

MAGNOLIA

**Magnolia Bostad
Interim Report**
Group
Jan 1–Sep 30, 2017

Q3

Interim Report January–September 2017

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

Reporting period

July–September 2017

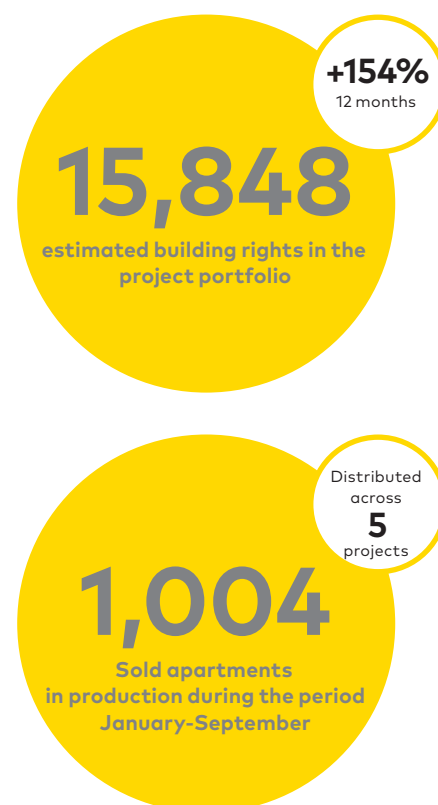
- Net sales amounted to SEK 193 million (242).
- The company reported an operating profit of SEK 7 million (99).
- Net profit for the period amounted to SEK -22 million (79). Earnings per share, after deductions for minority shares, amounted to SEK -0.53/share (1.87).
- During the period, Magnolia Bostad agreed on the acquisition of 0 estimated building rights (1,160) and sold 224 apartments (768).
- Agreement on sales of 275 apartments in Arlöv as well as 236 apartments in Nynäshamn were signed during the quarter. As the sales are conditional on the buyer's financing no profit-making has been made during the quarter
- Transfer of previously issued bond loan of SEK 400 million to the Corporate Bond list at Nasdaq Stockholm.
- Magnolia Bostad took possession of Svenska Vårdfastigheter AB on July 4, 2017.

Interim Period

January–September 2017

- Net sales increased to SEK 1,054 million (885).
- The company reported an operating profit of SEK 146 million (314).
- Net profit for the period amounted to SEK 69 million (251). Earnings per share, after deductions for minority shares, amounted to SEK 0.90/share (5.61).
- Equity amounted to SEK 974 million (984).
- Equity per share, after deductions for minority shares, amounted to SEK 21.97/share (22.53).
- During the period, Magnolia Bostad agreed on the acquisition of approximately 5,825 estimated building rights (3,915) and sold 1,004 apartments (2,092).
- Magnolia Bostad's share is being traded as of March 31, 2017 on Nasdaq First North Premier.

For significant events after the period, see page 25.



KPIs, Group

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Project-related						
Number of sold apartments in production during the period	224	768	1,004	2,092	1,036	2,124
Total number of apartments in production	4,626	4,078	4,626	4,078	4,626	3,945
Number of estimated building rights in the portfolio	15,848	6,230	15,848	6,230	15,848	11,190
Financials						
Operating margin (%)	3.6	40.9	13.9	35.5	15.9	35.1
Return on equity (%) ¹⁾	-2.4	8.8	4.0	27.7	5.2	28.8
Equity/assets ratio (%)	30.3	38.7	30.3	38.7	30.3	36.2
Interest coverage ratio (multiple)	0.3	5.0	1.9	4.9	1.8	3.8
Share-related						
Earnings per share (SEK) ¹⁾	-0.53	1.87	0.90	5.61	1.16	5.87
Equity per share (SEK) ¹⁾	21.97	22.53	21.97	22.53	21.97	22.79

¹⁾ Excluding the minority
For definitions of alternative KPIs that are not defined in IFRS, see page 26



Sländan phase 1, downtown Södertälje

A word from the CEO

Magnolia Bostad has had a positive business development during the first nine months of the year. The company's project portfolio is developing positively and several negotiations on project sales are in progress. Despite a weak result for the quarter, the full year of 2017 is expected to show good growth and improved earnings.

Magnolia Bostad reported an operating profit of SEK 7 million (99) for the interim period 1 July - 30 September 2017. The lower result is mainly due to fewer recognized project sales, a total of 224 apartments (768).

Pending tenant-owned residential market

After several years of rising prices on tenant-owned apartments, combined with overproduction in some cities, we now see a pending attitude among homeowners in parts of the country. This despite low interest rates, strong labor markets and other favorable macroeconomic factors.

The capital market has reacted with falling share prices and reduced liquidity in the bond market.

Magnolia Bostad is well positioned in today's market

- Strong demand for rental units and residential care homes
- Limited exposure to tenant-owned apartments
- High sales rate in production-started projects
- Geographically diversified project portfolio with low input values
- Low risk against additional purchase prices in entered land acquisition agreements

- Appropriate maturity structure on liabilities

Limited exposure to the tenant owned residential market

We see a continued strong demand for our rental units, residential care homes and hotels. Now, we are negotiating the majority of divestments that are expected to generate results in the coming quarter.

During the year, we signed a larger agreement with Slättö for the sale of 13 projects worth a value of 7-14 months, which ensures a substantial part of the required demand in the coming years.

Significant events during the quarter

- Took possession of Svenska Vårdfastigheter AB.
- Expanded the management team.
- Sale of one project in Nynäshamn of 220 rental apartments.
- Sale of the tenant-owned apartment project, Varvet Townhouse, in Karlstad.
- Conversion of 44 apartments in the project Gjuteriet in Eskilstuna.

Limited exposure to the tenant owned residential market

Magnolia Bostads core business is to develop rental units for institutional investors. The exposure to the tenant owned residential market is therefore limited.

The majority of the tenant rights we develop are initially divested based on the rental unit model. Magnolia Bostad then has the opportunity to sell parts of the apartments as a tenant owned apartment on demand, and share the surplus values that are created. If the tenant apartment is not sold, the rental unit deal still remains.

During the quarter, according to the model described, we sold the second phase of the project Gjuteriet, located in Norra Munktelldalen in Eskilstuna.

High sales in production-started projects

In total, we currently have 4,630 residential units in production, of which only 4 are unsold, which corresponds to a sales rate of 99.9 percent.

Geographically diversified project portfolio with low input values

Of the company's 70 projects, 67 were acquired on the basis of a

rental unit calculation. In addition, the projected market value of the projects shows that the average rental unit is priced at least SEK 500,000 lower than for corresponding tenant-owned apartments.

Our acquisition strategy means that Magnolia Bostad has the potential to achieve established profitability requirements regardless of whether we choose to develop rental units or tenant-owned apartments. In addition, the geographical distribution of our project portfolio creates a good risk spread.

Additional Purchase prices in land purchase agreements

The company has entered into a smaller number of land acquisition agreements with additional purchase price terms that fall under the law-enforced detailed plan. These projects are included in the agreement with Slättö and the liquidity risk is thus mitigated.

Appropriate maturity structure on liabilities

Cash flow from the profit margin on transactions with recognized revenue is paid when each project is completed, which means that the company has accumulated significant claims against institutions. The maturity structure of these

items coincides

well with the maturity of the company's bond loans.

Favorable location for development of rental units

A slower market for tenant owned apartments is expected to lead to lower price levels and increased range of attractive building rights as well as lower construction prices.

In addition, demand for rental units increases with a reduced demand for tenant owned apartments.

We are well positioned to take advantage of these opportunities.

Stockholm, October 2017



Fredrik Lidjan
CEO



Earnings, financial position and financing

Comparisons provided in parentheses refer to the corresponding figure the previous year except in sections that describe the financial position and funding. These figures refer to the end of the previous year.

Reporting period July 1-September 30, 2017

Net sales amounted to SEK 193 million (242) and the operating profit for the quarter was SEK 7 million (99). Profit after tax for the period was SEK -22 million (79).

Operating profit for the third quarter of 2017 can be explained primarily by the sale of approximately 220 apartments in Nynäshamn in the project Fyren phase 1 to Viva Bostad Nynäshamn AB. An agreement was also signed for sale of another 236 apartments in the project Fyren phase 2, but as the sale is still conditional on the buyers financing phase 2 is not recognized during the quarter. The property value upon completion for apartments sold in Fyren, phase 1 and 2, in Nynäshamn is estimated to approximately SEK 950 million.

The reduction in the operating profit by SEK 92 million compared to the same period last year is due primarily to the number of apartments recognized; 224 this period

compared to 768 during the same period the previous year. Financing costs for the quarter are SEK -31 million (-20). The increase in financing costs is due to higher interest-bearing liabilities compared to the same period the previous year. Interest-bearing liabilities increased primarily due to the financing of the acquisition of Svenska Vårdfastigheter AB.

Interim Period

January 1-September 30 2017

Net sales amounted to SEK 1,054 million (885) and operating profit for the interim period was SEK 146 million (314). Profit after tax for the period was SEK 69 million (251).

Net sales and operating profit for the interim period derives from the sale of 1,004 apartments (2,092). Operating profit fell by SEK 168 million, which is explained by revenue recognition for fewer apartments. Overall turnover from property sales amounted to SEK 704 million (770).

Income from project management services amounts to SEK 15 million (6), other billing to projects and other revenues has contributed with SEK 299 million (73) to turnover. The increase, compared with the same period the previous year,

is explained by increased deliveries to sold projects under production, mainly to the projects Varvet, Segelflygaren, Gjuteriet and Lumen.

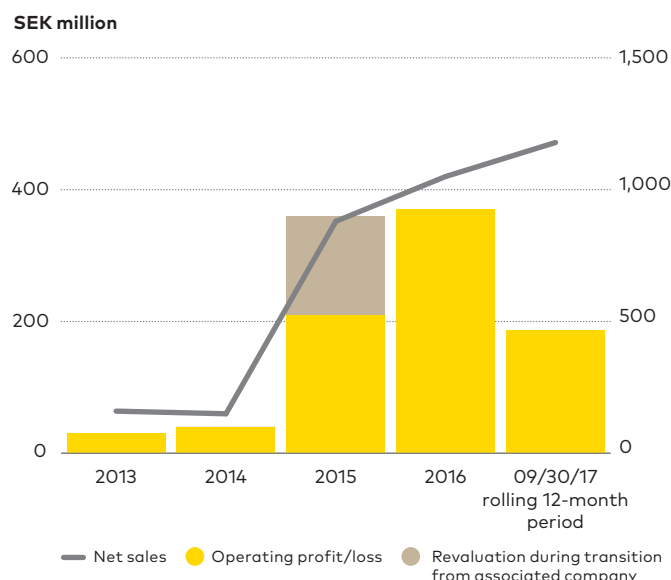
Rental income fell by SEK 1 million to SEK 35 million (36). Operating costs for properties that generate rental income amount to SEK -12 million (-11), which means that their contribution to operating profit decreased by SEK 2 million and amounts to SEK 23 million (25).

Magnolia Bostad strengthened its organization during the year and completed the acquisition of Svenska Vårdfastigheter, which explains the increase in costs for central administration to SEK -28 million (-17). Earnings from associated companies decreased to SEK -6 million (2), primarily due to the loss from ownership in Sollentuna Stinsen JV AB of SEK -9 million (-). In addition to the contribution from Sollentuna Stinsen JV AB, Kanikenäsvarvet Bostad HB contributed SEK 3 million (-) to earnings from participations in associated companies and joint ventures.

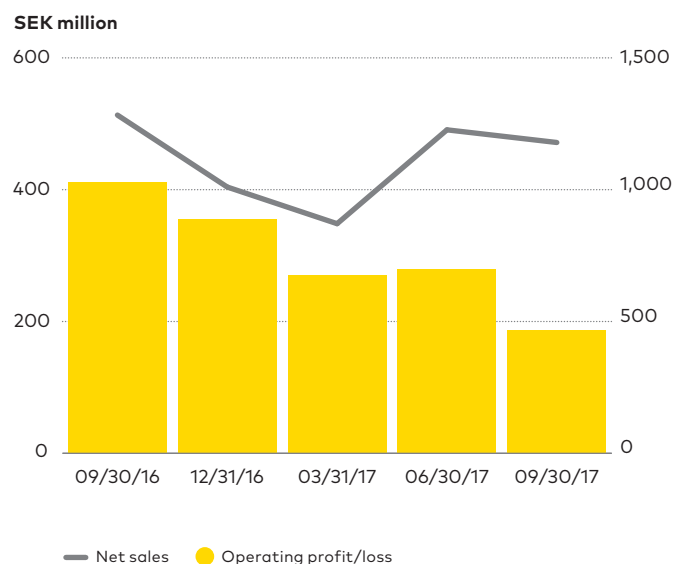
Net financial items

Net financial income/expense for the nine-month period amounted to SEK -77 million (-63). The increase in expenses is attributable to an

Net sales and operating profit/loss, full-year



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



increase in assets that are financed externally.

Net profit/loss for the period

Net profit for the period amounted to SEK 69 million (251), of which SEK 0 million (0) are income taxes. The tax expense is less than 22.0 percent of profit before tax since some reported income, primarily the sale of companies, is not taxable.

Financial position

The consolidated balance sheet total increased to SEK 3,213 million compared to SEK 2,755 million at the beginning of the year. This increase is due to the increase in other long-term receivables and other receivables, which together increased by SEK 539 million to SEK 1,420 million (881), attributable to paid deposits and increases in claims on buyers of the projects. Of the total receivables of SEK 1,420 million, SEK 110 million constitute paid deposits for future property acquisitions. Within the next 12 months, the Group is expected to receive SEK 421 million (433) in total claims on buyers of the projects, such as amortization of promissory notes, payment of additional consideration, final consideration and forward funding.

Development and project proper-

ties increased by SEK 166 million and amounts to SEK 1,326 million (1 160). The increase is primarily due to the acquisition of Svenska Vårdfastigheter AB. The acquisition is classified as an asset acquisition and the acquired project portfolio contains twelve projects with 825 estimated residential care facilities at a total value at possession of SEK 373 million.

The acquisition is financed by buyer promissory notes of SEK 125 million, bank financing of SEK 150 million and cash. Svenska Vårdfastigheter AB is the parent company in a group whose operations consist of 12 fully owned subsidiaries and four associates.

Equity and equity ratio

The Group's shareholders' equity amounted on September 30, 2017 to SEK 974 million (998) with a solidity of 30.3 percent (36.2). Minority share of equity amounted to 143 MSEK (136). The lower equity ratio since year-end 2016 is explained partly by dividend of SEK 66 million to the parent company shareholders and dividends of SEK 30 million to non-controlling interests influence, profit for the period and of the acquisition of Svenska Vårdfastigheter as parts were financed with external loans.

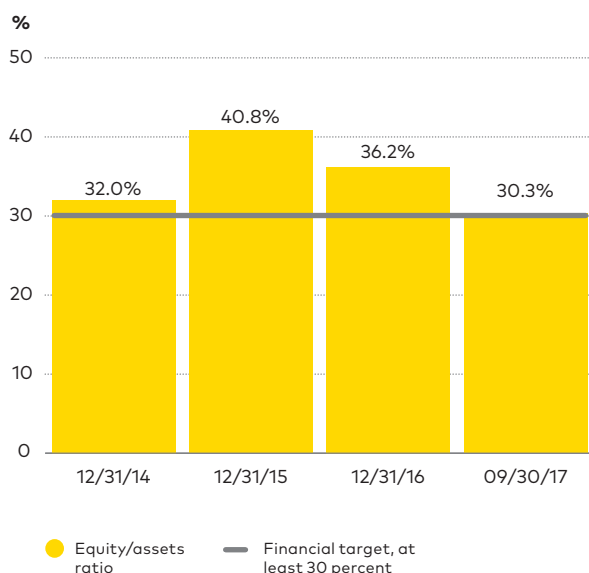
The group's equity ratio is above the financial target of an equity ratio of at least 30 percent. The return on equity for rolling 12-month period ending September 30, 2017 amounted to 5.2 percent, compared to 28.8 percent for the calendar year 2016. The decrease of return on equity compared with the calendar year 2016 is explained mainly by revenue recognition for fewer apartments.

Interest-bearing liabilities

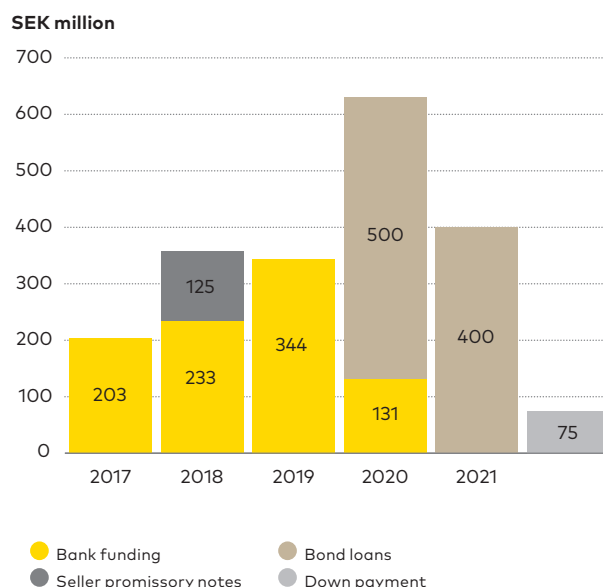
Access to capital is a prerequisite for Magnolia Bostad being able to continue to generate long-term value through the acquisition of building rights. Magnolia Bostad continuously monitors opportunities to diversify its funding base.

The total interest-bearing loans, including an interest-bearing deposit received from Slättö, amounted to SEK 1,988 million (1,505) as at September 30, 2017. Magnolia Bostad's liabilities consist of SEK 907 million in bank financing and bond loans of SEK 900 million in nominal value. Carrying amount for bond loans amount to SEK 881 million. Remaining liabilities consist of seller promissory notes, SEK 125 million, and a deposit from Slättö of SEK 75 million. After deductions

Equity/assets ratio, percent



Maturity structure, nominal amounts, SEK million



for cash and cash equivalents of SEK 187 million (507), interest-bearing net debt amounted to SEK 1,801 million (998).

Financing costs

Net financial income/expense amounted to SEK -77 million (-63). At the end of the quarter, Magnolia Bostad's average interest rate on the nominal principal loan amount was 5.3 percent compared to 5.4 percent at the end of the previous year. Including the dissolution of paid advance fees, the average effective interest rate at the end of the quarter amounts to 5.8 percent. This increase in financing costs is due primarily to an increase in interest-bearing liabilities of SEK 483 million to SEK 1,988 million compared to SEK 1,505 million at the end of the year.

The interest coverage ratio on a rolling 12-month basis amounts to a multiple of 1.8 compared to 3.8 for full-year 2016. The average capital tie-up period was 2.2 years at September 30, 2017, which is lower than the 2.9 years at December

Bond loans

Magnolia Bostad has two outstanding bonds: one covered bond of nominal SEK 500 million with a floating coupon of STIBOR 3m + 6.25 percent (with STIBOR floor)

and final maturity in April 2020 and one unsecured bond of nominal 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 was listed on Nasdaq Stockholm on April 12, 2017, and the bond of SEK 400 million was moved to Nasdaq Stockholm with the first day of trading on July 13, 2017.

Cash flow and cash and cash equivalents

Consolidated cash flow from operating activities before changes in working capital amounted to SEK -155 million (-76), which is primarily due to non-cashflow affecting capital gains from sale of development properties.

Cash flow from operating activities amounted to SEK -440 million (-327), which is partly due to cash flow from the increase in development properties, which affected cash flow by SEK -171 million (174), primarily as a result of the cash flow from the acquisition of the project portfolio of Svenska Vårdfastigheter and the increase in operating receivables that affected cash flow by SEK -112 million (-406).

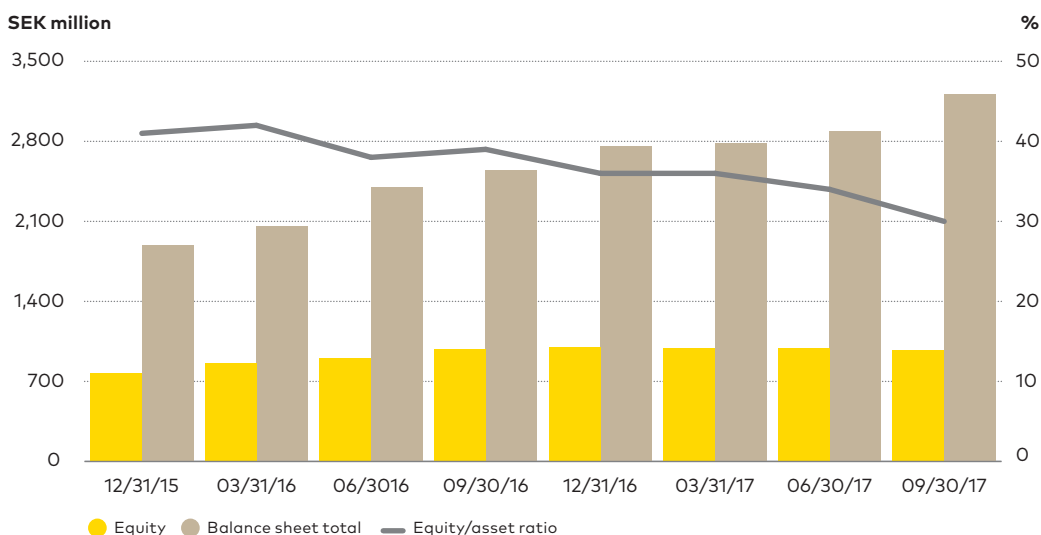
Cash flow from investment

activities amounted to SEK -10 million (-1) and cash flow from financing activities amounted to SEK 131 million (383), which was affected by borrowings of SEK 372 million (659), amortization of loans totaling SEK -176 million (-238) and dividends paid of SEK -66 million (-38). Cash and cash equivalents as per September 30, 2017, amounted to SEK 187 million (248). In addition to cash and cash equivalents, there are unused credit facilities totaling SEK 257 million as at September 30, 2017.

Fair value

Fair value of financial assets and liabilities are judged in all material respects to agree with the carrying amounts for all financial instruments except bond loans, where the fair value is judged to amount to SEK 907 million compared to the carrying amount of SEK 881 million. On December 31, 2016, fair value for the bond loans amounted to SEK 923 million compared to the carrying amount of SEK 876 million. Fair value for bond loans was 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.

Equity, balance sheet total and equity/asset ratio



Project portfolio

During the interim period January - September, the company signed agreements for the acquisition of 5,825 estimated building rights in Bredäng, Tumba, Huddinge and Nynäshamn. In June, an agreement was signed for the acquisition of all shares in Svenska Vårdfastigheter AB with a total of around 825 estimated residential units in the project portfolio. Magnolia took possession of the company in July 2017. The total number of estimated building rights in the project portfolio amounted to approximately 15,848 apartments as per September 30, 2017.

During the interim period, five projects totaling 1,004 apartments were sold and recognized as revenue. In addition, the last apartment in the M6 project in Stockholm was also recognized.

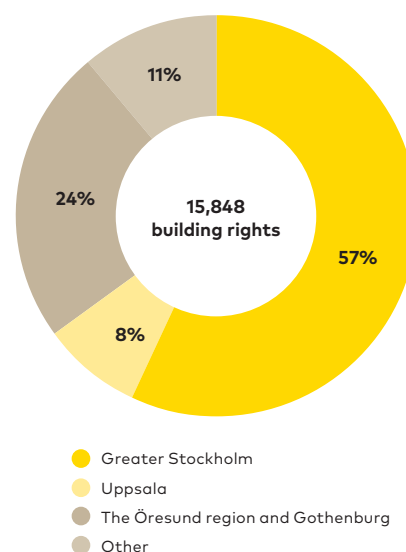
Magnolia Bostad has, as of 30 September 2017, 4,630 apartments in production of which only 4 are not sold. That gives us a sales rate of 99.9% for sold projects in production.

In September an agreement was signed for sale of the project Fyren phase 2 in Nynäshamn as well as the project Fasanen of 275 apartments in Arlöv. The deals are conditional on the buyers financing and thus not recognized during the quarter.

During the interim period, 148 sold rental apartments were converted to tenant-owned apartments in cooperation with the buyer, of which 44 are attributable to the most recent quarter.

Two projects totaling 323 apartments were completed during the period.

Share of estimated building rights per geographical area



ACQUISITIONS JANUARY 1 - SEPTEMBER 30, 2017

Quarter	Project	Municipality	Category	Estimated number of building rights
1	Bredängshöjden	Stockholm	A	750
2	Kvarnsjödalen	Botkyrka	A/R	2,000
2	Vårby Bryggör	Huddinge	A/R/H	1,800
2	Fyren, phase 1	Nynäshamn	A	220
2	Fyren, phase 2	Nynäshamn	A	230
2	Terra Nova	Visby	R	60
2	Täljöviken	Stockholm	R	55
2	Partilleport	Gothenburg	R	55
2	Allarp Laholm	Laholm	R	55
2	Visborg	Visby	R	55
2	Nyponrosen 2	Helsingborg	R	125
2	Gyllehemmet 1	Borlänge	R	55
2	Gyllehemmet 2	Borlänge	R	110
2	Österhagen	Stockholm	R	70
2	Erstavik	Stockholm	R	70
2	Mesta	Eskilstuna	R	55
2	Hasseludden	Stockholm	R	60
				5,825

A=Apartments, R=Residential care housing, H=Hotels

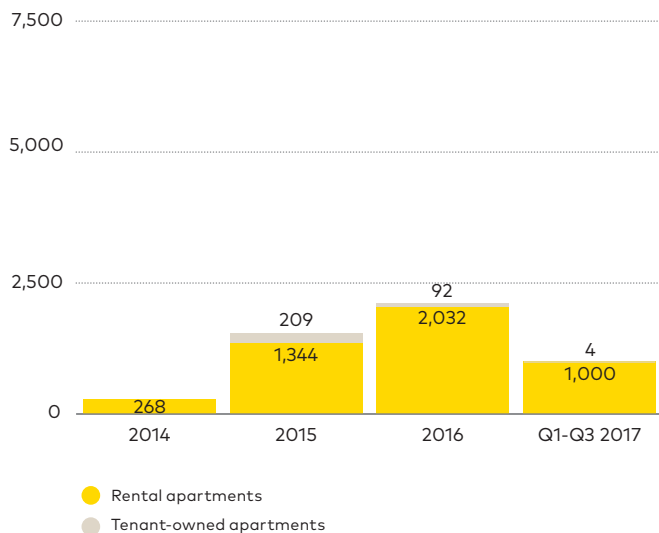
SOLD PROJECTS JANUARY 1 - SEPTEMBER 30, 2017

Quarter	Project	Municipality	Acquired by	Number of apartments
1	Sländan, etapp 2	Södertälje	Viva Bostad	130
2	Senapfabriken, phase 2 south	Uppsala	Heimstaden Bostad	325
2	Senapfabriken, phase 2 north	Uppsala	Slättö	325
3	Varvet Townhose	Karlstad	TO association	4 ¹⁾
3	Fyren, phase 1	Nynäshamn	Viva Bostad	220
				1004

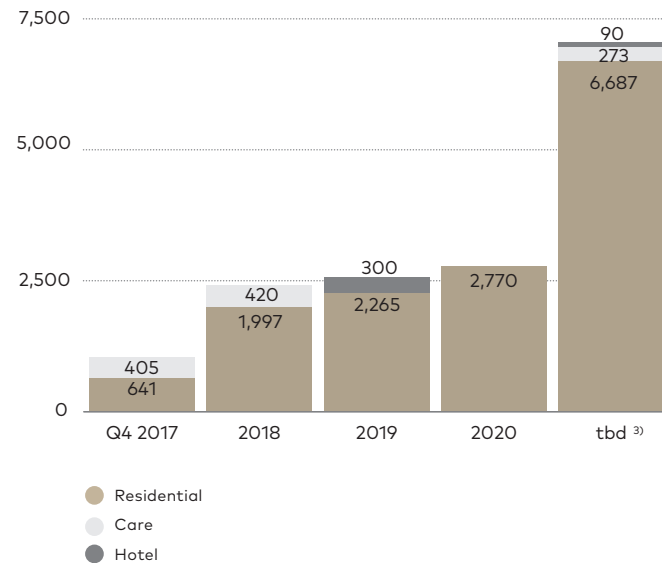
1) Of in total 8 tenant-owned apartments

Distribution project portfolio as of September 30, 2017 ¹⁾

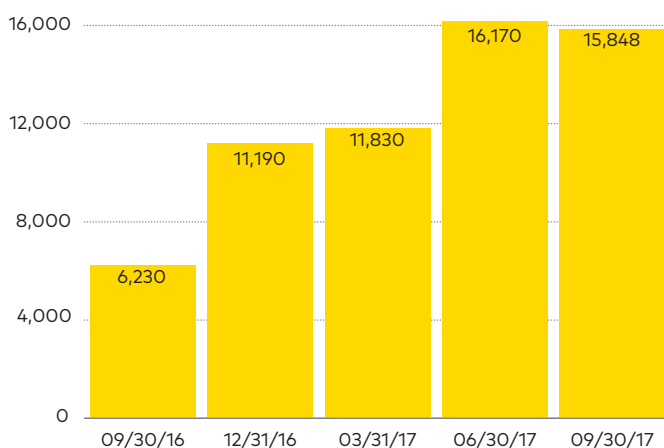
Sold apartments in production and closed projects, outcome



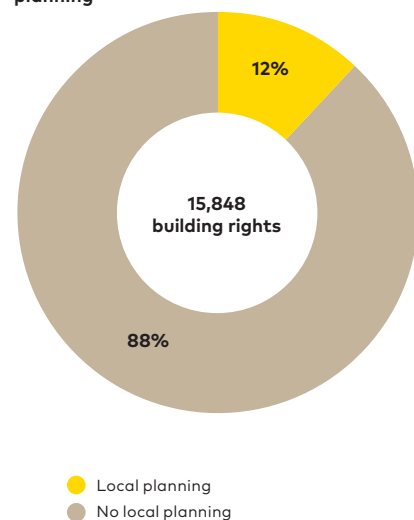
Pending building rights not sold, estimated production starts



Growth of the building right portfolio



Share of estimated building rights with local planning



PROJECTS CLOSED IN 2017

Project	City	Type of ownership	Number of apartments	Gross area (sqm)	Buyer
Nya Parken Allé	Norrköping	R	268	16,600	SEB Domestica II
M6	Stockholm	TO	55	2,900	TO association
Total			323	19,500	

¹⁾ Refers to all apartments in each project, i.e. no adjustment for part ownership in projects.

Specification of the project portfolio

The tables on the following pages show Magnolia Bostad's total project portfolio as at September 30, 2017. The associated company, Norefjell Invest, is not included. Magnolia Bostad's share of earnings in the projects listed on pages 11-13 amounts to 90 percent, unless otherwise specified.

PENDING PROJECTS NOT SOLD

Project	Property, municipality	Category	Estimated No. of apartments	Estimated residential area/non-residential area (sqm)	Local planning	Estimated prod. start	Estimated completion	Buyer
Terra Nova ⁴⁾	Kopparslagaren 2, Visby	C	60	3,780	●	2017	2017	
Täljöviken ⁴⁾	Näs 7:7, Stockholm	C	55	4,850	●	2017	2018	
Partilleport ⁵⁾	Partille 11:61, Göteborg	C	55	7,930	●	2017	2018	
Allarp Laholm ⁵⁾	Allarp 2:468, Laholm	C	55	3,700	●	2017	2018	
Sportflygaren	Part of Nikolai 3:63 mfl, Örebro	R	130	7,500	●	2017	2019	
Visborg ⁴⁾	Skenet 3, Visby	C	55	3,570	●	2017	2019	
Nypronrosen 2 ⁵⁾	Nypronrosen 2, Helsingborg	C	125	8,360	●	2017	2019	
Fyren, phase 2	Telegrafan 16, Nynäshamn	R	236	11,600	●	2017	2020	
Fasanen	Burlöv Arlöv 20:58 m.fl., Burlöv	R	275	12,670	●	2017	2020	
Lilium, phase 2	Part of Gamla Uppsala 99:1, Uppsala	R	110	5,200	●	2018	2019	
Gyllehemmet 1 ⁴⁾	Gyllehemmet 1, Borlänge	C	55	4,540	●	2018	2019	
Gyllehemmet 2 ⁴⁾	Gyllehemmet 2, Borlänge	C	110	5,950	●	2018	2019	
Österhagen ⁵⁾	Länna 4:7, Stockholm	C	70	5,040	●	2018	2019	
Erstavik ⁵⁾	Erstavik 25:1, Stockholm	C	70	5,180	●	2018	2019	
Mesta ⁵⁾	Mesta 5:81, Eskilstuna	C	55	3,570	●	2018	2019	
Konstnären	Östra Sala Backe, E2, kv 5, Uppsala	R	112	5,200	●	2018	2020	
Norrbacka	Sigtuna Norrbacka 1:32-36, Sigtuna	R	180	11,500	●	2018	2020	
Ångloket	Ängby 1:1, Knivsta	R	250	14,000	●	2018	2020	
Hagby Park	Hagby 1:5, Åkersberga	R	160	10,500	●	2018	2020	Slättö framework agreement
Sländan, phase 3	Sländan 9, Södertälje	R	200	10,000	●	2018	2020	
Hasseludden ⁴⁾	Hasseludden 1:79, Stockholm	C	60	4,300	●	2018	2020	
Ophelias Brygga	Part of Gamla Staden 1:1 m.fl., Helsingborg	R	125	7,500	●	2018	2020	
Lommarstranden	Part of Tälje 4:62, Norrtälje	R	200	11,000	●	2018	2020	Slättö framework agreement
Gjuteriet, phase 2	Nätet 15, Eskilstuna	R	100	5,800	●	2018	2020	
Slipsen, phase 1	Stora Råby 33:2 m.fl., Lund	R	195	9,900	●	2018	2020	Slättö framework agreement
Norrtälje Hamn, phase 1 ²⁾	Part of Tälje 3:1 mfl & Alen 1-5, Norrtälje Hamn	R	145	7,500	●	2018	2020	Slättö framework agreement
Torgkvarteren, phase 1	Part of Väppeby 7:7, Bålsta	R	220	11,000	●	2018	2022	
Frihamnen ⁷⁾	Part of Lundbyvassen 736:168, Göteborg	H	300	12,000	●	2019	2021	
Frihamnen	Part of Lundbyvassen 736:168, Göteborg	R	150	8,000	●	2019	2021	
Nätverket	Husby 3:3, Åkersberga	R	300	8,900	●	2019	2021	Slättö framework agreement

PENDING PROJECTS NOT SOLD

Project	Property, municipality	Category	Estimated No. of apartments	Estimated residential area/non-residential area (sqm)	Local planning	Estimated prod. start	Estimated completion	Buyer
Norra kajen, phase 1	Norrmalm 3:18 & 4:2, Sundsvall	R	200	10,000	●	2019	2022	
Mejeriet, phase 1	Filborna 28:4, Helsingborg	R	230	10,400	●	2019	2022	Slättö framework agreement, part of
Norrtälje Hamn, phase 2 ²⁾	Part of Tälje 3:1 mfl & Alen 1-5, Norrtälje Hamn	R	145	7,500	●	2019	2022	Slättö framework agreement
Torgkvarteren, phase 2	Part of Väppeby 7:7, Bålsta	R	220	11,000	●	2019	2023	
Slipsen, phase 2	Stora Råby 33:2 m.fl., Lund	R	195	9,900	●	2019	2023	Slättö framework agreement
Norra kajen, phase 2	Norrmalm 3:18 & 4:2, Sundsvall	R	675	35,000	●	2019	2022	
Norrtälje Hamn, phase 3 ²⁾	Part of Tälje 3:1 mfl & Alen 1-5, Norrtälje Hamn	R	150	7,600	●	2019	2022	Slättö framework agreement
Mejeriet, phase 2	Filborna 28:4, Helsingborg	R	230	10,400	●	2020	2023	
Slipsen, phase 3	Stora Råby 33:2 m.fl., Lund	R	200	9,900	●	2020	2024	Slättö framework agreement
Mejeriet, phase 3	Filborna 28:4, Helsingborg	R	240	10,400	●	2020	2024	
Upplands Väsby Infra City	Grimsta 5:2, Upplands Väsby	R	600	30,000	●	2020	2023	
Södra Häggviks Gårdar ¹⁾	Stinsen 2, Sollentuna	R	1500	94,000	●	2020	-	Slättö framework agreement, part of
Bredängshöjden	Vita Liljan 3 m.fl., Stockholm	R	700	35,000	●	tbd ⁶⁾	-	Slättö framework agreement, part of
Orminge Centrum	Orminge 52:1, Nacka	R	250	17,000	●	tbd ⁶⁾	-	
Instrumentet 3	Instrumentet 2, Stockholm	R	100	4,700	●	tbd ⁶⁾	-	
Senapsfabriken, phase 3	Kungsängen 29:2, Uppsala	R	700	29,000	●	tbd ⁶⁾	-	Slättö framework agreement
Skogskarlen 3	Skogskarlen 3, Solna	R	200	17,400	●	tbd ⁶⁾	-	
Bunkeflostrand	Limhamn 155:355, Malmö	R/C	1300	58,500	●	tbd ⁶⁾	-	Slättö framework agreement, part of
Kvarnsjödal	Tumba 7:241, Botkyrka	R/C	2 000	130,000	●	tbd ⁶⁾	-	Slättö framework agreement, part of
Vårby Bryggör	Gambrinus 2 & 4, Huddinge	R/C/H	1800	85,000	●	tbd ⁶⁾	-	Slättö framework agreement, part of
Total			15 848	853,240				

¹⁾ Magnolia Bostad owns 45% of the JV. Magnolia Bostad's share of the development profit amounts to 90%.

²⁾ Developed in cooperation with Slättö Förvaltning AB

³⁾ Magnolia Bostad's ownership amounts to 100%.

⁴⁾ Magnolia Bostad's share of the profit amounts to 92%

⁵⁾ Magnolia Bostad owns 46% of the JV.

⁶⁾ For land where Magnolia Bostad does not have planning permission or there is no date for when the tenants will move out.

⁷⁾ Magnolia Bostad's share of the profit amounts to 60%.

Category: R = Residential, C = Care, H = Hotel

SOLD PROJECTS IN PRODUCTION

SOLD PROJECTS IN PRODUCTION			Sold apart- ments in produc- tion	Gross area (sqm)	Number of apart- ments not sold	Produc- tion start	Comple- tion	Buyer
Project	Property, municipality	Type of ownership						
Lumen ²⁾	Trapphuset 1, Sollentuna	TO	90	4,750	0	2015	2017	TO association
Slipen	Part of Varvet 2, Karlstad	R	216	12,300	0	2015	2018	Slättö
Maria Forum	Slagan 1, Helsingborg	R	292	12,500	0	2015	2018	Alecta
Bryggeriet	Norrland 11, Helsingborg	R	327	14,700	0	2015	2019	Alecta
Nyby Lilium, phase 1	Part of Gamla Uppsala 99:1, Uppsala	R	300	14,000	0	2015	2019	SEB Domesti- ca II
Kalkstenen	Tankloket 1, Malmö	R	129	5,100	0	2015	2018	SPP Fastigheter
Cementfabriken	Kölen 1, Malmö	R	144	7,100	0	2015	2018	SPP Fastigheter
Varvet	Varvet 4 & Part of Varvet 2, Karlstad	R	92	6,100	0	2016	2018	TO association
Segelflygaren	Glidplanet 1, Örebro	R	210	10,000	0	2016	2018	Slättö
Maria Mosaik	Arkeologen 1 & Antikvarien 1, Helsingborg	R	345	16,000	0	2016	2019	SPP Fastigheter
Senapsfabriken, phase 1 ¹⁾	Kungsängen 25:1, kv 2, Uppsala	R	455	19,400	0	2016	2019	SEB Domesti- ca III
Tegelslagaren	Vallentuna-Åby 1:166, Vallentuna	R	155	6,150	0	2016	2019	SEB Domesti- ca II
Tegelmästaren	Vallentuna-Åby 1:171, Vallentuna	R	160	5,950	0	2016	2019	SEB Domesti- ca II
Sländan, phase 1	Sländan 6, Södertälje	R	445	19,000	0	2016	2019	SPP Fastigheter
Gjuteriet, phase 1	Nätet 7&8, Eskilstuna	R	262	13,900	0	2016	2019	Slättö
Varvet Townhouse	Varvet 4 & Part of Varvet 2, Karlstad	TO	4	700	4	2017	2018	TO association
Sländan, phase 2	Sländan 7, Södertälje	R	130	5,300	0	2017	2019	Viva Bostad
Senapsfabriken, phase 2 south ¹⁾	Part of Kungsängen 45:1, 29:3, Uppsala	R	325	13,900	0	2017	2020	Heimstaden Bostad
Fyren, phase 1	Telegrafan 16, Nynäshamn	R	220	10,500	0	2017	2020	Viva Bostad
Senapsfabriken, phase 2 north ¹⁾	Part of Kungsängen 45:1, 29:3, Uppsala	R	325	13,100	0	2017	2021	Slättö ramavtal
Total			4,626	210,450	4			
Total pending projects and sold projects in production			20,474	1,063,690				

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

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

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

CONVERSIONS IN SOLD RENTAL APARTMENT PROJECTS

Project	Project name conversion	City	Conversion, number of TO	Of which sold to end customer	Partner
Slipen	Bryggan	Karlstad	64	64	Slättö
Gjuteriet, phase 1:1	Gjuteriet	Eskilstuna	49	49	Slättö
Gjuteriet, phase 1:2	Gjuteriet	Eskilstuna	49	35	Slättö
Total			162	148	

The share

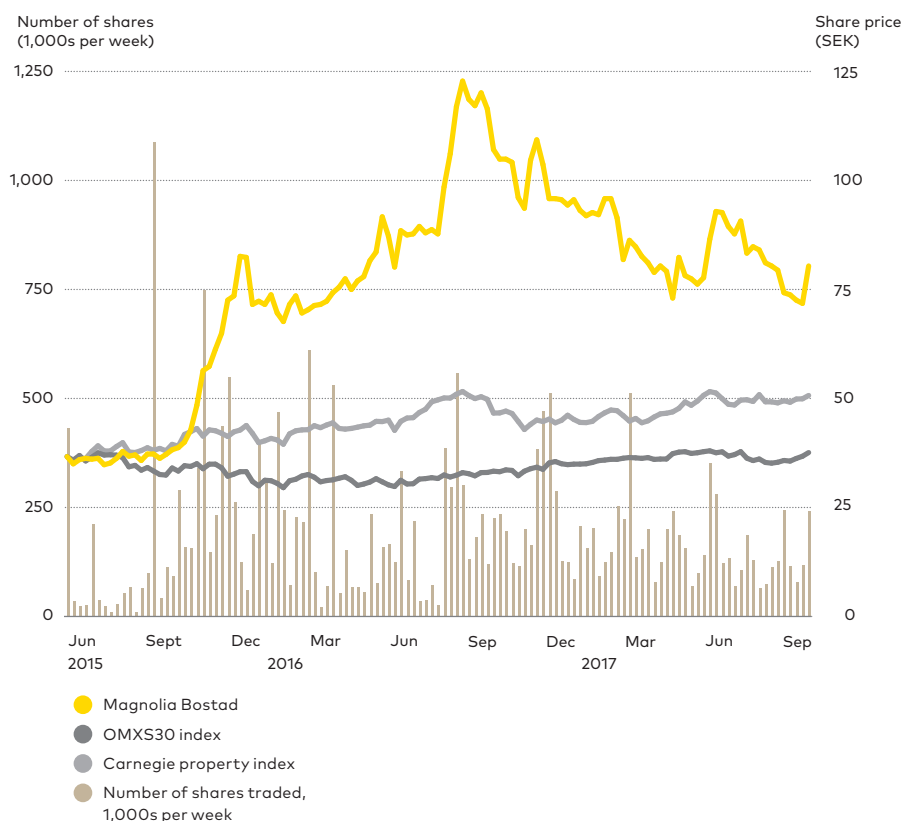
F. Holmström Fastigheter AB, in which Fredrik Holmström has a controlling interest through companies, holds a 56.38 percent stake in Magnolia Bostad. As at September 30, 2017, there were 5,056 (3,455) shareholders. The total number of issued shares at the end of the period was 37,822,283.

The share was listed on Nasdaq First North in June 2015 and is traded under MAG. 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. As at March 31, 2017, the share is listed for trading on Nasdaq First North Premier. In 2017, Magnolia Bostad plans to apply for listing of the share on Nasdaq Stockholm.

The share price at closing on September 29, 2017, was SEK 82.00. On average, 113 transactions were conducted per trading day between July 3, 2017 and September 29, 2017, and the average trading volume per trading day was SEK 2.1 million.

The Annual General Meeting on April 26, 2017 resolved to issue 350,000 warrants to the subsidiary, Magnolia Utveckling AB. All warrants remain in the subsidiary's possession. Each warrant entails the right to subscribe to one share and will be transferred to employees in accordance with the warrant program.

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	
	September 30	Full year	September 30	Full year
Average number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283

Dividend

A dividend of SEK 1.75 per share (1.00) for 2016 was paid on May 4, 2017.

Owners

Ownership as of September 30, 2017

Number of shares	No. of shareholders	Shareholder category	No.	Shareholders per country	No.
1–500	4,254	Legal persons	271	Sweden	4,911
501–1 000	342	Private individuals, men	3,323	Other Nordic countries	49
1 001–2 000	175			Other European countries (excl. Sweden and the Nordic countries)	69
2 001–5 000	149	Private individuals, women	1,462	USA	21
5 001–10 000	60			Rest of world	6
10 001–50 000	46	Total	5,056		
50 001–	30	of which living in Sweden	4,911	Total	5,056
Total	5,056				

Largest shareholders as of September 30, 2017

Shareholders	Number of shares	Percentage of	
		Share capital	Votes
F.Holmström Fastigheter	21,323,837	56.38%	56.38%
Danica Pension	3,170,841	8.38%	8.38%
Länsförsäkringar fondförvaltning AB	2,485,908	6.57%	6.57%
Nordnet Pensionsförsäkring AB	1,493,166	3.95%	3.95%
Svolder Aktiebolag	1,394,009	3.69%	3.69%
Dahlin, Martin	803,593	2.12%	2.12%
Försäkringsaktiebolaget, Avanza Pension	619,596	1.64%	1.64%
Swedbank Robur Fonder	464,734	1.23%	1.23%
Cliens Sverige Fokus	378,317	1.00%	1.00%
Cliens Sverige	340,000	0.90%	0.90%
Total 10 largest shareholders	32,483,157	85.86%	85.86%
Other shareholders	5,339,126	14.14%	14.14%
Total	37,822,283	100%	100%

Market

Market trends

The real estate market has cooled slightly after the rapid pace of the spring. The transaction volume for 2017 reached SEK 100.6 billion at the end of September (transactions greater than SEK 40 million), which is slightly lower than the previous year's volume for the same period of SEK 127.2 billion. Residential properties continued to be largest segment at 28 percent of the total transaction volume, according to Newsec.

According to Newsec, during the third quarter of the year the largest individual segment was Retail at 29 percent. Office Space was second at 18 percent of the total transaction volume during the same period.

The largest percentage of the transaction volume during the first three quarters of the year took place in Stockholm followed by Other large cities, at 36 and 24 percent, respectively.

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 be 1.25 percent, 1.40 percent and 2.0 percent for the best residential locations in Stockholm, Gothenburg and Malmö, respectively. However, Newsec has observed transactions under these direct yield levels in several cases.

Tenant-owned apartments

The housing market was somewhat cautious during the third quarter of the year. During a three-month period, prices of tenant-owned

apartments increased 1 percent, although these prices have been standing still for the past month. This means that the annual growth rate for tenant-owned apartments in the country is now at 6 percent.

The prices of tenant-owned apartments are unchanged in Greater Stockholm, and the annual growth rate fell to +2 percent for the county and +4 percent for the downtown area. In Greater Gothenburg, prices stood still, although prices in the central parts of the city are increasing 1 percent. This means an annual growth rate of +11 percent for Greater Gothenburg and +9 percent for the central areas.

Today we have a generally cautious market. Mäklarstatistik reports that a greater supply has not been met by a corresponding increase in the number of sales. The volumes to date this year are in line with the volumes from last year. Mäklarstatistik even noted a gradual increase in the average time-to-close, i.e. the time between when the advertisement is published and the sale of the home. The average time-to-close for the past three months was 34 days for tenant-owned apartments across the country compared to 31 days for the corresponding period in 2016.

Consolidated Condensed Income Statement

Amounts in MSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Net sales	193	242	1,054	885	1,179	1,010
Production and operating costs	-174	-138	-874	-556	-960	-642
Gross profit/loss	19	104	180	329	219	368
Central administration	-11	-5	-28	-17	-38	-27
Profit/loss from participations in associated companies and joint ventures	-1	0	-6	2	6	14
Operating profit/loss	7	99	146	314	187	355
Financial income	2	0	4	2	5	3
Financial expenses	-31	-20	-81	-65	-109	-93
Change in value, financial instruments	0	0	0	0	0	0
Profit/loss before tax	-22	79	69	251	83	265
Income tax	0	0	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-22	79	69	251	83	265
Profit/loss attributable to						
Parent company shareholders	-20	71	34	212	44	222
Non-controlling interests	-2	8	35	39	39	43
Earnings per share (SEK)						
Before dilution effects	-0.53	1.87	0.90	5.61	1.16	5.87
After dilution effects	-0.53	1.86	0.90	5.58	1.16	5.84

Consolidated Statement of Comprehensive Income

Amounts in MSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Net profit/loss for the period	-22	79	69	251	83	265
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Total other comprehensive income	0	0	0	0	0	0
Comprehensive income attributable to						
Parent Company shareholders	-20	71	34	212	44	222
Holdings without a controlling influence	-2	8	35	39	39	43
COMPREHENSIVE INCOME FOR THE PERIOD	-22	79	69	251	83	265

Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2017 Sep 30	2016 Sep 30	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	8	1	1
Total property, plant and equipment	8	1	1
Shares in associated companies and joint ventures	112	4	116
Receivables from associated companies	24	23	23
Other securities held as non-current assets	33	31	31
Other long-term receivables	821	772	406
Total financial assets	990	830	576
Total non-current assets	1,005	838	583
Current assets			
Development and project properties	1,326	999	1,160
Tenant-owned apartments	4	4	4
Accounts receivable	25	1	1
Receivables from associated companies	51	8	20
Other receivables	599	438	475
Prepaid expenses and accrued income	16	5	5
Cash and cash equivalents	187	248	507
Total current assets	2,208	1,703	2,172
TOTAL ASSETS	3,213	2,541	2,755

Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2017 Sep 30	2016 Sep 30	2016 Dec 31
EQUITY AND LIABILITIES			
Equity			
Share capital	151	151	151
Other capital contributions	185	185	185
Retained profits incl. net profit/loss for the period	495	516	526
Equity attributable to Parent Company shareholders	831	852	862
Non-controlling interests	143	132	136
Total equity	974	984	998
Non-current liabilities			
Deferred tax liability	2	2	2
Non-current interest-bearing liabilities	1,559	1,045	1,268
Non-current liabilities to associated companies	5	0	-
Derivatives	-	-	-
Other long-term liabilities	3	181	91
Total long-term liabilities	1,569	1,228	1,361
Current liabilities			
Current interest-bearing liabilities	429	217	237
Derivatives	0	0	0
Accounts payable	24	48	38
Liabilities to associated companies	31	-	-
Income tax liabilities	0	2	0
Other current liabilities	70	15	68
Accrued expenses and deferred income	116	47	53
Total current liabilities	670	329	396
TOTAL EQUITY AND LIABILITIES	3,213	2,541	2,755

Consolidated Condensed 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
Dividend	-	-	-	-38	-	-38
Net profit/loss for the period	-	-	-	212	39	251
Other comprehensive income	-	-	0	-	0	0
Closing equity 9/30/2016	151	185	0	516	132	984
Net profit/loss for the period	-	-	-	10	4	14
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
Dividend	-	-	0	-66	-30	-96
Acquisition of subsidiaries	-	-	-	-	1	1
Net profit/loss for the period	-	-	0	34	35	69
Other comprehensive income	-	-	0	-	0	0
Closing equity 9/30/2017	151	185	0	495	143	974

Consolidated Cash Flow Statement in Summary

Amounts in MSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Operating activities						
Profit/loss after financial items	-22	79	69	251	83	265
Adjustments for non-cash items, etc						
Less share of profit/loss from associated companies and joint ventures	1	0	6	-2	-6	-14
Depreciation/amortization and impairment of assets	0	0	1	0	2	1
Capital gains/losses from the sale of development properties	-23	-97	-234	-324	-248	-338
Other provisions	0	0	0	0	0	0
Other profit/loss items that do not affect liquidity	2	0	3	0	3	0
Income tax paid	0	0	0	-1	-3	-4
Cash flow from operating activities before changes in working capital	-42	-18	-155	-76	-169	-90
Decrease(+)/increase(-) of development and project properties	-207	27	-171	174	-226	119
Decrease(+)/increase(-) in current receivables	58	-67	-112	-406	290	-4
Decrease(+)/increase(-) in current liabilities	-29	-12	-2	-19	-30	-47
Cash flow from operating activities	-220	-70	-440	-327	-135	-22
Investing activities						
Acquisition of intangible fixed assets	0	0	-1	0	-1	-
Acquisition of property, plant and equipment	0	0	-8	-1	-8	-1
Investment in financial assets	0	0	-1	0	-101	-100
Cash flow from investing activities	0	0	-10	-1	-110	-101
Financing activities						
Contribution from non-controlling interest	1	-	1	0	1	0
Borrowings	157	78	372	659	772	1,059
Repayment of borrowings	-44	-1	-176	-238	-522	-584
Dividend paid	0	-	-66	-38	-66	-38
Cash flow from financing activities	114	77	131	383	185	437
Cash flow for the period	-106	7	-319	55	-60	314
Cash and cash equivalents at the beginning of the period	294	241	507	193	248	193
Cash and cash equivalents at the end of the period	187	248	187	248	187	507

Parent Company Condensed Income Statement

Amounts in MSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Net sales	0	0	0	2	0	2
Total income	0	0	0	2	0	2
Central administration	-9	-3	-23	-8	-27	-12
Operating profit/loss	-9	-3	-23	-6	-27	-10
Financial income	14	5	142	14	169	41
Financial expenses	-16	-11	-49	-37	-67	-55
Profit/loss after financial items	-11	-9	70	-29	75	-24
Tax on profit/loss for the period	0	0	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-11	-9	70	-29	75	-24

Parent Company Statement of Comprehensive Income

Amounts in MSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Net profit/loss for the period	-11	-9	70	-29	75	-24
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Total other comprehensive income	0	0	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	-11	-9	70	-29	75	-24

Parent Company Condensed Balance Sheet

Amounts in MSEK	2017 Sep 30	2016 Sep 30	2016 Dec 31
ASSETS			
Non-current assets			
Financial assets	154	114	349
Total non-current assets	154	114	349
Current assets			
Current receivables			
Receivables from Group companies	966	678	718
Receivables from associated companies	0	0	0
Other receivables	0	19	1
Prepaid expenses and accrued income	0	0	0
Total current receivables	966	698	719
Cash and bank balances	20	16	64
Total current assets	986	715	783
TOTAL ASSETS	1,140	829	1,132
EQUITY AND LIABILITIES			
Equity	244	237	241
Non-current liabilities			
Interest-bearing liabilities	881	582	876
Total long-term liabilities	881	582	876
Current liabilities			
Liabilities to Group companies	0	0	0
Other current liabilities	0	0	0
Accrued expenses and deferred income	15	10	15
Total current liabilities	15	10	15
TOTAL EQUITY AND LIABILITIES	1,140	829	1,132

Other information

Accounting principles

Magnolia Bostad follows the EU adopted IFRS standards. The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. For the Parent Company, the interim report has been prepared in accordance with the Annual Accounts Act, which is in accordance with the provisions set out 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 Financial Reporting are provided as both notes and in other places in the interim report.

For a more detailed description of the applied accounting principles for the Group and Parent Company, refer to Magnolia Bostad AB's Annual Report 2016.

Transaction 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 (FLAB), following the resolution of the extraordinary general meeting on

October 13, 2017, reached a new agreement regarding future collaborations.

The agreement entails that all new projects acquired by Magnolia Bostad will be signed with a Group subsidiary in which Fredrik Lidjan via Fredrik Lidjan AB will hold an 8-percent ownership and Magnolia Bostad 92 percent.

For more information, see the documentation from the extraordinary general meeting on October 13, 2017, at www.magnoliabostad.se under Annual General Meeting.

In addition to this, the CEO submitted invoices in 2016 for remuneration as the CEO, but since January 1, 2017, Fredrik Lidjan has been employed by Magnolia Bostad as the CEO.

The associated company, Donatus AB, which was acquired as part of the acquisition of Svenska Vårdfastigheter, has during the period, invoiced the Group SEK 10 million for construction services.

During 2017, Magnolia Bostad has divested the project Sländan Phase 2 of about 130 apartments to Viva Bostad Sländan AB, a company in which Andreas Rutili has an indirect ownership, but not a determining influence. Furthermore, Magnolia Bostad has during the year divested the project Fyren phase 1 of about 220 apartments to Viva Bostad Nynäshamn AB, a company in which Andreas Rutili has indirect ownership, but not a controlling influence.

The scope and focus of other transactions by related parties have not resulted in any material changes since the last annual report. For more information, see page 66 and Notes 4, 9 and 36 of the 2016 Annual Report and www.magnoliabostad.se.

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, and pages 68 – 69 and Note 3 of the Annual Report.

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 the End-customers living in beautiful, solid buildings. It is also a fundamental prerequisite for the Magnolia Bostad's growth and profitability.

Organizational structure

Magnolia Bostad har en snabbväxande Magnolia Bostad has a versatile and scalable organization divided

into the following areas: Business Development, Business Area Development, Marketing and Communications, Project Development and Finance. During the fourth quarter, Stefan Berg will assume the role of Business Development Manager and join the management team. The current VP and Business Development Manager, Erik Rune, will continue in his role as VP for Magnolia Bostad and become the COO. The company's organization, as at

September 30, 2017, consisted of 75 employees (49), of which 38 were women (26) and 37 were men (23), at the offices in Stockholm and Helsingborg. Comparative figures refer to December 31, 2016.

Significant events after the end of the period

- Magnolia Bostad signed a strategic cooperation agreement with the builder Consto AB for the production of approximately 2,000 apartments for a total contract value of approximately SEK 2 billion
- Extraordinary general meeting on October 13, 2017 resolved to approve the introduction of a new minority ownership structure with FLAB.

Stockholm 27 October 2017,
Magnolia Bostad AB

The Board of Directors

Auditor's review report

Magnolia Bostad AB (publ), CIN 556797-7078

Introduction

We have reviewed the condensed interim financial information (interim report) of Magnolia Bostad AB (publ) as at September 30, 2017, and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The expressed conclusion based on a review therefore does not have the same level of assurance as an expressed conclusion based on an audit.

Conclusion

Based on our review, no circumstances have come to our attention that causes us to believe that the interim report is not prepared for the group, in all material respects, in accordance with IAS 34 and the Annual Accounts Act, and for the parent company in accordance with the Annual Accounts Act.

Other disclosures

The interim report as at September 30, 2016 was not reviewed, and, therefore, the comparative figures in the interim report as at September 30, 2017 have not been reviewed.

Stockholm 27 October 2017
Ernst & Young AB

Ingemar Rindstig
Authorized Public Accountant

Quarterly overview

		2017			2016			2015
	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30	March 31	Dec 31
Net sales (SEK million)	193	790	71	124	242	434	210	397
Operating profit/loss (SEK million)	7	125	14	41	99	116	100	96
Profit/loss after tax (SEK million)	-22	101	-9	14	78	85	86	80
Earnings per share (SEK) ¹⁾	-0.53	1.64	-0.20	0.26	1.86	1.71	2.02	1.77
Equity (SEK million)	974	995	990	998	985	906	857	771
Equity per share (SEK) ¹⁾	21.97	22.50	22.61	22.79	22.54	20.67	19.96	17.93
Return on equity (%)	-2.4	7.3	-0.9	1.2	8.6	8.5	10.7	10.4
Equity/assets ratio (%)	30.3	34.4	35.6	36.2	38.7	37.8	41.7	40.8
Cash flow from operating activities (SEK million)	-220	165	-384	305	-70	-235	-22	-50
Cash flow from the operating activities, per share (SEK)	-5.8	4.3	-10.2	8.1	-1.8	-6.2	-0.6	-1.3
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⁾	37,822,283	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283	37,982,283

All amounts have been adjusted in accordance with IFRS

¹⁾ Excluding the minority

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

Definitions

Alternative KPIs not defined within IFRS

Return on equity (%)

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

Equity per share

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

Net financial items

Net of financial income and financial expenses.

Cash flow from operating activities, per share

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

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 percent 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 were signed and the revenue recognized.

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.

Definitions, other

Estimated gross area

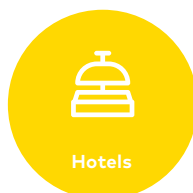
Estimated area based on preliminary blueprints or calculated using standardized figures.

Estimated number of building rights

Number of estimated future apartments in acquired properties.

Detta är 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 are able to both enjoy and afford their home. 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 concept

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

Targets:

Financial targets

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

Working with several forms of leases enables the Company to achieve satisfactory distribution of risk. 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 must be associated with satisfactory profitability. For more information about the company's strategy and business model, see

pages 10-11 in Magnolia Bostad's 2016 Annual Report.

Dividend policy

The dividend policy should be based on what at any given time is deemed to work for Magnolia Bostads overall goal to optimize the total return to shareholders. The Board has done the assessment that dividend distribution will be proposed to correspond up to 25 percent of the company result after tax for the fiscal year 2017 and 2018 and thereafter an increased share.

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

- Year-End Report January-December 2017: February 22, 2018
- Annual Report 2017: March 2018
- Interim Report January-March 2018: 27 April 2018
- Annual General Meeting 2018: 27 April 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 Magnolia Bostad publishes in this report is required in accordance with the EU Market Abuse Regulation (EU) No. 596/2014. The information was submitted for publication, through the agency of the contact persons, on October 27, 2017, at 7:45 a.m.

MAGNOLIA

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