

MAGNOLIA

**Magnolia Bostad
Year-End Report
Group
1 Jan-31 Dec 2017**

Q4

Year-End Report January-December 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

October-December 2017

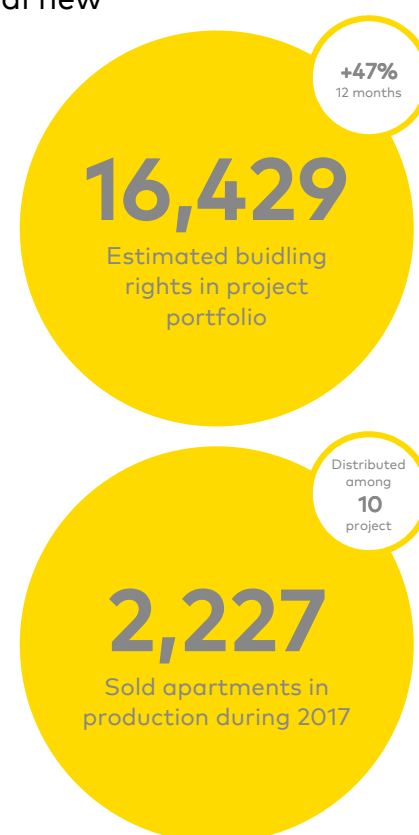
- Net sales amounted to SEK 718 million (124).
- The company reported an operating profit of SEK 230 million (41).
- Net profit for the period amounted to SEK 198 million (14). Earnings per share, after deductions for minority shares, amounted to SEK 4.26 per share (0.26).
- Magnolia Bostad agreed during the period on the acquisition of 1,676 estimated building rights (4,870) and the number of apartments sold during the period amounted to 1,223 (0).
- The Extraordinary General Meeting on October 13, 2017, resolved to approve the introduction of a new minority ownership structure with Fredrik Lidjan AB.
- The Board of Directors is proposing a dividend of SEK 1.75 per share (1.75).

Financial year

January-December 2017

- Net sales increased to SEK 1,772 million (1,010).
- The company reported an operating profit of SEK 375 million (355).
- Net profit for the period amounted to SEK 267 million (265). Earnings per share, after deductions for minority shares, amounted to SEK 5.16 per share (5.87).
- Equity amounted to SEK 1,171 million (998).
- Equity per share, after deductions for minority shares, amounted to SEK 26.20/share (22.79).
- Magnolia Bostad agreed during the period on the acquisition of approximately 7,501 estimated building rights (9,190), and the number of sold apartments during the period amounted to 2,227 (2,124).
- Magnolia Bostad's share is being traded since March 31, 2017 on Nasdaq First North Premier.

For significant events after the end of the period, see page 28.



KPIs, Group

	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Project-related				
Number of sold apartments in production during the period	1,223	0	2,227	2,124
Total number of apartments in production	5,849	3,945	5,849	3,945
Number of estimated building rights in the portfolio	16,429	11,190	16,429	11,190
Financials				
Operating margin (%)	32.0	33.1	21.2	35.1
Return on equity (%) ¹⁾	17.7	1.2	21.0	28.8
Equity/assets ratio (%)	33.0	36.2	33.0	36.2
Interest coverage ratio (multiple)	6.9	1.5	3.3	3.8
Share-related				
Earnings per share (SEK) ¹⁾	4.26	0.26	5.16	5.87
Equity per share (SEK) ¹⁾	26.20	22.79	26.20	22.79

¹⁾ Excluding the minority

For definitions of alternative KPIs that are not defined in IFRS, see page 29

A word from the CEO

Magnolia Bostad closes 2017 with its strongest quarter ever. More good news is that during the fourth quarter we completed our first transactions in Hotel and Residential Care.

The year in brief

Magnolia Bostad is reporting for the 2017 financial year an operating profit of SEK 375 million (355) and profit after tax of SEK 267 million (265). For the period October–December, the operating profit amounted to SEK 230 million (41) and profit after tax to SEK 198 million (14).

Transactions within Hotel and Residential Care

Magnolia Bostad is more than a housing developer. We are an urban planner, a partner who helps the country's municipalities plan and bring to life new residential areas with a mix of ownership forms and related services.

Even if the development of apartments, and primarily rental apartments, is the foundation of our business, the development of hotels and residential care facilities are new, important components of our offer. These operations are a key

complement to our housing development and contribute to greater profitability and improved risk distribution.

It is therefore particularly gratifying that we were able to complete in December our first transactions in both the hotel and residential care business areas. We sold two hotel projects totaling approximately 500 rooms to Alecta, one in Halmstad and one in Lund. We expect that we will also be able to continue to complete one or two hotel projects per year.

In terms of residential care facilities, we sold the Terra Nova project outside of Visby. We are currently noting an even greater need for residential care facilities and a stronger market than we previously predicted. We are expecting in the long-run that we will probably be able to deliver more than two to four residential care facilities we previously planned to develop each year.

Our strongest quarter ever

Magnolia Bostad closed 2017 with its strongest quarter ever. Behind the strong performance is the sale of the Hyllie project in Malmö and the second phase of the Fyren project in Nynäshamn as well as the two above-mentioned sales.

During the quarter, the company was allocated an additional six parcels of land – four in the Stockholm area for the production of apartments, one for residential care in Motala and one for assisted living facilities in Ystad. It is worth noting that Magnolia Bostad signed

a partnership agreement with the Norwegian-owned contractor, Consto AB during the period, for a contract value of approximately SEK 2 billion. The agreement includes ten coming projects and approximately 2,000 apartments that the company is intended to produce for Magnolia Bostad.

Market conditions

In our projects related to rental apartments, hotels and residential care facilities we are continuing to see considerable interest and a strong market. The fall's uncertainty for Swedish housing developers has, despite this, affected Magnolia Bostad somewhat – during period we noted a reduction in the interest in our tenant-owned apartment projects and a slow-down in the financial market. However, since the start of 2018, we have noted a slight increase in demand for tenant-owned apartments and an upturn in the financial markets.

Future

I believe the future is bright. Our project portfolio developed favorably over the past year, which we believe will result in higher profitability per project and greater risk distribution in the operations.

I would like to thank our employees and partners for a successful year in 2017.

Stockholm, February 2018

Fredrik Lidjan
CEO

Significant events during the quarter

- Sale of 427 apartments and commercial premises in Hyllie, Malmö.
- The sale of 236 apartments in phase 2 of Fyren is no longer conditional.
- Completed two hotel transactions, one in Lund for 260 rooms and one in Halmstad for 240 rooms.
- Received land allocations for the development of residential care facilities in Motala, assisted living facilities in Ystad and four development projects in the City of Stockholm totaling 355 apartments.
- The management team expanded with the addition of the position, Head of Business Development.
- Partnership agreements were signed with contractor Consto for the production of 2,000 apartments.

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 financing. These figures refer to the end of the previous year.

Reporting period October 1-December 31, 2017

Net sales amounted to SEK 718 million (124), and the operating profit for the quarter was SEK 230 million (41). Profit after tax for the period was SEK 198 million (14).

The operating profit for the last quarter of 2017 is primarily due to the sale of 427 apartments in Hyllie, Malmö, revenue recognition of Phase 2 of Fyren in Nynäshamn consisting of 236 apartments, two hotel transactions, one in Lund and one in Halmstad, and a residential care project in Visby. The estimated property value upon completion of the recognized hotels is judged to amount to SEK 700 million and includes in total approximately 500 rooms. The buyer of both hotel projects is Alecta, the occupational pension company. The estimated property value upon completion of the property in Hyllie is approximately SEK 1 billion, and the property value for the Terra Nova residential care project in Visby is SEK 147 million.

The increase in the operating profit of SEK 189 million compared to the same period last year is primarily

due to revenue recognition for projects during the period. In total revenue were recognized for, 663 apartments, 500 hotel rooms and 60 residential care units during the period compared to the previous period where the operating profit was driven by conversions of a previously recognized rental apartment project and agreements regarding the purchase price.

Financing costs for the quarter are SEK -34 million (-28). The increase in financing costs is due to the increase in interest-bearing liabilities compared to the same period the previous year. This increase is primarily due to the financing of the acquisition of Svenska Vårdfastigheter AB.

Financial year January 1-December 31

Net sales amounted to SEK 1,772 million (1,010), and operating profit for the interim period was SEK 375 million (355). Profit after tax for the period was SEK 267 million (265).

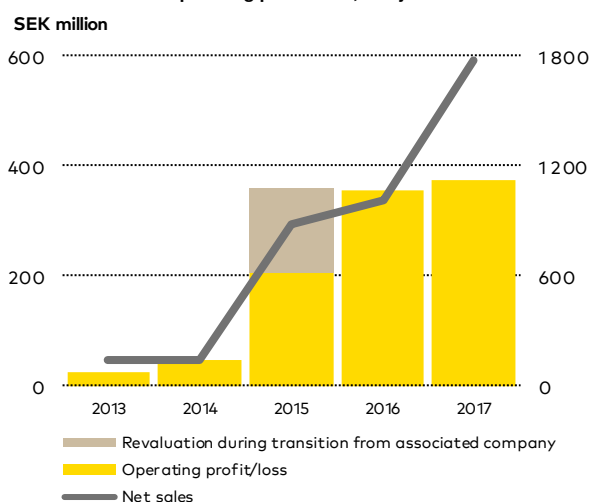
Net sales and operating profit for the interim period derive from the sale of 2,227 apartments (2,124). Operating profit increased by SEK 20 million, primarily due to revenue recognition of more apartments. In total, net sales from the sale of property totals SEK 1,338 million (835).

Rental income remained the same at SEK 47 million (47). Operating costs for properties that generate rental income amount to SEK -16 million (-16), which means that their contribution to operating profit remained the same at SEK 31 million (31).

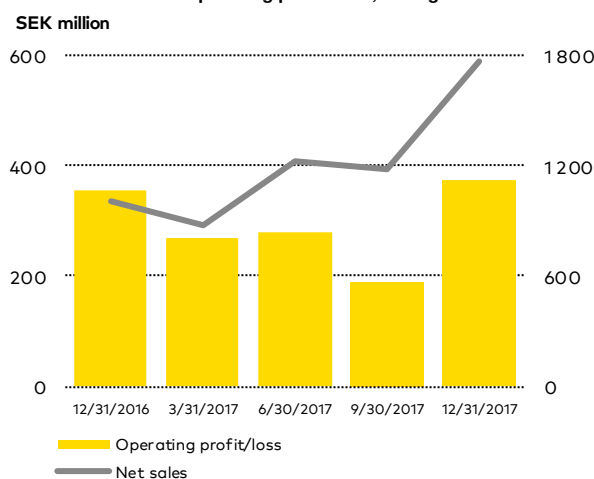
Revenue from project management services amounts to SEK 24 million (23), and other invoicing for the projects and other revenue has contributed SEK 363 million (105) to net sales. This increase compared to the same period last year is due to a higher number of deliveries to sold projects in production, in particular Varvet, Segelflygaren, Gjuteriet and Lumen.

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 -41 million (-27). Earnings from associated companies decreased to SEK -9 million (14), primarily due to the loss from Sollentuna Stinsen JV AB of SEK -11 million (-), in line with the project development plan. 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 sales & operating profit/loss, full-year



Net sales & operating profit/loss, rolling 12-months



Net financial items

Net financial items amounted to SEK -109 million (-90). The increase in expenses 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 267 million (265), of which SEK 0 million (0) are income taxes. The tax expense is less than 22.0 percent of the 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 3,550 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 879 million to SEK 1,760 million (881), attributable to paid deposits and increases in claims on buyers of the projects. Of the total receivables of SEK 1,760 million, SEK 117 million constitute paid deposits for future property acquisitions and SEK 1,490 million claims on buyers of the projects. Within the next 12 months, the Group is expected to receive SEK 423 million (433) in total claims on buyers of the projects, as amortization of promissory notes, payment of

additional consideration, final consideration and forward funding.

Development and project properties increased by SEK 150 million and amount to 1,310 million (1,160). This increase is primarily due to the acquisition of Svenska Vårdfastigheter AB, which was financed by a buyer promissory note of SEK 125 million, bank financing of SEK 150 million and cash and cash equivalents.

Equity and the equity/assets ratio

At December 31, 2017, consolidated equity amounted to SEK 1,171 million (998), which resulted in an equity/assets ratio of 33.0 percent (36.2). The minority share of equity was SEK 180 million (136). The lower equity/assets ratio since the end of the previous year is due in part to the dividend of SEK 66 million to Parent Company shareholders and SEK 30 million to holdings without a controlling influence as well as to the acquisition of Svenska Vårdfastigheter, which was partially financed through external loans.

The return on equity amounted to 21.0 per cent compared to 28.8 per cent for the 2016 calendar year. The reduction in the return on equity compared to the 2016 calendar year

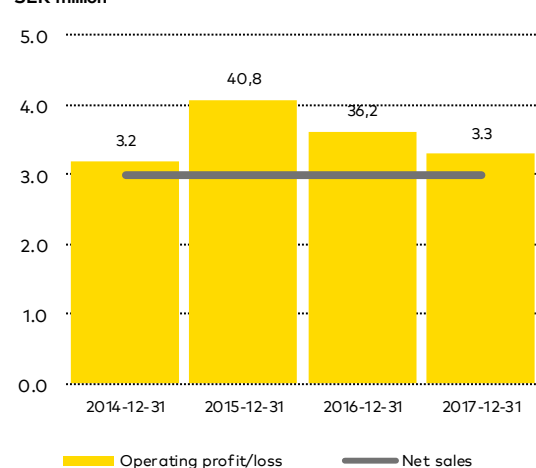
is primarily attributable to higher average equity.

Interest-bearing liabilities

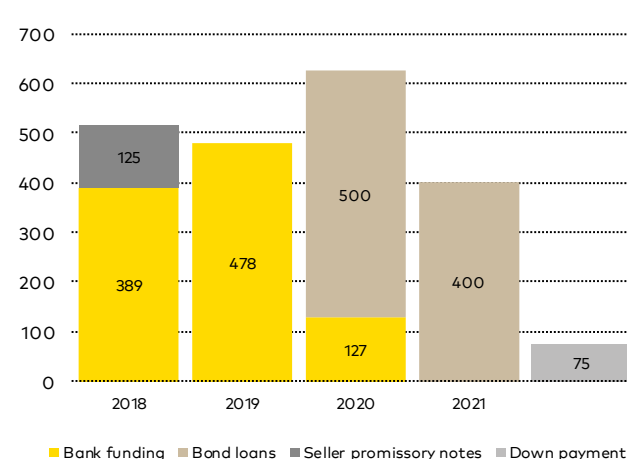
Access to capital is a prerequisite for Magnolia Bostad being able to continue to generate long-term value through the acquisition of building rights. Magnolia Bostad continuously monitors opportunities to diversify its funding base.

Total interest-bearing loans, including an interest-bearing deposit received from Slättö, amounted to SEK 2,073 million (1,505) as at December 31, 2017. The primary portion of Magnolia Bostad's liabilities consist of bank financing of SEK 994 million, of which SEK 706 million have property as collateral, and bond loans of SEK 900 million in nominal terms. The carrying amount for the bank financing amounts to SEK 990 million and for the bond loans SEK 883 million. The remaining liabilities consist of buyer promissory notes of SEK 125 million and deposits received from Slättö of SEK 75 million. After deductions for cash and cash equivalents of SEK 208 million (507), interest-bearing net liabilities amounted to SEK 1,865 million (998).

Net sales & operating profit/loss, rolling 12-month period
SEK million



Maturity structure, nominal amounts, SEK million



Financing costs

Net financial items amounted to SEK -109 million (-90). At the end of the year, Magnolia Bostad's average interest rate on the nominal principal loan amount was 5.5 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 5.9 percent. This increase in financing costs is due primarily to an increase in interest-bearing liabilities of SEK 568 million to SEK 2,073 million compared to SEK 1,505 million at the beginning of 2017.

The interest coverage ratio amounts to a multiple of 3.3 compared to 3.8 for full-year 2016. The average capital tie-up period was 2.0 years at December 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 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.

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital amounted to SEK -291 million (-90), which primarily is due to a large part of earnings consisting of gains from the sale of development properties, which does not affect cash flow when revenue is recognized for the projects.

Cash flow from changes in working capital amount to SEK -326 million (68), which is largely due to cash flow from the increase of development and project properties of SEK -156 million (119) and cash flows from the increase of current receivables of SEK -194 million (-4). The increase in development and project properties is primarily due to the cash flow from the acquisition of the project portfolio in Svenska Vårdfastigheter. The increase of current receivables is primarily due to paid deposits for projects that the company has not yet taken possession of, which affected cash flow by SEK -77 million and the increase of accounts receivable which affected cash flow by SEK -30 million. Cash flow from operating activities totals SEK -617 million (-22).

Cash flow from investing activities amounted to SEK -13 million (-101), where the acquisition of the associated company Sollentuna

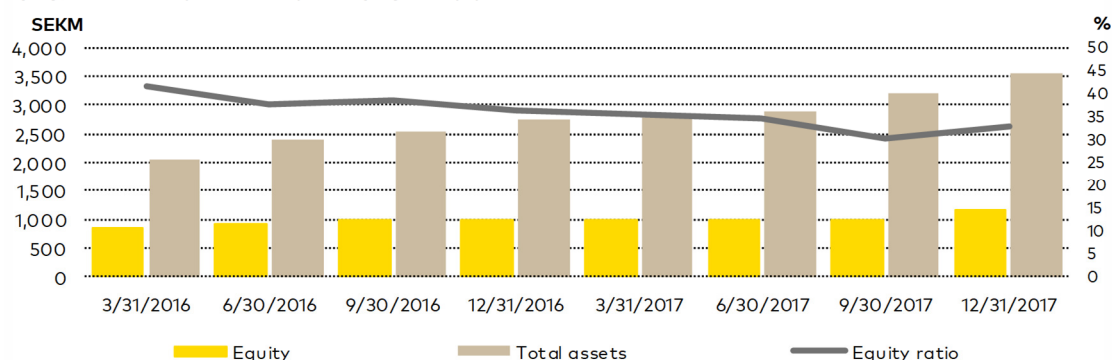
Stinsen JV AB affected cash flow by SEK 100 million last year.

Cash flow from financing activities amounted to SEK 332 million (437), which was affected by borrowings of SEK 597 million (1,059), amortization of loans totaling SEK -200 million (-584) and dividends paid of SEK -66 million (-38). Cash and cash equivalents as per December 31, 2017, amounted to SEK 208 million (507). In addition to cash and cash equivalents, there are unused credit facilities totaling SEK 332 million as at December 31, 2017.

Fair value of financial instruments

Fair value of financial assets and liabilities is 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 be SEK 870 million compared to the carrying amount of SEK 883 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, Total assets (SEK million) and Equity ratio (%)



Market

Market trends

A strong December on the property transaction market boosted the final volume for full-year 2017, according to the real estate consultant Newsec, to SEK 147.5 billion (for transactions above SEK 40 million). The total transaction volume is lower than the record set in 2016 of SEK 201 billion, but it is in line with the total volume in 2015 (SEK 147 billion). December was an intense transaction month, and the total transaction volume amounted to SEK 28.4 billion, which is slightly lower than December 2016 (SEK 30.4 billion).

The largest segment in 2017 was residential properties with 26 percent of the transaction volume, which corresponds to SEK 38 billion. The office segment lost ground during the year to the other segments and only represented 17 percent of the volume, which is the lowest percentage for the office segment ever measured by Newsec. The trading segment represented 18 percent of the year's total transaction volume.

During the year, the largest share of the transaction volume was in Stockholm (37 percent), followed by Other large cities such as Umeå, Uppsala and Linköping (23 percent).

Rental apartments

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 1.45 percent, 1.65 percent and 2.40 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

During the fourth quarter, prices in the housing market throughout all of Sweden fell. According to Mäklarstatistik, the prices of tenant-owned apartments fell for the country as a whole by 3 percent during the quarter, and the decrease for the full-year amounts to 2 percent.

For Greater Stockholm, prices decreased by 7 percent and 6 percent for the quarter and full year, respectively. In terms of central Stockholm, prices fell by 8 percent during the last three months of the year and by 5 percent over the past twelve months.

Price falls were also noted in Gothenburg and Malmö during the fourth quarter, even if the prices increased for the full year. Prices in Greater Gothenburg fell by 6 percent during the quarter and increased by 4 percent for the full year, and the corresponding figures for central Gothenburg are -6 percent and +3 percent, respectively. In Greater Malmö, prices fell by 8 percent for the quarter and increased 8 percent for the full year. The corresponding figures for central Malmö are -4 percent and +5 percent, respectively.

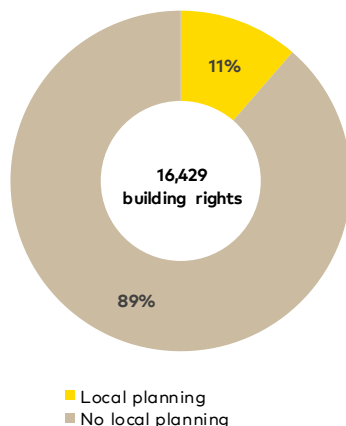
Despite the negative price trend during the past few months, Mäklarstatistik reports that many transactions are taking place. For the country as a whole, more tenant-owned apartment and single-family home transactions were closed on a full-year basis, during the last quarter and in December compared to the same periods in 2016. The total number of tenant-owned apartment sold in 2017 was 106,200, an increase of 4 percent compared to 2016.

Projects

Magnolia Bostad develops primarily rental apartments, hotels and residential care facilities in Sweden's growth areas and large cities. These are sold at an early stage to major Swedish institutions or other partners with strong reputations. The company also develops tenant-owned apartments. Magnolia Bostad applies an urban planning perspective to its projects. Municipalities, and even institutional investors, are often looking for the competence to develop comprehensive residential areas that include not only homes but also, for example, student and residential care housing. By working with several products and ownership forms, Magnolia Bostad achieves good risk distribution and becomes an attractive partner for long-term cooperation.

Magnolia Bostad has set a target of a margin of 10 percent for rental apartment transactions, 15 percent for hotel transactions and 20 percent for residential care and tenant-owned apartment transactions

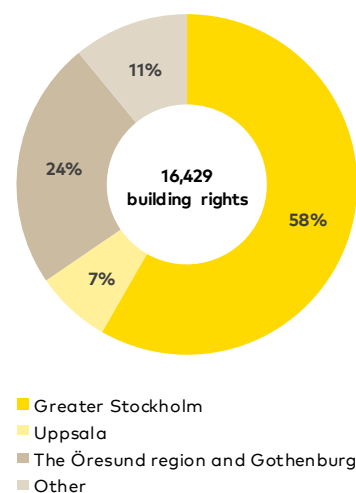
Share of project portfolio with local planning



As at December 31, 2017, Magnolia Bostad had a project portfolio totaling 16,429 estimated building rights. At the end of the same period, the number of sold apartments in production amounted to 5,849.

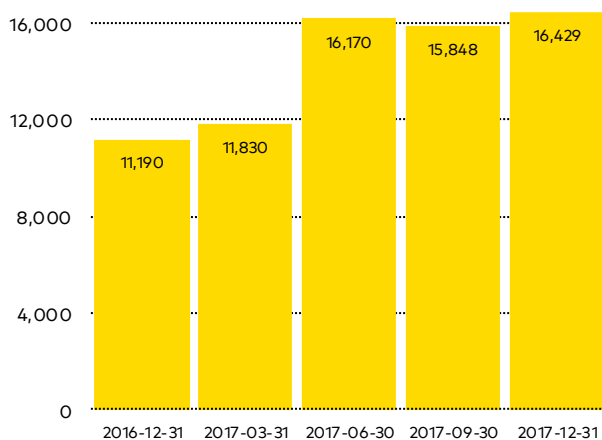
During the 2017 financial year, the company signed agreements for the acquisition of 7,501 estimated buildings rights in, for example,

Share of estimated building rights per geographical area

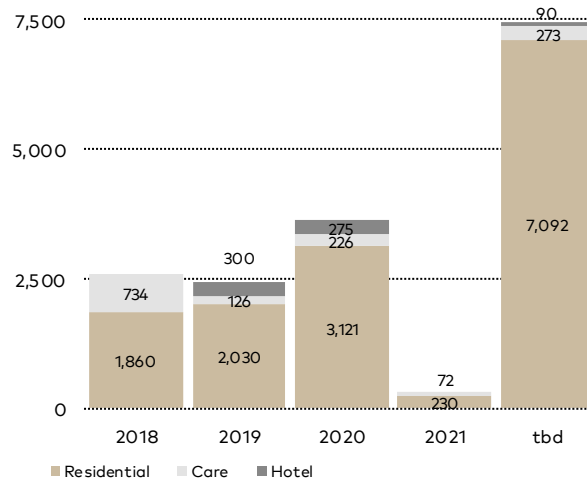


Hyllie, Stockholm, Huddinge and Nynäshamn. In June, an agreement was also signed for the acquisition of all shares in Svenska Vårdfastigheter AB with a total of around 825 estimated residential units in its project portfolio. The possession took place in July 2017. In December, the company also completed its first hotel transactions for a total of 500 rooms. In 2017, ten projects with a total of 2,227 apartments were sold.

Development of the building right portfolio



Pending building rights not sold, estimated production starts



Acquisitions 2017

Quarter	Project	Municipality	Category	Estimated number of building rights
1	Bredängshöjden	Stockholm	A	750
2	Kvarnsjödal	Botkyrka	A/C	2,000
2	Vårby Bryggör	Huddinge	A/C/H	1,800
2	Fyren, etapp 1	Nynäshamn	A	220
2	Fyren, etapp 2	Nynäshamn	A	230
2	Terra Nova	Visby	C	60
2	Täljöviken	Stockholm	C	55
2	Partilleport	Göteborg	C	55
2	Allarp Laholm	Laholm	C	55
2	Visborg	Visby	C	55
2	Nyponrosen 5	Helsingborg	C	125
2	Gyllehemmet 1	Borlänge	C	55
2	Gyllehemmet 2	Borlänge	C	110
2	Österhagen	Stockholm	C	70
2	Erstavik	Stockholm	C	70
2	Mesta	Eskilstuna	C	55
2	Hasseludden	Stockholm	C	60
4	Adjutanten	Gotland	C	68
4	Mossenskolan	Motala	C	54
4	Drottninghög	Stockholm	C	100
4	Hotell Resecentrum	Halmstad	H	240
4	Hotell Brunnsnög	Lund	H	260
4	Hyllie Valhall	Malmö	A	427
4	Ystad trädgårdsstad	Ystad	C	100
4	Hammarby-Smedby	Upplands Väsby	C	72
4	Skärholmen	Stockholm	A	85
4	Skarpnäcksgård	Stockholm	A	50
4	Årstaberg 1	Stockholm	A	100
4	Årstaberg 2	Stockholm	A	120
				7,501

A = Apartments, C = Care, H = Hotels

Divestments 2017

Quarter	Project	Municipality	Acquired by	Number of apartments
1	Sländan, etapp 2	Södertälje	Viva Bostad	130
2	Senapfabriken, etapp 2 södra	Uppsala	Heimstaden Bostad	325
2	Senapfabriken, etapp 2 norra	Uppsala	Slättö	325
3	Varvet Townhose	Karlstad	Brf	4 ¹⁾
3	Fyren, etapp 1	Nynäshamn	Viva Bostad	220
4	Fyren, etapp 2	Nynäshamn	SEB Domestica IV	236
4	Hotell Resecentrum	Halmstad	Alecta	240
4	Hotell Brunnsnög	Lund	Alecta	260
4	Hyllie Valhall	Malmö	Vault Investment Partners	427
4	Terra Nova	Visby	M&G	60
				2,227

¹⁾ Of a total of 8 tenant-owned apartments

Events during the fourth quarter

In Q4 2017, the company acquired 1,676 estimated building rights, and five projects with a total of 1,223 apartments were

sold. During the quarter, the recognition of Phase 2 of the Fyren project was announced in September 2017. During the quarter, three sold rental

apartments were converted to tenant-owned apartments in cooperation with the buyer.

Project portfolio

The tables on pages 10-11 present Magnolia Bostad's project portfolio as at December 31, 2017, which consists of 58 pending projects not sold (associated company Norefjell Invest not included). Magnolia Bostad's share of earnings in the projects listed on pages 10-11 amounts to 90 percent, unless otherwise specified.

The information on each project in the tables below is the company's current assessment of each project as a whole. Due to uncertainty factors such as local planning processes, decisions by government authorities or undetermined dates for vacancy, these assessments and thus the final outcome for each project may change over time.

Project	Property, municipality	Category	Estimated number of apartments	Estimated residential area (sqm)	Local plan	Estimated prod. start	Estimated completion	Planned buyer (B) and/or contractor (C)
Adjutanten ⁴	A7 området, Gotland	C	68	4,200		2018	2018	PEAB (C)
Täljöviken ⁴	Näs 7:7, Stockholm	C	55	4,850		2018	2019	
Partilleport ⁵	Partille 11:61, Göteborg	C	54	11,100		2018	2019	Consto (C)
Allarp Laholm ⁵	Allarp 2:468, Helsingborg	C	54	3,850		2018	2019	
Visborg ⁴	Skenet 3, Visby	C	58	3,950		2018	2019	
Nypronrosen 5 ⁵	Nypronrosen 5, Helsingborg	C	125	8,360		2018	2019	
Lilium, etapp 2	Del av Gamla Uppsala 99:1, Uppsala	A	110	5,200		2018	2019	Serneke (C)
Gyllehemmet ⁴	Gyllehemmet 1 & 2, Borlänge	C	106	10,500		2018	2019	
Mossenskolan ⁸	Mossenskolan 3, Motala	C	54	4,400		2018	2019	
Konstnären	Östra Sala Backe, E2, kv 5, Uppsala	A	120	5,500		2018	2020	
Norrbacka	Sigtuna Norrbacka 1:32-36, Sigstuna	A	210	12,000		2018	2020	Consto agreement (C)
Ängloket	Ängby 1:1, Knivsta	A	250	14,000		2018	2020	Consto agreement (C)
Sländan, etapp 3	Sländan 9, Södertälje	A	200	10,000		2018	2020	
Hasseludden ⁴	Hasseludden 1:79, Stockholm	C	60	4,300		2018	2020	
Ophelias Brygga	Del av Gamla Staden 1:1 m.fl., Helsingborg	A	125	7,500		2018	2020	Serneke (C)
Gjuteriet, etapp 2	Nätet 15, Eskilstuna	A	100	5,800		2018	2020	
Slipsen, etapp 1	Stora Råby 33:2 m.fl., Lund	A	195	9,900		2018	2020	Slättö agreement (B)
Norrtälje Hamn, etapp 1 ²	Del av Tälje 3:1 mfl & Alen 1-5, Norrtälje Hamn	A	145	7,400		2018	2020	Slättö agreement (B)
Sportflygaren	Del av Nikolai 3:63 mfl, Örebro	A	130	7,500		2018	2020	
Fasanen	Burlöv Arlov 20:58 m.fl., Burlöv	A	275	12,670		2018	2020	
Drottninghög ⁸	Drottninghög södra 3 & del av eskadern 1, Helsingborg	C	100	8,100		2018	2020	
Österhagen ⁴	Länna 4:7, Stockholm	C	72	5,040		2019	2020	
Mesta ⁴	Mesta 5:81, Eskilstuna	C	54	3,950		2019	2020	
Frihamnen ⁷	Del av Lundbyvassen 736:168, Göteborg	H	300	12,000		2019	2021	
Hagby Park	Hagby 1:5, Åkersberga	A	195	10,900		2019	2021	Slättö agreement (B), Consto agreement (C)
Nätverket	Husby 3:3, Åkersberga	A	335	9,200		2019	2021	Slättö agreement (B), Consto agreement (C)
Lommarstranden, etapp 1	Del av Tälje 4:62, Norrtälje	A	100	5,500		2019	2021	Slättö agreement (B), Consto agreement (C)
Torgkvarteren, etapp 1	Del av Väppeby 7:7, Bålsta	A	220	11,000		2019	2022	Consto agreement (C)
Mejeriet, etapp 1	Filborna 28:4, Helsingborg	A	230	10,400		2019	2022	Slättö agreement, part of project (B)

Project	Property, municipality	Category	Estimated number of apartments	Estimated residential area (sqm)	Local plan	Estimated prod. start	Estimated completion	Planned buyer (B) and/or contractor (C)
Norrtälje Hamn, etapp 2 ²	Del av Tälje 3:1 mfl & Alen 1-5, Norrtälje Hamn	A	145	7,500	●	2019	2022	Slättö agreement (B)
Norrtälje Hamn, etapp 3 ²	Del av Tälje 3:1 mfl & Alen 1-5, Norrtälje Hamn	A	150	7,600	●	2019	2022	Slättö agreement (B)
Torgkvarteren, etapp 2	Del av Våppeby 7:7, Bålsta	A	220	11,000	●	2019	2023	
Slipsen, etapp 2	Stora Råby 33:2 m.fl., Lund	A	195	9,900	●	2019	2023	Slättö agreement (B)
Norra kajen, etapp 1	Norrmalm 3:18 & 4:2, Sundsvall	A	240	18,000	●	2019	2021	
Hammarby-Smedby ⁸	Hammarby-Smedby 1:27, Upplands-Väsby	C	72	7,700	●	2020	2021	
Ystad trädgårdstad ⁹	Mispeln 2, Ystad	C	100	4,600	●	2020	2021	
Frihamnen	Del av Lundbyvassen 736:168, Göteborg	A	150	8,000	●	2020	2022	
Norra kajen, etapp 2	Norrmalm 3:18 & 4:2, Sundsvall	A	230	16,000	●	2020	2022	
Lommarstranden, etapp 2	Del av Tälje 4:62, Norrtälje	A	100	5,500	●	2020	2022	Slättö agreement (B), Consto agreement (C)
Mejeriet, etapp 2	Filborna 28:4, Helsingborg	A	230	10,400	●	2020	2023	
Upplands Väsby Infra City	Grimsta 5:2, Upplands Väsby	A/C/H	800	42,000	●	2020	2023	Consto (C)
Slipsen, etapp 3	Stora Råby 33:2 m.fl., Lund	A	200	9,900	●	2020	2024	Slättö agreement (B)
Mejeriet, etapp 3	Filborna 28:4, Helsingborg	A	240	10,400	●	2020	2024	
Södra Häggviks Gårdar ¹	Stinsen 2, Sollentuna	A	1,500	94,000	●	2020	-	Slättö agreement, part of project (B)
Erstavik ⁵	Erstavik 25:1, Stockholm	R	72	5,180	●	2021	2022	
Norra kajen, etapp 3	Norrmalm 3:18 & 4:2, Sundsvall	A	230	16,000	●	2021	2023	
Bredängshöjden	Vita Liljan 3 m.fl., Stockholm	A	700	35,000	●	tbd ⁶	-	Slättö agreement, part of project (B)
Orminge Centrum	Orminge 52:1, Nacka	A	300	20,000	●	tbd ⁶	-	
Instrumentet ³	Instrumentet 2, Stockholm	A	100	4,700	●	tbd ⁶	-	
Senapsfabriken, etapp 3	Kungsängen 29:2, Uppsala	A	700	29,000	●	tbd ⁶	-	Slättö agreement (B)
Skogskarlen ³	Skogskarlen 3, Solna	A	200	17,400	●	tbd ⁶	-	
Bunkeflostrand	Limhamn 155:355, Malmö	A/C	1,300	58,500	●	tbd ⁶	-	Slättö agreement, part of project (B)
Kvarnsjödalen	Tumba 7:241, Botkyrka	A/C	2,000	130,000	●	tbd ⁶	-	Slättö agreement, part of project (B)
Vårby Bryggör	Gambrinus 2 & 4, Huddinge	A/C/H	1,800	85,000	●	tbd ⁶	-	Slättö agreement, part of project (B)
Skärholmen ⁴	Skärholmen 2:1, Stockholm	A	85	7,000	●	tbd ⁶	-	
Skarpnäcksgård 1:1 ⁴	Skarpnäcks gård 1:1, Stockholm	A	50	3,500	●	tbd ⁶	-	
Årstaberget 1 ⁴	Liljeholmen 1:5, Stockholm	A	100	6,300	●	tbd ⁶	-	
Årstaberget 2 ⁴	Årsta 1:1, Stockholm	A	120	7,500	●	tbd ⁶	-	
Total			16,429	916,650				

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 share of the profit amounts to 100%.

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

⁵⁾ Part of JV. Magnolia Bostad's share of the profit amounts to 46%.

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 76%.

⁸⁾ Magnolia Bostad's share of the profit amounts to 78,2%.

⁹⁾ Part of JV. Magnolia Bostad's share of the profit amounts to 39,1%.

A = Apartments , C = Care, H = Hotel

● Local planning ● No local planning

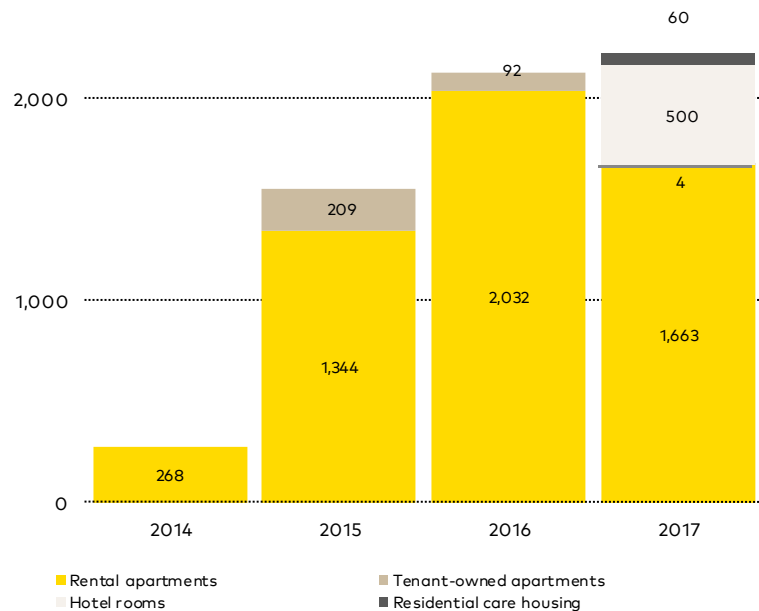
Sold projects in production

At December 31, 2017, Magnolia Bostad had 25 projects in production with a total of 5,853 apartments. Of these, 5,849 were sold and revenue recognized. This corresponds to a sales rate of 99.9 percent. During the period, two projects were completed.

During the 2017 financial year, 10 projects with 2,227 apartments were sold and had revenue recognized. In addition, the last apartment in the M6 project in Stockholm was also recognized.

In sold rental apartment projects, Magnolia Bostad, on behalf of and in cooperation with the buyer, can sell parts of the projects as tenant-owned apartments. In 2017, Magnolia Bostad sold and recognized 119 converted tenant-owned apartments.

Sold apartments, outcome



Projects closed in 2017

Project	Municipality	Type of ownership	Number of apartments	Buyer
Nya Parken Allé	Norrköping	RU	268	SEB Domestica II
M6	Stockholm	TO	55	Brf
Total			323	

Conversions in sold rental apartments projects in 2017

Project	Municipality	Number of converted TO-apartments sold to end customer	Partner
Slipen	Karlstad	32	Slättö
Gjuteriet, #1	Eskilstuna	49	Slättö
Gjuteriet, #2	Eskilstuna	38	Slättö
Total		119	

Sold projects in production

In the following projects, Magnolia Bostad's share of earnings amounts to 90 percent unless otherwise specified.
TO = Tenant-owned apartments, RU = Rental Units, C = Care, H = Hotel rooms

Project	Property, municipality	Type of ownership	Sold ap. in production	Residential area (sqm)	Unsold ap. in production	Production start	Completion	Buyer	Contractor
Lumen ²	Trapphuset 1, Sollentuna	TO	90	4,750	0	2015	2017	Brf	Wästbygg
Slipen	Del av Varvet 2, Karlstad	RU	216	12,300	0	2015	2018	Slättö	Consto
Maria Forum	Slagan 1, Helsingborg	TO	292	12,500	0	2015	2018	Alecta	Serneke
Bryggeriet	Norrland 11, Helsingborg	RU	327	14,700	0	2015	2019	Alecta	Skanska
Nyby Lilium, etapp 1	Del av Gamla Uppsala 99:1, Uppsala	RU	300	14,000	0	2015	2019	SEB Domestica II	Serneke
Kalkstenen	Tankloket 1, Malmö	RU	129	5,100	0	2015	2019	SPP Fastigheter	Veidekke
Cementfabriken	Kölen 1, Malmö	RU	144	7,100	0	2015	2019	SPP Fastigheter	Veidekke
Varvet	Varvet 4 & Del av Varvet 2, Karlstad	TO	92	6,100	0	2016	2018	Brf	Consto
Segelflygaren	Glidplanet 1, Örebro	RU	210	10,000	0	2016	2018	Slättö	Consto
Maria Mosaik	Arkeologen 1 & Antikvarien 1, Helsingborg	RU	345	16,000	0	2016	2020	SPP Fastigheter	Veidekke
Senapsfabriken, etapp 1 ¹	Kungsängen 25:1, kv 2, Uppsala	RU	455	19,400	0	2016	2019	SEB Domestica III	NCC
Tegelslagaren	Vallentuna-Åby 1:166, Vallentuna	RU	155	6,150	0	2016	2019	SEB Domestica II	ED Bygg
Tegelmästaren	Vallentuna-Åby 1:171, Vallentuna	RU	160	5,950	0	2016	2019	SEB Domestica II	ED Bygg
Sländan, etapp 1	Sländan 6, Södertälje	RU	445	19,000	0	2016	2019	SPP Fastigheter	ED Bygg
Gjuteriet, etapp 1	Nätet 7&8, Eskilstuna	RU	262	13,900	0	2016	2019	Slättö	Consto
Terra Nova ⁴	Kopparslagaren 2, Visby	C	60	3,780	0	2017	2018	M&G	PEAB
Varvet Townhouse	Varvet 4 & Del av Varvet 2, Karlstad	TO	4	700	4	2017	2018	Brf	Consto
Sländan, etapp 2	Sländan 7, Södertälje	RU	130	5,300	0	2017	2020	Viva Bostad	ED Bygg
Fyren, etapp 1	Telegrafan 16, Nynäshamn	RU	220	10,500	0	2017	2020	Viva Bostad	Consto
Fyren, etapp 2	Telegrafan 16, Nynäshamn	RU	236	11,600	0	2017	2020	SEB Domestica IV	Consto
Hotell Resecentrum ⁴	Kilot 2, Halmstad	H	240	9,500	0	2017	2020	Alecta	Serneke
Hotell Brunnshög ⁴	Morgonen 1, Lund	H	260	8,900	0	2017	2020	Alecta	Serneke
Hyllie Valhall ³	Valhall 1, Malmö	RU	427	21,000	0	2017	2021	Vault investment partners	ED Bygg
Senapsfabriken, etapp 2 norra ¹	Del av Kungsängen 45:1, 29:3, Uppsala	RU	325	13,100	0	2017	2022	Slättö ramavtal	NCC
Senapsfabriken, etapp 2 södra ¹	Del av Kungsängen 45:1, 29:3, Uppsala	RU	325	13,900	0	2017	2023	Heimstaden Bostad	NCC
Total			5,849	265,230	4				

¹ Magnolia Bostad's share of the profit amounts to 76,3%.

² Magnolia Bostad's share of the profit amounts to 100 %.

³ Magnolia Bostad's share of the profit amounts to 92%.

⁴ Magnolia Bostad's share of the profit amounts to 76%.

The Share

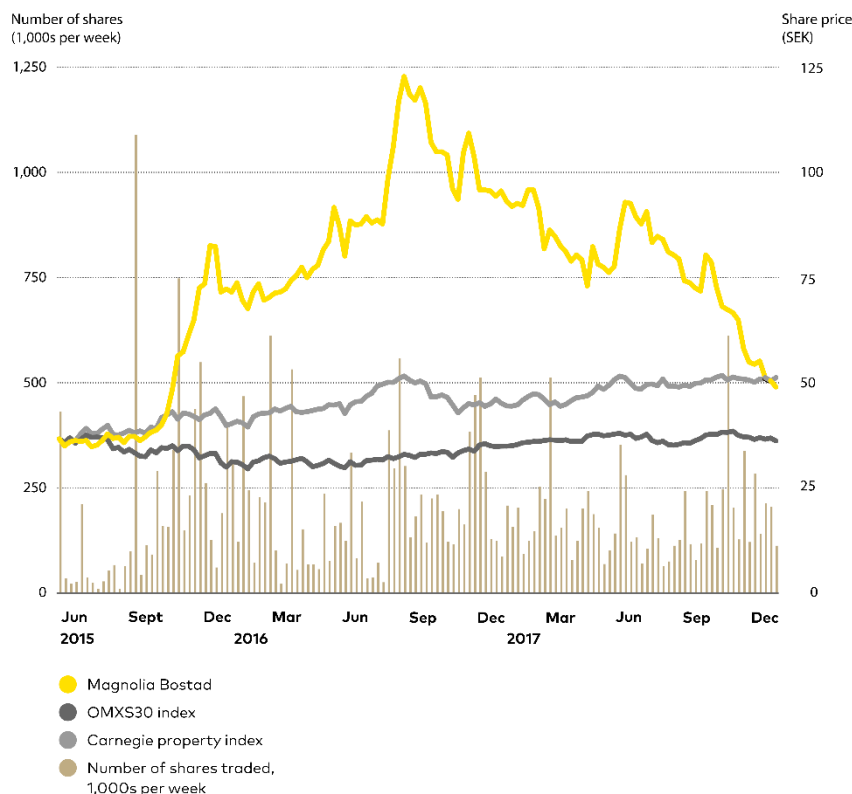
F. Holmström Fastigheter AB, in which Fredrik Holmström has a controlling interest through companies, holds a 56.38 percent stake in Magnolia Bostad. As at December 31, 2017, there were 4,803 (3,455) shareholders. The total number of issued shares at the end of the period was 37,822,283.

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 2018, Magnolia Bostad plans to apply for listing of the share on Nasdaq Stockholm.

The share price at closing on December 29, 2017, was SEK 50. On average, 159 transactions were conducted per trading day between January 1, 2017 and December 29, 2017, and the average trading volume per trading day was SEK 2.9 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. In the fourth quarter, the Board of Directors decided to extend the deadline for the program until the 2018 Annual General Meeting.

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	
	31 Dec	Full-year	31 Dec	Full-year
Average number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283

Dividend

The dividend policy must be based on what is considered at any time to promote the overall goal of optimizing the total return for the shareholders. The Board of Directors has made the assessment that the dividend will be proposed up to a maximum of 25 percent of the company's profit after tax.

To the Annual General Meeting in 2018 the Board is proposing a dividend of SEK 1.75 per share (1.75), which corresponds, if the Meeting approves the proposal, to a direct yield of 3.5 percent (1.8) of Magnolia Bostad's share price on December 31, 2017.

Owners

Largest shareholders as at December 31, 2017

Number of shares	Number of share holders	Shareholder category	No.	Shareholders per country	No.
1-500	3,997	Corporation	226	Sweden	4,696
501-1 000	317			Other Nordic countries	46
1 001-2 000	181	Private individuals, men	3,145	Other European countries (excl. Sweden and the Nordic countries)	51
2 001-5 000	162	Private individuals, women	1,432	USA	5
5 001-10 000	74			Rest of the world	5
10 001-50 000	44	Total	4,803		
50 001-	28				
Total	4,803	of which living in Sweden	4,696	Total	4,803

Largest shareholders as at December 31, 2017

Shareholders	Number of shares	Percentage of	
		Share capital	Votes
F. Holmström Fastigheter	21,323,837	56.38%	56.38%
Danica Pension	3,127,991	8.27%	8.27%
Länsförsäkringar Fondförvaltning AB	2,635,908	6.97%	6.97%
Nordnet Pensionsförsäkring AB	1,571,379	4.15%	4.15%
Svolder Aktiebolag	1,394,009	3.69%	3.69%
Försäkringsaktiebolaget, Avanza Pension	668,156	1.77%	1.77%
Dahlin, Martin	581,611	1.54%	1.54%
Swedbank Robur Fonder	460,437	1.22%	1.22%
Larsson, John	388,540	1.03%	1.03%
Cliens Sverige Fokus	360,000	0.95%	0.95%
Total 10 largest shareholders	32,511,868	85.97%	85.97%
Other shareholders	5,310,415	14.03%	14.03%
Total	37,822,283	100.00%	100.00%



Financial information

Consolidated Condensed Income Statement

Amounts in MSEK	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	718	124	1,772	1,010
Production and operating costs	-473	-86	-1,347	-642
Gross profit/loss	245	38	425	368
Central administration	-12	-10	-41	-27
Profit/loss from participations in associated companies and joint ventures	-3	13	-9	14
Operating profit/loss	230	41	375	355
Financial income	2	1	6	3
Financial expenses	-34	-28	-115	-93
Change in value, financial instruments	-	0	0	0
Profit/loss before tax	198	14	267	265
Income tax	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	198	14	267	265
Profit/loss attributable to				
Parent company shareholders	161	10	195	222
Non-controlling interests	37	4	72	43
Earnings per share (SEK)				
Before dilution effects	4.26	0.26	5.16	5.87
After dilution effects	4.26	0.26	5.15	5.84

Consolidated Statement of Comprehensive Income

Amounts in MSEK	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net profit/loss for the period	198	14	267	265
OTHER COMPREHENSIVE INCOME FOR THE PERIOD				
Total other comprehensive income	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	198	14	267	265
Comprehensive income attributable to				
Parent Company shareholders	161	10	195	222
Non-controlling interests	37	4	72	43

Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2017 31 Dec	2016 31 Dec
ASSETS		
Non-current assets		
Goodwill	6	6
Other intangible assets	1	0
Total intangible assets	7	6
Machinery and equipment	8	1
Total property, plant and equipment	8	1
Shares in associated companies and joint ventures	111	116
Receivables from associated companies	24	23
Other securities held as non-current assets	31	31
Other long-term receivables	1,165	406
Total financial assets	1,330	576
Total non-current assets	1,345	583
Current assets		
Development and project properties	1,310	1,160
Tenant-owned apartments	4	4
Accounts receivable	31	1
Receivables from associated companies	52	20
Other receivables	595	475
Prepaid expenses and accrued income	5	5
Cash and cash equivalents	208	507
Total current assets	2,205	2,172
TOTAL ASSETS	3,550	2,755

Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2017 31 Dec	2016 31 Dec
EQUITY AND LIABILITIES		
Equity		
Share capital	151	151
Other capital contributions	185	185
Retained profits incl. net profit/loss for the period	655	526
Equity attributable to Parent Company shareholders	991	862
Non-controlling interests	180	136
Total equity	1,171	998
Non-current liabilities		
Deferred tax liability	2	2
Non-current interest-bearing liabilities	1,566	1,268
Non-current liabilities to associated companies	35	-
Derivatives	-	-
Other long-term liabilities	30	91
Total long-term liabilities	1,633	1,361
Current liabilities		
Current interest-bearing liabilities	507	237
Derivatives	-	0
Accounts payable	16	38
Liabilities to associated companies	1	-
Income tax liabilities	0	0
Other current liabilities	85	68
Accrued expenses and deferred income	136	53
Total current liabilities	745	396
TOTAL EQUITY AND LIABILITIES	3,550	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	-	-	-	222	43	265
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	195	72	267
Other comprehensive income	-	-	0	-	0	0
Closing equity 12/31/2017	151	185	0	655	180	1,171

Condensed Consolidated Cash Flow Statement

Amounts in MSEK	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Operating activities				
Profit/loss after financial items	198	14	267	265
Adjustments for non-cash items, etc				
Less share of profit/loss from associated companies and joint ventures	3	-12	9	-14
Depreciation/amortization and impairment of assets	1	0	2	1
Capital gains/losses from the sale of development properties	-341	-14	-575	-338
Other provisions	0	0	0	0
Other profit/loss items that do not affect liquidity	3	0	6	0
Income tax paid	0	-2	0	-4
Cash flow from operating activities before changes in working capital	-136	-14	-291	-90
Decrease(+)/increase(-) of development and project properties	15	-55	-156	119
Decrease(+)/increase(-) in current receivables	-82	402	-194	-4
Decrease(+)/increase(-) in current liabilities	26	-28	24	-47
Cash flow from operating activities	-177	305	-617	-22
Investing activities				
Acquisition of intangible fixed assets	0	0	-1	-
Acquisition of property, plant and equipment	-1	0	-9	-1
Investment in financial assets	-2	-100	-3	-100
Cash flow from investing activities	-3	-100	-13	-101
Financing activities				
Contribution from non-controlling interest	0	-	1	0
Borrowings	225	400	597	1,059
Repayment of borrowings	-24	-346	-200	-584
Dividend paid	-	-	-66	-38
Cash flow from financing activities	201	54	332	437
Cash flow for the period	21	259	-298	314
Cash and cash equivalents at the beginning of the period	187	248	507	193
Cash and cash equivalents at the end of the period	208	507	208	507

Parent Company Condensed Income Statement

Amounts in MSEK	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	14	0	14	2
Total income	14	0	14	2
Central administration	-7	-3	-30	-12
Operating profit/loss	7	-3	-16	-10
Financial income	215	5	357	41
Financial expenses	-16	-11	-65	-55
Profit/loss after financial items	206	-9	276	-24
Tax on profit/loss for the period	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	206	-9	276	-24

Parent Company Statement of Comprehensive Income

Amounts in MSEK	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net profit/loss for the period	206	-9	276	-24
OTHER COMPREHENSIVE INCOME FOR THE PERIOD				
Total other comprehensive income	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	206	-9	276	-24

Parent Company Condensed Balance Sheet

Amounts in MSEK	2017 31 Dec	2016 31 Dec
ASSETS		
Non-current assets		
Financial assets	154	349
Total non-current assets	154	349
Current assets		
Current receivables		
Receivables from Group companies	1,191	718
Receivables from associated companies	0	0
Other receivables	2	1
Prepaid expenses and accrued income	0	0
Total current receivables	1,193	719
Cash and bank balances	4	64
Total current assets	1,197	783
TOTAL ASSETS	1,351	1,132
EQUITY AND LIABILITIES		
Equity	451	241
Non-current liabilities		
Interest-bearing liabilities	883	876
Total long-term liabilities	883	876
Current liabilities		
Liabilities to Group companies	0	0
Other current liabilities	1	0
Accrued expenses and deferred income	16	15
Total current liabilities	17	15
TOTAL EQUITY AND LIABILITIES	1,351	1,132

Other information

Accounting principles

Magnolia Bostad follows the IFRS standards approved by the EU. 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.

Forthcoming accounting principles

IFRS 9 Financial Instruments refers to the accounting of financial instruments. The new standard shall apply as of 2018 and replaces IAS 39. It contains rules for the classification and measurement of financial assets and liabilities, the impairment of financial instruments and hedge accounting. Magnolia Bostad makes the assessment that IFRS 9 could have an impact on the valuation of certain receivables, but the effect is judged not to be significant.

Effects of the transition to IFRS 15

IFRS 15 Revenue from Contracts with Customers enters into force for financial years commencing on January 1, 2018 or later and replaces the previously issued standards and interpretations that relate to revenue with a joint model for revenue recognition. The standard will be applied by the Group and Parent Company starting January 1, 2018, with full retrospective restatement.

Revenue recognition of project management agreements

Project management is reported under IFRS 15, like under the current accounting principles, as a performance obligation, and the revenue attributable to project management is reported over time in accordance with the input method since control is passed over time. Under the input method, revenue is recognized on the basis of initiatives or input to meet a performance obligation in relation to the total expected input for the satisfaction of the performance obligation.

Revenue recognition of project development

In accordance with IFRS 15, revenue recognition of project development occurs when the control has been passed to the purchaser. The Group makes the assessment that the point in time for revenue recognition under IFRS 15 has not changed compared to previous principles and control has been passed to the purchaser when (i) a binding agreement is entered into with a purchaser of the project (the property), (ii) local planning is in place, and (iii) a binding turnkey contract has been entered into with a contractor. The transaction price contains elements of variable consideration. For rental apartment projects, hotels and residential care facilities, the variable consideration is linked to the future property's rent/net operating income and area. Variable remuneration amounts are estimated at the expected value and included in the transaction price to the extent that a significant reversal at a later point in time is highly improbable. At the end of each reporting period, the estimated transaction price is updated to correctly reflect the circumstances at that point in time.

During previously applied accounting principle some of the revenue was also recognized when the outcome of some uncertainty, such as vacancy risk and potential risk in the turnkey contract, is known and the uncertainty in the variable consideration of the transaction price has ceased. As of 2016, potential uncertainty regarding planning risk in the assessment of the variable remuneration amount was also taken into account under previously applicable accounting principles.

The transition to IFRS 15 leads to some redistribution in the time for revenue in projects recognized before the assessments and estimates linked to the planning risk were introduced in 2016. Revenue recognition prior to 2016 did not take into account potential uncertainty in the planning risk, which, following retrospective application of IFRS 15, resulted in lower initial revenue in some projects in 2015.

For tenant-owned apartment projects, the transition to IFRS 15 is not judged to have any effects.

Accumulated project profit/loss and thus outgoing equity in 2017 are unchanged compared to the application of previous accounting principles. A compilation of the effects on the Consolidated Income Statement and Consolidated Balance Sheet from the application of IFRS 15 is presented in the tables on following pages. This analysis is based on currently available information and may change due to information that becomes available in 2018.

Income statement 2015

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Operating income and expenses			
Net sales	876	-63	813
Production and operating costs	-657	-	-657
Gross profit/loss	219	-63	156
Central administration	-13	-	-13
Profit/loss from participations in associated companies and joint ventures	0	-	0
Revaluation during transition from associated company to subsidiary	153	-	153
Operating profit/loss	359	-63	296
Financial income	3	-	3
Financial expenses	-52	-	-52
Profit/loss before tax	308	-63	245

Income statement 2016

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Operating income and expenses			
Net sales	1,010	54	1,064
Production and operating costs	-642	-	-642
Gross profit/loss	368	54	422
Central administration	-27	-	-27
Profit/loss from participations in associated companies and joint ventures	14	-	14
Operating profit/loss	355	54	409
Financial income	3	-	3
Financial expenses	-93	-	-93
Profit/loss before tax	265	54	319
Income tax	0	-	0
Net profit/loss for the year	265	54	319

Income statement 2017

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Operating income and expenses			
Net sales	1,772	9	1,781
Production and operating costs	-1,347	-	-1,347
Gross profit/loss	425	9	434
Central administration	-41	-	-41
Profit/loss from participations in associated companies and joint ventures	-9	-	-9
Operating profit/loss	375	9	384
Financial income	6	-	6
Financial expenses	-115	-	-115
Profit/loss before tax	267	9	276
Income tax	0	-	0
Net profit/loss for the year	267	9	276

Balance sheet 1/1/2015

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Other long-term receivables	15	-	15
Other long-term assets	109	-	109
Total non-current assets	124	-	124
Total current assets	671	-	671
Total assets	794	-	794
Equity	253	-	253
Total provisions/long-term liabilities	494	-	494
Current liabilities	46	-	46
Total equity and liabilities	794	-	794

Balance sheet 12/31/2015

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Other long-term receivables	274	-63	216
Other long-term assets	64	-	64
Total non-current assets	342	-63	279
Total current assets	1,546	-	1,546
Total assets	1,888	-63	1,825
Equity	771	-63	708
Total provisions/long-term liabilities	843	-	843
Current liabilities	274	-	274
Total equity and liabilities	1,888	-63	1,825

Balance sheet 12/31/2016

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Other long-term receivables	406	-9	397
Other long-term assets	177	-	177
Total non-current assets	583	-9	574
Total current assets	2,172	-	2,172
Total assets	2,755	-9	2,746
Equity	998	-9	989
Total provisions/long-term liabilities	1,361	-	1,361
Current liabilities	396	-	396
Total equity and liabilities	2,755	-9	2,746

Balance sheet 12/31/2017

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Other long-term receivables	1,165	-	1,165
Other long-term assets	180	-	180
Total non-current assets	1,345	-	1,345
Total current assets	2,205	-	2,205
Total assets	3,550	-	3,550
Equity	1,171	-	1,171
Total provisions/long-term liabilities	1,633	-	1,633
Current liabilities	745	-	745
Total equity and liabilities	3,550	-	3,550

Change in equity

Amounts in MSEK	Previous reporting	IFRS 15 adjustment	According to IFRS 15
Opening balance 1/1/2015	253	-	253
Redistribution during transition from associated company to subsidiary	-38	-	-38
New share issue	193	-	193
Issue expenses	-13	-	-13
Acquisition of subsidiaries	74	-	74
Dividend	-6	-	-6
Net profit/loss for the year	308	-63	245
Closing balance 12/31/2015	771	-63	708

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

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 (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 an invoice 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, invoiced the Group SEK 24 million for contractor services.

Board Member Andreas Rutili through companies has ownership and a right to a share of the profits in the projects Senapsfabriken Phase 1 and Senapsfabriken Phase 2.

In 2017, Magnolia Bostad sold the project, Sländan Phase 2, with approximately 130 apartments to Viva Bostad Sländan AB, a company in which Andreas Rutili holds an indirect ownership, but not a controlling influence. Furthermore, during the year Magnolia Bostad sold the project, Fyren Phase 1, with approximately 220 apartments to Viva Bostad Nynäshamn AB, a company in which Andreas Rutili holds an 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 works to achieve sustainable development and a reduced footprint by developing financially, socially and environmentally sustainable residential areas. In 2017, the company took an important step in enhancing and anchoring its sustainability work. During the financial year, Magnolia Bostad conducted a stakeholder dialogue and identified material aspects that form the basis for its continued sustainability work. A long-term sustainability program was also developed and will be presented in the 2017 Annual Report. Sustainability is a natural part of Magnolia Bostad's operations and housing business. Taking a long-term approach is not just about developing financially, socially and environmentally sustainable buildings and neighborhoods. It is also a fundamental prerequisite for the company's growth and profitability.

Organizational structure

Magnolia Bostad has a versatile and scalable organization divided into the following areas: Business Development, Business Area Development, Project Development, Finance and Marketing and Communications. As at December 31, 2017, the Company's organization consisted of a total of 61 employees (40), of which 33 (21) were women and 28 (19) were men at the offices in Stockholm and Helsingborg.

In 2017, the management group added two members and at the end of the year consisted of eight people. For more information about Magnolia Bostad's management team, visit www.magnoliabostad.se.

Annual General Meeting

Magnolia Bostad AB's Annual General Meeting will be held on April 27, 2018, at 2:00 p.m. at Berns, Berzeli Park, Stockholm. Notice to the Annual General Meeting will be announced no later than March 26, 2018. The notice and the conditions for registration will be published in Post & Inrikes Tidningar and on Magnolia Bostad's website, www.magnoliabostad.se. Information about the notice will be published in an announcement in Dagens Industri. Other documents that will be presented at the Meeting will be available on the company's website no later than March 26, 2018. The notice will specify the business that will be conducted at the Meeting.

The annual report will be available on Magnolia Bostad's website, www.magnoliabostad.se, and at the company's head office at Sturegatan 6, Stockholm, Sweden, during the week starting March 19, 2018.

Dividend

The Board of Directors intends to propose to the Annual General Meeting a dividend of SEK 1.75 per share (1.75). The record date is proposed for May 2, 2018, with an estimated date of payment of May 7, 2018.

Significant events after the end of the period

- No significant events have occurred after the end of the period.

Stockholm, February 22, 2018,

Magnolia Bostad AB

Board of Directors

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

Quarterly overview

		2017			2016			2015
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net sales (SEK million)	718	193	790	71	124	242	434	210
Operating profit/loss (SEK million)	230	7	125	14	41	99	116	100
Profit/loss after tax (SEK million)	198	-22	101	-9	14	78	85	86
Earnings per share (SEK) ¹⁾	4.26	-0.53	1.64	-0.20	0.26	1.86	1.71	2.02
Equity (SEK million)	991	974	995	990	998	985	906	857
Equity per share (SEK) ¹⁾	26.20	21.97	22.50	22.61	22.79	22.54	20.67	19.96
Return on equity (%)	17.7	-2.4	7.3	-0.9	1.2	8.6	8.5	10.7
Equity/assets ratio (%)	33.0	30.3	34.4	35.6	36.2	38.7	37.8	41.7
Cash flow from operating activities (SEK million)	-177	-220	165	-384	305	-70	-235	-22
Cash flow from the operating activities, per share (SEK)	-4.7	-5.8	4.3	-10.2	8.1	-1.8	-6.2	-0.6
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⁾	37,822,283	37,822,283	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 basic shares.

Net financial items

Net of financial income and financial expenses.

Cash flow from operating activities, per share

Cash flow from operating activities divided by the 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 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.

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 KPIs, refer to ESMA KPIs at 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.

Sales rate

Sold apartments in production divided by apartments in projects in production

Sold apartments in production

Number of apartments in sold projects where binding sales agreements were signed and the revenue recognized.

This is Magnolia Bostad

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



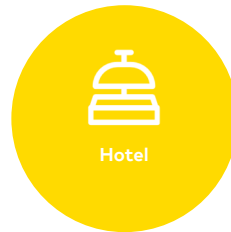
Rental



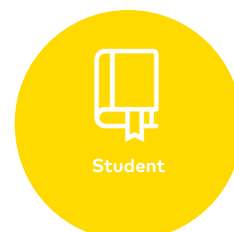
Tenant-owned



Residential care



Hotel



Student

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

- Certification in accordance with as a minimum Sweden Green Building Council Silver in all 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 must be based on what is considered at any given time to promote the overall goal of optimizing the total return for the shareholders. The Board of Directors has made the assessment that the dividend will be proposed up to a maximum of 25 percent of the company's profit after tax.

Our values are our compass

The pillars on which Magnolia Bostad 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 Report 2017: w 12 2018
- Interim Report Januari – March 2018: 27 April 2018
- Annual General Meeting 2018: 27 April 2018
- Interim Report January – June 2018: 13 July 2018
- Interim Report Januari – September 2018: 24 October 2018
- Year-End Report January – December 2018: 22 February 2019

Contact

Fredrik Lidjan
CEO
fredrik.lidjan@magnoliabostad.se
+46 (0)70 223 43 47

Fredrik Westin
CFO
fredrik.westin@magnoliabostad.se
+46 (0)70 943 73 31

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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons, on February 22, 2018 at. 07.45 am..

MAGNOLIA

Magnolia Bostad AB
Sturegatan 6
Box 5853, 102 40 Stockholm
Phone +46 8 470 50 80
magnoliabostad.se