that the over-allotment option had been fully exercised.
- In July, the zoning plan for Genova's jointly owned project in central Knivsta came into force. The zoning plan for the Segerdal project grants permission to develop approximately 25,000 of gross lighted floor area, where Genova is planning to construct approximately 300 rental apartments combined with some commercial operations.
- In July, Peter Lövgren resigned from his position as Head of Business Development. In conjunction with this, Head of Properties Henrik Sandström assumed responsibility for Genova's business development.
- In August, Genova and SBB jointly acquired and gained accession to Nackahusen Holding AB, which owns six properties in Nacka Strand. The properties, which contain building rights of approximately 40,000 sqm of gross lighted floor area, were acquired for SEK 1. The parties assumed the existing bond loan of approximately SEK 360m. Following the settlement of Nackahusen Holding's previously divested properties, Genova and SBB will jointly

control properties and building rights of about 30,000 sqm of gross lighted floor area. The properties are owned through a joint venture, where Genova's investment commitment amounts initially to SEK 30m, and is financed with own capital.

- In September, Genova successfully issued senior unsecured bonds in the total amount of SEK 400m under a framework of SEK 750m. The bonds have a tenor of four years and a floating interest rate of Stibor three months plus 450 bps and will mature on 9 September 2024. The first day of trading of the bonds on the corporate bond list of Nasdaq Stockholm was 9 October 2020.
- In September, Genova announced the result of the voluntary tender offer that was announced as of 24 August 2020 to the holders of Genova's outstanding senior unsecured floating rate bonds 2017/2021 with an outstanding amount of SEK 156m. The offer was accepted by holders of bonds representing a total nominal amount of SEK 106m. Genova intends to exercise its right to voluntary early redemption of all outstanding bonds.
- In September, Genova agreed to acquire three properties in central Enköping. The underlying property value of the acquired properties amounted to SEK 91m. Accession took place as of 23 October 2020. The properties are directly adjacent to a property that Genova owns, where planning is in progress for the future development of residential units. The annual rental value for the

commercial space that is currently let is approximately SEK 2.8m. The properties include residential building rights that have gained legal force of approximately 14,000 sqm of gross lighted floor area and an estimated potential to develop a further approximately 12,000 sqm of gross lighted residential floor area.

Events after the end of the period

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

was financed by using available funds. The property is expected to be completed in September 2021 and the property value when completed is estimated at approximately SEK 360m with a total rental value of approximately SEK 23.5m and an expected net operating income of approximately SEK 22m.

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



Viby 19:3, Upplands-Bro

Impact of COVID-19

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

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

Business support

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

Rent payments

Genova's tenants, however, like society in general, are impacted by COVID-19. Of Genova's annual rental income of SEK 255m, 59% is due quarterly in advance, and 41% monthly in advance.

Genova has engaged in discussion with a number of individual tenants with liquidity concerns and offered some of these the possibility to switch from quarterly rent payments to monthly payments. Of the adjusted rent receivable due for payment by 30 September 2020, 97.4% had been received by 15 October, 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 30 September 2020, cash and cash equivalents and undrawn credit facilities amounted to SEK 1,150m. Loans maturing within 12 months amounted to SEK 126m, of which SEK 76m will be refinanced before maturity. In the period, Genova implemented a successful spread of ownership and listing of the company's ordinary shares on Nasdaq Stockholm's Main Market, which in early July generated proceeds of approximately SEK 535m for the company after listing expenses. The proceeds from the issue that were provided to the company in July, combined with existing undrawn credit facilities, allows excellent access to finance.

Genova – the personal property company

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

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

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

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

Genova's cornerstones

Customer perspective

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

Active acquisitions

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

Sustainable

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

Geographic focus

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

Long-term 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%
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.	Target
	32%
	30 Sep 2020

Income from property management	>20%
Achieve an average annual growth of at least 20% in income from property management per ordinary share over a business cycle.	Target
	51%
	Rolling 12-month period 30 Sep 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%
Over time, the equity/assets ratio shall be at least 35%.	Target
	38%
	30 Sep 2020

Loan-to-value ratio	<65%
Over time, the loan-to-value ratio shall not exceed 65%.	Target
	56%
	30 Sep 2020

Interest-coverage ratio	>2.0 times
Over time, the interest-coverage ratio shall be higher than 2.0.	Target
	1.9 times
	30 Sep 2020

Operational targets

Rental income	>60%
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.	Target
	48%
	30 Sep 2020

Ongoing construction	750
Ongoing construction of own-produced residential units shall amount to at least 750 residential units per year as of 2021.	Target
	438¹
	30 Sep 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 reported a strong third quarter with growing income from property management and a larger property portfolio with clear development potential. During the autumn, we conducted several strategic acquisitions that contributed stable cash flows and potential for future development. At the same time, the pace of our ongoing and planned projects remains high. The new share issue and listing of the ordinary share in June strengthened our balance sheet and liquidity. This provides us with excellent conditions to accelerate the pace of our operations, which we are prepared for in every way.

After listing Genova on Nasdaq Stockholm in June, I am happy that the organisation can now fully focus on developing Genova and do what we are best at: acquiring, developing and managing properties in our prioritised markets and pursuing zoning processes to create building rights at low intrinsic value and thereby enable high profitability in our project development. Always with a focus on sustainable project development.



“The new share issue and listing offer us solid conditions to accelerate the pace of our operations.”

Several acquisitions with development potential

In line with this business focus, we added several strategic properties to our investment property portfolio during the quarter, which include the potential for new projects, primarily for rental apartments and community service properties.

In Enköping, we acquired a commercial property next to our upcoming project and a property with a zoning plan that gained legal force for 250 rental apartments. In Knivsta, we acquired a property after the close of the quarter with a school and retirement home and where surrounding land offers potential for future development of both residential units and community service properties.

In October, we signed a letter of intent with Axfood to construct a Hemköp supermarket in the new, sustainable district we are planning to build in Viby, Upplands-Bro, starting in 2021. It is an important signal and creates further interest in this exciting development area of approximately 100,000 sqm, which also contains residential units and a school for Internationella Engelska Skolan. All in all, we now have a building rights portfolio with almost 5,800 residential building rights strongly concentrated in Greater Stockholm and Uppsala, and more are in the pipeline.

We are always on the look out for strategically interesting transactions, even in property categories outside our core areas. In October, we agreed to acquire a project property for warehouse and logistics purposes in an attractive location in Uppsala, where we already own several commercial properties.

Right conditions to achieve our targets

Our strong balance sheet and good liquidity from the completed new share issue has increased opportunities for us to grow through acquisitions and in our project development. Our earnings capacity and rental income are continuing to grow as we acquire and complete projects. Income from property management rose during the period by 54% to SEK 52m, with an annual growth in profit from property management per ordinary share by 51%. The decrease in net income after tax reflects lower value changes compared with the year-on-year period.

We are living in a turbulent world with a pandemic that is creating significant challenges and uncertainty, something we have great respect for. At the same time, we are grateful that most of our tenants have coped well with the situation, which has resulted in a very limited impact on our business. Overall, I believe conditions are favourable to reach our operational targets. During the next six months, we are planning to increase the production rate and already at the end of the first quarter of 2021 we expect to have almost 800 residential units in production, which is just above the target set for next year. Following the acquisitions completed in 2020, the proportion of rental income from residential units and community service properties will exceed 50%, well on track to achieve the target of 60% we have set ourselves to reach by the end of 2024.

Genova's financial position is strong, liquidity is very high and we have access to additional capital should it be required. This offers us excellent and exciting opportunities as we move forward.

Michael Moschewitz, CEO

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 and operational targets. Potential acquisition candidates include cash flow-generating properties, fully or partly let, and vacant buildings

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

At the end of the period, Genova's wholly owned investment property portfolio comprised a total of 47 investment properties with a market value of approximately SEK 4,325m, allocated over approximately 187,000 sqm. The total property value, including accessed properties, properties under construction and joint ventures, was approximately SEK 5,900m.

Development during and after the end of the period

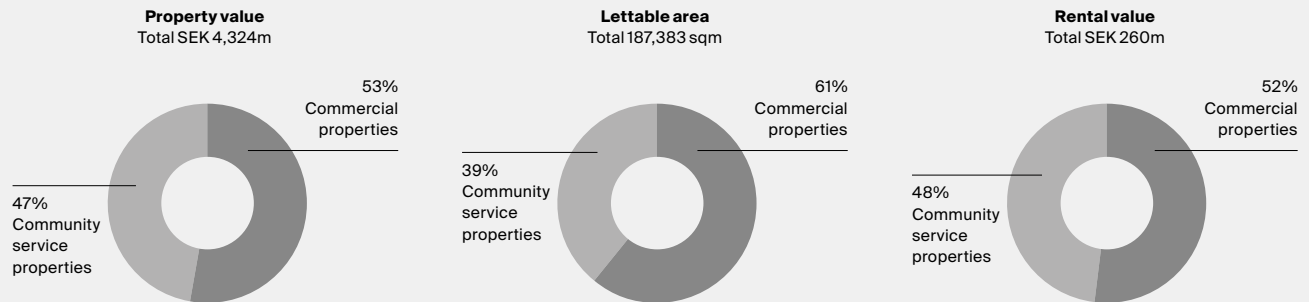
Acquisitions and accessions

During and after the period, Genova acquired investment properties at a total underlying property value of SEK 281m.

In September, Genova agreed to acquire the Kryddgården 6:5 property in central Enköping at an underlying property value of SEK 35m. Accession took place as of 23 October 2020. The property is directly adjacent to Genova's Kryddgården 6:3 property where planning is in progress for the future development of residential units. Kryddgården 6:5

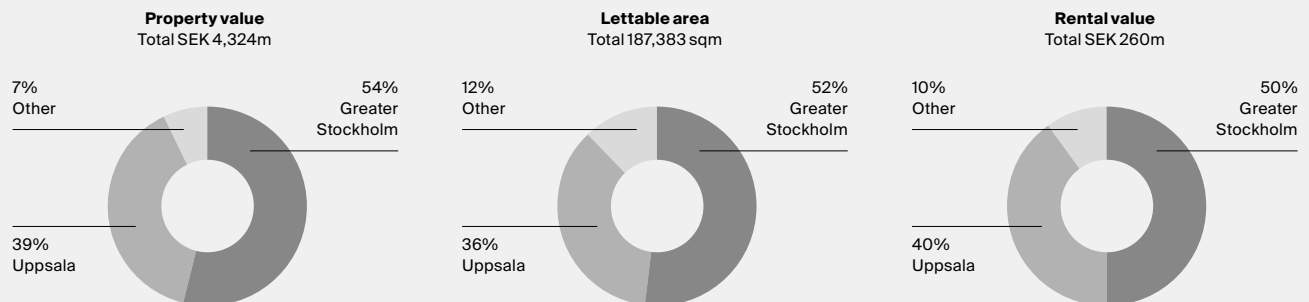
Investment properties per property category

30 September 2020



Investment properties per geography

30 September 2020



is fully let with an annual rental value of approximately SEK 1.4m and it is deemed that the property could in the future be developed to approximately 12,000 sqm of gross lighted residential floor area.

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

located in a rapidly growing municipality, have a substantial development potential and are fully let to tenants that include Knivsta Municipality, Vardaga and Willys. The total lettable area is approximately 8,700 sqm and the properties also include land of approximately 50,000 sqm with the potential for future development of both residential units and community service properties. The Gredelby 7:89 property already has building rights that have gained legal force for residential units. The annual rental value for the properties is approximately

SEK 14m with an expected net operating income of approximately SEK 12m. The average remaining term for the rental agreements exceeds seven years. Accession is scheduled for 1 December 2020.

During the period, accession was gained to the Flogsta 47:1 property in Ekeby, Uppsala, and the Runö 7:146 property in Åkersberga, both of which were acquired in the second quarter of 2020 at a total underlying property value of SEK 370m.

Accession will not take place for two previously communicated acquisitions

Investment property portfolio

30 September 2020

	No. of proper- ties	Lett able area, sqm	Property value		Rental value		Occu- pancy 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 category												
Commercial properties	33	113,943	2,308	20,252	136	1,193	97.1	132	-36	-320	95	836
Community service properties ²	14	73,440	2,017	27,460	124	1,687	99.1	123	-20	-277	103	1,397
Total	47	187,383	4,324	23,077	260	1,387	98.0	255	-57	-303	198	1,056
Per geography												
Greater Stockholm	25	96,895	2,325	23,993	131	1,347	97.9	128	-29	-303	98	1,016
Uppsala	15	67,862	1,690	24,901	103	1,522	98.2	101	-23	-340	78	1,155
Other	7	22,626	310	13,688	26	1,148	98.0	25	-4	-194	21	931
Total	47	187,383	4,324	23,077	260	1,387	98.0	255	-57	-303	198	1,056
Ongoing construction			329									
Planned projects			318									
Ongoing co-operative apartment projects ³			253									
Total as per the balance sheet			5,224									
Acquired, not yet accessed properties and near-term completed constructions ⁴												
	4	6,018	208		7	1,085	100.0	7	-1	-132	6	952
Total	51	193,401	5,432		266	1,377	98.1	261	-58	-298	204	1,053
In addition:												
Properties owned through joint ventures			692									

1) Not including rental discounts of SEK 9.5m.

2) Of which one property pertains to 35 rental apartments with a property value of SEK 76m, rental value of SEK 3.3m and net operating income of SEK 2.8m.

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.

of two properties under construction in Uppsala. The reason is that the contracted tenant is insolvent. The transactions have therefore been terminated without any economic implications for Genova.

Lettings

During and after the period, Genova successfully conducted a number of strategic lettings of approximately 6,500 sqm with an annual rental value of approximately SEK 10m in Stockholm and Lund. The rental agreement for the Lillsätra 2 property in Stockholm was extended

with Scanreco for approximately 5,000 sqm until 30 September 2025. Genova signed a new rental agreement with Coop for approximately 1,500 sqm of the Nordanvinden 3 property in Lund until 31 October 2025. Genova also signed a letter of intent with Axfood pertaining to the development of the Viby 19:3 property in Upplands-Bro. Here, Genova is planning to build a new district with a focus on sustainability, that will include residential units, a school for 600 pupils run by Internationella Engelska Skolan, a preschool and retirement home. The

aim is that the parties will work to construct a supermarket with Hemköp covering a floor area of 1,200-2,000 sqm with a 10-year rental agreement, at a minimum, on market terms. The project in Upplands-Bro is being run together with K2A and is expected to commence in the second quarter of 2021.



Flogsta 47:1, Ekeby, Uppsala

Tenants and rental agreement structure

At the end of the period, Genova had approximately 260 tenants with an average remaining rental duration of close to seven years.

The three largest tenants were Coop Sverige, Stiftelsen Uppsala Musikklasser

and HOOM Home & Hotel AB, which together accounted for approximately 15% of rental income. Of the total rental value, the proportion derived from publicly funded tenants amounted to nearly 48%. If supermarkets are also included, the proportion of total rental value amounted to nearly 57%.

Of the adjusted rent receivable due for payment by 30 September 2020, 97.4% had been received by 15 October, which is in line with the normal outcome.

Structure of rental agreements

30 September 2020

	No. of rental agreements	Area Ksqm	Contracted rent, SEKm	Percentage %
Term				
2020	5	2	2	1
2021	81	18	23	9
2022	44	24	37	15
2023	30	23	26	10
2024	22	22	27	11
>2024	42	89	135	53
Total	224	177	251	99
Rental apartments	35	2	3	1
Parking spaces and other	3	-	-	-
Total	262	179	55	100
Vacant		8	5	
Total		187	260	

10 largest tenants

30 September 2020

Tenants	Contracted rent, SEKm	% of total portfolio
Coop Sverige Fastigheter AB	13.5	5.3
Stiftelsen Uppsala Musikklasser	12.9	5.1
HOOM Home & Hotel AB	11.4	4.5
City of Stockholm, Education Administration	11.3	4.4
Gluntens Montessori School	10.3	4.0
Yrkesplugget i Sverige AB	9.8	3.8
Norlandia Care AB	9.5	3.7
Scanreco AB	8.6	3.4
AmiSgo AB	6.1	2.4
Ramilton Apartment Hotel AB	6.1	2.4
Total	99.5	39.0
Average weighted remaining term, years		6.29

Current earnings capacity

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

It is important to note that the current earnings capacity is not a forecast for the next 12 months. 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 9.5m have not been deducted from the rental value. Property costs reflect the past 12-month outcome for properties owned

throughout the entire period. Properties acquired and projects completed have been adjusted to an annual rate.

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

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

Estimated earnings capacity of investment properties

SEKm	
Rental value ¹	260
Vacancy rate	-5
Rental income	255
Operating costs	-42
Maintenance costs	-10
Property tax	-5
Total property costs	-57
Net operating income	198
Central administration, property management	-12
Genova's share of income from property management through joint ventures	11
Net financial items	-90
Income from property management	107

¹) Not including rental discounts of SEK 9.5m.

Project development

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

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

nity services. A few acquisitions and granted land-use agreements have also been added to the project portfolio. As of 30 September 2020, Genova's project portfolio comprised approximately 368,000 sqm of lettable area allocated between 5,777 residential building rights, of which rental apartments and community service properties that Genova is planning to develop for own long-term management accounted for 74%, and co-operative apartments and commercial properties for 26%.

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

Building rights portfolio

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

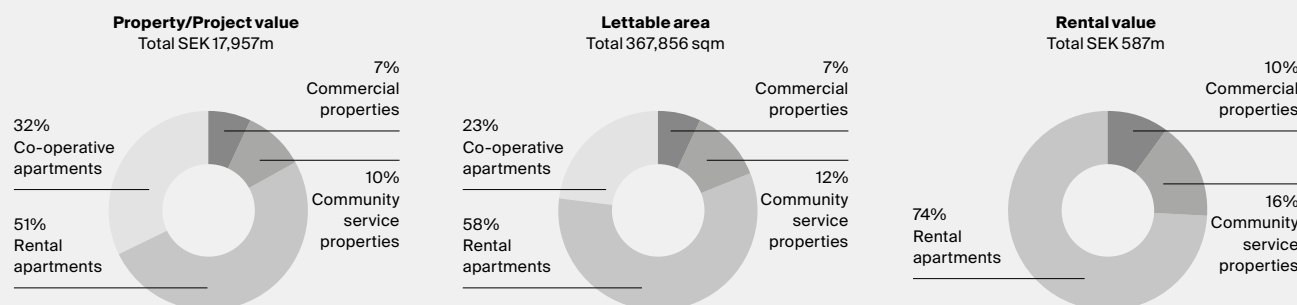
plan to develop the building rights and instead chose to divest them. As of 30 June 2020, CBRE's market evaluation of the expected unused building rights in Sweden included in Planned projects was just over SEK 2.1 billion. As of 30 June 2020, the existing buildings on these properties, which in some cases will need to be demolished when using the planned unused building rights, and Planned projects had a book value of approximately SEK 1.15 billion. On the basis of this valuation, a review was carried out on 30 September 2020 and the assessment is that the excess value in the Group's building rights portfolio amounted to approximately SEK 1.0 billion at the end of the reporting period, which is in line with the second quarter of 2020.

Long-term and sustainable development

Sustainability is a key area for Genova and we work actively to take our respon-

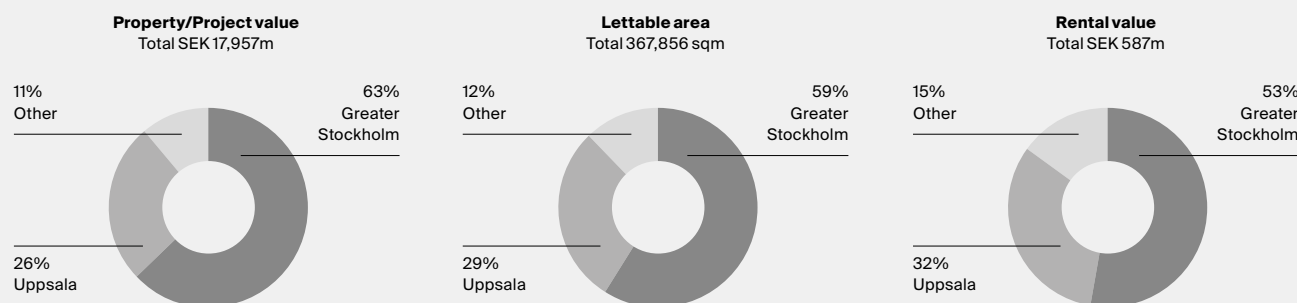
Project development per property category

30 September 2020



Project development per geography

30 September 2020



sibility 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 30 September 2020, Genova had 438 residential units, including 35 hotel rooms, under construction. Genova recognised ongoing construction of SEK 329m. The projects mainly pertain to projects in Palma, Mallorca, (hotels) and Norrtälje (retirement home, pre-school and rental apartments), with construction commenced 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. In October, the first stage was completed and occupied. The entire project will be completed and occupied in the fourth quarter of 2020. During the period, HMB has taken over the contract since the earlier turnkey contractor is insolvent and failed to fulfil its commitments to complete the properties. HBM will complete the project on schedule. The increased costs resulting from the change of contractor will primarily be charged to the Parent Company of the earlier contractor, which provided collateral security for the contract.

Planned projects

Planned projects comprised a total of approximately 5,339 expected residential building rights allocated between nearly 306,000 sqm, of which just over 75% is intended for own long-term management with a focus on Greater

Stockholm and Uppsala. Over the next few quarters, the number of residential construction projects commenced will increase when construction starts on the jointly owned project Segerdal in Knivsta Centrum and the recently acquired project Korsängen in Enköping during the fourth quarter of 2020 and the first quarter of 2021, respectively.

Development during and after the end of the period

In July, the zoning plan for Genova's jointly owned project in central Knivsta came into force. The zoning plan for the Segerdal project grants permission to develop approximately 25,000 sqm, where Genova is planning to construct approximately 300 rental apartments combined with some commercial operations.

In August, Genova and SBB jointly acquired Nackahusen Holding in Nacka Strand, initially comprising six properties and building rights for about 40,000 sqm of gross lighted floor area. The total consideration for the shares was SEK 1 and the parties assumed responsibility for the outstanding bond loan of approximately SEK 360m. The aim is that the parties will develop both rental apartments for long-term management and co-operative apartments. Nackahusen Holding has previously divested properties and payment related to this will be made in November 2020 and when the zoning plan has become final. The joint venture will subsequently control properties and building rights of 30,000 sqm of gross lighted floor area. Genova's investment commitment amounts initially to SEK 30m, and is financed with own capital.

In September, the zoning plan for the Viby project in Upplands-Bro was released for consultation. The project, which is jointly owned with K2A, is planning to construct a new district with approximately 850 residential units, schools and local centre functions.

In September, Genova agreed to acquire the Korsängen 20:2 and Korsängen 20:3 properties in central Enköping. The underlying property value of the acquired properties amounts to SEK 55m. Accession took place as of 23 October 2020. The properties are directly adjacent to Genova's existing Kryddgården 6:3 property where planning is in progress for the future development of residential units. Korsängen 20:2 and 20:3 include residential building

rights that have gained legal force of approximately 14,000 sqm gross lighted floor area and commercial space that is currently let at an annual rental value of approximately SEK 1.4m. Genova is planning to construct approximately 250 rental apartments for long-term management with construction commencing during the fourth quarter of 2020.

In October, Genova agreed to acquire the Danmarks-Kumla 8:31 project property in Uppsala. The property is strategically located adjoining the E4 motorway and will contain approximately 21,500 sqm of lettable area for warehouse and logistics purposes. The total investment when completed will amount to SEK 275m (SEK 12,800/sqm) before deductions for deferred tax. In connection with the accession, Genova will pay a consideration of SEK 25m, financed with own capital. The property is scheduled to be completed in September 2021 and as of today is almost 40% let. Tenants include Örebro Padelcenter with a 15-year rental agreement. The property value when completed is estimated at approximately SEK 360m (SEK 16,750/sqm) with a total rental value of approximately SEK 23.5m and an expected net operating income of approximately SEK 22m.

Joint ventures

Genova owns 50% of the shares in five joint ventures, together with SBB, Fastator, Redito and Järngrinden. These joint ventures own 11 properties with a total property value of SEK 1,384m, of which Genova's share amounts to SEK 692m. Shares in joint ventures are recognised using the equity method. The properties, which are currently let, comprise a total of approximately 1,210 residential building rights (of which Genova's stake is 605 and are part of the total number of reported building rights of 5,777) for the future development of residential units.

In August, Nackahusen Holding AB was acquired and accession gained in a joint venture with SBB. The estimated market value of the six properties amounts to SEK 478, resulting in a positive value change of SEK 118m. Genova's share of the value change amounts to SEK 46.8m (after deferred tax) and is recognised in the third quarter of 2020.

Ongoing construction

30 September 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	Uppsala	Co-operative apartments	Q3 2018	Q4 2020	48	4,352	483	336	69,590	–	–	276	253	–
Hotell Nobis	Palma	Commercial properties	Q3 2019	Q2 2021	35	2,300	–	253	110,000	7	3,250	116	81	136
Handelsmannen 1	Norrtälje	Community service properties	Q4 2019	Q4 2021	80	6,021	1,296 ³	337	46,057	16	2,132	251	48	70
Handelsmannen 1	Norrtälje	Rental apartments	Q4 2019	Q4 2021 / Q2 2022 ²	275	13,257	–	588	44,354	29	2,150	486	96	123
Total ongoing construction					438	25,930	1,779	1,514	54,656	52	2,255	1,129	478	329

1) Refers to fair value of the completed investment.

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

3) Refers to preschool.

Planned projects

30 September 2020

	No. of residen- tial units	Lettable area, sqm		Property value¹		Rental value		Investment, SEKm		Book value, SEKm
Project		Residen- tial units	Premises	SEKm	SEK/sqm	SEKm	SEK/sqm	Esti- mated	Accum- ulated	
Per category										
Rental apartments	3,611	200,145	–	8,554	42,737	408	2,038	7,038	30	73
Community service properties	290	22,270	13,997	1,543	42,558	77	2,111	1,185	6	6
Commercial properties²	40	3,300	20,580	936	39,202	51	2,137	748	158	164
Co-operative apartments	1,399	79,855	–	5,409	67,741	–	–	4,058	36	74
Total per category	5,339	305,570	34,577	16,443	48,340	535	2,057	13,029	230	318
Per geography – Own management										
Greater Stockholm	1,780	106,320	18,850	5,499	43,934	265	2,114	4,538	22	56
Uppsala	1,511	79,185	15,262	3,758	39,791	188	1,988	3,116	31	36
Other	650	40,210	465	1,776	43,658	83	2,044	1,317	141	151
Total per geography	3,941	225,715	34,577	11,033	42,388	535	2,057	8,971	194	244
Per geography – Co-operative apartments										
Greater Stockholm	1,214	70,505	0	4,929	69,913	0	0	3,683	27	61
Uppsala	185	9,350	0	480	51,367	0	0	375	9	14
Other	0	0	0	0	0	0	0	0	0	0
Total per geography	1,399	79,855	0	5,409	67,741	0	0	4,058	36	74
Per geography – Own management and co-operative apartments										
Greater Stockholm	2,993	176,825	18,850	10,428	53,295	265	2,114	8,222	49	117
Uppsala	1,696	88,535	15,262	4,238	40,834	188	1,988	3,490	40	50
Other	650	40,210	465	1,776	43,658	83	2,044	1,317	141	151
Total own management and co-operative apartments per geography	5,339	305,570	34,577	16,443	48,340	535	2,057	13,029	230	318

1) Refers to fair value of the completed investment.

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

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

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

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

Project

30 September 2020

30 September 2020							Phase			
Project specification	Municipality	Category¹	Estimated construction start	Estimated completion	No. of residential units	Lettable area, sqm	Planning permission decision	Planning consultation	Review	Enacted zoning plan
WHOLLY OWNED PROJECTS										
Ongoing construction										
Liljegatan 1	Uppsala	Co-operative apartments	Q3 2018	Q4 2020	48	4,835	•	•	•	•
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 2022²	275	13,257	•	•	•	•
					438	27,709				
Planned projects										
Korsängen	Enköping	Rental apartments	2021	2023	250	10,500	•	•	•	•
		Community service properties	2021	2023		487	•	•	•	•
Hotell Can Oliver	Palma	Commercial properties	2021	2023	40	3,300	•	•	•	•
Boländerna 21:4	Uppsala	Commercial properties	2021	2022		6,400	•	•	•	•
Luthagen	Uppsala	Commercial properties	2021	2023		680	•	•	•	•
		Co-operative apartments	2021	2023	45	1,500	•	•	•	•
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	•	•		
Storvreta	Uppsala	Rental apartments	2021	2023	80	3,900	•			
		Commercial properties	2021	2023		800	•			
Dreven 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	150	9,240	•	•		
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	•	•		
Kryddgården 6:5	Enköping	Rental apartments	2022	2024	175	9,100	•	•		
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	•	•		
Sydöstra Vikdalen	Nacka	Rental apartments	2023	2025	250	14,600	•	•		
Örnsberg	Stockholm	Co-operative apartments	2023	2025	120	6,300	•	•		
Runö 7:84	Österåker	Rental apartments	2023	2025	50	2,890	•			
		Co-operative apartments	2023	2025	150	8,660	•			
Runö 7:146	Österåker	Community service properties	2023	2025		5,850	•			
Rivan	Lund	Rental apartments	2025	2027	50	3,465	•			
Västerbo	Lund	Rental apartments	2025	2027	80	4,620	•			
Kungsängen	Uppsala	Rental apartments	2025	2027	175	10,000	•			
Total					3,222	203,182				
JOINTLY OWNED PROJECTS (Refers to Genova's stake³)										
Planned projects										
Segerdal⁴	Knivsta	Rental apartments	2020	2022	150	7,450	•	•	•	•
		Commercial properties	2020	2022		1,000	•	•	•	•
Gulmäran 7, 8⁵	Borås	Community service properties	2021	2024	70	4,650	•	•		
		Rental apartments	2021	2024	245	15,400	•	•		
Viby⁶	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	•	•		
Nacka Strand⁸	Nacka	Co-operative apartments	2022	2024	47	3,040	•	•		
		Co-operative apartments	2022	2024	47	3,040	•	•		
		Rental apartments	2023	2025	25	1,520	•	•		
		Rental apartments	2025	2027	63	3,800	•	•		
Skvaltán⁷	Nacka	Co-operative apartments	2024	2026	175	9,625	•			
Gåshaga⁹	Lidingö	Rental apartments	2025	2027	210	11,500	•			
		Co-operative apartments	2025	2027	175	11,500	•			
Total					2,117	136,965				
Total					5,777	367,856				

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

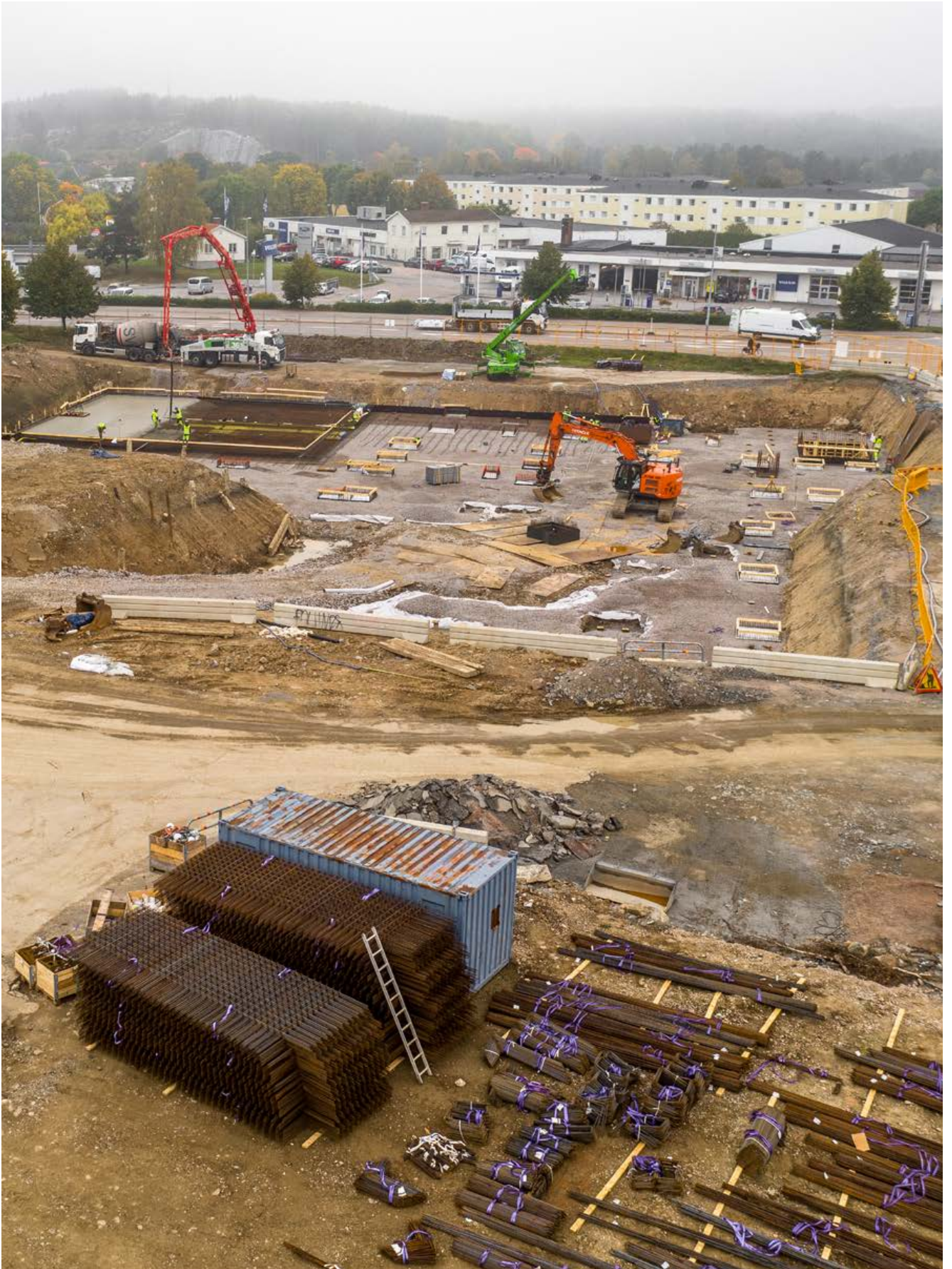
4) Segerdal is 50/50 owned by Genova and Redito.

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

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

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

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



Handelsmannen 1, Norrtälje

Consolidated statement of comprehensive income

SEKm	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Oct 2019- Sep 2020	Jan-Dec 2019
Rental income	57.7	46.6	168.3	128.0	220.9	180.6
Operating costs	-10.3	-8.0	-30.3	-26.2	-41.6	-37.5
Maintenance costs	-0.7	-1.4	-3.0	-3.5	-7.1	-7.6
Property tax	-1.4	-1.2	-4.8	-3.9	-6.5	-5.6
Total Property costs	-12.4	-10.6	-38.1	-33.6	-55.2	-50.7
Net operating income	45.3	36.0	130.2	94.4	165.7	129.9
Central administration, property management	-14.7	-2.8	-21.5	-8.8	-25.1	-12.4
Central administration, project development	-22.2	-5.4	-32.3	-17.1	-37.7	-22.5
Share of profit from joint ventures	48.2	0.4	52.9	12.4	65.9	25.4
Net financial items	-26.2	-17.5	-77.6	-47.3	-107.8	-77.5
Income from property management	30.4	10.7	51.7	33.6	61.0	42.9
Income from new construction, co-operative apartments	-	-	-	-	57.4	57.4
Other operating income	1.1	1.2	2.0	2.3	2.9	3.2
Value changes, properties	62.8	380.6	296.7	509.4	393.8	606.5
Income before tax	94.3	392.5	350.4	545.3	515.1	710.0
Income tax	-15.5	-92.3	-40.6	-124.8	-54.8	-139.0
Net income for the period	78.8	300.2	309.8	420.5	460.3	571.0
Other comprehensive income for the period	-	-	-			-
Total comprehensive income for the period	78.8	300.2	309.8	420.5	460.3	571.0
Net income for the period attributable to:						
Parent Company shareholders	78.7	300.2	309.8	403.7	455.8	549.7
Non-controlling interests	0.1	-	0.0	16.8	4.5	21.3
Total comprehensive income attributable to:						
Parent Company shareholders	78.7	300.2	309.8	403.7	455.8	549.7
Non-controlling interests	0.1	-	0.0	16.8	4.5	21.3
Income per ordinary share before and after dilution, SEK ¹	1.72	6.65	8.26	7.89	12.15	11.77
No. of ordinary shares at the end of the period, 000s ²	39,577	30,722	39,577	30,722	39,577	30,722
Average no. of ordinary shares, 000s ²	39,577	43,574	33,674	47,858	33,935	43,574
No. of preference shares outstanding, 000s	4,000	4,000	4,000	4,000	4,000	4,000
Average no. of preference shares, 000s	4,000	4,000	4,000	3,400	4,000	3,500

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

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

Performance analysis

Rental income

The Group's rental income during the period amounted to SEK 168.3m (128.0). The increase corresponds to rental income growth of 31%. The growth in rental income was mainly attributable to a growing investment property portfolio from acquisitions. During the period, the lettable area increased approximately 19,000 sqm to 187,000 sqm, or 11%, with a total rental value of SEK 260m, corresponding to approximate growth of 15%. The community service properties category accounted for the greatest increase. At the end of the period, the economic occupancy rate was 98% (96), mainly the result of successful letting efforts, and reclassification of the Handelsmannen 1 property vacated in 2019 as a property under construction in December.

Rental income for the third quarter amounted to SEK 57.7m (46.6), up 24%.

Income development

SEKm	Jan-Sep 2020	Jan-Sep 2019	Change, %
Comparable portfolio	97.9	98.7	-1
Properties acquired	66.7	22.9	191
Properties sold	3.7	6.3	-41
Rental income	168.3	128.0	31
Commercial properties	105.5	94.2	12
Community service properties	62.7	33.8	86
Rental income	168.3	128.0	31

Property costs

During the period, operating and maintenance costs and property tax increased to SEK -38.1m (-33.6), up approximately 13%. The increase in property costs was largely due to the fact that Genova managed a larger investment property portfolio compared with the preceding period.

Property costs for the third quarter amounted to SEK -12.4m (-10.6), and the increase was attributable to a growing investment property portfolio and higher maintenance costs during the quarter.

Property costs development

SEKm	Jan-Sep 2020	Jan-Sep 2019	Change, %
Comparable portfolio	-25.0	-25.9	-4
Properties acquired	-12.0	-5.8	107
Properties sold	-1.1	-1.8	-39
Property costs	-38.1	-33.6	14
Commercial properties	-27.8	-28.4	-2
Community service properties	-10.3	-5.1	102
Property costs	-38.1	-33.6	14

Annual property costs per sqm

SEK/sqm	Commercial properties	Community service properties	Total
Operation	-219.4	-232.5	-223.3
Maintenance	-64.4	-20.6	-51.3
Property tax	-43.3	-4.6	-28.4
Total	-326.4	-257.7	-303.0

Net operating income

During the period, net operating income increased to SEK 130.2m (94.4), up 38%. The NOI margin for the period was 77.4%, an increase compared with the corresponding period of 2019, when the figure was 73.8%.

In the third quarter, net operating income amounted to SEK 45.3m (36.0), up 26%. The NOI margin for the third quarter was 78.5%, an improvement compared with the corresponding quarter of 2019.

Listing expenses

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

Central administration

Central administrative expenses are allocated between property management and project development. During the period, central administrative expenses totalled SEK -53.8m (-25.9), corresponding to an increase of SEK 27.9m or 108%. The sharp increase is due mainly to SEK 25.3m expensed in the third quarter relating to the listing of the company's ordinary shares and preference shares on Nasdaq Stockholm.

Central administration		
SEKm	Jan-Sep 2020	Jan-Sep 2019
Property management		
Other external costs	-4.7	-3.3
Personnel costs	-4.9	-3.8
Depreciation/amortisation and leases	-1.8	-1.7
Listing expenses	-10.1	-
Central administration, property management	-21.5	-8.8
Project development		
Other external costs	-7.0	-6.3
Personnel costs	-7.4	-7.5
Depreciation/amortisation and leases	-2.7	-3.3
Listing expenses	-15.2	-
Central administration, project develop- ment	-32.3	-17.1

Share of profit from joint ventures

The earnings effect of Genova's properties owned through joint ventures is reported in this item. During the period, share of profit from joint ventures amounted to SEK 52.9m (12.4) and pertained to income of SEK 3.8m (2.5) from operating activities and value changes of SEK 49.1m (9.9). Income from operating activities increased in line with an improved occupancy rate and is expected to improve further with the additional properties owned through joint ventures. The value changes have risen sharply compared with the year-on-year period and mainly pertain to a participating interest in Nackahusen Holding AB, which was acquired during the quarter, and which Genova and SBB jointly own. Nackahusen Holding AB owns,

via subsidiaries, six properties in Nacka Strand that contain building rights of approximately 40,000 sqm of gross lighted floor area. The properties, which were acquired at an underlying property value of SEK 360m, have an estimated market value of SEK 478m, which means a value change of SEK 118m in the quarter. Genova's share of the value change amounts to SEK 46.8m (after deferred tax) and is recognised in the third quarter of 2020.

Net financial items

Net financial items amounted to SEK -77.6m (-47.3) during the period, which is lower compared with the corresponding period of the preceding year. The item includes positive currency effects of SEK 1.7m (6.5) pertaining to projects in Palma. Excluding currency effects, interest expense increased in line with operational growth. Interest-bearing liabilities, including the bond loan, increased from SEK 3,067m to SEK 3,636m compared with the year-on-year period. As of the balance-sheet date, the average interest rate was 2.2% (3.0% including the bond loan). Financial expenses during the period include SEK -13.1m (7.7) pertaining to bond financing costs, which are allocated over the terms of the loans. The higher expense in 2020 compared with 2019 also pertains to the bond loan issued in the third quarter of 2019 and the new SEK 400m loan raised in the third quarter of 2020. As of 2019, interest expense of approximately SEK -1.5m from lease liabilities is also included and mainly pertains to rent and ground rent. The interest-coverage ratio for the period was 1.9 times (1.9). The interest-coverage ratio does not include bond financing costs, since these are considered non-recurring costs, together with currency effects.

Net financial items		
SEKm	Jan-Sep 2020	Jan-Sep 2019
Interest income	1.9	1.0
Exchange rate gains	1.7	6.5
Interest expense, loans	-65.9	-45.5
Interest expense leases	-1.5	-1.6
Other financial expenses	-13.8	-7.7
Net financial items	-77.6	-47.3

Income from property management

During the period, income from property management amounted to SEK 51.7m (33.6), up 54%. Rental income increased by SEK 40.3m, property costs increased by SEK -4.5m, and income from joint ventures increased SEK 40.5m, which is largely due to the value change of SEK 46.8m during the quarter from the participating interest acquired in Nacka-husen Holding AB. During the period, income from property management was charged with listing expenses of SEK -25.3m and increased financing costs of SEK -30.3m for the larger property portfolio. Excluding listing expenses and value changes from joint ventures, income from property management amounted to SEK 27.9m (23.7), representing an increase of 18%.

In the third quarter, income from property management amounted to SEK 30.4m (10.7). The effects of the value changes from joint ventures and listing expenses referred to above were mainly recognised in the third quarter.

Value changes

The divestment of 50% of the shares in the company that owns the Stapelbädden 3 property to SBB, which was closed in the second quarter of 2020, was conducted at an underlying property value of SEK 400m. The agreed value exceeded Genova's book value by approximately SEK 220m, resulting in a positive value change during the period. Ongoing construction in Norrtälje and Palma (Majorca) contributed value changes of SEK 58.6m during the period, plus an additional SEK 7.2m in increased value from higher net operating income in the Gördelmakaren 5 property in Norrtälje where Sportringen is a new tenant. During the period, accessed properties had a positive impact on value changes of SEK 51.0m. The ongoing COVID-19 pandemic had some impact on the value of Genova's two extended-stay hotels which, together with a few other properties, declined in value by a total of SEK -36.3m during the period due to changed yield requirements. In total, a positive value change of SEK 296.7m was subsequently recognised during the period.

Value changes, properties

SEKm	Jan-Sep 2020	Jan-Sep 2019
Change in net operating income	7.7	33.9
Ongoing construction	58.6	-
Land and unused building rights	215.7	297.4
Change in yield requirement	-36.3	12.9
Acquisitions	51.0	165.2
Value changes, properties	296.7	509.4

Income tax

Recognised tax amounted to SEK -40.6m. 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 420m (346), with untaxed reserves of approximately SEK 56m (39). The fair value of the properties exceeded their taxable value by SEK 2,819m (2,295). 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-Sep 2020	Jan-Sep 2019
Income before tax	350.4	572.0
Tax rate, %	21.4	21.4
Income tax at the current tax rate	-75.0	-122.4
Non-taxable income	11.3	-
Non-deductible expenses	-5.5	-
Non-deductible net interest income	-11.9	-6.5
Deductible costs not included in profit or loss	9.5	1.2
Reversal of tax on divestment of property	34.5	-
Adjustment of deferred tax for prior periods	-6.7	-
Effect of changed tax rates	2.4	2.9
Other	0.8	-
Tax for the period as per the income statement	-40.6	-124.8

Deferred tax liabilities, net

SEKm	Jan-Sep 2020	Jan-Sep 2019
Temporary differences, properties	-296.1	-244.0
Untaxed reserves	-11.5	-8.1
Total deferred tax liabilities	-307.6	-252.1
Loss carryforwards	86.6	71.2
Total deferred tax assets	86.6	71.2
Deferred tax liabilities, net	-221.0	-180.9

Consolidated balance sheet

SEKm	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Non-current assets			
Investment properties	4,324.3	3,476.9	3,661.3
Properties under construction	550.8	587.1	702.0
Development properties	95.3	73.6	56.5
Right-of-use assets	34.4	38.5	39.0
Equipment	5.0	4.9	2.8
Deferred tax assets	86.6	71.2	78.6
Unlisted shares	–	1.6	–
Shares in joint ventures	249.1	75.8	88.5
Other non-current receivables	258.2	90.2	96.0
Total non-current assets	5,603.7	4,419.8	4,724.7
Current assets			
Ongoing co-operative apartment projects	252.9	453.2	199.3
Rent receivable and accounts receivable	11.0	2.2	4.0
Other receivables	119.4	9.6	27.8
Prepaid expenses and accrued income	18.0	18.5	84.0
Cash and cash equivalents	715.2	200.9	109.1
Total current assets	1,116.5	684.4	424.2
TOTAL ASSETS	6,720.2	5,104.2	5,148.9
EQUITY			
Total comprehensive income for the period			
Share capital	52.3	0.7	0.7
Other capital contributions	1,193.6	647.5	647.6
Retained earnings, including net income for the period	1,225.7	858.1	999.6
Non-controlling interests	78.3	72.7	78.3
Total equity	2,549.9	1,579.0	1,726.2
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	2,106.9	1,613.2	1,664.6
Bond loans	900.0	654.7	659.4
Lease liabilities	32.1	35.6	34.4
Other non-current liabilities	42.1	42.3	42.1
Deferred tax liabilities	307.8	252.1	280.7
Total non-current liabilities	3,388.9	2,597.9	2,681.2
Current liabilities			
Loans from credit institutions	563.5	769.9	579.3
Bond loans	46.5	–	–
Accounts payable	35.9	59.6	41.1
Lease liabilities	4.8	4.8	4.7
Current tax liabilities	17.7	17.1	11.0
Other liabilities	65.5	32.6	69.3
Accrued expenses and deferred income	47.5	43.3	36.1
Total current liabilities	781.4	927.3	741.5
TOTAL LIABILITIES AND EQUITY	6,720.2	5,104.2	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 out- standing, 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					309.8	309.8		309.8
Other comprehensive income								
Total comprehensive income					309.8	309.8		309.8
Transactions with shareholders								
Withdrawal of ordinary shares	-30,722							
Dividends					-31.5	-31.5		-31.5
Bonus issue			41.0		-41.0	0.0		0.0
New issue of ordinary shares	8,855		10.6	565.0		575.6		575.6
Issue costs of ordinary shares				-29.6		-29.6		-29.6
Currency effects					-0.8	-0.8		-0.8
Total Transactions with shareholders	-21,867		51.6	535.4	-73.3	513.7		513.7
Closing balance, 30 September 2020	39,577	4,000	52.3	1,183.0	1,236.3	2,471.6	78.3	2,549.9

Comments on the balance sheet

Property portfolio and property value

Investment properties

The Group's investment properties comprise a total of 47 wholly owned properties. The fair value of investment properties is mainly estimated using a Discounted Cash Flow Model, where the value has been calculated as the present value of expected future cash flows and the residual value during a calculation period, where discounting has taken place using an estimated cost of capital. The average yield requirement for the property portfolio was an estimated 4.58% as of the balance-sheet date. (Excluding Viby 19:3, which has been partially divested based on a valuation of building rights, the average yield requirement is an estimated 4.93%). As of 30 September 2020, the book value of the Group's investment properties was SEK 4,324.3m, up SEK 663.0m compared with 31 December 2019. The increase was mainly due to the completion of one community service property and rental apartments in Knivsta together with accessed properties during the period. However, Stapelbädden 3 was divested to a joint venture during the period, which reduced the balance-sheet item in the Genova Group.

Properties under construction

Properties under construction comprised two planned hotels in Palma, Majorca, one of which is under construction, and the construction of the Handelsmannen 1 project in Norrtälje, which commenced in the fourth quarter of 2019. The balance-sheet item also includes value changes in building rights related to a number of upcoming projects. A total amount of SEK 148.2m was capitalised during the period. During the period, the completed retirement home and rental apartments in Alsike, Knivsta, were reclassified as investment properties.

Development properties

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

Ongoing co-operative apartment projects

Genova decided to change its accounting policies and 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 30 June 2020, the entire investment property portfolio had been externally appraised by CBRE and Newsec, based on the most recent external appraisal on 31 March 2020. In the fair value hierarchy, investment properties are considered Level 3 assets, which means that the fair value of the asset is based on unobservable inputs.

Change in investment property portfolio

SEKm	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Opening value, investment properties	3,661.3	2,270.9	2,271.0
+ Acquisitions	447.6	825.5	960.3
+ Building extensions and renovations	18.4	9.0	8.0
- Divestments	-349.0	-7.0	-7.0
- Reclassifications	308.0	-	-58.0
+/- Unrealised value changes	238.0	378.5	487.0
Closing value, investment properties	4,324.3	3,476.9	3,661.3
Opening value, properties under construction	702.0	279.0	279.0
+ Acquisitions	-	-	-
+ New construction	148.2	165.1	229.5
+ Reclassifications	-308.0	-	69.0
- Divestments	-50.0	-	-
+/- Unrealised value changes	58.6	143.0	124.4
- of which ongoing construction	58.6	-	-18.6
- of which unused building rights	-	143.0	143.0
Closing value, properties under construction	550.8	587.1	702.0
Opening value, development properties	56.5	50.3	50.3
+ Capitalisation	38.8	23.3	22.1
+ Reclassifications	-	-	-11.0
+/- Unrealised value changes	-	-	-4.9
- of which unused building rights	-	-	-4.9
Closing value, development properties	95.3	73.6	56.5
Opening value, ongoing co-operative apartment projects	199.3	311.7	311.7
+ Capitalisation	53.6	141.5	113.8
- Divestments	-	-	-226.2
Closing value, ongoing co-operative apartment projects	252.9	453.2	199.3
Closing value, investment property portfolio	5,223.3	4,590.8	4,619.1
Investment properties	4,324.3	3,476.9	3,661.3
Ongoing construction	328.5	444.1	451.5
Planned projects	317.6	216.6	307.0
Ongoing co-operative apartment projects	252.9	453.2	199.3
Closing value, investment property portfolio	5,223.3	4,590.8	4,619.1

Property yield per category

%	30 Sep 2020	30 Sep 2019
Commercial properties ¹	4.13	4.43
Community service properties	5.09	5.29
Total	4.58	4.73

1) Viby 19:3 has been partially divested based on a valuation of building rights. Excluding Viby 19:3, the yield for commercial properties is 4.76% and the total yield for the entire investment property portfolio is 4.93%.

Key metrics, property value

	30 Sep 2020	30 Sep 2019
Rental value, SEK/sqm	1,387	1,285
Economic occupancy rate, %	98	96
Property costs, SEK/sqm	303	255
Net operating income, SEK/sqm	1,056	976
NOI margin, %	78	77
Investment property value, SEK/sqm	23,077	20,622
Lettable area, ksqm	187,383	168,592
No. of properties	47	40

Equity and net asset value

As of 30 September 2020, consolidated equity amounted to SEK 2,549.9m (1,579.0) and the equity/assets ratio was 37.9% (30.9).

Long-term net asset value amounted to SEK 2,818.1m (1,864.3), up 51%. Long-term net asset value attributable to ordinary shareholders amounted to SEK 2,299.8m (1,351.6), up 70%. The long-term net asset value attributable to ordinary shareholders per ordinary share amounted to SEK 58.11 per ordinary share (43.99).

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

Genova decided to change its accounting policies and 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. For the reporting period ending on 30 September 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, it is assessed that 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

	30 Sep 2020		30 Sep 2019		31 Dec 2019	
	SEKm	SEK/ ordinary share	SEKm	SEK/ ordinary share ¹	SEKm	SEK/ ordinary share ¹
Equity as per the balance sheet	2,549.9	64.43	1,579.0	51.40	1,726.2	56.19
Reversal:						
Deferred tax liabilities as per the balance sheet	307.8	7.78	252.1	8.21	280.7	9.14
Effect of change in accounting policies	47.0	1.19	104.4	3.40	47.0	1.53
Less:						
Deferred tax assets as per the balance sheet	-86.6	-2.19	-71.2	-2.32	-78.6	-2.56
Preference share capital	-440.0	-11.12	-440.0	-14.32	-440.0	-14.32
Non-controlling interests	-78.3	-1.98	-72.7	-2.37	-78.3	-2.55
Long-term net asset value attributable to ordinary shareholders	2,299.8	58.11	1,351.6	43.99	1,457.0	47.43

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

Interest-bearing liabilities

As of 30 September 2020, the Group's interest-bearing liabilities attributable to investment properties and project properties were approximately SEK 3,636m (3,067), representing a loan-to-value ratio of about 55.9% (62.4) adjusted for cash and cash equivalents. As of 30 September 2020, the average interest rate was approximately 2.2% (3.0% including the bond loan) and the equity/assets ratio was 37.9% (30.9).

As of 30 September 2020, the Group's total interest-bearing liabilities of SEK 2,661m (2,383) 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 30 September 2020, the average maturity was 3.3 years (3.6). The credit term structure as of 30 September 2020 is shown in the table below.

During the period, Genova's credit facility was extended by SEK 100m. At the end of the period, undrawn credit facilities totalled SEK 435m. Within 12 months of the reporting date, loans of SEK 126m will mature, of which SEK 50m in bond loans. The aim is to refinance SEK 76m prior to the maturity dates.

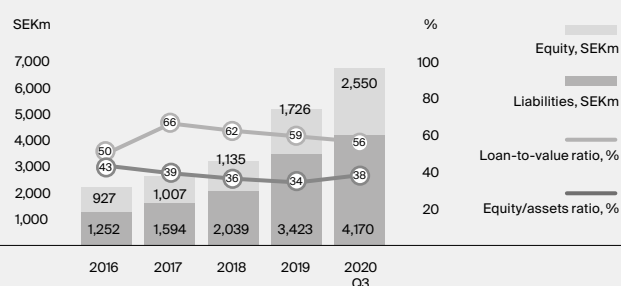
In September, Genova successfully issued senior unsecured bonds in the total amount of SEK 400m under a framework of SEK 750m. The bonds have a tenor of four years and a floating interest rate of three-month STIBOR plus 450 bps and will mature on 9 September 2024. At the same time, Genova announced the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

Interest-rate derivatives

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

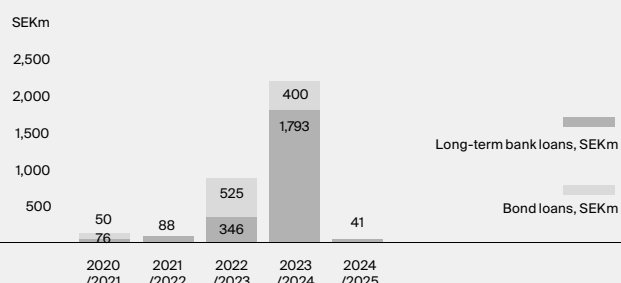
Capital structure

30 September 2020



Credit term structure

30 September 2020



Credit and interest rate term structure

30 September 2020

Term	Fixed-rate period		Maturity		
	Amount, SEKm	Average rate, %	Credit agreement, SEKm	Drawn, SEKm	Undrawn, SEKm
0-1 years	126	4.71	126	126 ¹	0
1-2 years	88	2.24	88	88	0
2-3 years	871	4.00	871	871 ²	0
3-4 years	2,193	2.92	2,453	2,193 ³	260
4-5 years	41	1.90	41	41	0
Total	3,320	3.24	3,580	3,320	260
Construction credit	316	2.91	893	316 ⁴	577
Total	3,636	3.21	4,473	3,636	837
Loans, excluding Bonds and Construction credit	2,345	2.12	2,605	2,345	260

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

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

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

4) Also includes a construction credit for Brf Liljegatan of SEK 186m.

Consolidated cash flow statement

SEKm	30 Sep 2020	30 Sep 2019	31 Dec 2019
Cash flow from operating activities			
Income from property management	51.7	33.6	42.9
Adjustment for non-cash items ¹⁾	-40.5	3.5	-14.3
Other operating income	2.0	2.3	3.2
Income tax paid	1.6	2.0	3.0
Cash flow from operating activities before changes in working capital	14.8	41.4	34.7
Changes in working capital			
Change in accounts receivable	-7.0	-0.6	-2.3
Change in other operating receivables	-25.6	42.1	-42.0
Change in accounts payable	-5.2	0.1	-16.2
Change in other operating liabilities	-42.9	8.6	34.5
Cash flow from operating activities	-65.9	91.6	8.7
Cash flow from investing activities			
Investments in properties and projects	-706.6	-1,072.30	-1,148.2
Investments in equipment	-2.9	-2.4	-0.3
Divestments of investment properties	-	-	7.0
Increase in other financial assets	130.1	-	17.4
Decline in other financial assets	-	42.0	-
Cash flow from investing activities	-579.4	-1,032.7	-1,124.1
Cash flow from financing activities			
New share issue	546.0	119.7	119.7
Loans raised	1,015.5	1,411.6	1,503.3
Repayment of loans	-278.6	-474.6	-481.2
Dividends paid	-31.5	-83.2	-86.8
Changes in non-controlling interests	-	-8.0	-7.0
Cash flow from financing activities	1,251.4	965.5	1,048.0
Cash flow for the period	606.1	24.4	-67.4
Opening cash and cash equivalents	109.1	176.5	176.5
Closing cash and cash equivalents	715.2	200.9	109.1
<i>1) Other non-cash items</i>			
Reversal of depreciation and amortisation	0.7	5.0	1.3
Share of profit from joint ventures	-52.9	-12.4	-25.4
Accrued interest	11.7	10.9	9.8
	-40.5	3.5	-14.3
Interest received	1.9	0.4	1.9
Interest paid	-65.9	-28.7	-66.1

Segment reporting

SEKm	Jan-Sep 2020				Jan-Sep 2019			
	Investment properties	Other	Not allocated	Total	Investment properties	Other	Not allocated	Total
Rental income	168.3			168.3	128.0			128.0
Income from new construction co-operative apartments		-		-		26.8		26.8
Total income	168.3	-		168.3	128.0	26.8		154.8
Property costs	-38.1			-38.1	-33.6			-33.6
Total costs	-38.1			-38.1	-33.6			-33.6
Net operating income/Income from new construction	130.2	-		130.2	94.4	26.8		121.2
Central administration	-21.5		-32.3	-53.8	-8.8		-17.1	-25.9
Share of profit from joint ventures	52.9			52.9	12.4			12.4
Net financial items			-77.6	-77.6			-47.3	-47.3
Other operating income			2.0	2.0			2.3	2.3
Value changes, properties	296.7			296.7	509.4			509.4
Income before tax				350.4				572.1
Segment-specific assets								
Investment properties	4,324.3				3,476.9			
Properties under construction	550.8				587.1			
Development properties	95.3				73.6			
Shares in joint ventures	249.1				75.9			
Accrued income		47.0				104.4		
Segment-specific investments								
Acquisitions and investments in properties	653.0	53.6			1,022.9	141.5		

Segment reporting

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

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

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



Key metrics¹

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Key metrics, properties					
Residential units under construction, no.	438	240	438	240	527
Residential units completed, no.	35	–	89	–	133
Total no. of building rights	5,777	5,217	5,777	5,217	5,406
Lettable area, commercial properties, ksqm	113.9	125.5	113.9	125.5	113.9
Lettable area, community service properties, ksqm	73.5	43.1	73.5	43.1	73.5
Total lettable area, ksqm	187.4	168.6	187.4	168.6	187.4
Economic occupancy rate, %	98.1	96.0	98.1	96.0	97.8
NOI margin, %	78.5	77.3	77.4	73.8	71.9
Net investments, SEKm	432.2	659.9	706.6	1,013.6	1,141.2
Financial key metrics					
Return on equity, %	14.1	85.4	19.3	41.3	39.9
Equity/assets ratio, %	37.9	30.9	37.9	30.9	33.5
Loan-to-value ratio, %	55.9	62.4	55.9	62.4	58.1
Average interest rate, %	2.2	2.2	2.2	2.2	2.2
Average interest rate including bond loans, %	3.1	3.2	3.1	3.2	3.0
Interest-coverage ratio, times	2.0	2.1	1.9	1.9	1.7
Maturity, no. of years	3.3	3.6	3.3	3.6	3.6
Key metrics, shares					
Total no. of preference shares outstanding, 000s	4,000	4,000	4,000	4,000	4000
Average no. of preference shares outstanding, 000s	4,000	4,000	4,000	3,400	3500
Total dividend on preference shares, SEKm	10.5	10.5	31.5	26.2	36.8
Dividend on preference share, SEK	2.62	2.62	7.87	7.87	10.50
Total no. of ordinary shares outstanding, 000s ²	39,577	30,722	39,577	30,722	30,722
Average no. of ordinary shares outstanding, 000s	39,577	43,574	33,674	47,858	43,574
Income from property management per ordinary share, SEK	0.50	0.01	0.60	0.15	0.14
Income per ordinary share, SEK	1.72	6.65	8.26	7.89	11.77
Equity, SEKm	2,549.9	1,579.0	2,549.9	1,579.0	1,726.2
Equity attributable to ordinary shareholders, SEKm	2,031.6	1,066.3	2,031.6	1,066.3	1,207.9
Equity per ordinary share, SEK	51.33	34.71	51.3	34.71	39.32
Long-term net asset value, SEKm	2,818.1	1,864.3	2,818.1	1,864.3	1,975.3
Long-term net asset value attributable to ordinary shareholders, SEKm	2,299.8	1,351.6	2,299.8	1,351.6	1,457.0
Long-term net asset value per ordinary share, SEK	58.11	43.99	58.11	43.99	47.43

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

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

Parent Company income statement

SEKm	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Total operating income	-	-	-	-	-
Other external costs	-26.6	-0.1	-27.2	-0.2	-0.3
Personnel costs	-5.8	-	-8.1	-	-
Total operating expenses	-32.4	-0.1	-35.3	-0.2	-0.3
Operating loss	-32.4	-0.1	-35.3	-0.2	-0.3
Impairment of participations in Group companies	-	-	-	-	-7.4
Interest income and similar profit items	0.1	0.2	0.4	0.3	0.3
Interest expense and similar loss items	-14.9	-8.7	-40.4	-26.0	-38.7
Loss from financial items	-14.8	-8.5	-40.0	-25.7	-45.8
Loss before tax	-47.2	-8.6	-75.3	-25.9	-46.1
Tax on net income for the year	-	-	-	-	-0.2
Net loss for the year	-47.2	-8.6	-75.3	-25.9	-46.3

Parent Company balance sheet

SEKm	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	222.0	222.1	222.1
Deferred tax assets	9.4	9.6	9.4
Receivables from Group companies	1,004.7	752.0	820.6
Other receivables	0.7	0.1	0.1
Total financial assets	1,236.8	983.8	1,052.2
Current receivables			
Prepaid expenses and accrued income	4.9	9.4	11.0
	4.9	9.4	11.0
Cash and cash equivalents	672.5	189.3	57.0
Total current assets	677.4	198.7	68.0
TOTAL ASSETS	1,914.2	1,182.5	1,120.2
EQUITY AND LIABILITIES			
Total comprehensive income for the period			
Restricted equity			
Share capital	52.3	0.7	0.7
Total restricted equity	52.3	0.7	0.7
Unrestricted equity			
Retained earnings	822.2	416.4	405.5
Net loss for the period/year	-75.3	-25.9	-46.3
Total unrestricted equity	746.9	390.5	359.2
Total equity	799.2	391.2	359.9
Non-current liabilities			
Bond loans	900.0	654.7	657.3
Other non-current liabilities	75.0	40.0	40.0
Total non-current liabilities	975.0	694.7	697.3
Current liabilities			
Bond loans	46.5	-	-
Liabilities to Group companies	89.9	94.6	60.5
Other liabilities	0.4	-	-
Accrued expenses and deferred income	3.2	2.0	2.5
Total current liabilities	140.0	96.6	63.0
TOTAL LIABILITIES AND EQUITY	1,914.2	1,182.5	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			-75.3	-75.3
Transactions with shareholders				
Dividends		-31.5		-31.5
Bonus issue	41.0	-41.0		0.0
New issue of ordinary shares	10.6	565.0		575.6
Issue costs of ordinary shares		-29.6		-29.6
Total Transactions with shareholders	51.6	462.9		514.5
Closing balance, 30 September 2020	52.3	822.2	-75.3	799.2

Opportunities and risks for the Group and the Parent Company

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

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

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

Opportunities and risks in cash flow

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

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

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

Sensitivity analysis, cash flow¹

	Change	Impact on cash flow
Rental value	+/- 5%	+/- SEK 13m
Occupancy rate	+/- 2 percentage points	+/- SEK 5m
Property costs	+/- 10%	+/- SEK 6m
Interest expense	+/- 1 percentage points	+/- SEK 27m

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 rate of return and therefore raises the value, while declining demand/willingness to accept risk has the opposite effect.

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

Sensitivity analysis, value changes¹

Value changes, %	+/- 5%	+/- SEK 261m
Value changes, %	+/- 10%	+/- SEK 522m
Loan-to-value ratio ²	+/- 5%	53%/59%
Loan-to-value ratio ²	+/- 10%	51%/62%

1) The value change is based on fair value as of 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 were listed on Nasdaq Stockholm as of 30 June 2020. The preference shares were listed on Nasdaq Stockholm as of 12 June 2020 and were previously listed on Nasdaq First North Premier Growth Market as of 20 November 2015. At the end of the period, Genova had 5,424 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 November 2020.

As of 30 September 2020, the closing price for the ordinary share was SEK 72.15. As of 30 September 2020, the closing price for the preference share was SEK 130.50.

As of 30 September 2020, the total number of shares in Genova was 43,576,966, of which 39,576,966 were ordinary shares and 4,000,000 preference shares.

Offering of ordinary shares and listing

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

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

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

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

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

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

Listing of preference shares

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

Shareholders

30 September 2020

Name	No. of ordinary shares	No. of preference shares	Holding (%)	Votes (%)
Micael Bile (via company)	17,814,999	140,000	41.20	44.60
Andreas Eneskjöld (via company)	8,111,429	39,729	18.71	20.30
Länsförsäkringar Fondförvaltning AB	3,181,865	0	7.30	7.96
Michael Moschewitz (via company)	2,150,538	22,298	4.99	5.39
Lancelot Asset Management	1,550,000	0	3.56	3.88
Avanza Pension	933,071	463,449	3.20	2.45
Capital Research and Management	1,384,600	0	3.18	3.46
Skandia Fonder	936,381	0	2.15	2.34
RBC Investor Services Bank SA	157,300	300,000	1.05	0.47
SEB Investment Management	326,999	0	0.75	0.82
BNP Paribas	270,059	0	0.62	0.68
Enter Fonder	245,572	0	0.56	0.61
Cancerfonden	230,000	0	0.53	0.58
Total other shareholders	2,284,153	3,034,524	12.21	6.47
Total	39,576,966	4,000,000	100.00	100.00

Other information

Organisation

During the period, the average number of employees in the organisation was 26 (26), of whom 13 (11) were women. The employees have relevant and broad experience in property management, project management, construction, finance, law, marketing and sales.

Related-party transactions

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

Annual General Meeting

The Annual General Meeting of Genova Property Group AB (publ) will be held on 7 May 2021 at 11.00 a.m. in Stockholm, Sweden.

Nomination Committee

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

Accounting policies

Genova applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The information required by IAS 34.16A is also disclosed, except in the financial statements and their related notes, in other sections of the interim report. The Parent Company's accounts are prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The same principles of accounting and measurement are applied as in the most recent Annual Report, refer to Note 2 in Genova's 2019 Annual Report, except for the policy used to recognise revenue for residential projects, refer to Note 1 below.

Change in previously applied accounting policies

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

This has affected the Group's financial earnings and position, since income from the sale of a property under the previous policy was recognised on the date of the sale to the co-operative housing association, while income from project management was recognised as the work was completed over a period of time using the percentage of completion method. Due to the change in accounting policy, the buyer, and not the co-operative housing association, is considered Genova's customer. In accordance with the new accounting policy, income is recognised when the buyer gains accession to the residential unit, for both the land and the project management contract. Before the customer gains accession, Genova recognises the property as a current asset: Ongoing co-operative apartment 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, 13 November 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

Year-end report 2020	24 February 2021
2020 Annual Report	31 March 2021
Annual General Meeting 2021	7 May 2021
Interim report January-March 2021	7 May 2021

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This information is inside information that Genova Property Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 13 November 2020 at 8:15 a.m. CET.

Note 1

Effects of change in accounting policy

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

Effects on the income statement and balance sheet **Consolidation of co-operative housing associations**

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

Revenue recognition

According to previous accounting policies where the co-operative housing association was considered a separate legal entity, Genova recognised income from the sale of a property when the co-operative housing association acquired the property, and income from project management of the co-operative apartment project over the period of time that Genova completed the work. Now that the co-operative housing association is considered part of the Group, the home buyer is now considered Genova's customer. As a result, Genova recognises revenue as each buyer gains accession to their residential unit, which normally takes place over a shorter period of time as the residential property is completed. In 2019, this resulted in a change of SEK 30.6m in Income from new construction, co-operative apartments (Jan-Sep 2019: -26.8m).

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. This led to an increase of SEK 86.4m in current assets for 2019 (Jan-Sep 2019: 294.3). At the same time, receivables from the co-operative housing associations, recognised as Accrued income, decreased SEK 104.4m for 2019 (Jan-Sep 2019: -104.4), while Other receivables decreased SEK 65.9m for 2019 (Jan-Sep 2019: -54.5).

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-Sep 2019: 389.5). 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-September 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 from 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
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	540.4	30.6	571.0
Net income for the year attributable to:			
Parent Company shareholders	523.7	26.0	549.7
Non-controlling interests	16.7	4.6	21.3

Consolidated statement of comprehensive income

Jan-Sep 2019

SEKm	Jan-Sep 2019 according to previous policies	Adjustment	Jan-Sep 2019 restated
Rental income	128.0		128.0
			0.0
Operating costs	-26.2		-26.2
Maintenance costs	-3.5		-3.5
Property tax	-3.9		-3.9
Total Property costs	-33.6		-33.6
Net operating income	94.4		94.4
Central administration, property management	-8.8		-8.8
Central administration, project development	-17.1		-17.1
Share of profit from joint ventures	12.4		12.4
Net financial items	-47.3		-47.3
Income from property management	33.6		33.6
Income from new construction, co-operative apartments	26.8	-26.8	0.0
Other operating income	2.3		2.3
Value changes, properties	509.4		509.4
Income before tax	572.1	-26.8	545.3
Income tax	-124.8		-124.8
Net income for the period	447.3	-26.8	420.5
Total comprehensive income for the period	447.3	-26.8	420.5
Net income for the year attributable to:			
Parent Company shareholders	430.5	-26.8	403.7
Non-controlling interests	16.8	0.0	16.8

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		37.2
Equipment	4.6		4.6
Deferred tax assets	78.6		78.6
Shares in joint ventures	88.5		88.5
Other non-current receivables	96.0		96.0
Total non-current assets	4,724.7		4,724.7
Current assets			
Ongoing residential projects	0.0	199.3	199.3
Rent receivable and accounts receivable	4.0		4.0
Accrued income	104.4	-104.4	0.0
Other receivables	93.7	-65.9	27.8
Prepaid expenses and accrued income	26.6	57.4	84.0
Cash and cash equivalents	109.1		109.1
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	659.4		659.4
Lease liabilities	34.4		34.4
Other non-current liabilities	42.1		42.1
Deferred tax liabilities	280.7		280.7
Total non-current liabilities	2,681.2		2,681.2
Current liabilities			
Loans from credit institutions	452.9	126.4	579.3
Accounts payable	34.1	7.0	41.1
Lease liabilities	4.7		4.7
Current tax liabilities	11.0		11.0
Other liabilities	69.3		69.3
Accrued expenses and deferred income	36.1		36.1
Total current liabilities	608.1	133.4	741.5
TOTAL LIABILITIES AND EQUITY	5,062.5	86.4	5,148.9

Consolidated balance sheet

30 September 2019

SEKm	30 Sep 2019 according to previous policies	Adjustment	30 Sep 2019 restated
ASSETS			
Non-current assets			
Investment properties	3,476.9		3,476.9
Properties under construction	587.1		587.1
Development properties	73.6		73.6
Right-of-use assets	38.5		38.5
Equipment	4.9		4.9
Deferred tax assets	71.2		71.2
Unlisted shares	1.6		1.6
Shares in joint ventures	75.8		75.8
Accrued income	46.4	-46.4	0.0
Other non-current receivables	90.2		90.2
Total non-current assets	4,466.2	-46.4	4,419.8
Current assets			
Ongoing residential projects	0	453.2	453.2
Rent receivable and accounts receivable	2.2		2.2
Accrued income	58.0	-58.0	0.0
Other receivables	64.1	-54.5	9.6
Prepaid expenses and accrued income	18.5		18.5
Cash and cash equivalents	200.9		200.9
Total current assets	343.7	340.7	684.4
TOTAL ASSETS	4,809.9	294.3	5,104.2
EQUITY			
Total comprehensive income for the period			
Share capital	0.7		0.7
Other capital contributions	647.5		647.5
Retained earnings, including net income for the period	962.5	-104.4	858.1
Non-controlling interests	72.7		72.7
Total equity	1,683.4	-104.4	1,579.0
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	1,613.2		1,613.2
Bond loans	654.7		654.7
Lease liabilities	35.6		35.6
Other non-current liabilities	42.3		42.3
Deferred tax liabilities	252.1		252.1
Total non-current liabilities	2,597.9		2,597.9
Current liabilities			
Loans from credit institutions	380.4	389.5	769.9
Accounts payable	50.4	9.2	59.6
Lease liabilities	4.8		4.8
Current tax liabilities	17.1		17.1
Other liabilities	32.6		32.6
Accrued expenses and deferred income	43.3		43.3
Total current liabilities	528.6	398.7	927.3
TOTAL LIABILITIES AND EQUITY	4,809.9	294.3	5,104.2

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 30 September 2020 and the nine-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.

Ängelholm, 13 November 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, based on a rolling 12-month period, in relation to average equity. Return on equity is used to assess Genova's ability to generate profits from its shareholders' investments in the company.

Loan-to-value ratio, %

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

Net operating income

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

Equity attributable to ordinary shareholders

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

Investment properties

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

Income from property management

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

Income from property management per ordinary share

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

Rental value

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

Adjusted income per ordinary share

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

Long-term net asset value

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

Long-term net asset value attributable to ordinary shareholders

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

Long-term net asset value per ordinary share

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

Development properties

Refers to properties for further development.

Income per ordinary share

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

Interest-coverage ratio

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

Equity/assets ratio

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

Lettable area

Total area in sqm that is available to let.

Economic occupancy rate

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

NOI margin

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

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