

**MAGNOLIA**

**Magnolia Bostad  
Interim Report**  
Jan 1–Sept 30, 2016

**Q3**

# January–September 2016

## The quarter in brief

SEK million	Q3	
	2016	2015
Net sales	242.3	370.6
Operating profit/loss	98.2	61.6
Profit/loss after tax	78.3	51.8
Earnings per share (SEK)	1.86 <sup>1)</sup>	1.30 <sup>1)</sup>
Equity	982.6	691.1
Equity per share (SEK)	22.49 <sup>1)</sup>	16.13 <sup>1)</sup>

## Significant events during the third quarter

- Sale of the Segelflygaren project, 210 apartments, located in Södra Ladugårdsängen, Örebro, to Slättö. The property value at completion amounts to approximately SEK 350 million.

- Acquisition of building rights for around 380 apartments in Norra Munktellsstaden, Eskilstuna. The company sold 260 apartments that will be developed as part of the project's first phase to Slättö at the same time. The property value at completion is estimated to amount to approximately SEK 450 million.
- Acquisition of property in Helsingborg consisting of more than 26,700 sqm of land. Magnolia Bostad intends to secure local planning for the development of around 780 apartments.
- Revenue recognition of the Tegelmästaren and Tegelslagaren projects in Åby Ångar, Vallentuna. The transaction is no longer conditional on the buyer's financing.

## Significant events after the end of the period

- Magnolia Bostad AB issues a 5-year senior unsecured bond loan of SEK 400 million pursuant to a bond frame up to SEK 1 billion.
- Magnolia Bostad was awarded a land allotment in the Hagby Ångar area close to central Åkersberga in the Österåker Municipality. The land allotment concerns part of the property Hagby 1:5 and covers around 24,000 sqm of land.
- Magnolia Bostad signs an agreement to acquire the Malmö Limhamn 155:355 property in Bunkeflostrand, Limhamn. The property comprises approximately 92,000 sqm of land and Magnolia Bostad intends to secure local planning for approximately 1,000 apartments.
- The first owners moved into project M6 in November, a project that consists of 55 tenant-owned apartments, at Södermalm in Stockholm.

## Key ratios – Group

SEK million	2016 July–Sept	2015 July–Sept	2016 Jan–Sept	2015 Jan–Sept	2015 Jan–Dec
Net sales	242.3	370.6	885.6	478.8	875.7
Operating profit/loss	98.2	61.6	313.1	261.4	357.1
Operating margin (%)	40.6	16.6	35.4	54.6	40.8
Profit/loss after financial items	78.3	52.1	250.2	227.7	307.3
Net profit/loss for the period	78.3	51.8	250.2	227.7	306.7
Cash flow from operating activities	-69.5	-39.5	-326.9	-99.1	-149.5
Return on equity (%)	8.6 <sup>1)</sup>	6.7 <sup>1)</sup>	27.6 <sup>1)</sup>	51.1 <sup>1)</sup>	61.8 <sup>1)</sup>
Equity/assets ratio (%)	38.7	39.5	38.7	39.5	40.8
Earnings per share after tax (SEK)	1.86 <sup>1)</sup>	1.30 <sup>1)</sup>	5.58 <sup>1)</sup>	5.83 <sup>1)</sup>	7.60 <sup>1)</sup>
Number of basic outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283
Number of outstanding shares after full dilution	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>
Return on total equity (%)	4.7	5.1	14.2	24.8	31.9
Interest coverage ratio (multiple)	4.8	6.4	4.9	7.7	6.9
Equity per share (SEK)	22.49 <sup>1)</sup>	16.13 <sup>1)</sup>	22.49 <sup>1)</sup>	16.13 <sup>1)</sup>	17.9 <sup>1)</sup>

<sup>1)</sup> Excluding the minority <sup>2)</sup> 160,000 warrants are held by the Magnolia Bostad Group.

# A word from the CEO

During the third quarter Magnolia Bostad continued to expand its project portfolio, and after the acquisitions for the period we have reached a total project volume of more than 10,300 apartments. Through our acquisition in Eskilstuna, we have established a presence in yet another new expansive city. We also continue to have high activity in our ongoing projects, with several ongoing construction projects and continued sales of our tenant-owned apartment projects.

Magnolia Bostad is for the first nine months reporting operating profit of SEK 313.1 million (261.4). The company is for the period July - September reporting operating profit of SEK 98.2 million (61.6). Profit/loss after tax was SEK 78.3 million (51.8) and accumulated SEK 250.2 million (227.7).

## Transactions during the quarter

Magnolia Bostad will develop approximately 210 and 260 apartments, respectively, at its properties in Örebro and Eskilstuna, the Segelflygaren project and Gjuteriet phase 1. Through two separate deals in August, Magnolia Bostad sold these projects to Slättö. The Segelflygaren project is connected to one of the two land allotment competitions that Magnolia Bostad won in Södra Ladugårdsängen in 2015-2016. With the transaction in Eskilstuna we establish ourselves in yet another new city in the Mälardalen region. Magnolia Bostad will manage and complete the projects up until occupancy, which is expected to occur in 2018 and 2019.

In September we were pleased to be able to continue to grow in Helsingborg with the acquisition of the Filborna 28:4 property. This land is part of a larger area that is being investigated for future housing projects, and Magnolia Bostad intends to secure local planning for the development of around 780 apartments on the property.



During the quarter we also recognized the revenue for the sale of 300 rental apartments in Vallentuna to SEB, as the transaction no longer is conditional on the buyer's financing.

## Financing

Soon after the end of the third quarter we on October 5 issued a 5-year senior unsecured bond loan of SEK 400 million pursuant to a bond frame up to SEK 1 billion. In total, approximately 100 investors participated in the heavily oversubscribed issue. The considerable interest in this bond illustrates investors' faith in Magnolia Bostad, and thanks to the new funding we are well-equipped to become the leading developer of housing in Sweden. The proceeds will be used partly to refinance Magnolia Bostad's outstanding bond but mainly for general corporate purposes.

## Continued high activity

Activity within the company is also high for ongoing projects. Construction continues on Kanikenäsholmen in Karlstad and Lumen in Sollen-tuna, among others. The M6 project on Södermalm in Stockholm was concluded during the quarter and the first tenants moved in at the beginning of November. We also received building permission for the Kalstenen and Cementfabriken projects and construction is preliminarily set to start in Q4 2016.

After the end of the period, we were allotted land in Hagby Ängar, Åkersberga Centrum, right beside Magnolia Bostad's Nätverket project. In November, we signed an agreement for the acquisition of a property in Bunkeflostrand, Malmö. We will aim to obtain local planning to develop roughly 1,000 apartments here.

Looking back on the first nine months of the year, we are pleased to note rapid growth in both our project portfolio and our organization. We have laid a good foundation for the future and I expect we will be entering the new year with a strong continued growth.

Stockholm, November 2016

A handwritten signature in black ink, belonging to Fredrik Lidjan. The signature is stylized, with a large, sweeping 'L' and 'i'.

Fredrik Lidjan  
CEO

# Market

## Market trends

The construction of residential projects has accelerated significantly over the past two years in Sweden and production is currently estimated to be at around 45,000 to 50,000 residential units per year for the years 2015 – 2016. However, the rate of residential construction is still not meeting the need, which means that the deficiency is instead being deferred to the future. In June 2016, the National Board of Housing, Building and Planning revised its forecast for the need for residential construction for the next ten years (up to 2025), which is now judged to be 710,000 homes. A large percentage of these homes, 440,000, are judged to be needed already by 2020, which means an average annual rate of 88,000 new homes.

The investment market during the third quarter was marked by a strong demand for residential properties, which according to Newsec represented 22 percent of the total transaction volume. The transaction volume in the third quarter (transactions greater than SEK 100 million) amounted to around SEK 30.9 billion, compared to the previous quarter, which was at just above SEK 62.1 billion. The total transaction volume for the period January 1 – September 30, 2016 amounted to SEK 118.3 billion compared to SEK 91.6 billion for the corresponding period the previous year.

In terms of volume during the first three quarters of the year, according to Newsec the largest individual segment, commercial properties, represented more than 33 percent. Residential properties were the second-largest segment, with 23 percent of the total transaction volume.

The total transaction volume in 2016 is estimated to be SEK 180–190 billion (transactions greater than SEK 100 million). The total transaction volume (transactions greater than SEK 100 million) for 2015 amounted to SEK 134 billion, which was a high level but slightly lower than the transaction volume for 2014 (SEK 149 billion).

### *Rental apartments*

According to IPD Svenskt Bostadsindex, the total return on residential properties in Sweden was 10.6 percent in 2015, of which the value increased by around 7 percent (the figures are based on IPD Svenskt Fastighetsindex and residential properties from 19 municipally owned residential firms).

The yield requirement for centrally located residential properties in the metropolitan areas of Stockholm, Gothenburg and Malmö has fallen steadily since 2008. This development shows that the residential sector is judged to be a stable investment sector facing low risks. The yield requirement for centrally located residential properties in the best locations in Stockholm, Gothenburg and Malmö in 2016 is judged by Newsec to be 1.65 percent, 1.95 percent and 2.75 percent, respectively.

### *Tenant-owned apartments*

According to Mäklarstatistik, a record number of tenant-owned apartments and single-family homes were sold during the first six months of 2016. Last year's corresponding periods, which then also recorded all-time highs, were surpassed by 2–3 percent. Despite the record-setting volume this year, 15 percent fewer objects were sold in June than in the same month last year. This is an indication that many people made a point of buying and selling before the amortization requirement went into effect on June 1.

The housing markets in the metropolitan areas have been very strong the past two years. After several years during which there were signs that the market was overheating, real estate agents reported at the end of the first six months of 2016 that the housing markets of the metropolitan areas clearly slowed at the end of the second quarter.

During the first two months of the third quarter, tenant-owned apartment prices decreased by 1 percent. Even the annual rate of tenant-owned apartments in the country fell below 10 percent for the first time in a long time, but on an annual basis it is still posting an increase of 8 percent.

The number of sales usually falls during the summer and July of this year was no exception with low turnover. However, the housing market picked up speed again in September and October and tenant-owned apartment prices increased then by 3 percent, and this increase is concentrated to the sales in the month of September. Prices in the Greater Gothenburg and Greater Malmö areas increased by 2 percent in the past month and the Greater Stockholm area by 3 percent. Even the readjustment in Stockholm's inner city appears to be over with the same increase as the county.

According to SBAB's Mäklarbarometer, the second quarter's rather rapid slow-down in the housing markets of the metropolitan areas was followed by a recovery in the third quarter. Rising demand and slightly lower supply turned prices around, stimulated bidding and put pressure on time-to-sale. Heading into the fourth quarter, supply is expected to be stable, with a slight increase in demand, prices and bidding, while time-to-sale decreases slightly.





## Gjuteriet, phase 1 Norra Munktellden, Eskilstuna

In September 2016 Magnolia Bostad acquired the Eskilstuna Nätverket 7 & 8 properties in Norra Munktellden, Eskilstuna. Under the project name Gjuteriet, phase 1 and phase 2, the company will develop approximately 375 rental and tenant-owned apartments.

The Norra Munktellden area is undergoing a major transformation and when finished it will consist of approximately 1,200 apartments.

In conjunction with the acquisition, Magnolia Bostad sold Gjuteriet, phase 1, consisting of 260 of the apartments, to Slättö.

### Project facts

Location: Norra Munktellden  
Type of ownership: Rental apartments and tenant-owned apartments  
Scope: 262 apartments  
Architect: Hidemark & Stintzing  
Estimated date of completion: 2019

# Magnolia Bostad Project Portfolio

The tables on this page and the next page show ongoing and future projects, sold projects in production and properties being sold as at September 30, 2016. Associated companies are not included.

## ONGOING AND FUTURE PROJECTS

Project	Property	City	Type of ownership	Planned No. of apartments	Gross area (sqm)	Living area (sqm)	Phase	Estim. prod. start	Estim. completion
Varvet Townhouse <sup>1)</sup>	Varvet 4 & Part of Varvet 2	Kanikenäsholmen, Karlstad	TO	8	800	700	●	2016	2018
Sländan, phase 2 <sup>1)</sup>	Sländan 7	Södertälje	R	120	7,200	5,300	●	2016	2019
Torgkvarteren <sup>1)</sup>	Part of Vätteby 7:7	Bålsta torg, Bålsta	R/TO	440	31,800	22,000	●	2017	2019
Senapsfabriken, phase 2 <sup>2)</sup>	Kungsängen 25:1, block 3	Kungsängen, Uppsala	R	650	39,000	27,000	●	2017	2021
Fasanen <sup>1)</sup>	Burlöv Arlöv 20:58 and others	Arlöv, Burlöv	R	250	16,500	12,500	●	2017	2019
Sportflygaren 1	Part of Nikolai 3:63 and others	Södra Ladugårdsängen, Örebro	R	110	8,200	6,200	●	2017	2019
Nyby Lilium, phase 2 <sup>1)</sup>	Part of Gamla Uppsala 99:1	Nyby, Uppsala	TO	65	3,600	2,600	●	2017	2019
Ångloket <sup>1)</sup>	Ängby 1:1	Ängby, Knivsta	R/TO	200	18,000	14,000	●	2017	2020
Norrbacka <sup>1)</sup>	Sigtuna Norrbacka 1:32-36	Norrbacka, Sigtuna	R	180	15,000	11,500	●	2017	2019
Konstnären <sup>1)</sup>	Östra Sala Backe, E2, block 5	Östra Sala Backe, Uppsala	R	112	6,700	5,200	●	2018	2019
Nätverket <sup>1)</sup>	Husby 3:3	Hagby Äng och kullar, Åkersberga	R	300	12,000	8,900	●	2018	2019
Sländan, phase 3 <sup>1)</sup>	Sländan 7	Södertälje	TO	180	10,000	7,500	●	2018	2020
Frihamnen <sup>3)</sup>	Part of Lundbyvassen 736:168	Frihamnen, Gothenburg	Hotel	–	12,000	–	●	2018	2020
Frihamnen <sup>1)</sup>	Part of Lundbyvassen 736:168	Frihamnen, Gothenburg	R	150	10,500	8,000	●	2018	2020
Oceanhamnen <sup>1)</sup>	Part of Gamla Staden 1:1 and others	Oceanhamnen, Helsingborg	R	110	8,500	6,500	●	2018	2020
Lommarstranden <sup>1)</sup>	Part of Tälje 4:62	Lommarstranden, Norrtälje	R/TO	200	15,000	11,000	●	2018	2020
Gjuteriet, phase 2 <sup>1)</sup>	Nätet 7&8	Norra Munktelldagen, Eskilstuna	TO	115	7,150	5,500	●	2018	2020
Stora Råby <sup>1)</sup>	Stora Råby 33:2 and others	Södra Råbylund, Lund	R	330	23,800	18,000	●	2018	2020
Norra kajen <sup>1)</sup>	Norrmalm 3:18 & 4:2	Norra kajen, Sundsvall	R/TO	600	40,000	30,000	●	2018	2021
Instrumentet	Instrumentet 2	Stockholm	TO	100	6,100	4,700	●	2019	2020
Senapsfabriken, phase 3 <sup>1)</sup>	Kungsängen 29:2	Kungsängen, Uppsala	R/TO	700	40,000	29,000	●	2019	2020
Orminge Centrum <sup>1)</sup>	Orminge 52:1	Orminge centrum, Nacka	R	400	35,000	25,000	●	2019	2021
Skogskarlen	Skogskarlen 3	Solna	TO	130	8,000	6,000	●	2020	2022
Mejeriet <sup>1)</sup>	Filborna 28:4	Olympia, Helsingborg	R/TO	780	45,000	35,100	●	2020	2024
<b>Total</b>				<b>6,230</b>	<b>366,850</b>	<b>261,100</b>			

<sup>1)</sup> Magnolia Bostad's share of the profit amounts to 90%.

<sup>2)</sup> Magnolia Bostad's share of the profit amounts to 76.3%, including forward transactions.

<sup>3)</sup> Magnolia Bostad's share of the profit amounts to 60%.

**Type of ownership:** R=Rental unit, TO=Tenant-owned

**Living area** (Ongoing and future projects and properties being sold): Estimated area based on preliminary blueprints or calculated using standardized figures.

The number of sold tenant-owned apartments refers to the number of apartments sold to the tenant-owner association.

### Phase:

- Planning work
- Concept development and sales
- Construction

## SOLD PROJECTS IN PRODUCTION

Project	Property	City	Type of ownership	Planned No. of apartments	Gross area (sqm)	Living area (sqm)	Phase	Estim. prod. start	Estim. completion
Nya Parken Allé	Publiken 1	Central Norrköping	R	268	21,900	16,600	●	2014	2016
Tibble	Kungsängens-Tibble 19:1	Tibble, Kungsängen	R	40	3,300	2,600	●	2014	2016
Tibble	Kungsängens-Tibble 20:2	Tibble, Kungsängen	R	93	6,600	5,200	●	2014	2016
M6	Muttern 6	Södermalm, Stockholm	TO	55	2,900 <sup>4</sup>	2,900	●	2015	2016
Lumen	Trapphuset 1	Sollentuna	TO	90	6,600	4,750	●	2015	2017
Kanikenäsholmen <sup>1)</sup>	Part of Varvet 2	Kanikenäsholmen, Karlstad	R	216	15,700	12,300	●	2015	2018
Maria Forum <sup>1)</sup>	Slagan 1	Mariastaden, Helsingborg	R	292	14,700	12,500	●	2015	2018
Bryggeriet <sup>1)</sup>	Norrland 11	Helsingborg	R	327	19,000	14,700	●	2015	2019
Nyby Lilium, phase 1 <sup>1)</sup>	Part of Gamla Uppsala 99:1	Nyby, Uppsala	R	300	18,000	14,000	●	2015	2019
Kalkstenen <sup>1)</sup>	Tankloket 1	Limhamn, Malmö	R	129	6,800	5,100	●	2016	2018
Cementfabriken <sup>1)</sup>	Kölen 1	Limhamn, Malmö	R	144	9,100	7,100	●	2016	2018
Varvet <sup>1)</sup>	Varvet 4 & Part of Varvet 2	Kanikenäsholmen, Karlstad	TO	92	7,900	6,100	●	2016	2018
Segelflygaren <sup>1)</sup>	Glidplanet 1	Södra Ladugårds-ängen, Örebro	R	210	13,500	10,000	●	2016	2018
Maria Mosaik <sup>1)</sup>	Arkeologen 1 & Antikvarien 1	Maria Station, Helsingborg	R	345	20,000	16,000	●	2016	2019
Senapsfabriken, phase 1 <sup>2)</sup>	Kungsängen 25:1, block 2	Kungsängen, Uppsala	R	454	26,800	19,400	●	2016	2019
Tegelslagaren <sup>1)</sup>	Vallentuna-Åby 1:166	Åby Ängar, Vallentuna	R	157	8,100	6,150	●	2016	2019
Tegelmästaren <sup>1)</sup>	Vallentuna-Åby 1:171	Åby Ängar, Vallentuna	R	160	8,100	5,950	●	2016	2019
Sländan, phase 1 <sup>1)</sup>	Sländan 6	Södertälje	R	444	25,400	19,000	●	2017	2019
Gjuteriet, etapp 1 <sup>1)</sup>	Nätet 7&8	Norra Munktelstaden, Eskilstuna	R/TO	262	17,800	13,900	●	2017	2019
<b>Total</b>				<b>4,078</b>	<b>234,400</b>	<b>194,250</b>			
<b>Total ongoing projects and sold projects during production</b>				<b>10,308</b>	<b>601,250</b>	<b>455,350</b>			

## PROPERTIES BEING SOLD

Project	Property	City	Type of ownership	No. of housing units	Gross area (sqm)	Living area (sqm)
Senapsfabriken <sup>2) 5)</sup>	Kungsängen 25:1, block 1	Uppsala	TO	400	29,000	22,000
Kopplingsboxen 26	Kopplingsboxen 26	Stockholm	TO	20	1,130	870
<b>Total</b>				<b>420</b>	<b>30,130</b>	<b>22,870</b>

## PROJECTS COMPLETED IN 2016

Project	Property	City	Type of ownership	No. of housing units	Gross area (sqm)	Living area (sqm)
Valsta Torg	Sigtuna Valsta 3:190	Valsta centrum, Sigtuna	TO	42	1,960	1,960
Traversen 18	Traversen 18	Sollentuna	R	230	16,800	13,200
<b>Total</b>				<b>272</b>	<b>18,760</b>	<b>15,160</b>

<sup>1)</sup> Magnolia Bostad's share of the profit amounts to 90%.

<sup>2)</sup> Magnolia Bostad's share of the profit amounts to 76.3%, including forward transactions.

<sup>3)</sup> Magnolia Bostad's share of the profit amounts to 60%.

<sup>4)</sup> Living area

<sup>5)</sup> Magnolia Bostad entered into an agreement in February 2013 to sell this part of the property, on the condition that the land can be divided as intended.

**Type of ownership:** R=Rental unit, TO=Tenant-owned

**Living area** (Ongoing and future projects and properties being sold): Estimated area based on preliminary blueprints or calculated using standardized figures.

The number of sold tenant-owned apartments refers to the number of apartments sold to the tenant-owner association.

### Phase:

● Planning work

● Concept development and sales

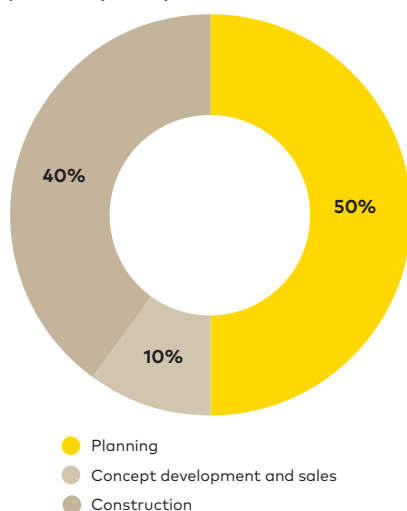
● Construction

# Magnolia Bostad Project Portfolio in diagrams

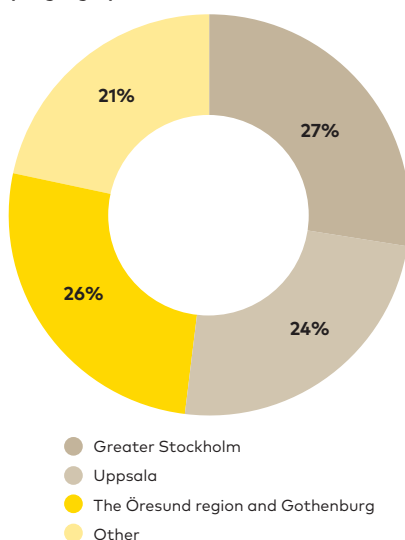
Ongoing and future projects

and sold projects in production, number of apartments as at September 30, 2016

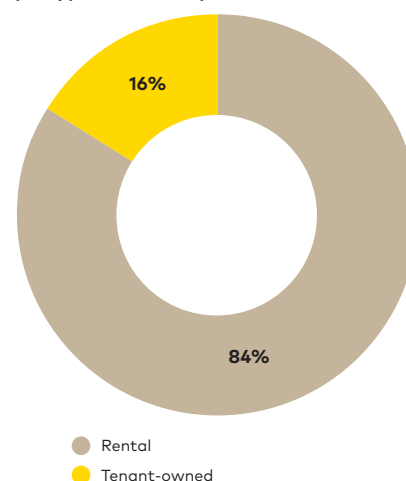
Planned number of apartments  
per development phase <sup>1) 2)</sup>



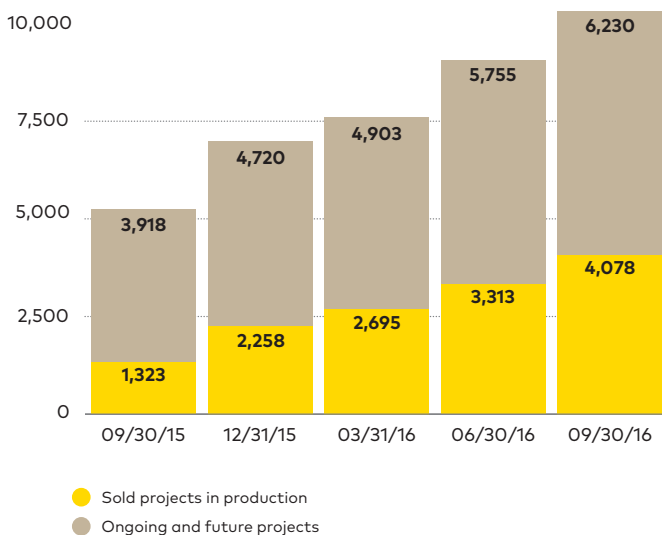
Planned number of apartments  
per geographical area <sup>1) 2)</sup>



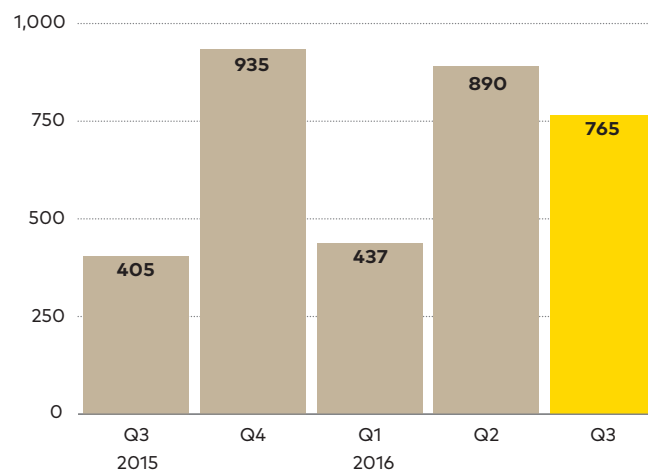
Planned number of apartments  
per type of ownership <sup>1) 2)</sup>



Ongoing and future projects  
and sold projects in production, number of apartments <sup>1) 2)</sup>



Number of apartments in production <sup>1)</sup>



Sold apartments during the third quarter of 2016

	Q3	
	2016	2015
Rental apartments	765	216
Tenant-owned apartments <sup>3)</sup>	3	125

During the third quarter of the year, the number of apartments in the project portfolio increased by 1,240 to 10,308. Production was started on 765 apartments, compared to 405 in the third quarter of 2015. Apartments sold during the quarter included 765 rental apartments and 3 tenant-owned apartments <sup>3)</sup>, compared to 216 rental apartments and 125 tenant-owned apartments the corresponding period the previous year.

<sup>1)</sup> Refers to ongoing and future projects and sold projects in production. Properties being sold/associated companies are excluded.

<sup>2)</sup> Refers to all apartments in each project, i.e. no adjustment for partly owned projects.

<sup>3)</sup> Refers to tenant-owned apartments with binding agreements for the sale to tenant-owners.





## Cementfabriken & Kalkstenen Limhamn, Malmö

Magnolia Bostad is developing the Kalkstenen area with 129 apartments in the north part of Limhamn. Magnolia Bostad is developing the Bostad Cementfabriken area with 144 apartments in the south part of Limhamn. The plan is to put solar panels on the roof of the building and in the middle there will be a park with bicycle parking and a playground.

The building rights were acquired in December 2015 and sold at the same time to SPP Fastigheter.

Building permission was granted in the third quarter and construction will begin in the fourth quarter of 2016.

### Project facts

Location: Limhamn  
Type of ownership: Rental  
Number of apartments: 273  
Architect: Lindberg Stenberg  
Estimated date of completion: 2018

# Financial performance

## Profit/loss

Profit/loss after tax for the first nine months was SEK 250.2 million (227.7) and for the third quarter of 2016 SEK 78.2 million (51.8). Operating profit for the first quarter 2015 was positively impacted by approximately SEK 153 million as a result of the transfer from associated company to subsidiary of the Senapsfabriken project.

Net sales for the interim period totaled SEK 885.6 million (478.8) and for the third quarter SEK 242.3 million (370.6). The company reported an operating profit for the quarter of SEK 98.2 million (61.6). Net sales and the operating profit for the third quarter of 2016 were positively affected by the sale of the rental apartment projects in Södra Ladugårdsängen in Örebro and Eskilstuna. The sale of 300 rental apartments in Vallentuna to SEB that was completed in quarter

two has been recognized as revenue in quarter three since the financing is no longer conditional. Due to a negative revaluation in a project, the company has reserved approximately SEK 20 million in during the quarter. Net financial items amounted to SEK –20.0 million (–9.5). The increase is primarily attributable to growing assets that are financed externally. Profit before tax was SEK 78.3 million (52.1).

## Balance Sheet as at September 30, 2016

The balance sheet total at the end of the third quarter of 2016 was SEK 2,538.3 million (1,747.9), which is an increase of SEK 790.4 million compared to September 30, 2015. The majority of the increase is attributed to the growing projekt portfolio. Equity attributable to the Parent Company's shareholders amounted to SEK 850.5 million (610.1) during the third quarter of 2016. The minority share of equity

was SEK 132.1 million (81.1). The equity/assets ratio amounted to 38.7 percent (39.5).

## Cash flow and financing

The Group's available liquidity at the end of the period was SEK 248.3 million (134.9). Cash flow from operating activities in the third quarter totaled SEK –17.7 million (–11.3). During the quarter, cash flow from investing activities totaled SEK –0.2 million (–1.7). Financing activities amounted to SEK 77.3 million (–87.8). The total interest-bearing borrowings amounted to SEK 1,262.0 million (843.5) on September 30, 2016.

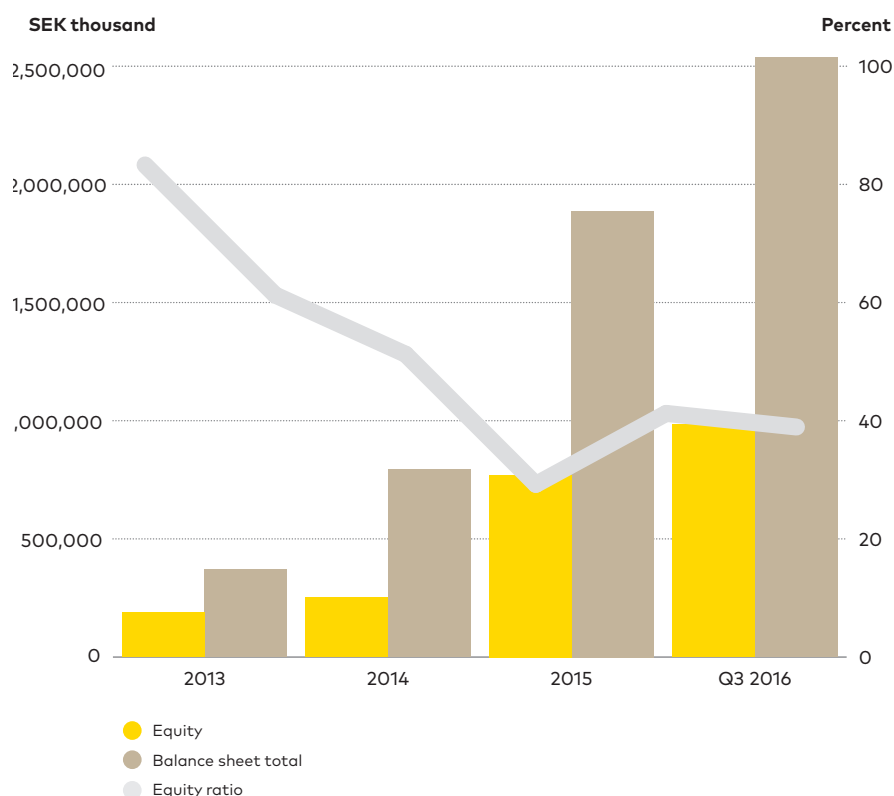
## Accounting and measurement principles

As of 2014, the financial statements are prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guideline, BFNAR 2012:1 (K3). The accounting and measurement principles are in agreement with those applied in the 2015 Annual Report and which are reported there in the notes on pages 78-79. Key ratio definitions agree with those applied in the 2015 annual report and can be found there on page 88.

This report has not been audited by the company's auditors.

Comparison figures provided in parentheses refer to the same period the previous year.

Equity, total assets and equity ratio



# Stock

F. Holmström Fastigheter AB, in which Fredrik Holmström has a controlling interest through companies, holds a 56.28 percent stake in Magnolia Bostad. As at September 30, 2016 there were 2,950 (998) shareholders. The share is admitted for trading on Nasdaq First North under the short name MAG. The total number of issued shares at the end of the period was 37,822,283.

The share price at closing on September 30, 2016, was SEK 118.75.

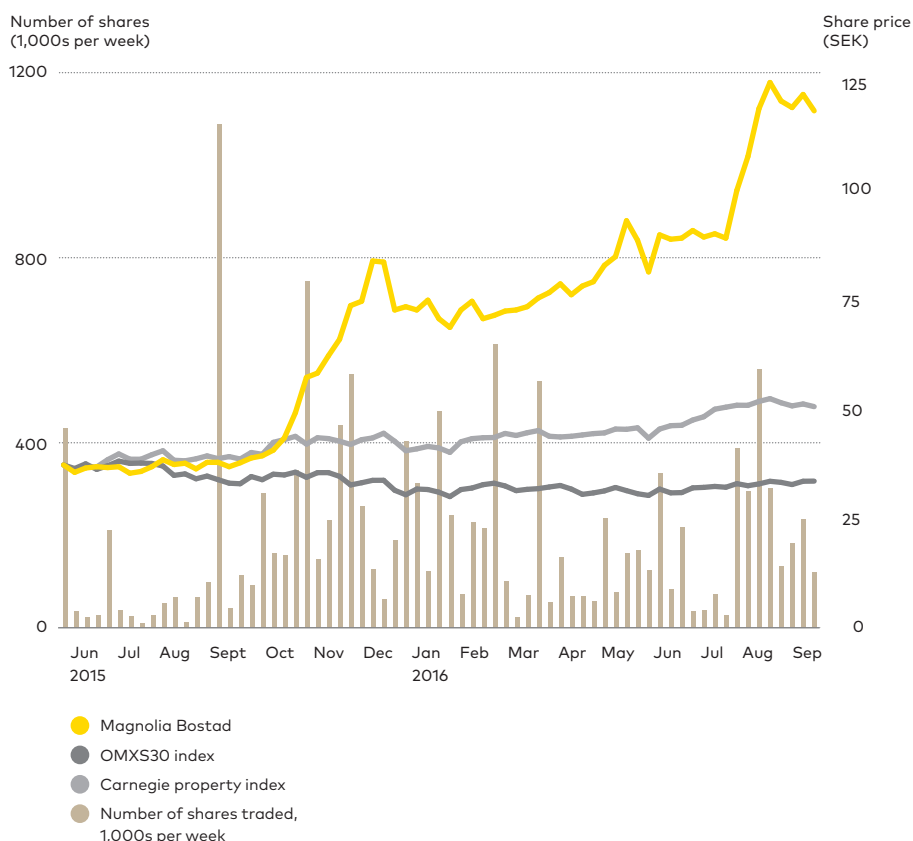
On average, 191 transactions were conducted per trading day between July 1, 2016 and September 30, 2016, and the average trading volume per trading day was SEK 4.4 million.

Since January 2016 Magnolia Bostad has been included in Nasdaq First North's index, First North 25, which consists of the 25 largest and most traded shares on Nasdaq First North.

## Long-term dividend policy

The dividend policy shall be based on that which at any time is considered to promote the overall goal of optimizing the total return for the shareholders. The Board of Directors has made the assessment that a dividend up to a maximum of 25 percent of the company's profit after tax will be proposed over the next two years and thereafter up to an increasing percentage.

**Turnover (number of shares in thousands per week) and price development (SEK) of the Magnolia Bostad share since its introduction on Nasdaq First North on June 9, 2015**



## Average number of outstanding shares

	2016		2015	
	Q3	Full year	Q3	Full year
Average number of outstanding shares	37,822,283	37,822,283	34,192,649	35,100,058

# Owners

## Ownership as at September 30, 2016

Number of shares	Number of shareholders	Shareholder category	No.	Share of votes	Shareholders per country	No.	Share of votes
1–500	2,290	Legal persons	214	90.59%	Sweden	2,864	95.00%
501–1,000	272	Private individuals, men	2,069	7.44%	Other Nordic countries	19	0.23%
1,001–2,000	260				Other European countries (excl. Sweden and the Nordic countries)	50	3.69%
2,001–5,000	46	Private individuals, women	667	1.97%	USA	6	0.38%
5,001–10,000	15				Other world	11	0.70%
10,001–50,000	16	<b>Total</b>	<b>2,950</b>	<b>100%</b>			
50,001–	51	of which living in Sweden	2,864	95.00%			
<b>Total</b>	<b>2,950</b>				<b>Total</b>	<b>2,950</b>	<b>100%</b>

## Largest shareholders as at September 30, 2016

Shareholders	Number of shares	Share capital	Percentage of Votes
F.Holmström Fastigheter	21,286,837	56.28%	56.28%
Danica Pension	3,109,661	8.22%	8.22%
Länsförsäkringar fondförvaltning AB	2,292,908	6.06%	6.06%
Nordnet Pensionsförsäkring AB	1,705,240	4.51%	4.51%
Swedbank Robur Fonder	1,002,725	2.65%	2.65%
Svolder Aktiebolag	839,000	2.22%	2.22%
Dahlin, Martin	827,471	2.19%	2.19%
Försäkringsaktiebolaget, Avanza Pension	584,710	1.55%	1.55%
Cliens Sverige	357,528	0.95%	0.95%
Cliens Sverige Fokus	350,500	0.93%	0.93%
<b>Total 10 largest shareholders</b>	<b>32,356,580</b>	<b>85.55%</b>	<b>85.55%</b>
Other shareholders	5,465,703	14.45%	14.45%
<b>Total</b>	<b>37,822,283</b>	<b>100%</b>	<b>100%</b>





## Lumen Sollentuna

Magnolia Bostad is developing the Lumen project, which consists of 90 tenant-owned apartments in total, in an old industrial area walking distance from Sollentuna Centrum with good public transportation to Stockholm City.

Lumen phase 1 is sold out and consists of 87 modern apartments.

Construction has been underway in 2016 and the exterior of the entire building will be completed by the end of the year.

### Project facts

Location: Sollentuna  
Type of ownership: Tenant-owned  
Number of apartments: 90  
Architect: ORIGO  
Estimated completion: 2017



# Consolidated Income Statement

SEK thousand	2016 July–Sept	2015 July–Sept	2016 Jan–Sept	2015 Jan–Sept	2015 Jan–Dec
<b>Operating income</b>					
Net sales	242,274	370,631	885,645	478,756	875,722
<b>Total income</b>	<b>242,274</b>	<b>370,631</b>	<b>885,645</b>	<b>478,756</b>	<b>875,722</b>
<b>Operating expenses</b>					
Production and operating costs	–138,081	–304,316	–555,839	–350,515	–648,576
Central administration	–5,308	–3,248	–17,211	–9,677	–12,992
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	–449	–359	–1,320	–9,069	–9,513
Profit/loss from participations in associated companies	–188	–1,123	1,814	–673	–120
Revaluation during transfer from associated company to subsidiary	–	–	–	152,592	152,592
<b>Operating profit/loss</b>	<b>98,248</b>	<b>61,587</b>	<b>313,089</b>	<b>261,415</b>	<b>357,113</b>
<b>Profit/loss from financial items</b>					
Interest income and similar profit/loss items	545	137	1,659	719	2,580
Interest expenses and similar profit/loss items	–20,529	–9,603	–64,518	–34,136	–52,409
<b>Profit/loss before tax</b>	<b>78,262</b>	<b>52,121</b>	<b>250,228</b>	<b>227,998</b>	<b>307,284</b>
Tax on profit/loss for the year	–	–316	–	–316	–564
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>78,262</b>	<b>51,805</b>	<b>250,228</b>	<b>227,682</b>	<b>306,720</b>
Attributable to:					
Parent Company shareholders	70,323	49,217	211,146	220,483	287,606
Minority interest	7,939	2,588	39,082	7,199	19,114

# Consolidated Balance Sheet

SEK thousand	2016 Sept 30	2015 Sept 30	2015 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	3,846	5,046	4,746
Other intangible assets	608	681	746
<b>Total intangible assets</b>	<b>4,454</b>	<b>5,727</b>	<b>5,492</b>
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	896	397	439
<b>Total property, plant and equipment</b>	<b>896</b>	<b>397</b>	<b>439</b>
<i>Financial assets</i>			
Participations in associated companies	3,792	1,207	1,900
Receivables from associated companies	23,541	23,541	23,541
Other securities held as non-current assets	30,614	30,614	30,614
Other long-term receivables	772,248	11,826	278,945
<b>Total financial assets</b>	<b>830,195</b>	<b>67,188</b>	<b>335,000</b>
<b>Total non-current assets</b>	<b>835,545</b>	<b>73,312</b>	<b>340,931</b>
<b>Current assets</b>			
Development and project properties	999,489	1,103,919	1,138,835
Tenant-owned apartments	3,800	3,800	3,800
Accounts receivable	1,498	2,497	3,785
Receivables from associated companies	7,759	250	301
Other receivables	437,566	427,261	204,121
Prepaid expenses and accrued income	4,327	1,907	1,981
Cash and bank balances	248,312	134,934	193,358
<b>Total current assets</b>	<b>1,702,751</b>	<b>1,674,568</b>	<b>1,546,181</b>
<b>TOTAL ASSETS</b>	<b>2,538,294</b>	<b>1,747,880</b>	<b>1,887,111</b>

# Consolidated Balance Sheet

SEK thousand	2016 Sept 30	2015 Sept 30	2015 Dec 31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	151,289	151,289	151,289
Profit/loss carried forward	488,086	238,314	238,303
Net profit/loss for the period	211,146	220,483	287,605
<b>Equity attributable to Parent Company shareholders</b>	<b>850,521</b>	<b>610,086</b>	<b>677,197</b>
Minority's share of equity	132,071	81,053	92,969
<b>Total equity</b>	<b>982,592</b>	<b>691,139</b>	<b>770,166</b>
<b>Provisions</b>			
Provision for deferred taxes	2,095	170	2,095
Other provisions	–	50,661	–
<b>Total provisions</b>	<b>2,095</b>	<b>50,831</b>	<b>2,095</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Interest-bearing liabilities	1,044,670	701,246	730,659
Other long-term liabilities	180,996	42,374	110,056
<b>Total long-term liabilities</b>	<b>1,225,666</b>	<b>743,620</b>	<b>840,715</b>
<i>Current liabilities</i>			
Liabilities to credit institutions	217,250	130,250	130,250
Accounts payable	47,699	9,592	13,887
Income tax liabilities	1,636	2,209	3,535
Other current liabilities	15,100	60,600	76,507
Accrued expenses and deferred income	46,257	59,637	49,955
<b>Total current liabilities</b>	<b>327,942</b>	<b>262,289</b>	<b>274,134</b>
<b>Total liabilities</b>	<b>1,553,608</b>	<b>1,005,910</b>	<b>1,114,849</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,538,294</b>	<b>1,747,880</b>	<b>1,887,111</b>

# Consolidated cash flow statement

SEK thousand	2016 July–Sept	2015 July–Sept	2016 Jan–Sept	2015 Jan–Sept	2015 Jan–Dec
<b>Operating activities</b>					
Profit/loss after financial items	78,262	52,121	250,228	227,998	307,284
Adjustments for non-cash items, etc.	–95,942	–63,008	–324,108	–194,933	–398,257
	<b>–17,680</b>	<b>–10,887</b>	<b>–73,880</b>	<b>33,065</b>	<b>–90,973</b>
Tax paid	23	–370	–1,899	–353	812
<b>Cash flow from operating activities before changes in working capital</b>	<b>–17,657</b>	<b>–11,257</b>	<b>–75,779</b>	<b>32,712</b>	<b>–90,161</b>
<b>Cash flow from changes in working capital</b>					
Reduction (+)/increase (–) of development and project properties	26,683	–24,347	174,422	–104,678	–143,811
Decrease(+)/increase(–) in current receivables	–67,033	–85,018	–406,168	–103,135	104,402
Decrease(+)/increase(–) in current liabilities	–11,512	81,090	–19,372	75,965	–19,975
<b>Cash flow from operating activities</b>	<b>–69,519</b>	<b>–39,532</b>	<b>–326,897</b>	<b>–99,136</b>	<b>–149,545</b>
<b>Investing activities</b>					
Acquisition of intangible fixed assets	–	–160	–8	–459	–607
Acquisition of property, plant and equipment	–166	–108	–731	–420	–523
Shareholder contributions made	–	–200	–	–200	–200
Sale of property, plant and equipment	–	–	–	2	2
Investment in financial assets	–	–1,201	–	–5,235	–5,235
Disposal/reduction of financial assets	–	–	–	6,775	6,775
<b>Cash flow from investing activities</b>	<b>–166</b>	<b>–1,669</b>	<b>–739</b>	<b>463</b>	<b>212</b>
<b>Financing activities</b>					
New share issue	–	–12,572	–	180,512	180,502
Shareholders' contributions received	20	–	20	–	–
Borrowings	77,960	158,670	658,835	362,256	471,350
Repayment of borrowings	–660	–233,852	–238,443	–340,302	–340,302
Paid dividends	–	–	–37,822	–6,258	–6,258
<b>Cash flow from financing activities</b>	<b>77,320</b>	<b>–87,854</b>	<b>382,590</b>	<b>196,208</b>	<b>305,292</b>
<b>Cash flow for the period</b>	<b>7,635</b>	<b>–128,955</b>	<b>54,954</b>	<b>97,535</b>	<b>155,959</b>
Cash and cash equivalents at the beginning of the period	240,677	263,888	193,358	37,399	37,399
<b>Cash and cash equivalents at the end of the period</b>	<b>248,312</b>	<b>134,934</b>	<b>248,312</b>	<b>134,934</b>	<b>193,358</b>

# Changes in equity, Group

Group, SEK thousand	Share capital	Equity method reserve	Profit/loss carried forward	Net profit/loss for the year	Total equity, principal owner	Minority interest	Total equity
Amount at beginning of year 1/1/2015	125,156	38,068	60,997	29,196	253,416		253,416
Profit/loss from the previous year carried forward			29,196	-29,196	0		0
Redistribution during transfer from associated company to subsidiary		-38,068			-38,068		-38,068
New share issue	26,133		167,365		193,498		193,498
Issue expenses			-12,996		-12,996		-12,996
Acquisition of subsidiaries					0	73,854	73,854
Dividends			-6,258		-6,258		-6,258
Net profit/loss for the year				287,605	287,605	19,115	306,720
Amount at end of year 12/31/2015	151,289	-	238,303	287,605	677,197	92,969	770,166

Group, SEK thousand	Share capital	Equity method reserve	Profit/loss carried forward	Net profit/loss for the year	Total equity, principal owner	Minority interest	Total equity
Amount at beginning of year 1/1/2015	125,156	38,068	60,997	29,196	253,416		253,416
Profit/loss from the previous year carried forward			29,196	-29,196	0		0
Redistribution during transfer from associated company to subsidiary		-38,068			-38,068		-38,068
New share issue	26,133		167,365		193,498		193,498
Issue expenses			-12,986		-12,986		-12,986
Acquisition of subsidiaries					0	73,854	73,854
Dividends			-6,258		-6,258		-6,258
Net profit/loss for the period				220,483	220,483	7,199	227,682
Amount at end of period 9/30/2015	151,289	-	238,314	220,483	610,086	81,053	691,139

Group, SEK thousand	Share capital	Equity method reserve	Profit/loss carried forward	Net profit/loss for the year	Total equity, principal owner	Minority interest	Total equity
Amount at beginning of year 1/1/2016	151,289	-	238,303	287,605	677,197	92,969	770,166
Profit/loss from the previous year carried forward			287,605	-287,605	0		0
Acquisition of subsidiaries						20	20
Dividends			-37,822		-37,822		-37,822
Net profit/loss for the period				211,146	211,146	39,082	250,228
Amount at end of period 9/30/2016	151,289	-	488,086	211,146	850,521	132,071	982,592



# Parent Company income statement

SEK thousand	2016 July–Sept	2015 July–Sept	2016 Jan–Sept	2015 Jan–Sept	2015 Jan–Dec
<b>Operating income</b>					
Net sales	–	–	2,000	–	4,113
<b>Total income</b>	<b>–</b>	<b>–</b>	<b>2,000</b>	<b>–</b>	<b>4,113</b>
<b>Operating expenses</b>					
Other external costs	–1,758	–1,187	–5,430	–1,625	–2,625
Central administration	–939	–538	–2,946	–1,603	–2,432
<b>Operating profit/loss</b>	<b>–2,697</b>	<b>–1,725</b>	<b>–6,376</b>	<b>–3,229</b>	<b>–944</b>
<b>Profit/loss from financial items</b>					
Interest income and similar profit/loss items	4,733	4,630	14,026	13,919	18,582
Interest expenses and similar profit/loss items	–10,981	–1,166	–36,824	–11,667	–20,821
<b>Profit/loss before tax</b>	<b>–8,945</b>	<b>1,739</b>	<b>–29,174</b>	<b>–977</b>	<b>–3,183</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>–8,945</b>	<b>1,739</b>	<b>–29,174</b>	<b>–977</b>	<b>–3,183</b>

# Parent Company Balance Sheet

SEK thousand	2016 Sept 30	2015 Sept 30	2015 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Participations in Group companies	88,852	88,822	88,822
Receivables from Group companies	–	234,026	234,026
Participations in associated companies	2,050	2,050	2,050
Receivables from associated companies	23,541	27,241	26,941
<b>Total financial assets</b>	<b>114,443</b>	<b>352,139</b>	<b>351,839</b>
<b>Total non-current assets</b>	<b>114,443</b>	<b>352,139</b>	<b>351,839</b>
<b>Current assets</b>			
Development and project properties	–	–	–
Accounts receivable	–	3	–
Receivables from Group companies	678,167	109,125	159,307
Receivables from associated companies	415	216	265
Other receivables	19,366	564	21,228
Prepaid expenses and accrued income	476	305	193
Cash and bank balances	16,372	78,994	11,137
<b>Total current assets</b>	<b>714,796</b>	<b>189,207</b>	<b>192,129</b>
<b>TOTAL ASSETS</b>	<b>829,239</b>	<b>541,346</b>	<b>543,968</b>

# Parent Company Balance Sheet

SEK thousand	2016 Sept 30	2015 Sept 30	2015 Dec 31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	151,289	151,289	151,289
	<b>151,289</b>	<b>151,289</b>	<b>151,289</b>
<i>Non-restricted equity</i>			
Profit/loss carried forward	115,180	156,196	156,185
Net profit/loss for the period	-29,174	-977	-3,182
	<b>86,007</b>	<b>155,219</b>	<b>153,003</b>
<b>Total equity</b>	<b>237,296</b>	<b>306,508</b>	<b>304,292</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Interest-bearing liabilities	582,138	221,770	222,326
<b>Total long-term liabilities</b>	<b>582,138</b>	<b>221,770</b>	<b>222,326</b>
<i>Current liabilities</i>			
Accounts payable	19	18	-
Liabilities to Group companies	45	-	3,882
Other current liabilities	-	12,000	12,000
Accrued expenses and deferred income	9,741	1,050	1,468
<b>Total current liabilities</b>	<b>9,805</b>	<b>13,068</b>	<b>17,350</b>
<b>Total liabilities</b>	<b>591,943</b>	<b>234,838</b>	<b>239,676</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>829,239</b>	<b>541,346</b>	<b>543,968</b>

# Changes in equity, Parent Company

Parent Company, SEK thousand	Share capital	Profit/loss carried forward	Net profit/loss for the year	Total equity
<b>Amount at beginning of year 1/1/2015</b>	<b>125,156</b>	<b>10,724</b>	<b>-2,650</b>	<b>133,230</b>
Profit/loss from the previous year carried forward		-2,650	2,650	0
New share issue	26,133	167,366		193,499
Issue expenses		-12,996		-12,996
Dividends		-6,258		-6,258
Net profit/loss for the year			-3,182	-3,182
<b>Amount at end of year 12/31/2015</b>	<b>151,289</b>	<b>156,185</b>	<b>-3,182</b>	<b>304,292</b>

The outstanding number of basic shares at 12/31/2015 amounts to 37,822,283.

The outstanding number of shares after full dilution at 12/31/2015 amounts to 37,982,283 (160,000 warrants are held by the Magnolia Bostad Group).

Parent Company, SEK thousand	Share capital	Profit/loss carried forward	Net profit/loss for the year	Total equity
<b>Amount at beginning of year 1/1/2015</b>	<b>125,156</b>	<b>10,724</b>	<b>-2,650</b>	<b>133,230</b>
Profit/loss for the year carried forward		-2,650	2,650	0
New share issue	26,133	167,366		193,499
Issue expenses		-12,986		-12,986
Dividends		-6,258		-6,258
Net profit/loss for the period			-977	-977
<b>Amount at end of period 9/30/2015</b>	<b>151,289</b>	<b>156,196</b>	<b>-977</b>	<b>306,508</b>

Parent Company, SEK thousand	Share capital	Profit/loss carried forward	Net profit/loss for the year	Total equity
<b>Amount at beginning of year 1/1/2016</b>	<b>151,289</b>	<b>156,185</b>	<b>-3,182</b>	<b>304,292</b>
Profit/loss from the previous year carried forward		-3,182	3,182	0
Dividends		-37,822		-37,822
Net profit/loss for the period			-29,174	-29,174
<b>Amount at end of period 9/30/2016</b>	<b>151,289</b>	<b>115,180</b>	<b>-29,174</b>	<b>237,296</b>

The outstanding number of basic shares at 9/30/2016 amounts to 37,822,283.

The outstanding number of shares after full dilution at 9/30/2016 amounts to 37,982,283 (160,000 warrants are held by the Magnolia Bostad Group).

# Magnolia Bostad in brief

Magnolia Bostad develops efficient, attractive and functional new accommodation, including rental units, tenant-owned apartments and hotels, in attractive locations in Sweden's growth areas. Our work is based on a holistic approach where the operations are conducted in a manner that promotes long-term, sustainable urban development.

Magnolia Bostad's share (MAG) is listed on Nasdaq First North. Erik Penser Bank is the Certified Adviser for the Company. More information is available at [www.magnoliabostad.se](http://www.magnoliabostad.se)

## Financial Calendar

- Year-End Report 2016: February 24, 2017
- Annual Report 2016: March 2017
- Interim Report January-March 2017: April 26, 2017
- Annual General Meeting 2017: April 26, 2017

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## Press releases Q3

**160823** Interim report January – June 2016

**160914** Magnolia Bostad sells 217 apartments in Örebro

**160914** Magnolia Bostad sells 262 apartments in Eskilstuna

**160915** Magnolia Bostad acquires property in Helsingborg



# MAGNOLIA

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