BONAVA

Press release, 7 October 2022

Bonava divests operations in St. Petersburg

Bonava has entered into an agreement to divest Bonava's subsidiaries in Russia for a purchase price of approximately EUR 98 M (SEK 1.1 Bn). The net financial impact amounts to approximately SEK -0.1 to -0.3 Bn and will be recognised when the transaction is finalised which is expected to be within six months. The closing of the transaction is dependent on authority approvals. These approval processes are complex given the circumstances and geopolitical factors. The St. Petersburg operations will be reported as discontinued operations from the third quarter 2022.

Bonava has signed a sales agreement with G-Group. The company is a Russian commercial and residential real estate developer with main operation in Kazan but is also active in St. Petersburg. The transaction is contingent upon permits being obtained from authorities, and approval from banks and counterparties in respect of the buyer releasing Bonava AB in full from guarantees amounting to RUB 5.2 Bn. The transaction is expected to be finalised within six months and all of Bonava's operations in Russia will cease thereafter and all obligations will be taken over by the buyer.

The net financial impact, including transaction costs, is expected to amount to approximately SEK -0.1 to -0.3 Bn and will be recognised as a result from discontinued operations when the transaction is finalised which is expected within six months. The net financial impact is excluding currency translation differences related to the consolidation of St. Petersburg. In the third quarter 2022 the result of the operations in St. Petersburg will be reported as result from discontinued operations. For the first half of 2022, operations in St. Petersburg reported net sales of SEK 282 M and an operating profit of SEK 74 M. Bonava Group financial data for prior periods will be restated reporting the result of the St. Petersburg operations in one line in the income statement labelled Discontinued Operations. Restated comparative numbers will be published in advance of releasing the third quarter report.

This means the Group's visible shareholders' equity will remain essentially intact and its financial position will be further strengthened. This will provide additional capacity to leverage investment opportunities created by the current market situation.

– The decision to leave Russia was made in light of the geopolitical situation. It was important to find a solution that takes into account the security of our employees, our customers and the operation as a whole and this sale addressed these factors, says Peter Wallin, President and CEO of Bonava.

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Bonava is a leading residential developer in Europe with the purpose of creating happy neighbourhoods for the many. The company is the first residential developer in Europe to receive approval from the Science Based Targets initiative for its climate targets. With its 2,100 co-workers, Bonava develops residential housing in Germany, Sweden, Finland, Norway, St. Petersburg, Estonia, Latvia and Lithuania, with net sales of approximately SEK 15.5 Bn in 2021. Bonava's shares and green bond are listed on Nasdaq Stockholm.

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