

MAGNOLIA

**Magnolia Bostad
Interim Report**
Group
Jan 1–Mar 31, 2017

Q1

Interim Report January–March 2017.

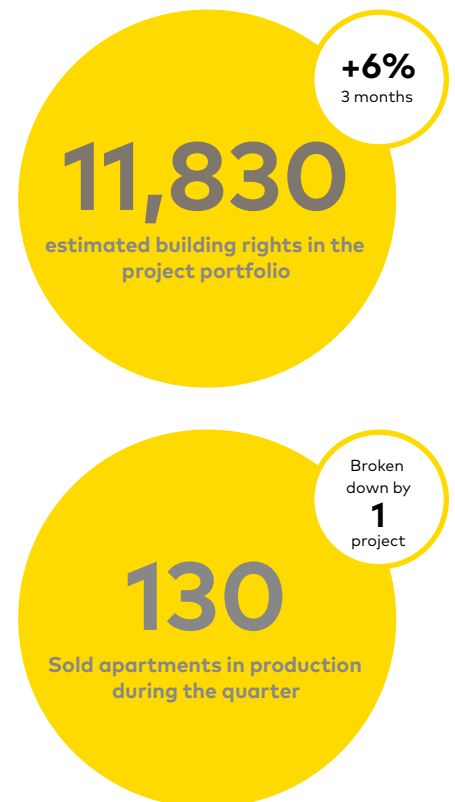
Magnolia Bostad develops efficient, attractive and functional new housing and hotels, in attractive locations in Sweden's growth areas.

Interim Period January–March 2017

- Net sales amounted to SEK 71 million (210).
- The company reported an operating profit of SEK 14 million (100).
- Net profit for the period amounted to SEK -9 million (86). Earnings per share, after deductions for minority interests, amounted to SEK -0.20/share (2.02).
- Equity amounted to SEK 990 million (857). Equity per share, after deductions for minority interests, amounted to SEK 22.61/share (19.95).
- During the period, Magnolia Bostad acquired approximately 700 (945) estimated building rights and sold 130 (437) apartments.
- Magnolia Bostad's share is being traded as of March 31, 2017 on Nasdaq First North Premier.

Significant events after the end of the period

- Magnolia Bostad moves a previously issued covered bond loan for SEK 500 million from the Nasdaq First North Bond Market to the Corporate Bond List of Nasdaq Stockholm. The first day of trade was April 12, 2017.



KPIs, Group

	2017 Jan–March	2016 Jan–March	2016/2017 Apr–March	2016 Jan–Dec
Project-related				
Number of sold apartments in production during the period	130	437	1,817	2,124
Total number of apartments in production	4,075	2,695	4,075	3,945
Number of estimated building rights in the portfolio	11,830	4,903	11,830	11,190
Financials				
Operating margin (%)	19.7	47.6	30.9	35.1
Return on equity (%) ¹⁾	-0.9	10.7	17.1	28.8
Equity/assets ratio (%)	35.6	41.7	35.6	36.2
Interest coverage ratio (multiple)	0.6	7.1	2.7	3.8
Share-related				
Earnings per share (SEK) ¹⁾	-0.20	2.02	3.64	5.87
Equity per share (SEK) ¹⁾	22.61	19.95	22.61	22.79

¹⁾ Excluding the minority

A word from the CEO

In the past two quarters, we have doubled and further developed our building rights portfolio. Hence, the full year 2017 is expected to show continued growth and improved profit.

For the interim period January 1–March 31, 2017, Magnolia Bostad reported a profit/loss after tax amounted to SEK -9 million (86). The lower earnings are primarily attributable to fewer project sales during the quarter compared to the same period the previous year. In a project-related business it is normal for the profit/loss to vary between quarters. If we extend the perspective, I am confident that 2017 will be a strong year in both growth and profit.

Strategy

We have now established the platform we need to, starting in 2018, over time be able to start production on 3,000 apartments a year. The foundation of this platform consists of a good building rights portfolio, a competent and broad organization and the company's solid financial position.

Magnolia Bostad's overall goal is to optimize profitability while taking the company's risk level into account. In present market conditions, this entails developing ten percent of the building rights in-house, as tenant-owned apartments and 90 percent as apartments under the company's rental apartment model. The apartments developed under this model are sold to leading Swedish institutions and partners. In our rental apartment projects, we also strive to work together with the project's buyer to convert 25 percent of the rental apartments into tenant-owned apartments. In these cases, Magnolia Bostad shares the profit with the buyer. We also intend to significantly strengthen the company's ability to develop residential care projects, hotels and eventually also student housing.

Significant events during the first quarter

- Agreement for the acquisition of 700 estimated building rights in Bredäng.
- Conditional agreement for the acquisition of property in Tumba.
- Sale of phase 2 of the Sländan project in Södertälje totaling 130 apartments.
- Start of sales on phase 2 of the Lilium tenant-owned apartment project in Uppsala.
- Established date for estimated start of production to 2017 on phase 2 of the Senapsfabriken project in Uppsala.
- The share approved for trading on Nasdaq First North Premier.

Continued net growth in the building rights portfolio

During the quarter, agreements were signed for the acquisition of three site leasehold rights in Bredäng. We will continue to pursue local planning to construct approximately 700 apartments. We are extremely pleased that this acquisition allows us to enter a new district in Stockholm Municipality and be part of the City of Stockholm's initiative, "Focus Skärholmen". Magnolia Bostad also signed an agreement during the quarter for the acquisition of a property in Tumba for approximately 238,000 sqm of land.

In March, phase 2 of the Sländan project in Södertälje, consisting of 130 apartments, was sold to Viva Bostad. The estimated property value at completion is approximately SEK 245 million. Viva Bostad is a new partner, and in this project we intend, in cooperation with the

buyer, to convert all of the rental apartments to tenant-owned apartments.

Magnolia Bostad has also reached an agreement with all of the tenants in phase 2 of the Senapsfabriken project in Uppsala to vacate the premises. The company has set an estimated production start for the project for 2017. The production starts in 2017 in our existing project portfolio thus increase to approximately 1,800 apartments.

Setting our sights on the main market

As part of the process of listing the company's share on Nasdaq Stockholm's main market, Magnolia Bostad was approved for trading on First North Premier, and the first day of trade was March 31, 2017.

Magnolia Bostad is one of Sweden's major housing developers and we are proud of the fact that our business model allows us to conduct our business with lower risk than the average in our business. As our portfolio grows, we will be able to report improved results. The conditions are good for our market and we are pleased to be ready to capitalize on the investments made in recent years. A big thank you to all who contribute to our success!

Stockholm, April 2017



Fredrik Lidjan
CEO



Earnings and financial position

Earnings analysis

The profit/loss items below and the comparative figures for the previous year refer to the period January–March unless otherwise specified.

Reporting period January 1–March 31, 2017

Net sales amounted to SEK 71 million (210) and the operating profit for the quarter was SEK 14 million (100). Net profit/loss for the period for the first quarter was SEK -9 million (86).

Net sales and operating profit/loss

The decrease in net sales and the operating profit in Q1 2017 is primarily due to fewer project sales compared to Q1 2016. In Q1 2017, profit was recognized for phase 2 of the Sländan project in Södertälje consisting of approximately 130 rental apartments. In the corresponding period the previous year profit was recognized for 345 rental apartments and 79 tenant-owned apartments.

Magnolia Bostad actively recruited new staff members to its organization last year, which explains the increase in central administration costs by SEK -4 million to SEK -8 million (-4) during the quarter. Earnings from associated companies decreased to SEK -4 million (0), primarily due to the loss attributable to ownership in Sollentuna Stinsen JV AB of SEK -5 million (0). Sollentuna Stinsen JV AB was acquired at the end of 2016 and had a operating net of SEK 5 million, other costs of SEK -3 million and carried funding costs of SEK -12 million during the quarter. In addition to the loss from Sollentuna Stinsen JV AB, Kani-kenäsvarvet Bostad HB contributed SEK 1 million (0). Operating profit for the quarter was SEK 14 million (100).

Net financial items

Net financial items for the first quarter was SEK -23 million (-14). The increase is attributable to an increase in assets that are financed externally.

Net profit/loss for the period

Net profit for the period amounted to SEK -9 million (86) and includes income tax amounting to SEK 0 million (0). The tax expense is less than 22.0 percent of net profit/loss before taxes as certain reported revenue, mainly divestment of companies, are non-taxable.

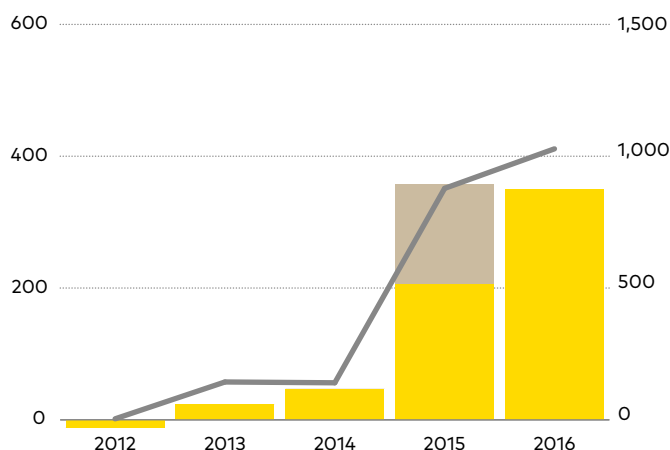
Financial position

Total assets increased from SEK 2,755 million at the beginning of the year to SEK 2,782 million at March 31, 2017. Development and project properties increased to SEK 1,453 million (1,160) through the acquisition of future building rights. These building rights were financed through cash and cash equivalents, which decreased during the quarter to SEK 138 million (507).

Other long-term receivables and other receivables increased by SEK 99 million to SEK 980 million (881) partly due to the sale of Sländan in Södertälje.

Net sales and operating profit/loss, full year

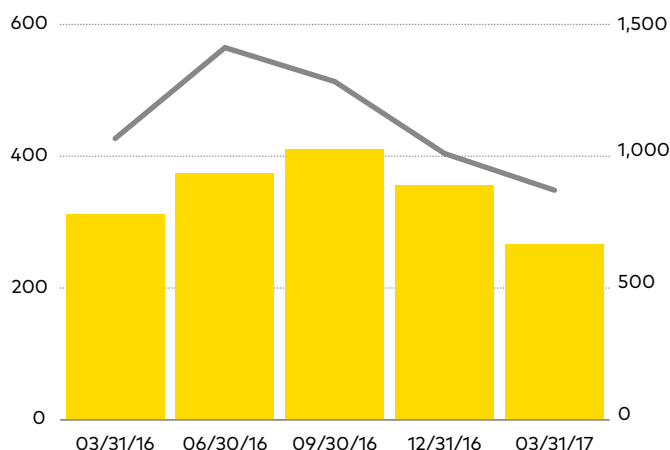
SEK million



● Net sales
● Operating profit/loss
● Revaluation during transition from associated company

Net sales and operating profit/loss, rolling 12-month period

SEK million



● Operating profit/loss
● Net sales

Financing

Financing

The business of Magnolia Bostad is capital-intensive. Access to capital is a prerequisite for Magnolia Bostad being able to continue to generate long-term value through the acquisition of building rights. Magnolia Bostad continuously monitors opportunities to diversify its funding base.

Equity and the equity/assets ratio

At March 31, 2017, consolidated equity amounted to SEK 990 million (998), which resulted in an equity/assets ratio of 35.6 percent (36.2). The minority interest of equity was SEK 135 million (103). The change in equity is due to net profit/loss for the period. Return on equity for the 12-month period ending March 31, 2017, amounted to 17.1 percent, compared to 28.8 percent for the full year 2016.

Interest-bearing liabilities

The total interest-bearing borrowings amounted to SEK 1,529 million (1,505) at March 31, 2017. Most of Magnolia Bostad's liabilities, SEK 900 million in nominal value and a carrying amount of SEK 878 million,

consist of capital market financing and the remaining liabilities consist of bank financing, SEK 636 million, and seller promissory notes, SEK 15 million. Interest-bearing net liabilities, after deductions for cash and cash equivalents of SEK 138 million (507), amounted to SEK 1,391 million (691).

Financing costs

Net financial items amounted to SEK -23 million (-13). At the end of the quarter Magnolia Bostad's average interest rate was unchanged from prior year end, 5.4 percent, with an average interest coverage ratio on rolling 12 months of 2.7 times, compared to 3.8 times for the full year 2016. The average capital tie-up period was 2.7 years at March 31, 2017, a decrease compared to 2.9 years at December 31, 2016.

Bond loans

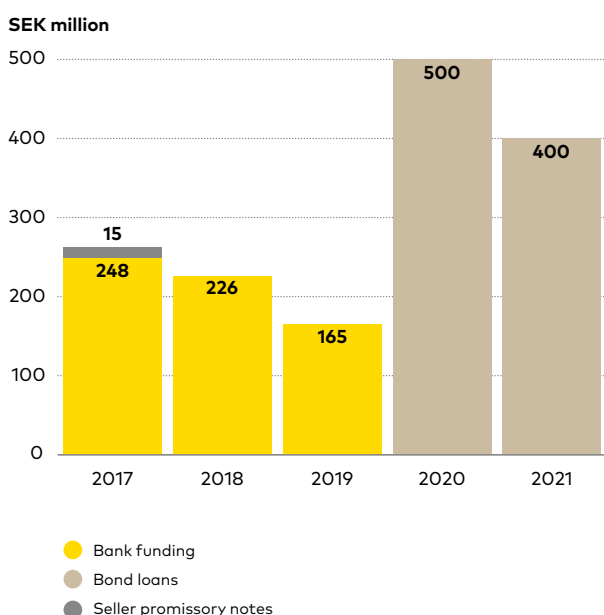
Magnolia Bostad has two outstanding bonds. One covered bond of SEK 500 million nominal amount, with a floating coupon of STIBOR 3m + 6.25 percent (with STIBOR floor) and final maturity in April 2020 and one unsecured bond of SEK 400 million pursuant to a bond frame of

up to SEK 1 billion with a floating coupon of STIBOR 3M + 7.25 percent (without a STIBOR floor) and final maturity in October 2021. The bond of SEK 500 million (nominal amount) was during the quarter listed on Nasdaq Stockholm and the bond of SEK 400 million will be moved to Nasdaq Stockholm in 2017.

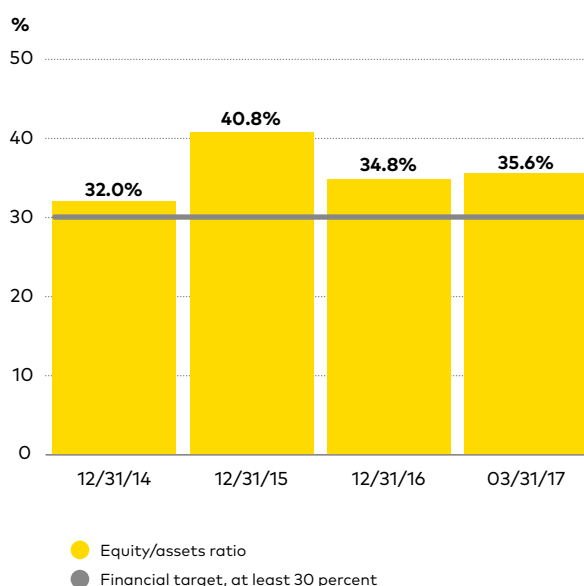
Cash flow and cash and cash equivalents

Consolidated cash flow from operating activities amounted to SEK -384 million (-22) primarily due to an increase in development and project properties which affected cash flow by SEK -293 million (-39). Cash flow from investing activities amounted to SEK -8 million (0) and cash flow from financing activities amounted to SEK 24 million (-1). Cash and cash equivalents as per March 31, 2017, amounted to SEK 138 million (170). Available liquidity, including unutilized credit lines of SEK 225 million, amounted to SEK 363 million as at March 31, 2017.

Maturity structure, nominal amounts, SEK million



Equity/assets ratio, percent



Project portfolio

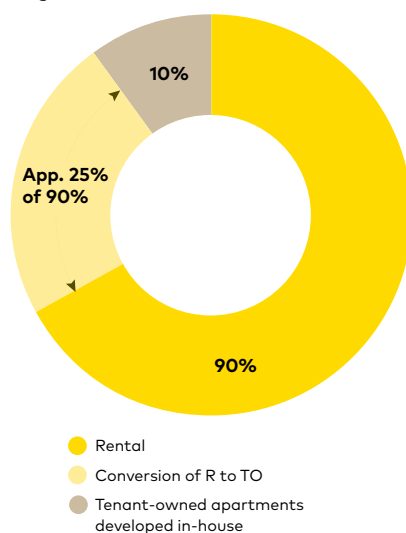
Activity has been high in Magnolia Bostad's project portfolio in Q1 2017. In February, the company signed an agreement for the acquisition of three site leasehold rights for approximately 700 estimated building rights in Bredäng. Magnolia Bostad also signed an agreement in March for the acquisition of a property in Tumba. The deal is conditional upon the approval of a local plan allowing for construction of a minimal level of habitable gross area.

The total number of apartments in the project portfolio amounted at March 31, 2017, to approximately 11,830 apartments, an increase of 141 percent in twelve months.

During the quarter profit was recognized for a project with 130 apartments compared to two projects with a total of 424 apartments during the same period last year. The number of rental apartments that were converted to tenant-owned apartments in cooperation with the buyer during the period amounted to 14 and the number of completed apartments amounted to 0.

The information about each project in the tables and diagrams on pages 6-9 is the company's current assessment of each project as a whole. Due to uncertainties such as local planning processes, decisions by government authorities or undetermined dates for when tenants will vacate project properties, these assessments and thus the final outcome for each project may change over time.

Distribution according to Magnolia Bostad's business model



ACQUISITIONS JAN 1–MARCH 31, 2017

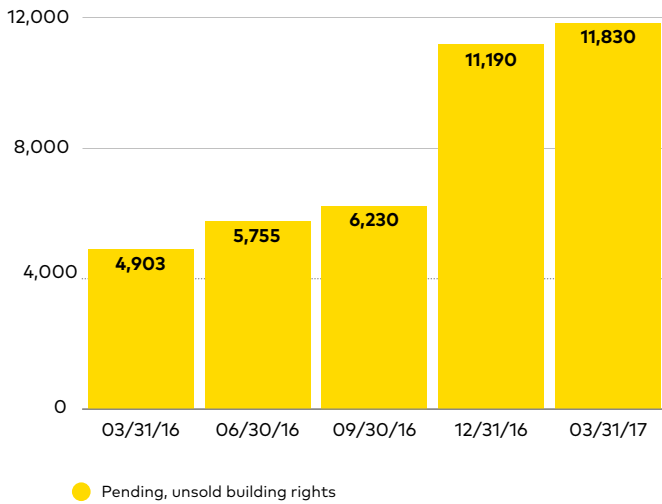
Quarter	Project	Municipality	Estimated number of building rights
1	Bredäng	Stockholm	700
			700

SOLD PROJECTS IN PRODUCTION JAN 1–MARCH 31, 2017

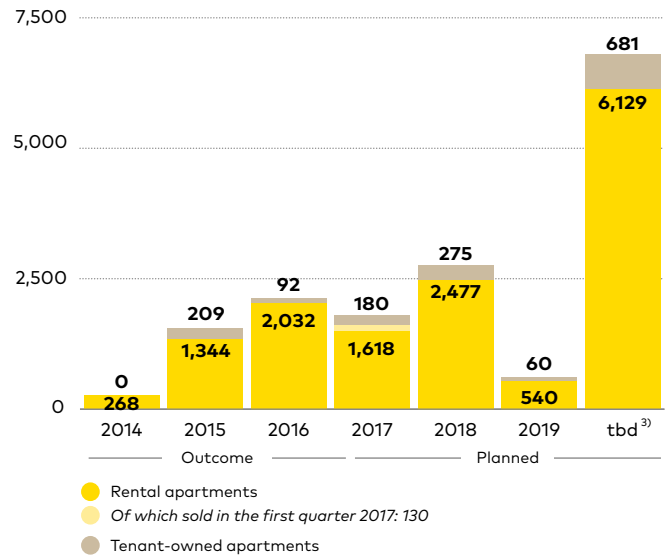
Quarter	Project	Municipality	Number of apartments	Acquired by
1	Sländan phase 2	Södertälje	130	Viva Bostad
			130	

Distribution in the project portfolio as at March 31, 2017

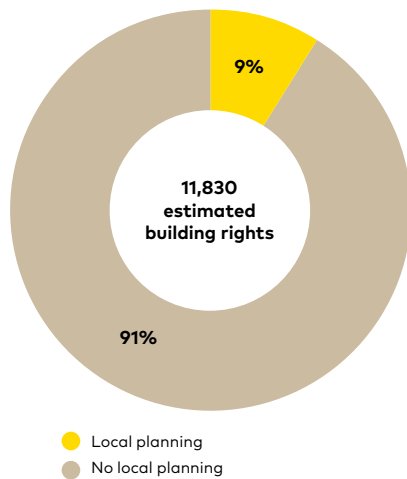
Development of the building rights portfolio ^{1) 2)}



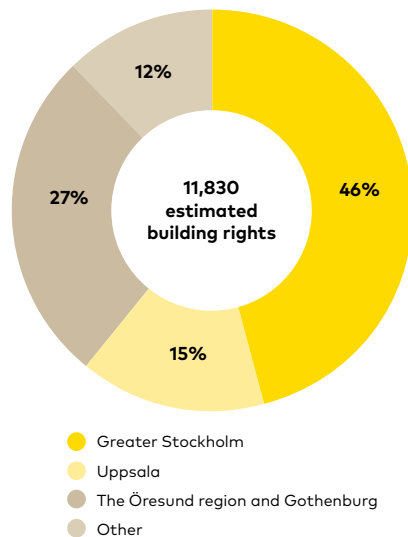
Sold apartments in production, completed and planned ²⁾



Share of estimated building rights with local planning ²⁾



Share of estimated building rights per geographical area ^{1) 2)}



¹⁾ Refers to pending, unsold building rights. Excluding undeveloped properties being sold.

²⁾ Refers to all apartments in each project, i.e. no adjustment for part ownership in projects.

³⁾ For land where Magnolia Bostad does not have planning permission or there is no date for when the tenants will move out.

Specification of the project portfolio

The tables on this and the next page show Magnolia Bostad's total project portfolio as at March 31, 2017. The associated company, Norefjell Invest, is not included. Magnolia Bostad's share of earnings in the projects listed on pages 8–9 amounts to 90 percent, unless otherwise specified. In hotel projects, Magnolia Bostad's share of earnings amounts to 60 percent.

PENDING, UNSOLD BUILDING RIGHTS

Project	Property	City	Estimated number of building rights	Estimated gross area (sqm)	Estimated living area (sqm)	Local planning	Estimated prod. start	Estimated completion
Varvet Townhouse	Varvet 4 & Part of Varvet 2	Kanikenäsholmen, Karlstad	8	800	700	●	2017	2018
Fasanen	Burlöv Arlöv 20:58 and others	Arlöv, Burlöv	250	16,500	12,500	●	2017	2019
Sportflygaren	Part of Nikolai 3:63 and others	Södra Ladugårdsängen, Örebro	110	8,200	6,200	●	2017	2019
Lilium, phase 2	Part of Gamla Uppsala 99:1	Nyby, Uppsala	110	6,900	5,200	●	2017	2019
Flygledaren ³⁾	Part of Nikolai 3:63 and others	Södra Ladugårdsgärdet, Örebro	100	7,000	5,300	●	2017	2019
Torgkvarteren	Part of Väppeby 7:7	Bålsta Torg, Bålsta	440	31,800	22,000	●	2017	2021
Senapsfabriken, phase 2 ¹⁾	Kungsängen 25:1, block 3	Kungsängen, Uppsala	650	39,000	27,000	●	2017	2021
Konstnären	Östra Sala Backe, E2, block 5	Östra Sala Backe, Uppsala	112	6,700	5,200	●	2018	2019
Nätverket	Husby 3:3	Hagby Äng och kullar, Åkersberga	300	12000	8900	●	2018	2020
Norrbacka	Sigtuna Norrbacka 1:32-36	Norrbacka, Sigtuna	180	15,000	11,500	●	2018	2020
Ångloket	Ängby 1:1	Ängby, Knivsta	200	18,000	14,000	●	2018	2020
Hagby Park	Hagby 1:5	Hagby Äng och kullar, Åkersberga	160	14,000	10,500	●	2018	2020
Sländan, phase 3	Sländan 7	Södertälje	180	10,000	7,500	●	2018	2020
Frihamnen	Part of Lundbyvassen 736:168	Frihamnen, Gothenburg	Hotel	12,000	-	●	2018	2020
Frihamnen	Part of Lundbyvassen 736:168	Frihamnen, Gothenburg	150	10,500	8,000	●	2018	2020
Ophelias Brygga	Part of Gamla Staden 1:1 and others	Oceanhamnen, Helsingborg	125	9,000	6,900	●	2018	2020
Lommarstranden	Part of Tälje 4:62	Lommarstranden, Norrtälje	200	15,000	11,000	●	2018	2020
Gjuteriet, phase 2	Nätet 7&8	Norra Munktelldagen, Eskilstuna	115	7,150	5,500	●	2018	2020
Norrtälje Hamn ³⁾	Part of Tälje 3:1 and others & Alen 1-5	Norrtälje Hamn	440	30,000	22,800	●	2018	2021
Slipsen	Stora Råby 33:2 and others	Södra Råbylund, Lund	590	38,800	29,700	●	2018	2021
Norra Kajen	Norrmalm 3:18 & 4:2	Norra Kajen, Sundsvall	600	40,000	30,000	●	2019	2022
Bredängshöjden	Vita Liljan 3, etc.	Bredäng Stockholm	700	45,000	35,000	●	tbd ⁵⁾	-
Orminge Centrum	Orminge 52:1	Orminge Centrum, Nacka	400	30,000	24,000	●	tbd ⁵⁾	-
Södra Häggviks Gårdar	Stinsen 2	Häggvik, Sollentuna	2,000	120,000	93,600	●	tbd ⁵⁾	-
Instrumentet ⁴⁾	Instrumentet 2	Stockholm	100	6,100	4,700	●	tbd ⁵⁾	-
Senapsfabriken, phase 3	Kungsängen 29:2	Kungsängen, Uppsala	700	40,000	29,000	●	tbd ⁵⁾	-
Upplands Väsby Infra City	Grimsta 5:2	Infra City, Upplands Väsby	700	42,000	32,000	●	tbd ⁵⁾	-
Skogskarlen ⁴⁾	Skogskarlen 3	Solna	130	8,000	6,000	●	tbd ⁵⁾	-
Bunkeflostrand	Limhamn 155:355	Limhamn, Malmö	1,300	75,000	58,500	●	tbd ⁵⁾	-
Mejeriet	Filborna 28:4	Olympia, Helsingborg	780	45,000	35,100	●	tbd ⁵⁾	-
Total			11,830	759,450	568,300			

¹⁾ Magnolia Bostad's share of profit/loss amounts to 76.3%.

²⁾ Magnolia Bostad owns 45% of the JV. Magnolia Bostad's share of the development profit amounts to 90%.

³⁾ Developed in cooperation with Slättö Förvaltning AB.

⁴⁾ Magnolia Bostad's ownership amounts to 100%.

⁵⁾ For land where Magnolia Bostad does not have planning permission or there is no date for when the tenants will move out.

● Local planning in force ● Local planning not in force

SOLD APARTMENTS IN PRODUCTION

Project	Property	City	Type of ownership	Number of apartments in production	Number of unsold apartments in production	Gross area (sqm)	Living area (sqm)	Prod. start	Completion
Nya Parken Allé ²⁾	Publiken 1	Central Norrköping	R	268	0	21,900	16,600	2014	2017
M6 ²⁾	Muttern 6	Södermalm, Stockholm	TO	55	1	2,900	2,900	2015	2017
Lumen ²⁾	Trapphuset 1	Sollentuna	TO	90	0	6,600	4,750	2015	2017
Slipen	Part of Varvet 2	Kanikenäsholmen, Karlstad	R	216	0	15,700	12,300	2015	2018
Maria Forum	Slagan 1	Mariastaden, Helsingborg	R	292	0	14,700	12,500	2015	2018
Bryggeriet	Norrand 11	Helsingborg	R	327	0	19,000	14,700	2015	2019
Lilium, phase 1	Part of Gamla Uppsala 99:1	Nyby, Uppsala	R	300	0	18,000	14,000	2015	2019
Kalkstenen	Tankloket 1	Limhamn, Malmö	R	129	0	6,800	5,100	2015	2018
Cementfabriken	Kölen 1	Limhamn, Malmö	R	144	0	9,100	7,100	2015	2018
Varvet	Varvet 4 & Part of Varvet 2	Kanikenäsholmen, Karlstad	TO	92	0	7,900	6,100	2016	2018
Segelflygaren	Glidplanet 1	Södra Ladugårdsängen, Örebro	R	210	0	13,500	10,000	2016	2018
Maria Mosaik	Arkeologen 1 & Antikvarien 1	Maria Station, Helsingborg	R	345	0	20,000	16,000	2016	2019
Senapsfabriken, phase 1 ¹⁾	Kungsängen 25:1, block 2	Kungsängen, Uppsala	R	455	0	26,800	19,400	2016	2019
Tegelslagaren	Vallentuna-Åby 1:166	Åby Ängar, Vallentuna	R	155	0	8,100	6,150	2016	2019
Tegelmästaren	Vallentuna-Åby 1:171	Åby Ängar, Vallentuna	R	160	0	8,100	5,950	2016	2019
Sländan, phase 1	Sländan 6	Södertälje	R	445	0	25,400	19,000	2016	2019
Gjuteriet, phase 1	Nätet 7&8	Norra Munktelldagen, Eskilstuna	R	262	0	17,800	13,900	2016	2019
Sländan, phase 2	Sländan 7	Södertälje	R	130	0	7,200	5,300	2017	2019
Total				4,075	1	249,500	191,750		

¹⁾ Magnolia Bostad's share of profit/loss amounts to 76.3%.

²⁾ Magnolia Bostad's ownership amounts to 100%.

ONGOING CONVERSIONS IN SOLD RENTAL APARTMENT PROJECTS

Project	Project name conversion	City	Conversion, number of TO	Of which sold to end customer	Partner
Slipen	Bryggan	Kaninekäsholmen, Karlstad	64	46	Slättö
Segelflygaren	-	Södra Ladugårdsängen, Örebro	57	0	Slättö
Gjuteriet, phase 1	-	Norra Munktelldagen, Eskilstuna	98	0	Slättö
Sländan, phase 2	-	Södertälje	130	0	Viva Bostad
Total			349	46	

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

Market

Market trends

The investment market during the first 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 first quarter (transactions greater than SEK 40 million) amounted to more than SEK 34 billion, compared to the corresponding quarter in 2016, which was at just above SEK 29 billion. The total transaction volume for full-year 2016 amounted to SEK 201 billion compared to SEK 147 billion for full-year 2015.

In terms of volume during the quarter, according to Newsec the largest individual segment, commercial properties, represented 23 percent. Residential properties and office buildings followed, both with 22 per cent of the total transaction volume.

The total transaction volume in 2017 is estimated to be around SEK 170 billion (transactions greater than SEK 40 million). The total transaction volume in 2016 amounted to SEK 201 billion, which is the highest level of all times in Sweden. The transaction volume for 2015 was SEK 147 billion.

Rental apartments

According to the IPD property index prepared by MSCI, the total return on housing in Sweden was 11.9 percent in 2016. Total return for Swedish properties as a whole was 13.9 percent and thus demonstrated better growth than both the stock market and the bond market. The return consisted of 4.4 percent direct yield and 9.1 percent change in value.

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 risk. For centrally located residential properties in the best locations in Stockholm, Gothenburg and Malmö, it is primarily the square meter price for tenant-owned apartments in the same area that steer the market value, following the possibility of conversion. For these residential properties, the direct yield requirement is estimated by Newsec to 1.25 percent, 1.5 percent and 2.25 percent for the best residential locations in Stockholm, Gothenburg and Malmö. However, Newsec has observed transactions under these direct yield levels in several cases.

Tenant-owned apartments

According to Mäklarstatistik, the housing markets in the metropolitan areas have been very strong the past two years. 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. This is an indication that many people made a point of buying and selling before the amortization requirement went into effect on June 1. In 2016, more than 100,000 tenant-owned apartments were sold for a total value of SEK 244 billion.

During the first quarter of 2017, 6 percent more tenant-owned apartments were sold in the country compared to the same period the previous year, and the total sales value for the tenant-owned apartments amounted to SEK 68 billion. A new record for prices was also set, and in the most recent three-month period, tenant-owned prices increased by 3 percent. The full-year rate amounted to an increase of 8 percent.



Lilium, phase 2, Uppsala

In Q1 2017, Magnolia Bostad started to sell the apartments in the first part of the Lilium project's second phase, 57 tenant-owned apartments out of the project's total of 110 apartments.

In Nyby in northern Uppsala, Magnolia Bostad is planning to build approximately 400 apartments with mixed forms of ownership. The area is close to nature and the city center and contains both newer and older buildings.

For more information about Magnolia Bostad's projects, please see www.magnoliabostad.se.

Project facts

Location: Nyby, Uppsala
Type of ownership: Tenant-owned
Scope: 110 apartments
Architect: Arkitema Architects
Planned occupancy: 2019

The share

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 March 31, 2017, there were 3,665 shareholders (3,455). The share was listed on Nasdaq First North in June 2015 and is traded under MAG. As of March 31, 2017, the share is listed for trading on Nasdaq First North Premier. During 2017, Magnolia Bostad intends to apply for listing of the share on Nasdaq Stockholm. The total number of issued shares at the end of the period was 37,822,283.

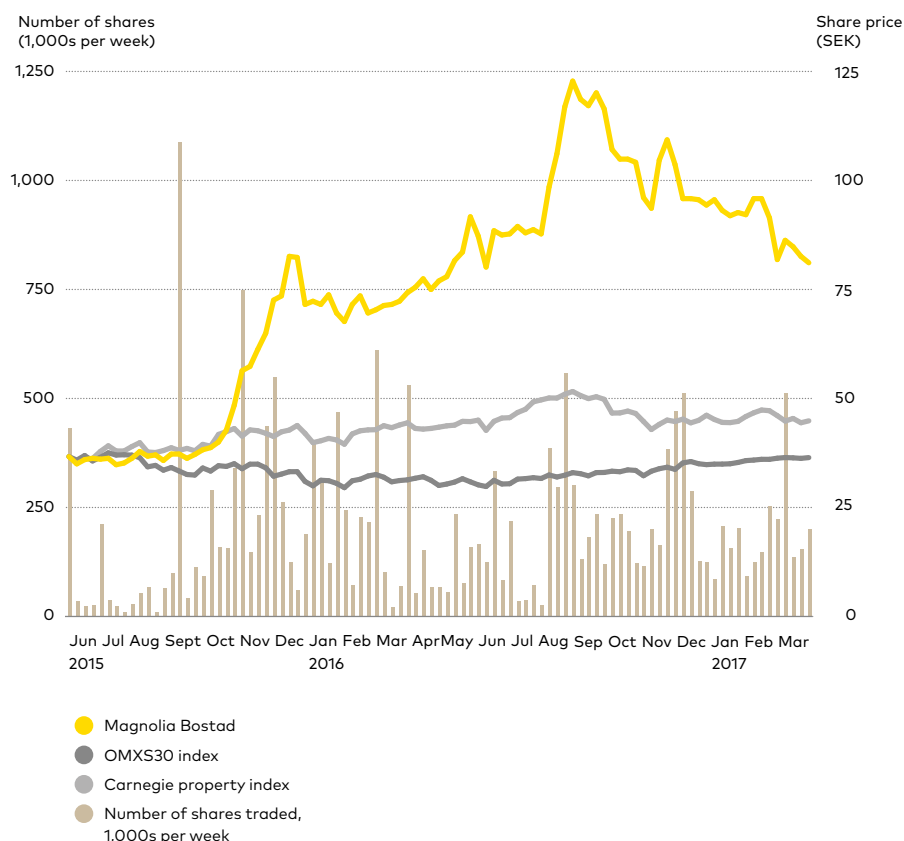
The share price at closing on March 31, 2017, was SEK 82.75. On average, 187 transactions were conducted per trading day between January 2, 2017 and March 31, 2017, and the average trading volume per trading day was SEK 3.6 million.

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.

Dividends

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 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

	2017		2016	
	March 31	Full year	March 31	Full year
Average number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283

Owners

Ownership as at March 31, 2017

Number of shares	No. of shareholders	Shareholder category	No.	Share of votes	Shareholders per country	No.	Share of votes	
1–500	2,852	Legal persons	272	7.42%	Sweden	3,532	96.37%	
501–1,000	354	Private individuals, men	2,494	68.05%	Other Nordic countries	36	0.98%	
1,001-2,000	333				Other European countries (excl. Sweden and the Nordic countries)	64	1.75%	
2,001-5,000	52	Private individuals, women	899	24.53%	USA	19	0.52%	
5,001-10,000	17							
10,001-50,000	11	Total		3,665	100.00%	Rest of world	14	0.38%
50,001-	46	of which living in Sweden	3,532	96.37%	Total	3,665	100%	
Total	3,665							

Largest shareholders as at March 31, 2017

Shareholders	Number of shares	Percentage of	
		Share capital	Votes
F.Holmström Fastigheter	21,286,837	56.28%	56.28%
Danica Pension	3,065,406	8.10%	8.10%
Länsförsäkringar fondförvaltning AB	2,410,908	6.37%	6.37%
Nordnet Pensionsförsäkring AB	1,704,282	4.51%	4.51%
Svolder Aktiebolag	1,394,009	3.69%	3.69%
Dahlin, Martin	827,471	2.19%	2.19%
Försäkringsaktiebolaget, Avanza Pension	649,592	1.72%	1.72%
Swedbank Robur Fonder	638,783	1.69%	1.69%
Cliens Sverige Fokus	370,000	0.98%	0.98%
Cliens Sverige	339,676	0.90%	0.90%
Total 10 largest shareholders	32,686,964	86.43%	86.43%
Other shareholders	5,135,319	13.57%	13.57%
Total	37,822,283	100.00%	100.00%

Condensed Consolidated Income Statement

Amounts in MSEK	2017 Jan–March	2016 Jan–March	2016 Jan–Dec
Net sales	71	210	1,010
Production and operating costs	-45	-106	-642
Gross profit/loss	26	104	368
Central administration	-8	-4	-27
Profit/loss from participations in associated companies and joint ventures	-4	0	14
Operating profit/loss	14	100	355
Financial income	1	1	3
Financial expenses	-24	-14	-93
Change in value, financial instruments	0	0	0
Profit/loss before tax	-9	86	265
Income tax	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-9	86	265
Profit/loss attributable to			
Parent Company shareholders	-8	76	222
Non-controlling interests	-1	10	43
Earnings per share (SEK)			
Before dilution effects	-0.20	2.02	5.87
After dilution effects	-0.20	2.01	5.84

Consolidated Statement of Comprehensive Income

Amounts in MSEK	2017 Jan–March	2016 Jan–March	2016 Jan–Dec
Net profit/loss for the period	-9	86	265
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Total other comprehensive income	0	0	0
Comprehensive income attributable to			
Parent Company shareholders	-8	76	222
Non-controlling interests	-1	10	43
COMPREHENSIVE INCOME FOR THE PERIOD	-9	86	265

Condensed Consolidated Statement of Financial Position

Amounts in MSEK	2017 March 31	2016 March 31	2016 Dec 31
ASSETS			
Non-current assets			
Goodwill	6	6	6
Other intangible assets	1	1	0
Total intangible assets	7	7	6
Machinery and equipment	7	1	1
Total property, plant and equipment	7	1	1
Participations in associated companies and joint ventures	114	2	116
Receivables from associated companies	23	23	23
Other securities held as non-current assets	31	31	31
Other long-term receivables	471	289	406
Total financial assets	639	345	576
Total non-current assets	653	351	583
Current assets			
Development and project properties	1,453	1,178	1,160
Tenant-owned apartments	4	4	4
Accounts receivable	2	18	1
Receivables from associated companies	19	7	20
Other receivables	509	322	475
Prepaid expenses and accrued income	4	3	5
Cash and cash equivalents	138	170	507
Total current assets	2,129	1,702	2,172
TOTAL ASSETS	2,782	2,053	2,755

Condensed Consolidated Statement of Financial Position

Amounts in MSEK	2017 March 31	2016 March 31	2016 Dec 31
EQUITY AND LIABILITIES			
Equity			
Share capital	151	151	151
Other capital contributions	185	185	185
Retained profits including net profit/loss for the period	519	418	526
Equity attributable to Parent Company shareholders	855	754	862
Non-controlling interests	135	103	136
Total equity	990	857	998
Long-term liabilities			
Deferred tax liability	2	2	2
Long-term interest-bearing liabilities	1,267	731	1,268
Derivatives	-	0	-
Other long-term liabilities	54	96	91
Total long-term liabilities	1,323	829	1,361
Current liabilities			
Current interest-bearing liabilities	262	130	237
Derivatives	0	-	0
Accounts payable	68	38	38
Liabilities to associated companies	11	-	-
Income tax liabilities	0	2	0
Other current liabilities	40	114	68
Accrued expenses and deferred income	88	83	53
Total current liabilities	469	367	396
TOTAL EQUITY AND LIABILITIES	2,782	2,053	2,755

Condensed Consolidated Statement of Changes in Equity

Amounts in MSEK	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/loss for the year	Non-controlling interests	Total equity
Opening equity 1/1/2016	151	185	0	342	93	771
Net profit/loss for the period	-	-	-	76	10	86
Other comprehensive income	-	-	-	-	-	-
Closing equity 3/31/2016	151	185	0	418	103	857
Dividend	-	-	-	-38	-	-38
Net profit/loss for the period	-	-	-	146	33	179
Other comprehensive income	-	-	0	-	0	0
Closing equity 12/31/2016	151	185	0	526	136	998
Opening equity 1/1/2017	151	185	0	526	136	998
Net profit/loss for the period	-	-	-	-8	-1	-9
Other comprehensive income	-	-	0	-	0	-
Closing equity 3/31/2017	151	185	0	518	135	990

Condensed Consolidated Cash Flow Statement

Amounts in MSEK	2017 Jan–March	2016 Jan–March	2016 Jan–Dec
Operating activities			
Profit/loss after financial items	-9	86	265
Adjustments for non-cash items, etc.			
Less profit/loss from associated companies and joint ventures	4	0	-14
Depreciation/amortization and impairment of assets	1	0	1
Capital gains/losses from the sale of development properties	-31	-117	-338
Other provisions	0	0	0
Other profit/loss items that do not affect liquidity	-1	0	0
Income tax paid	-1	-1	-4
Cash flow from operating activities before changes in working capital	-37	-32	-90
Decrease(+)/increase(-) of development and project properties	-293	-39	119
Decrease(+)/increase(-) in current receivables	-66	-32	-4
Decrease(-)/increase(+) in current liabilities	12	81	-47
Cash flow from operating activities	-384	-22	-22
Investing activities			
Acquisition of intangible fixed assets	-1	0	-
Acquisition of property, plant and equipment	-7	0	-1
Investment in financial assets	0	-	-100
Cash flow from investing activities	-8	0	-101
Financing activities			
Borrowings	25	-	1,059
Repayment of borrowings	-1	-1	-584
Dividend paid	-	-	-38
Cash flow from financing activities	24	-1	437
Cash flow for the period	-368	-23	314
Cash and cash equivalents at the beginning of the period	507	193	193
Cash and cash equivalents at the end of the period	138	170	507

Condensed Parent Company Income Statement

Amounts in MSEK	2017 Jan–March	2016 Jan–March	2016 Jan–Dec
Net sales	0	0	2
Total income	0	0	2
Central administration	-7	-2	-12
Operating profit/loss	-7	-2	-10
Financial income	14	4	41
Financial expenses	-16	-5	-55
Profit/loss after financial items	-10	-3	-24
Tax on profit/loss for the period	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-10	-3	-24

Parent Company Statement of Comprehensive Income

Amounts in MSEK	2017 Jan–March	2016 Jan–March	2016 Jan–Dec
Net profit/loss for the period	-10	-3	-24
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Total other comprehensive income	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	-10	-3	-24

Condensed Parent Company Balance Sheet

Amounts in MSEK	2017 March 31	2016 March 31	2016 Dec 31
ASSETS			
Non-current assets			
Financial assets	349	352	349
Total non-current assets	349	352	349
Current assets			
Current receivables			
Receivables from Group companies	771	181	718
Receivables from associated companies	0	0	0
Other receivables	0	2	1
Prepaid expenses and accrued income	1	0	0
Total current receivables	772	184	719
Cash and bank balances	5	10	64
Total current assets	777	194	783
TOTAL ASSETS	1,126	546	1,132
EQUITY AND LIABILITIES			
Equity	231	302	241
Long-term liabilities			
Interest-bearing liabilities	878	223	876
Total long-term liabilities	878	223	876
Current liabilities			
Liabilities to Group companies	0	4	0
Other current liabilities	1	12	0
Accrued expenses and deferred income	16	5	15
Total current liabilities	17	21	15
TOTAL EQUITY AND LIABILITIES	1,126	546	1,132

Other information

Accounting principles

The interim report for the Group is prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. For the Parent Company, the interim report was prepared in accordance with the Annual Accounts Act, which is in compliance with the provisions in RFR 2. The accounting principles agree with those used by the Group in the 2016 Annual Report. Disclosures in accordance with IAS 34 Interim Reporting are provided both in notes and elsewhere in the interim report.

Fair value of financial assets and liabilities are judged in all material respects to agree with the carrying amounts for all financial instruments except the bond loans, where the fair value is judged to amount to SEK 935 million compared to a carrying amount of SEK 878 million. December 31, 2016 fair value for bond loans was SEK 923 million compared to a carrying amount of SEK 876 million. Fair value for bond loans have been determined according to level 1 and derivatives have been valued at fair value through profit and loss according to level 2 in the fair value hierarchy in IFRS 13. No changes were made in the fair value hierarchy for financial instruments.

For a more detailed description of the applied accounting principles for the Group and Parent Company, refer to Magnolia Bostad AB's website, www.magnoliabostad.se.

Transactions with related parties

Group

The Group is subject to controlling influence from F. Holmström Fastigheter AB, CIN 556530-3186, which is domiciled in Stockholm.

Transactions with related parties occurred between the Parent Company and its subsidiaries and between the subsidiaries in the form of loans of cash and cash equivalents and invoicing of internal administrative services between the companies.

Magnolia Bostad and the CEO's company, Fredrik Lidjan AB, have an agreement regarding future cooperation. In addition to this, the CEO invoiced for his remuneration as CEO during 2016. Starting on January 1, 2017, Fredrik Lidjan is employed as the CEO of Magnolia Bostad. The scope and focus of other transactions with closely related parties have not significantly changed since the most recent annual report. For more information, see page 66 as well as Note 4, Note 9 and Note 36 in the 2016 Annual Report.

Parent Company

In addition to the closely related parties specified for the Group, the Parent Company has closely related parties that have a controlling influence over their subsidiaries.

Significant risks and uncertainty factors

Magnolia Bostad is exposed to risks and uncertainty factors through its operations. For information about the Group's risks and uncertainty factors, refer to Magnolia Bostad AB's website, www.magnoliabostad.se.

Sustainability

Magnolia Bostad has a clear focus on ensuring that all housing projects are financially, socially and environmentally sustainable. The housing the company develops should not just be sustainable today, but for generations. Taking a long-term approach to these matters is not just about our end customers living in beautiful, healthy buildings. It is also a fundamental prerequisite for the Magnolia Bostad's growth and profitability.

Organizational structure

Magnolia Bostad has a versatile and scalable organization divided into the following areas: Business Development, Communications, Project Development and Finance. The company's organization, as at March 31, 2017, consisted of 59 employees (37), of which 31 were women (16) and 28 were men (21), in Stockholm and Helsingborg.

Significant events after the end of the period

Magnolia Bostad moves a previously issued covered bond loan for SEK 500 million from the Nasdaq First North Bond Market to the Corporate Bond List of Nasdaq Stockholm. The first day of trade was April 12, 2017.

Stockholm, April 26, 2017,
Magnolia Bostad AB (publ)

Board of Directors

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

Quarterly overview

	2017 Mar 31	Dec 31	Sep 30	2016 Jun 30	Mar 31	Dec 31	2015 Sep 30	Jun 30
Net sales (SEK million)	71	124	242	434	210	397	371	89
Operating profit/loss (SEK million)	14	41	99	116	100	96	62	54
Profit/loss after tax (SEK million)	-9	14	78	85	86	80	52	37
Earnings per share (SEK) ¹⁾	-0.20	0.26	1.86	1.71	2.02	1.77	1.30	0.86
Equity (SEK million)	990	998	985	906	857	771	692	652
Equity per share (SEK) ¹⁾	22.61	22.79	22.54	20.67	19.96	17.93	16.15	15.17
Return on equity (%)	-0.9	1.2	8.6	8.5	10.7	10.4	8.4	7.1
Equity/assets ratio (%)	35.6	36.2	38.7	37.8	41.7	40.8	39.6	38.8
Cash flow from operating activities (SEK million)	-384	305	-70	-235	-22	-50	-40	-90
Cash flow from the operating activities, per share (SEK)	-10	8.1	-1.8	-6.2	-0.6	-1.3	-1.0	-2.6
Number of basic outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283
Number of outstanding shares after full dilution ²⁾	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283

Alla mounts are translated in accordance with IFRS

¹⁾ Excluding the minority

²⁾ 160,000 warrants are held by the Magnolia Bostad Group.

Definitions

Alternative performance measures not defined in IFRS

Return on equity (%)

Net profit/loss for the period attributable to Parent Company's shareholders as a percent of the average equity attributable to Parent Company shareholders.

Net financial items

Net of financial income and financial expenses.

Profit/loss after financial items

Operating profit/loss plus financial income minus financial expenses.

Interest-bearing net liabilities

Interest-bearing liabilities minus cash and cash equivalents.

Interest coverage ratio (multiple)

Profit/loss after financial items including financial expenses divided by financial expenses.

Operating margin (%)

Operating profit as a percentage of net sales.

Operating profit/loss

Net sales minus costs for production and operation, central administration, depreciation/amortization and impairment of intangible assets and property, plant and equipment and profit/loss from participations in associated companies.

Sold apartments in production

Number of apartments in sold projects where binding sales agreements have been signed.

Equity/assets ratio (%)

Equity, including holdings without a controlling influence, as a percentage of the balance sheet total.

Profit margin, %

Net profit for the year as a percent of net sales.

For reconciliation of alternative performance measures, refer to Magnolia Bostad AB's website, www.magnoliabostad.se.

Other definitions

Estimated gross area

Estimated area based on preliminary blueprints or calculated using standardized figures.

Estimated number of building rights

Number of estimated future apartments in acquired properties.

Equity per share

Equity attributable to Parent Company shareholders divided by the number of outstanding basic shares.

Cash flow from operating activities, per share

Cash flow from operating activities divided by average number of outstanding shares before dilution.

This is Magnolia Bostad

Magnolia Bostad creates modern homes and living environments through smart functions, attractive architecture and good designs.

Magnolia Bostad develops new apartments, primarily rental apartments and tenant-owned apartments, in attractive locations in Sweden's metropolitan areas and growth cities. We put the home in focus – Well thought-out and efficient on the inside so people will not only be able to afford to live there but also enjoy spending time there. Attractive exteriors, contemporary architecture and well executed projects that create an attractive offer for the country's municipalities and our investors. Our buildings will be standing for many generations.

Business idea

Magnolia Bostad will develop efficient, attractive and functional new housing at a good profit.

Targets:

Financial targets

- Return on equity must be at least 30 percent
- The equity/assets ratio must be at least 30 percent.

Operational targets

- Possibility of starting production on 3,000 apartments a year starting in 2018.

Sustainability targets

- Strive to meet the requirements for environmental certification corresponding to the Sweden Green Building Council's Silver certification or the Swan Ecolabel in all of our projects.

Strategy

By working with several forms of ownership, the company achieves good risk distribution. The distribution between rental apartments

and tenant-owned apartments in the project portfolio varies over time based on demand, the state of the economy and conditions that at any given time are judged to be most favorable for the company. Growth shall occur with good profitability.

For more information about the company's strategy and business model, see pages 10-11 in Magnolia Bostad's 2016 Annual Report.

Our values are our compass

The pillars on which the "Magnolia House" rests are Innovation, Ambition and Awareness. This means that we have the desire to change and challenge the status quo. We work in a structured and focused manner to optimize our productivity – an orderly structure for everything from planning to occupancy. Our business culture is characterized by openness, happiness and dynamics.

Financial Calendar

- Annual General Meeting 2017: April 26, 2017
- Interim Report January-June 2017: July 19, 2017
- Interim Report January-September 2017: October 27, 2017
- Year-End Report January-December 2017: February 2018

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Magnolia Bostad's share (MAG) is listed on Nasdaq First North Premier. Erik Penser Bank is the Certified Adviser for the company. More information is available at www.magnoliabostad.se.

This report is published in two language versions: Swedish and English. In case of inconsistency or discrepancy between the two versions, the Swedish language version shall prevail.

The information in this report is information that Magnolia Bostad AB (publ) as obliged to make public pursuant to the EU Market Abuse Regulation (596/2014/EU). The information was submitted for publication, through the agency of the contact persons set out above at 08:15 CET on April 26, 2017.

MAGNOLIA

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