

MAGNOLIA

**Magnolia Bostad
Interim Report**

The Group
January 1-June 30,
2018

Q2

Interim Report

January-June 2018

January-June 2018

- Net sales amounted to SEK 798 m (869).
- The operating profit was SEK 206 m (147).
- Net profit for the period was SEK 139 m (99). Earnings per share, after deductions for minority shares was SEK 3.60 per share (1.63).
- Over the period Magnolia Bostad agreed on the acquisition of 2,511 estimated building rights (5,825) and the number of residential units sold over the period was 1,045 (780).

April-Jun 2018

- Net sales amounted to SEK 267 m (792).
- The operating profit was SEK 93 m (128).
- Net profit was SEK 59 m (103). Earnings per share, after deductions for minority shares, was SEK 1.45 per share (1.72).
- Magnolia Bostad agreed on the acquisition of 2,485 estimated building rights (3,075) and the number of residential units sold over the period was 712 (650)
- The company's shares were listed on Nasdaq Stockholm's main list on 20 June.

Significant events during the period

April-June 2018

- Framework agreement worth SEK 9.6 bn signed with Heimstaden.
- Sales:
 - Sold 658 residential units in Bro to Slättö.
 - Sold 54 residential care units in Laholm to Northern Horizon.
 - Sold land to Derome Hus.
- Acquisitions:
 - Planned land in Bro, Upplands Bro municipality. 1,500 residences planned.
 - Property in Spånga, Stockholm, 200 residences planned.
 - Property in Västerhaninge, Haninge municipality, 500 residences planned.
 - Land in Nykvarn, 285 residential units planned, to be developed through a newly formed joint venture with SBB.

Significant events after the end of the period

- No significant events after the end of the period.



KPIs, Group

	2018 Jan-Jun	2017 Jan-Jun	2018 Apr-Jun	2017 Apr-Jun	2017/2018 Jul-Jun	2017 Jan-Dec
Project-related						
Number of sold apartments during the period	1,045	780	712	650	2,492	2,227
Total number of apartments in production	6,745	4,402	6,745	4,402	6,745	5,849
Number of estimated building rights in the portfolio	17,772	16,170	17,772	16,170	17,772	16,429
Financials						
Operating margin (%)	25.8	16.9	34.8	16.2	25.9	21.6
Return on equity (%) ¹	-	-	-	-	28.9	22.0
Equity/assets ratio (%)	32.7	34.3	32.7	34.3	32.7	33.0
Interest coverage ratio (multiple)	3.0	3.0	2.6	5.0	3.3	3.4
Share-related						
Earnings per share (SEK) ¹	3.60	1.63	1.45	1.72	7.34	5.37
Equity per share (SEK) ¹	28.13	22.47	28.13	22.47	28.13	26.20

¹ Excluding the minority

For definitions of alternative KPIs that are not defined in IFRS, see page 28

A word from the CEO

The second quarter of the year has been eventful. Magnolia Bostad's shares have been listed on Nasdaq Stockholm's main list, we have started collaborating with several new partners and implemented a number of acquisitions and sales.

Magnolia Bostad continues to grow. During the second quarter we strengthened our positions with new collaborations and a number of sales and acquisitions. I see this as proof of the strength of our business model, which is based mainly on the sale of rental apartment properties to stable Swedish institutions and other reputable partners. We also place emphasis on working with balanced risk. The quarter's sales of SEK 267 m, consists of a rental apartment project and land in Bro. We have also finished work on another residential care project, so three of the twelve projects we acquired last summer have now been completed. The operating profit for the quarter was SEK 93 m.

New collaboration

Magnolia Bostad's strategy is largely based on developing long-term collaborations with strong partners in the areas that are important for our business. Earlier this year, we signed an agreement with Skanska regarding a whole new

way of collaborating on the development of sustainable neighbourhoods and housing areas. Over the second quarter we have established four new strategic collaborations:

- *Framework agreement with Heimstaden.* The framework agreement includes the future sales of 14 projects, a total of around 5,300 properties. This mainly concerns projects in Greater Stockholm and the Öresund region and the total value amounts to about SEK 9.6 bn.
- *Hotel collaboration with Alecta* concerning four hotels at central locations in Göteborg and other Swedish growth regions, a total of around 1,000 rooms.
- *Collaboration with Derome Hus* concerning developing neighbourhoods and residential areas with elements of terraced and detached houses.
- *Joint venture with Samhällsbyggnadsbolaget (SBB).* Together we will develop around 285 residential units in Nykvarn.

All these collaborations will contribute to the safety and stability of Magnolia Bostad's business and will secure both buyers and development partners in the longer term.

Sales and acquisitions

During the quarter we signed four contracts, three for the acquisition of land in Bro, Stockholm and Hänge and one for the development of land in Nykvarn through a joint venture with SBB. This amounts in total to around 2,500 residences. Part of the project in Bro has been sold to Slättö, another part of Derome Hus. During the quarter, a residential care home consisting of 54 units in Allarp, Laholm, was sold to Northern Horizon.

Key recruitment for Göteborg Work on establishing Magnolia Bostad's office in Göteborg is progressing. We have now been able to take an important step through the recruitment of Niklas Ohlén, who will be responsible for the company's operations in the Göteborg region. He comes with experience and knowledge of the Göteborg region and will make a significant contribution to Magnolia Bostad's continued development in the area.

Listing on Nasdaq Stockholm

On 20 June, Magnolia Bostad's shares were listed on Nasdaq Stockholm's main list. The work with the listing has contributed to more efficient corporate governance and internal processes. For the individual shareholder, the listing means a possibility for increased liquidity in the shares and in addition improved transparency in the company. For Magnolia Bostad, the listing offers an opportunity for wider ownership, primarily from funds and institutions. Financial conditions are also improving as we have the opportunity to meet new players in the capital market, which gives us the basis for continued growth.

I would like to thank all our employees, partners and suppliers as we have laid a good foundation for the future. We have a lot of exciting development work to look forward to.

Fredrik Lidjan
CEO



Market

Property transaction markets*

The Swedish property transaction market has been strong in recent years, largely due to good financing opportunities, lack of alternative investments with matching returns, and low market rates. The low interest rate will seemingly continue, as at the Riksbank meeting on 4 July it was decided to leave the repo rate unchanged at -0.5 per cent. The interest in investing in property remains significant, both from domestic and foreign investors, but today there is a problem in matching, with the supply of property not matching the greater demand. During the first half of 2018, the volume of transactions carried out totalling over SEK 40 m was lower than for the first half of 2017, at SEK 57.4 bn compared to SEK 81.9 bn.

During the first half of 2018, offices were the most sought-after segment for investors, accounting for 29 per cent of the total volume of transactions. The equivalent figure for the first half of 2017 was 18 per cent. Rental apartments at 27 per cent were the second most traded segment. Municipal property, which includes residential care homes, was 9 per cent and the hotel and land segment accounted for 11 per cent.

During the second quarter 2018, rental apartments were still the single largest segment, with 33 per cent of the volume. This was followed by offices with 29 per cent, municipal property with 11 per cent and hotel and land together with 5 per cent.

Greater Stockholm dominated the first half of 2018 with 43 per cent of the transaction volume, regional cities accounted for 24 per cent, Göteborg for around 9 per cent and Malmö for 9 per cent.

In the second quarter of 2018, Stockholm accounted for 44 per cent of the transaction volume, followed by regional cities with 25 per cent. Göteborg and Malmö accounted for 8 per cent and 6 per cent respectively

of the total transaction volume during the second quarter.

Rental apartments

The direct yield for centrally located properties in Stockholm, Göteborg and Malmö has gradually fallen since 2008. This trend shows that rental accommodation is considered to be a stable, low risk investment. The direct yield for the best residential locations in Stockholm, Göteborg and Malmö is 1.55 per cent, 1.75 per cent and 2.55 per cent respectively. The direct yield in regional cities is between 4 per cent and 5 per cent. In its report of April 2018, Statistics Sweden predicts that the population of Sweden will reach over 11 m by 2028. Boverket, the National Board of Housing, Building and Planning, calculates in its report of June 2018 that the requirement for new homes from 2018 to 2025 will be 67,000 homes per year. The demand for residences is increasing along with the turbulence in the property market. The increased support for investment is enabling a more diversified rental market, which means that more people can afford new builds.

Residential care facilities

With a growing population, there is also a major demographic change where the proportion of younger and older people is increasing according to Statistics Sweden. This increases the need for municipal property. Municipal properties often have secure tenants with long contracts. The direct yield for centrally located residential care property in Stockholm, Göteborg and Malmö has fallen after standing still for a long time. The average direct yield for residential care homes in Stockholm, Göteborg and Malmö is in the range of 3.75-4.75 per cent, 4.25-5.25 per cent and 4.50-5.50 per cent respectively.

Hotels

Interest in investing in hotel property has risen in recent years and the segment has grown. The average direct yield for hotels in Greater Stockholm is in the range of 3.75-4.75 per cent. An increasing number of investors

see hotels as an attractive asset class. One of the reasons for the level of direct yield requirements is the lack of well-located hotels in the major cities. Historically, hotels have been outperformed by both office and commercial property in the best locations. This, on the other hand, is changing as a result of relocating head offices from the central parts of the cities to new offices in local suburban areas, as well as growing e-commerce and the creation of new retail outlets outside the city centre.

Student housing

New production of student housing has increased in recent years, especially in the Greater Stockholm area. Student housing often has high production costs as the same rules and processes apply as to ordinary housing. Student housing is a transitional form of accommodation with a customer group that often has limited financial resources. The direct yield is thus higher for student housing. The direct yield for student housing in Greater Stockholm is in the range of 4.50-5.00 per cent.

Tenant owned apartments

The tenant-owned apartment market has been characterized by uncertainty for a long time with falling square meter prices and a large supply due to the fact that sales are taking longer. In the last 12 months prices have fallen by 7.8 per cent compared to the same period last year. From January to May 2018 prices fell by 2 per cent, with a fall of 1 per cent in May alone according to Mäklarstatistik. The tenant-owned apartment market is still characterized by cautious customers.

** Transactions exceeding SEK 40 m, which means, for example, that tenant-owner apartments are not included.*

Source Newsec.

On 20 June 2018, Magnolia Bostad's shares were listed on Nasdaq Stockholm's main list.



Earnings, financial position and funding

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 1 January - 30 June 2018

Net sales amounted to SEK 798 m (869) and the operating profit for the period was SEK 206 m (147). The profit after tax for the period was SEK 139 m (99).

Net sales consist mainly of income from property sales.

Distribution of revenue	2018 Jan-Jun	2017 Jan-Jun
Property sales	686	609
Sum of revenue recognised at a point in time	686	609
Project management	15	5
Rent	18	23
Other invoicing for the projects and other revenue	79	232
Sum of revenue recognised over in time	112	260
TOTAL REVENUE	798	869

Cash flows from sales of projects are received in part in conjunction with the handover of land via forward funding, since Magnolia Bostad is paid for investments that are

made up to the handover. Magnolia Bostad often receives a part of the project gains in cash at the handover. The remaining cash flows from property sales are received in connection with project completion.

For sales of undeveloped property, the entire consideration is normally received in connection with the handover. Other income, such as rent, project management and invoicing to the projects, are reported and invoiced on an ongoing basis.

The increase in revenue from property sales is due to the sale of 1,045 residential units, a rise of 265 compared to the 780 sold in the same period last year. Most of the residential units sold during the period came from the sale of projects comprising 275 apartments in central Arlöv sold to Heimstaden Bostad AB and 658 apartments in Bro sold to Slättö. During the first half of 2018, land in Bro was also sold to Derome Hus, the Instrumentet 2 property in Örnberg was sold to the Genova Property Group and the Skogskarlen 3 property in Bergshamra outside Stockholm was sold to a recently-started joint venture with Randviken.

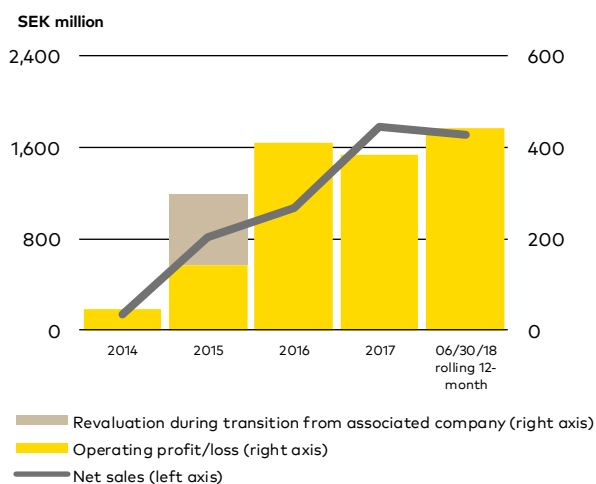
Rental income fell by SEK 5 m to SEK 18 m (23) due to the sales of Instrumentet 2 and Skogskarlen 3.

Operating costs for properties that generate rental income fell to SEK -6 (-9), which means that the net operating income from rent-generating properties has fallen to SEK 12 m (14), which also contributes to the operating profit.

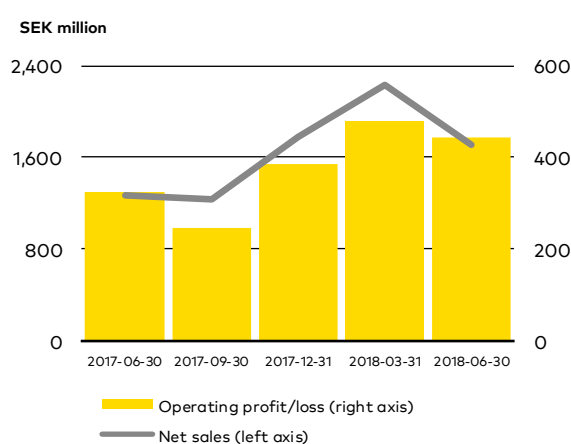
Production and operating costs for the second quarter of 2018 were charged with costs due to negotiations with subcontractors who had signed agreements with associated companies of the Svenska Vårdfastigheter Group at the time of Magnolia Bostad's acquisition. The contracting party has been transferred to a subsidiary to secure the subcontractors' guarantee commitments.

Agreements on expanded premises in connection with current premises in Stockholm have been signed in the second quarter of 2018. Following agreement, the new premises will occupy the ground floor of an estate agency and provide more space for housing staff previously employed by Svenska Vårdfastigheter AB. Costs for local rent are reported both as production and operating costs and as costs for central administration, based on how the premises are disposed of. The move of subcontractors and staff are important steps in integrating the acquisition of Svenska Vårdfastigheter AB.

Net sales & operating profit/loss, full-year



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



Magnolia Bostad has strengthened the organization compared to the same period last year and completed the acquisition of Svenska Vårdfastigheter at the beginning of the third quarter 2017, which explains the increase of central administration costs to SEK 29 m (17). In addition to increased staff costs, central administration is also affected by non-recurring costs linked to the list change from First North Premier to Nasdaq Stockholm's main list.

The profit from associated companies was SEK 4 m (-5). Sollentuna Stinsen JV AB has affected earnings from associated companies by SEK -5 m (-8) and sales of 54 residential care units in Laholm to Northern Horizon has had a positive impact on earnings of SEK 7 m.

The increase in the operating profit of SEK 59 m to SEK 206 m (147) for the first half of 2018 is mainly due to completed property sales.

Net financial items

Net financial items amounted to SEK 67 m (48). Financial expenses for the quarter were SEK 71 m (50). The increase in financing costs is due to interest-bearing liabilities being higher for the period compared with the same period last year. The increase is due to the financing of the acquisition of Svenska Vårdfastigheter AB, which was carried out at the beginning of the third quarter 2017 and the issue of

additional corporate bonds of SEK 200 m within the existing framework, which was carried out at the end of the first quarter 2018.

At the end of the quarter, Magnolia Bostad's average interest rate was 6.6 per cent compared to 5.9 per cent at the end of the previous year. The interest coverage ratio amounted to a multiple of 3.0 compared to 3.4 for FY 2017.

Net profit/loss for the period

The net profit for the period was SEK 139 m (99) of which SEK 0 (0) was income tax. The tax expense is less than 22.0 per cent of the profit before tax since some reported income, primarily the sale of companies, is not taxable.

Reporting period 1 April - 30 June 2018

Net sales amounted to SEK 267 m (792) and the operating profit for the period was SEK 93 m (128).

Distribution of revenue	2018 Apr-Jun	2017 Apr-Jun
Property sales	208	559
Sum of revenue recognised at a point in time	208	559
Project management	4	3
Rent	6	11
Other invoicing for the projects and other revenue	50	219
Sum of revenue recognised over in time	60	233
TOTAL REVENUE	267	792

The profit after tax for the period was SEK 59 m (103).

Net sales and gross profit are largely due to income from property sales. During the quarter, the Bro project comprised about 650 apartments with an estimated property value on completion of SEK 1,170 m when sold to Slättö. During the same period last year, 650 apartments were sold. The higher margin in the second quarter of 2018, compared with the same period previous year, is mainly due to lower costs for land in completed sales

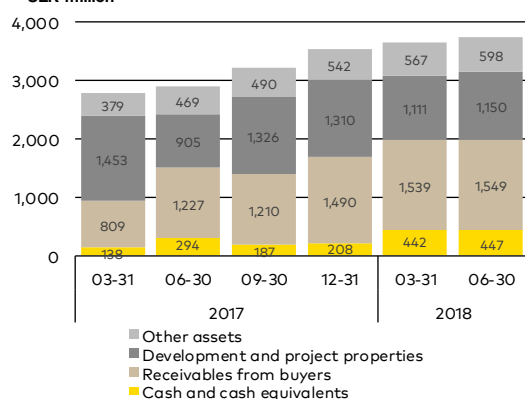
Production and operating costs for the second quarter of 2018 were charged with costs due to negotiations with subcontractors who had signed agreements with associated companies of the Svenska Vårdfastigheter Group at the time of Magnolia Bostad's acquisition. The contracting party has been transferred to a subsidiary to secure the subcontractors' guarantee commitments.

Agreements on expanded premises in connection with existing premises in Stockholm were signed in the second quarter of 2018.

Central administration costs have increased to SEK -17 m (-9), due to non-recurring costs for the list change and increase in number of employees.

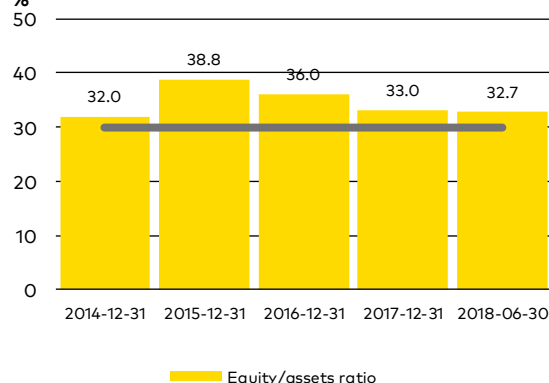
Distribution of assets

SEK million



Equity/assets ratio

%



The profit from participations in associated companies and joint ventures was SEK 8 m (-1). During the quarter, the residential care project Allarp Laholm was sold to Northern Horizon, which affected profits from participations in associated companies and joint ventures positively by SEK 7 m, while Sollentuna Stinsen JV AB impacted the profit by SEK-3 m.

Financing costs for the quarter amounted to SEK -36 m (-26). The increase in financing costs is due to interest-bearing liabilities being higher over the period than in the same period last year. The increase in interest-bearing liabilities is due to the financing of the acquisition of Svenska Vårdfastigheter AB, which was carried out in the beginning of the third quarter of 2017, and the issuance of additional corporate bonds for SEK 200 m, carried out in the first quarter of 2018.

Financial position

Total assets increased to SEK 3,744 m compared to SEK 3,550 m at the beginning of the year. The increase is in part due to the rise in cash and cash equivalents to SEK 447 m (208) and in part to higher other long-term receivables and other receivables, which together increased by SEK 111 m to SEK 1,871 m (1,760), attributable to increases in receivables at buyers of the projects and downpayments paid.

Of the total receivables of SEK 1,871 m (1,760), SEK 1,549 m (1,490)

are receivables at buyers of the projects and SEK 162 m (117) refers to downpayments paid for future property acquisitions. Within the next 12 months, the Group is expected to receive SEK 450 m (423) of the total receivables from buyers of the projects as amortization of promissory notes, payment of additional consideration, final consideration and forward funding.

Development and project properties decreased by SEK 160 m and amount to SEK 1,150 m (1,310). The fall is due to completed sales over the year. During the year the Group has continued to invest in the project portfolio and is working continuously to refine and drive the local planning process forward in its various projects.

Shares in associated companies and joint ventures fell by SEK 1 m to SEK 110 m (111) primarily due to the impact of the sale of the residential care project Allarp Laholm and the quarterly results in Sollentuna Stinsen JV AB, which Magnolia Bostad owns with occupational pension company Alecta. The joint venture owns the Stinsen shopping centre and is working to develop local planning for residential units and commercial premises for the Södra Häggviks Gårdar project.

Equity and the equity/assets ratio

On 30 June 2018, consolidated equity amounted to SEK 1,226 m (1,171),

with an equity/assets ratio of 32.7 per cent (33.0), which is in line with the financial target of an equity/assets ratio of at least 30 per cent. The minority share of equity was SEK 163 m (180). The lower equity/assets ratio since the turn of the year is largely explained by the dividend decision. The return on equity for the rolling 12-month period ending 30 June 2018, 28.9 per cent compared to 22.0 per cent for the 2017 calendar year.

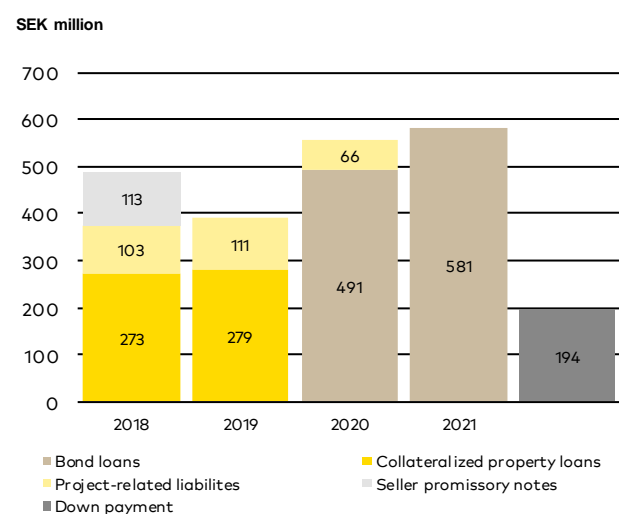
Return on equity for the 12-month rolling period is 1.1 per centage points below the financial target of a return on equity of at least 30 per cent.

Interest-bearing liabilities

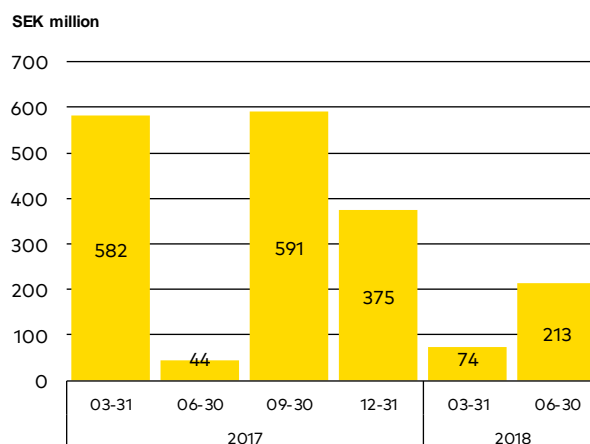
Total interest-bearing loans, including interest-bearing deposits amounted to SEK 2,209 m (2,073) as at 30 June, 2018. The majority of Magnolia Bostad's liabilities comprise bond loans with a book value of SEK 1,071 m and bank financing of SEK 831 m, of which SEK 552 m is collateralized by the property. The remaining liabilities consist of buyer promissory notes of SEK 113 m for the acquisition of Svenska Vårdfastigheter AB and deposits received of SEK 194 m. The average capital - tie-up period, excluding deposits and the utilized credit line, was 1.9 years at 30 June 2018, compared to 2.0 years at 31 December 2017.

After deductions for cash and cash equivalents of SEK 447 m (208), interest-bearing net liabilities amounted to SEK 1,762 m (1,865).

Maturity structure, SEK million



Interest bearing net liabilities with deduction for receivables at buyer



The largest part of the bank financing is linked to individual projects, where repayment occurs in conjunction with Magnolia Bostad's handover, or in connection with the payment of the final consideration from the buyer at the end of the project

Receivables at buyers amounted to SEK 1,549 m (1,490), interest-bearing net liabilities with deductions for receivables at buyers on 30 June 2018 was SEK 213 m (375), a fall of SEK 162 m compared to 31 December 2017. Since 30 September 2017, as Svenska Vårdfastigheter AB was acquired in the beginning of the third quarter, interest-bearing liabilities with deductions for receivables at buyers fell by SEK 378 m, from SEK 591 m to SEK 213 m.

Bond loans

During the period, Magnolia Bostad issued additional corporate bonds at a nominal amount of SEK 200 m within the frame for an existing bond of SEK 1 bn with maturity in 2021. Buyers were primarily Swedish investors.

As at 30 June 2018, Magnolia Bostad had two outstanding bonds: one covered bond of a nominal SEK 500 m with a floating coupon of STIBOR 3m + 6.25 per cent (with STIBOR floor) and final maturity in April 2020 and one unsecured bond of a nominal SEK 600 m pursuant to a bond frame of up to SEK 1 bn with a floating coupon of STIBOR 3M + 7.25 per cent (without a STIBOR floor) and final maturity in October 2021.

The difference between book value and nominal amount on the bond is due to bonds issued at a value below the nominal amount and paid settlement fees reported according

to the effective interest rate method.

Cash flow and cash equivalents

Cash flow from operating activities before changes in working capital amounted to SEK -113 m (-113), which is primarily due to a large part of earnings consisting of gains from the sale of development properties, which did not affect cash flow when the projects were recognized.

Cash flow from changes in working capital amounted to SEK 89 m (-107), which is largely due to cash flow from the decrease in development and project properties of SEK 160 m (36) and cash flow from the increase of current receivables of SEK -56 m (-170). During the period Magnolia Bostad handed over and received the purchase price for Instrumentet 2 in Örnberg and Skogskarlen 3 in Begshamra which has contributed positively to cash flow from operating activities.

Cash flow from operating activities amounted to SEK -24 m (-220).

Cash flow from investing activities amounted to SEK 5 m (-10).

Cash flow from financing activities amounted to SEK 258 m (17), primarily impacted by the issue of additional corporate bonds of SEK 200 m within the frame of an existing bond. Cash flow from amortization of loan liabilities totals SEK -188 m (-132). In the second quarter, dividends of SEK 66 m (-66) were also paid, which negatively affected the cash flow from financing activities.

Cash and cash equivalents as per 30 June 2018, amounted to SEK 447 m compared to SEK 208 m on 31 December, 2017. In addition to cash

and cash equivalents, there are unused credit facilities totaling SEK 695 m as at 30 June 2018.

Parent Company Income Statement

The Parent Company's profit after financial items amounted to SEK -28 m (81). The reduction compared to the first half year last year is due to lower income from dividends from subsidiaries. Net financial items have increased by SEK 5 m to SEK -38 m (-33) due to higher interest-bearing liabilities.

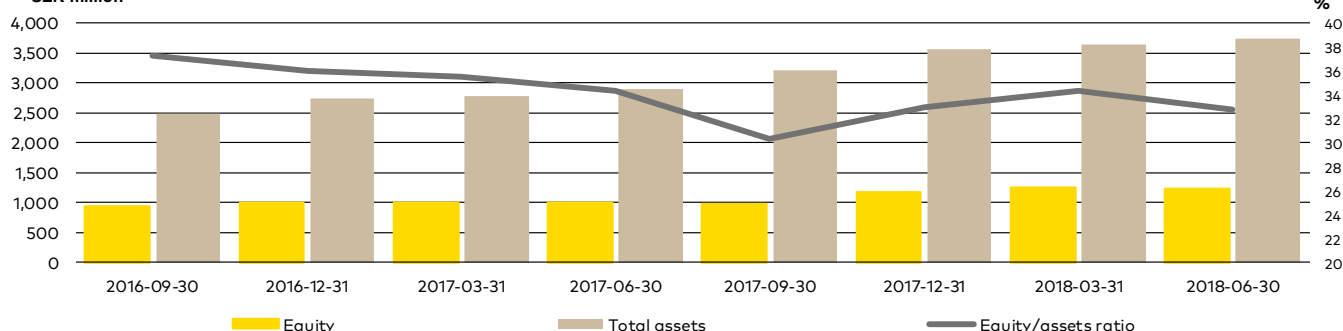
Parent Company Balance Sheet

The balance sheet total for the Parent Company increased to SEK 1,598 m (1,351). During the first quarter 2018, the company issued additional corporate bonds at a nominal amount of SEK 200 m within the frame for an existing bond. The equity/assets ratio for the Parent Company amounts to 22.3 per cent compared to 33.4 per cent at the turn of the year.

Fair value of financial instruments

The 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 1,052 m compared to the book value of SEK 1,071 m. Bond loans belong to the category of financial liabilities valued at accrued acquisition value. On December 31, 2017, the fair value for the bond loans amounted to SEK 870 m compared to the book value of SEK 883 m. The fair value for bond loans was determined in accordance with Level 1 in the fair value hierarchy set out in IFRS 13. No changes were made in the fair value hierarchy for financial instruments.

Equity, total assets (SEK million) and equity/ratio ratio (%)
SEK million



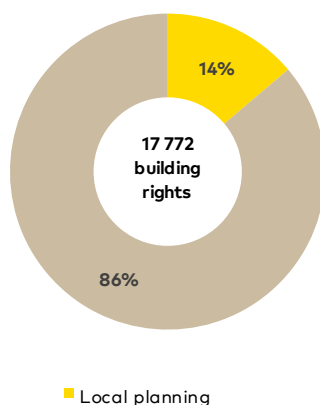
Project

Magnolia Bostad primarily develops 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.

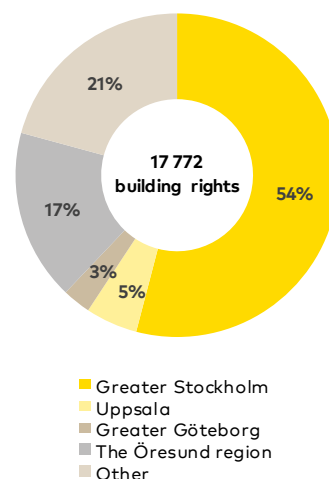
Magnolia Bostad applies an urban planning perspective to its projects. Municipalities, and even institutional investors, are often looking for the competence to develop comprehensive residential areas that include not only homes but also, for example, student and residential care housing. By working with several products and housing 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 per cent for rental apartment transactions, 15 per cent for hotel transactions and 20 per cent for residential care and tenant-owned apartment transactions.

Share of project portfolio with local planning



Share of estimated building rights per geographical area

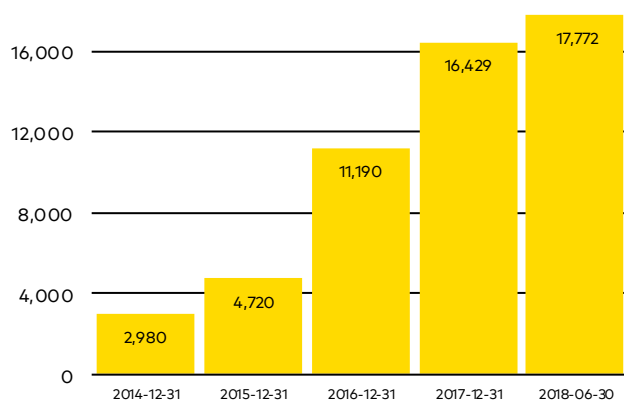


As at 30 June 2018, Magnolia Bostad had a project portfolio totaling 17,772 estimated building rights. In the first half-year of 2018, four projects with a total of 1,045 residential units were sold.

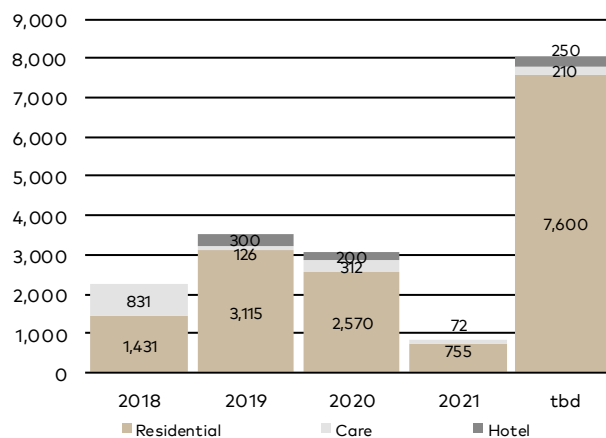
In total 2,511 estimated building rights were acquired in the first half-year of 2018.

In the second quarter of 2018 the company signed an agreement for the acquisition of 1,500 estimated building rights in Bro, 200 estimated building rights in Spånga, 500 estimated building rights in Haninge and 285 estimated building rights in Nykvarn.

Development of the building right portfolio



Pending building rights not sold, estimated production starts



Acquisitions 2018

Quarter	Project	Municipality	Category	Estimated number of building rights
1	Piccolo	Halmstad	A	26
2	Bro Mälarstrand	Upplands-Bro	A	1,500
2	Ferdinand 9, Spånga	Stockholm	A	200
2	Västerhaninge	Haninge	A	500
2	Nykvarn	Nykvarn	A	285
				2,511

A=Apartments, C=Care, H=Hotels

Divestments 2018

Quarter	Project	Municipality	Acquired by	Number of apartments
1	Fasanen	Burlöv	Heimstaden Bostad	275
1	Visborg	Visby	Northern Horizon	58
1	Instrumentet	Stockholm	Genova Property Group	0 ¹
2	Allarp Laholm	Helsingborg	Northern Horizon	54
2	Bro Mälarstrand	Upplands-Bro	Slättö	658
2	Bro Mälarstrand	Upplands-Bro	Derome Hus	0 ¹
				1,045

¹ Sold without residential development

Project portfolio

The tables on pages 12 and 13 present Magnolia Bostad's project portfolio as at 30 June 2018, which consists of 59 pending projects not sold (associated company Norefjell Invest is not included). Magnolia Bostad's share of earnings in the projects listed on pages 12-13 amounts to 90 per cent, 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, Visby	C	68	4,200		2018	2019	PEAB (C)
Nyponrosen 5 ⁵	Nyponrosen 5, Helsingborg	C	125	8,360		2018	2019	
Partilleport ⁵	Partille 11:61, Göteborg	C	54	11,100		2018	2019	Consto (C)
Täljöviken ⁴	Näs 7:7, Åkersberga	C	54	4,850		2018	2019	
Sportflygaren	Del av Nikolai 3:63 mfl, Örebro	A	145	7,300		2018	2020	Consto agreement (C)
Konstnären	Sala backe 50:1, Uppsala	A	115	6,150		2018	2020	Heimstaden agreement (B)
Lilium, etapp 2	Del av Gamla Uppsala 99:2, Uppsala	A	110	5,200		2018	2019	Serneke (C)
Ophelias Brygga	Del av Gamla Staden 1:1 m.fl., Helsingborg	A	125	7,500		2018	2020	Serneke (C)
Gjuteriet, etapp 2	Nätverket 2, Eskilstuna	A	100	5,800		2018	2020	Consto agreement (C)
Slipsen etapp 1	Stora Råby 33:2 m.fl., Lund	A	195	9,900		2018	2020	Heimstaden agreement (B)
Piccolo ⁴	Kilot 3, Halmstad	A	26	1,860		2018	2020	Serneke (C)
Ängloket	Del av Ängby 1:1, Knivsta	A, C	270	15,000		2018	2020	Heimstaden agreement (B) Consto agreement (C)
Drottninghög ⁸	Drottninghög södra 3 & del av eskadern 1, Helsingborg	C	100	8,100		2018	2020	
Hasseludden ⁴	Hasseludden 1:79, Nacka	C	60	4,300		2018	2020	
Ferdinand 9, Spånga	Ferdinand 9, Stockholm	A, C	200	18,500		2018	2021	Heimstaden agreement (B)
Gyllehemmet ⁴	Gyllehemmet 1 & 2, Borlänge	C	106	10,500		2018	2019	
Norrbacka	Sigtuna Norrbacka 1:32-36, Sigtna	A, C	210	12,000		2018	2021	Consto agreement (C)
Norrtälje Hamn, etapp 1 ²	Del av Tälje 3:1 mfl & Alen 1-5, Norrtälje	A	145	7,400		2018	2021	
Mossenskolan ⁸	Mossenskolan 3, Motala	C	54	4,400		2018	2019	
Slipsen etapp 2	Stora Råby 33:2 m.fl., Lund	A	195	9,900		2019	2023	Heimstaden agreement (B)
Norrtälje Hamn, etapp 2 ²	Del av Tälje 3:1 mfl & Alen 1-5, Norrtälje	A	145	7,500		2019	2022	Slättö agreement (B)
Norrtälje Hamn, etapp 3 ²	Del av Tälje 3:1 mfl & Alen 1-5, Norrtälje	A	150	7,600		2019	2022	
Torgkvarteren, etapp 1	Del av Våppeby 7:7, Bålsta	A	220	11,000		2019	2022	Heimstaden agreement (B) Consto agreement (C)
Mejeriet, etapp 1	Filborna 28:4, Helsingborg	A	230	10,400		2019	2022	Heimstaden agreement (B)
Hagby Park	Hagby 1:5, Åkersberga	A	195	10,900		2019	2021	Heimstaden agreement (B) Consto agreement (C)
Nätverket	Husby 3:3, Åkersberga	A	335	9,200		2019	2021	Consto agreement (C)
Sländan, etapp 3	Sländan 9, Södertälje	A	200	10,000		2019	2021	
Lommarstranden, etapp 1	Del av Tälje 4:62, Norrtälje	A	100	5,500		2019	2021	Slättö agreement (B) Consto agreement (C)
Västerhaninge ⁴	Del av Åby 1:67 m.fl., Haninge	A	500	30,000		2019	2022	

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)
Torgkvarteren, etapp 2	Del av Våppeby 7:7, Bålsta	A	220	11,000	●	2019	2023	Consto agreement (C)
Norra kajen, etapp 1	Norrmalm 3:18 & 4:2, Sundsvall	A	240	18,000	●	2019	2021	Heimstaden agreement (B) Consto agreement
Österhagen ⁴	Länna 4:7, Huddinge	C	72	5,040	●	2019	2020	
Frihamnen ⁷	Del av Lundbyvassen 736:168, Göteborg	H	300	12,000	●	2019	2021	
Lommarstranden, etapp 2	Del av Tälje 4:62, Norrtälje	A	100	5,500	●	2019	2022	Slättö agreement (B) Consto agreement (C)
Mesta ⁴	Mesta 5:81 , Eskilstuna	C	54	3,950	●	2019	2020	
Nykvarn ⁵	Kaffebryggaren 1 m.fl., Nykvarn	A	285	13,000	●	2019	2021	
Mejeriet, etapp 2	Filborna 28:4, Helsingborg	A	230	10,400	●	2020	2023	Heimstaden agreement (B)
Frihamnen	Del av Lundbyvassen 736:168, Göteborg	A	150	8,000	●	2020	2022	
Upplands Väsby Infra City	Grimsta 5:2, Upplands Väsby	A, C, H	800	42,000	●	2020	2023	
Norra kajen, etapp 2	Norrmalm 3:18 & 4:2, Sundsvall	A	230	16,000	●	2020	2022	Heimstaden agreement (B) Consto agreement
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	
Södra Häggviks Gårdar ¹	Stinsen 2, Sollentuna	A, C	1,500	94,000	●	2020	-	Slättö agreement, part of project (B) Skanska (C)
Slippen etapp 3	Stora Råby 33:2 m.fl., Lund	A	200	9,900	●	2021	2024	Heimstaden agreement (B)
Mejeriet, etapp 3	Filborna 28:4, Helsingborg	A	240	10,400	●	2021	2024	Heimstaden agreement (B)
Norra kajen, etapp 3	Norrmalm 3:18 & 4:2, Sundsvall	A	230	16,000	●	2021	2023	Heimstaden agreement (B) Consto agreement
Skärholmen ⁴	Skärholmen 2:1, Stockholm	A	85	7,000	●	tbd ⁶	2023	
Erstavik ⁵	Erstavik 25:1, Stockholm	C	72	5,180	●	tbd ⁶	2022	
Bredängshöjden	Vita Liljan 3 m.fl., Stockholm	A	700	35,000	●	tbd ⁶	-	Heimstaden agreement, part of project (B)
Vårby Udde	Gambrinus 2 & 4, Huddinge	A, C, H	1,800	85,000	●	tbd ⁶	-	Slättö agreement, part of project (B) Skanska (C)
Skarpnäcksgård 1:1 ⁴	Del av Skarpnäcks gård 1:1, Stockholm	A	60	3,500	●	tbd ⁶	-	Heimstaden agreement (B)
Kvarnsjödalen	Tumba 7:241, Botkyrka	A, C	2,000	130,000	●	tbd ⁶	-	Slättö agreement, part of project (B)
Bunkeflostrand	Limhamn 155:355, Malmö	A, C	1,300	58,500	●	tbd ⁶	-	Slättö agreement, part of project (B)
Orminge Centrum	Orminge 52:1, Nacka	A	240	20,000	●	tbd ⁶	-	Heimstaden agreement (B)
Skogskarlen ³	Skogskarlen 3, Solna	A	200	17,400	●	tbd ⁶	-	
Senapsfabriken, etapp 3	Kungsängen 29:2, Uppsala	A	700	29,000	●	tbd ⁶	-	Slättö agreement (B)
Årstaberg 1 ⁴	Liljeholmen 1:5, Stockholm	A	100	6,300	●	tbd ⁶	-	Heimstaden agreement (B)
Årstaberg 2 ⁴	Årsta 1:1, Stockholm	A	120	7,500	●	tbd ⁶	-	
Bro Mälarstrand ⁴	Del av Brogård 1:84, Upplands-Bro	A	840	50,000	●	tbd ⁶	-	
Total			17,772	1,006,290				

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 owns 50% of the JV.

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 ou

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 in force ● Local planning not in force

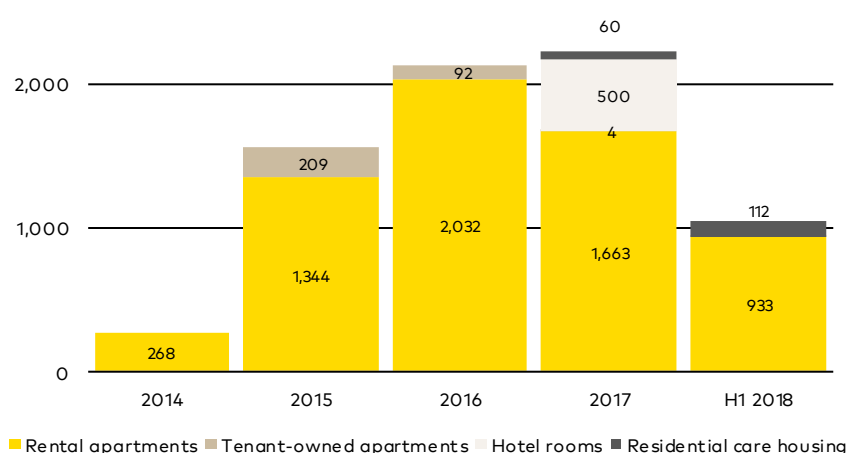
Sold projects in production

At 30 June 2018, Magnolia Bostad had 27 projects in production with a total of 6,748 residential units. Of these, 6,745 were sold and recognized. This corresponds to a sales rate of 99.9 per cent. In 2018 two projects were completed and settled.

During the first half-year, four projects with 1,045 residential units were sold and 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 2018, Magnolia Bostad has sold and recognized five converted tenant-owned apartments.

Sold residences, outcome



Conversions in sold rental apartments projects in 2018

Project	Municipality	Number of converted TO-apartments sold to end customer	Partner
Gjuteriet, #2	Eskilstuna	5	Slättö
Total		5	

Projects closed in 2018

Project	Municipality	Type of ownership	Number of apartments	Buyer
Lumen	Sollentuna	A	90	Brf
Terra Nova	Visby	C	60	M&G
Total			150	

Sold projects in production

In the following projects, Magnolia Bostad's share of earnings amounts to 90 per cent unless otherwise specified.

Project	Property, municipality	Type of ownership	Sold ap. in production	Residential area (sqm)	Unsold ap. in production	Production start	Completion	Buyer	Contractor
Maria Forum	Slagan 1, Helsingborg	RU	292	12,500	0	2015	2018	Alecta	Serneke
Bryggeriet	Norrland 11, Helsingborg	RU	327	14,700	0	2015	2019	Alecta	Skanska
Cementfabriken	Kölen 1, Malmö	RU	144	7,100	0	2015	2019	SPP Fastigheter	Veidekke
Kalkstenen	Tankloket 1, Malmö	RU	129	5,100	0	2015	2019	SPP Fastigheter	Veidekke
Slipen	Del av Varvet 2, Karlstad	RU	216	12,300	0	2015	2018	Slättö	Consto
Nyby Lilium, etapp 1	Del av Gamla Uppsala 99:1, Uppsala	RU	300	14,000	0	2015	2019	SEB Domestica II	Serneke
Maria Mosaik	Arkeologen 1 & Antikvarien 1, Helsingborg	RU	345	16,000	0	2016	2020	SPP Fastigheter	Veidekke
Sländan, etapp 1	Sländan 6, Södertälje	RU	445	19,000	0	2016	2019	SPP Fastigheter	ED Bygg
Senapsfabriken, etapp 1 ¹	Kungsängen 25:1, kv 2, Uppsala, 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
Gjuteriet, etapp 1	Namnsdagen 1 och Nätverket 1, Eskilstuna	RU	262	13,900	0	2016	2019	Slättö	Consto
Segelflygaren	Glidplanet 1, Örebro	RU	210	10,000	0	2016	2018	Slättö	Consto
Varvet	Varvet 4 & del av Varvet 2, Karlstad	RU	92	6,100	0	2016	2018	Brf	Consto
Varvet Townhouse	Varvet 4 & del av Varvet 2, Karlstad	RU	5	700	3	2017	2018	Brf	Consto
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
Sländan, etapp 2	Sländan 8, 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
Hyllie Valhall ²	Valhall 1, Malmö	RU	427	21,000	0	2017	2021	Vault investment partners	ED Bygg
Hotell Brunnshög ³	Morgonen 1, Lund	H	260	8,900	0	2017	2020	Alecta	Serneke
Hotell Resecentrum ³	Kilot 2, Halmstad	H	240	9,500	0	2017	2020	Alecta	Serneke
Visborg ²	Skenet 3, Visby	C	58	3,950	0	2018	2019	Northern Horizon	PEAB
Fasanen	Burlöv Arlöv 20:58 m.fl., Burlöv	RU	275	12,675	0	2018	2020	Heimstaden Bostad	Serneke
Allarp Laholm ⁴	Allarp 2:468, Helsingborg	C	54	3,850	0	2018	2019	Northern Horizon	Consto
Bro Mälarstrand ²	del av Brogård 1:84, Upplands-Bro	RU	658	31,000	0	2018	2022	Slättö	Consto
Total			6,745	308,175	3				

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

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

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

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

RU=Rental unit, TO=Tenant-owned, H=Hotels, C=Care

The shares

Share information

Magnolia Bostad's shares have been listed on the Nasdaq Stockholm main list (Mid-Cap) since 20 June 2018. The shares were traded from June 2015 on Nasdaq First North and from 31 March 2017 on First North Premier. The shares are traded on Nasdaq Stockholm under the same ticker (MAG) and ISIN code (SE0007074505) as before.

The share price at closing on 29 June 2018, was SEK 64.00. On average, 105 transactions were conducted per trading day between 1 April 2018 and 30 June 2018, and the average trading volume per trading day was SEK 2.0 m in the second quarter of 2018.

The average number of outstanding shares on 30 June 2018 was 37,822,283.

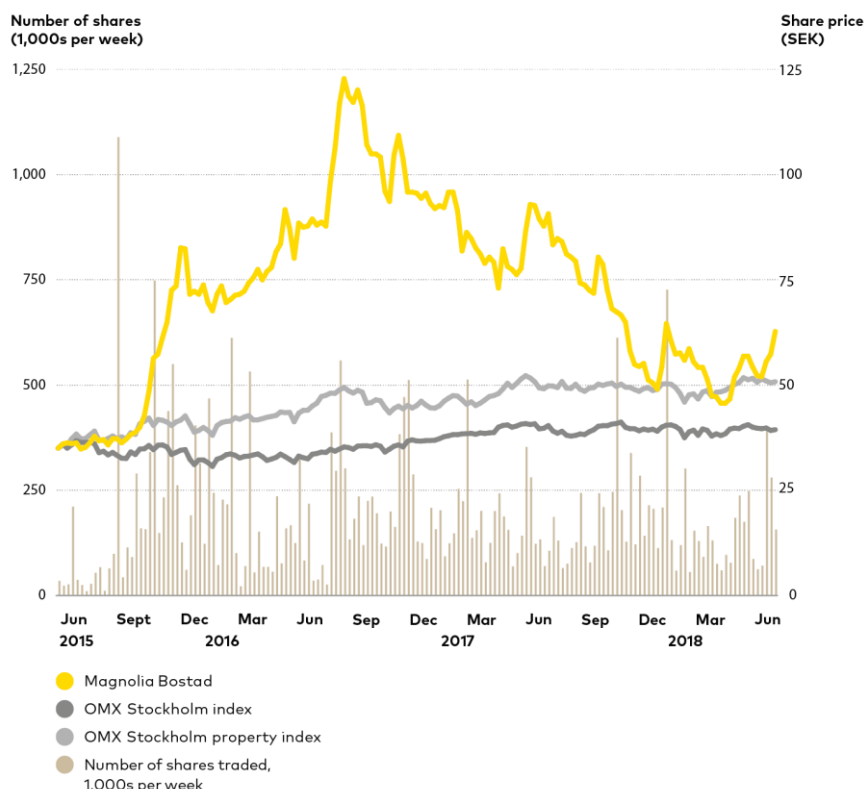
Owners

F. Holmström Fastigheter AB, which is controlled by Fredrik Holmström through a company, owns 56.37 per cent of Magnolia Bostad. As of 21 June 2018, the number of shareholders was 5,019.

Warrants

The Annual General Meeting held on 26 April 2017, resolved to issue 350,000 warrants to the subsidiary, Magnolia Utveckling AB. During the first half of 2018, 260,500 warrants were transferred to employees in accordance with the warrant program, while other warrants remain in the custody of Magnolia Utveckling AB. Each warrant entitles the holder to the right to subscribe to one share at a strike price of SEK 84 per share. The subscription period is from 2 November 2020 until 26 April 2022.

Magnolia Bostad share's turnover (number of shares in thousands per week) and price (SEK) since its introduction on Nasdaq First North on 9 June, 2015. On 20 June 2018, Magnolia Bostad's shares were listed on Nasdaq Stockholm's main list



Average number of outstanding shares

	2018		2017	
	30 Jun	Full-year	30 Jun	Full-year
Average number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283

Owners

Largest shareholders as of 21 June, 2018

Number of shares	Number of share holders	Shareholder category	No.	Shareholders per country	No.
1–500	4,134	Corporation	239	Sweden	4,899
501–1 000	374			Other Nordic countries	45
1 001–2 000	198	Private individuals, men	3,281	Other European countries (excl. Sweden and the Nordics)	65
2 001–5 000	166			USA	6
5 001–10 000	72	Private individuals, women	1,499	Rest of the world	4
10 001–50 000	50				
50 001–	25	Total	5,019		
Total	5,019	of which living in Sweden	4,899	Total	5,019

Largest shareholders as at June 21, 2018

Shareholders	Number of shares	Percentage of	
		Share capital	Votes
F. Holmström Fastigheter	21,321,837	56.37%	56.37%
Danica Pension	3,130,087	8.28%	8.28%
Länsförsäkringar Fondförvaltning AB	3,100,269	8.20%	8.20%
Nordnet Pensionsförsäkring AB	1,588,073	4.20%	4.20%
Svolder Aktiebolag	1,495,879	3.96%	3.96%
Försäkringsbolaget Avanza Pension	707,945	1.87%	1.87%
Dahlin, Martin	581,611	1.54%	1.54%
Larsson, John	435,000	1.15%	1.15%
Stockheat AB	226,895	0.60%	0.60%
Sinclair, Jennie	220,950	0.58%	0.58%
Total 10 largest shareholders	32,808,546	86.74%	86.74%
Other shareholders	5,013,737	13.26%	13.26%
Total	37,822,283	100%	100%

Information as of 30 June will be available at Magnolia Bostad's website as of 10 July.

Financial information

Consolidated Condensed Income Statement

Amounts in MSEK	2018 Jan-Jun	2017 Jan-Jun	2018 Apr-Jun	2017 Apr-Jun	2017/2018 Jul-Jun	2017 Jan-Dec
Net sales	798	869	267	792	1,710	1,781
Production and operating costs	-567	-700	-165	-654	-1,214	-1,347
Gross profit/loss	231	169	102	138	496	434
Central administration	-29	-17	-17	-9	-53	-41
Profit/loss from participations in associated companies and joint ventures	4	-5	8	-1	0	-9
Operating profit/loss	206	147	93	128	443	384
Financial income	4	2	2	1	8	6
Financial expenses	-71	-50	-36	-26	-136	-115
Change in value, financial instruments	-	0	-	0	0	0
Profit/loss before tax	139	99	59	103	315	276
Income tax	0	0	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	139	99	59	103	315	276
Profit/loss attributable to						
Parent company shareholders	136	62	55	65	278	203
Non-controlling interests	3	38	4	38	38	73
Earnings per share (SEK)						
Before dilution effects	3.60	1.63	1.45	1.72	7.34	5.37
After dilution effects	3.60	1.63	1.45	1.72	7.34	5.37

Consolidated Statement of Comprehensive Income

Amounts in MSEK	2018 Jan-Jun	2017 Jan-Jun	2018 Apr-Jun	2017 Apr-Jun	2017/2018 Jul-Jun	2017 Jan-Dec
Net profit/loss for the period	139	99	59	103	315	276
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Total other comprehensive income	0	0	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	139	99	59	103	315	276
Comprehensive income attributable to						
Parent Company shareholders	136	62	55	65	278	203
Non-controlling interests	3	38	4	38	38	73

Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2018 30 Jun	2017 30 Jun	2017 31 Dec
ASSETS			
Non-current assets			
Goodwill	6	6	6
Other intangible assets	1	1	1
Total intangible assets	7	7	7
Machinery and equipment	7	8	8
Total property, plant and equipment	7	8	8
Shares in associated companies and joint ventures	110	113	111
Receivables from associated companies	56	23	24
Other securities held as non-current assets	31	31	31
Other long-term receivables	1,208	796	1,165
Total financial assets	1,405	964	1,330
Total non-current assets	1,418	979	1,345
Current assets			
Development and project properties	1,150	905	1,310
Tenant-owned apartments	4	4	4
Accounts receivable	23	12	31
Receivables from associated companies	36	20	52
Other receivables	663	679	595
Prepaid expenses and accrued income	4	3	5
Cash and cash equivalents	447	294	208
Total current assets	2,326	1,917	2,205
TOTAL ASSETS	3,744	2,895	3,550

Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2018 30 Jun	2017 30 Jun	2017 31 Dec
EQUITY AND LIABILITIES			
Equity			
Share capital	151	151	151
Other capital contributions	187	185	185
Retained profits incl. net profit/loss for the period	726	514	655
Equity attributable to Parent Company shareholders	1,064	850	991
Non-controlling interests	163	144	180
Total equity	1,226	994	1,171
Non-current liabilities			
Deferred tax liability	2	2	2
Non-current interest-bearing liabilities	1,574	1,335	1,566
Non-current liabilities to associated companies	24	-	35
Other long-term liabilities	28	128	30
Total long-term liabilities	1,628	1,465	1,633
Current liabilities			
Current interest-bearing liabilities	635	230	507
Derivatives	-	0	-
Accounts payable	17	2	16
Liabilities to associated companies	0	11	1
Income tax liabilities	1	0	0
Other current liabilities	102	95	85
Accrued expenses and deferred income	136	99	136
Total current liabilities	891	437	745
TOTAL EQUITY AND LIABILITIES	3,744	2,895	3,550

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 1/1/2017	151	185	0	517	136	989
Dividend	-	-	-	-66	-30	-96
Net profit/loss for the period	-	-	-	62	38	99
Other comprehensive income	-	-	0	-	0	0
Closing equity 6/30/2017	151	185	0	514	144	994
Acquisition of subsidiaries	-	-	-	-	1	1
Net profit/loss for the period	-	-	-	141	35	176
Other comprehensive income	-	-	0	-	0	0
Closing equity 12/31/2017	151	185	0	655	180	1,171
Opening equity 1/1/2018	151	185	0	655	180	1,171
Dividend	-	-	0	-66	-20	-86
Issue of warrants	-	2	-	-	-	2
Net profit/loss for the period	-	-	0	136	3	139
Other comprehensive income	-	-	0	-	0	0
Closing equity 06/30/2018	151	187	0	726	163	1,226

Condensed Consolidated Cash Flow Statement

Amounts in MSEK	2018 Jan-Jun	2017 Jan-Jun	2018 Apr-Jun	2017 Apr-Jun	2017/2018 Jul-Jun	2017 Jan-Dec
Operating activities						
Profit/loss after financial items	139	99	59	103	316	276
Adjustments for non-cash items, etc						
Less share of profit/loss from associated companies and joint ventures	-4	5	-7	-7	0	9
Depreciation/amortization and impairment of assets	2	1	1	0	3	2
Capital gains/losses from the sale of development properties	-254	-219	-118	-182	-619	-584
Other provisions	0	0	0	0	0	0
Other profit/loss items that do not affect liquidity	4	1	2	2	9	6
Income tax paid	0	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-113	-113	-63	-75	-291	-291
Decrease(+)/increase(-) of development and project properties	160	36	-49	329	-32	-156
Decrease(+)/increase(-) in current receivables	-56	-170	73	-104	-80	-194
Decrease(+)/increase(-) in current liabilities	-15	27	-47	15	-18	24
Cash flow from operating activities	-24	-220	-86	165	-421	-617
Investing activities						
Acquisition of intangible fixed assets	0	-1	0	0	0	-1
Acquisition of property, plant and equipment	0	-8	0	-1	-1	-9
Investment in financial assets	-1	-1	0	-1	-3	-3
Disposal/reduction of financial assets	6	-	6	-		-
Cash flow from investing activities	5	-10	6	-2	2	-13
Financing activities						
Contribution from non-controlling interest	-	-	-	-	1	1
Issue of warrants	2	-	-	-	2	-
Borrowings	510	215	257	190	892	597
Repayment of borrowings	-188	-132	-106	-131	-256	-200
Dividend paid	-66	-66	-66	-66	-66	-66
Cash flow from financing activities	258	17	85	-7	573	332
Cash flow for the period	239	-213	5	156	154	-298
Cash and cash equivalents at the beginning of the period	208	507	442	138	294	507
Cash and cash equivalents at the end of the period	447	294	447	294	447	208

Parent Company Condensed Income Statement

Amounts in MSEK	2018 Jan-Jun	2017 Jan-Jun	2018 Apr-Jun	2017 Apr-Jun	2017/2018 Jul-Jun	2017 Jan-Dec
Net sales	4	0	4	0	18	14
Total income	4	0	4	0	18	14
Central administration	-26	-14	-16	-7	-42	-30
Operating profit/loss	-22	-14	-11	-7	-24	-16
Financial income	32	128	17	114	261	357
Financial expenses	-38	-33	-21	-17	-69	-64
Profit/loss after financial items	-28	81	-15	90	167	276
Tax on profit/loss for the period	0	0	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-28	81	-15	90	167	276

Parent Company Statement of Comprehensive Income

Amounts in MSEK	2018 Jan-Jun	2017 Jan-Jun	2018 Apr-Jun	2017 Apr-Jun	2017/2018 Jul-Jun	2017 Jan-Dec
Net profit/loss for the period	-28	81	-15	90	167	276
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Total other comprehensive income	0	0	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	-28	81	-15	90	167	276

Parent Company Condensed Balance Sheet

Amounts in MSEK	2018 30 Jun	2017 30 Jun	2017 31 Dec
ASSETS			
Non-current assets			
Financial assets	154	349	154
Total non-current assets	154	349	154
Current assets			
Current receivables			
Receivables from Group companies	1,425	795	1,191
Receivables from associated companies	0	0	0
Other receivables	1	1	2
Prepaid expenses and accrued income	0	0	0
Total current receivables	1,426	797	1,193
Cash and bank balances	18	5	4
Total current assets	1,444	802	1,197
TOTAL ASSETS	1,598	1,151	1,351
EQUITY AND LIABILITIES			
Equity	357	256	451
Non-current liabilities			
Interest-bearing liabilities	1,216	880	883
Total long-term liabilities	1,216	880	883
Current liabilities			
Liabilities to Group companies	0	0	0
Other current liabilities	0	0	1
Accrued expenses and deferred income	25	15	16
Total current liabilities	25	15	17
TOTAL EQUITY AND LIABILITIES	1,598	1,151	1,351

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 2017 Annual Report. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided as both notes and in other places in the interim report.

New accounting principles

Effects of the transition to IFRS
IFRS 15 Revenue from Contracts with Customers came into force for fiscal years commencing 1 January 2018 or later, replacing all previously issued standards and interpretations that relate to revenue with a joint revenue recognition model. The Standard will be applied by the Group and the Parent Company starting on 1 January 2018 with full retrospective restatements.

The transition to IFRS 15 has led to some redistribution over 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 the retrospective application of IFRS 15 resulted in lower initial revenue in some projects settled in 2015.

For tenant-owned apartment projects, the transition to IFRS 15 has not had any effects.

Accumulated project profit/loss and thus outgoing equity in 2017 are unchanged compared to previous accounting principles. For further description of effects on the transition to IFRS 15, see Note 36 of Magnolia Bostad AB's Annual Report for 2017.

For the interim period 1 January to 30 June 2017, the transition to IFRS 15 has affected Net sales, Gross profit, Operating profit, Profit before tax and Profit for the period positively by SEK 8 m. For the period 1 April to 30 June 2017, the transition to IFRS 15 has affected Net sales, Gross profit, Operating profit, Profit before tax and Profit for the period positively by SEK 1 m.

The Group's statement of financial position as of 30 June 2017 has been impacted by SEK -1 m on Other long-term receivables, Total non-current assets, Total assets, Equity and Total equity and liabilities of the transition to IFRS 15.

Upcoming accounting principles

IFRS 16 'Leasing Agreements' replaces IAS 17 from 1 January 2019. According to the new standard, most leased assets are reported in the balance sheet, which will lead to a higher balance sheet total and a lower equity/assets ratio. For the lessor, the new standard does not mean any major differences. The Group has begun an analysis of the effects of IFRS 16. The initial assessment is that the standard will have a limited effect on the Group's financial reports as Magnolia Bostad's leasing is limited, however, disclosure requirements will be extended.

For a further description of the accounting principles applied for the Group and the Parent Company, please refer to Magnolia Bostad AB's Annual Report for 2017.

Transactions with related parties

The Group

The Group is subject to controlling influence from F. Holmström Fastigheter AB, co.reg. no. 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. All transactions occurred on market terms and conditions.

Of the profit for the period attributable to non-controlling interests of SEK 3 m, SEK -4 m is attributable to FLAB's share of the profit in Magnolia Holding 3 AB, SEK 12 m is attributable to FLAB's share of the profit in Magnolia Holding 4 AB and SEK -1 m is attributable to FLAB's share of profit in Magnolia Hotellutveckling 2 AB.

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.

During the second quarter of 2018 an agreement was signed with F. Holmström Fastigheter AB for the lease of office space in connection with Magnolia Bostad's current premises. The rent is at the market rate.

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 84 and Notes 4, 9 and 35 of the 2017 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.magnolia-bostad.se, and pages 86 – 87 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. During the previous financial year, Magnolia Bostad conducted a stakeholder dialogue and identified material aspects that form the basis for its continued sustainability work. Furthermore, a long-term sustainability program was developed. For a more in-depth description of Magnolia Bostad's sustainability work, see pages 56-72 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 districts. It is also a prerequisite for the company's growth and profitability.

Organizational structure

Magnolia Bostad is a versatile and scalable organization divided into the following areas: Business Development, Business Area Development, Project Development, Finance, Marketing and Communications and Staff. As at 30 June 2018, the company had 69 employees (61), of which 39 (33) were women and 30 (28) were men at the offices in Stockholm and Helsingborg. Comparative figures refer to December 31, 2017.

Executive Management did not change in the first half-year of 2018. In 2017, Executive Management increased by two members and at the end of the year consisted of eight people. For more information about Magnolia Bostad's management team, please go to: www.magnolia-bostad.se.

Statement and certification

The Board of Directors and CEO affirm that this interim report provides a true and fair view of the company's and the Group's operations, financial position and results, and describes significant risks and uncertainties faced by the company and its subsidiaries.

Stockholm, 9 July 2018,
Magnolia Bostad AB (publ)

Fredrik Holmström
Chairman of the Board

Andreas Rutili
Member of the Board

Risto Silander
Member of the Board

Viveka Ekberg
Member of the Board

Jan Roxendal
Member of the Board

Fredrik Tibell
Member of the Board

Fredrik Lidjan
CEO

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

Quarterly overview

	2018			2017			2016	
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
Net sales (SEK million)	267	532	718	194	792	77	174	228
Operating profit/loss (SEK million)	93	113	230	8	127	20	91	85
Profit/loss after tax (SEK million)	59	80	198	-21	103	-3	64	64
Earnings per share (SEK) ¹	1.45	2.14	4.26	-0.51	1.69	-0.05	1.46	1.52
Equity (SEK million)	1,226	1,254	1,171	974	994	987	989	926
Equity per share (SEK) ¹	28.13	28.42	26.20	21.97	22.47	22.53	22.58	21.14
Equity/assets ratio (%)	32.7	34.4	33.0	30.3	34.4	35.5	36.0	37.2
Cash flow from operating activities (SEK million)	-86	62	-177	-220	165	-384	305	-70
Cash flow from the operating activities, per share (SEK)	-2.3	1.6	-4.7	-5.8	4.3	-10.2	8.1	-1.8
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	37,822,283	37,822,283	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 with dilution effect were up until June 30, 2017 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 per cent 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 per centage 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 per centage of the balance sheet total.

Profit margin, %

Net profit for the year as a per cent of net sales.

For reconciliation of alternative KPIs, refer to ESMA KPIs at Magnolia Bostad AB's website, www.magnolia-bostad.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 residential units in acquired properties.

Sales rate

Sold residential units in production divided by units in projects in production.

Sold residential units in production

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

This is Magnolia Bostad

Magnolia Bostad is an urban developer that creates districts and neighbourhoods where housing is an important part of a greater context.



Our business model allows us to offer a comprehensive offer – rental apartments, tenant-owned apartments, residential care facilities and hotels – for municipalities that want to develop new districts and residential areas. Together with select partners, we create sustainable homes and residential areas where people are happy and can afford to live.

Business concept

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

Financial targets:

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

Operational targets as of 2018

Magnolia Bostad shall have the capacity to:

- start production on 3,000 residential units
- produce two to four residential care facilities, senior housing or student housing per year
- produce one to two hotels per year.

Sustainability targets

- Certification in accordance with as a minimum Sweden Green Building Council Silver in all our projects.

Strategy

Working with several forms of housing 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 favourable for the company.

Growth must be associated with satisfactory profitability. For more information about the company's strategy and business model, see pages 12-13 in Magnolia Bostad's 2017 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.

Financial Calendar

- Interim Report January–September 2018: October 24, 2018
- Year-End Report January–December 2018: February 21, 2019

Magnolia Bostad's shares (MAG) are listed on Nasdaq Stockholm. More information is available on 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 9 July 2018 at. 08.00 a.m. CEST.

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

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