

**MAGNOLIA**

**Magnolia Bostad**  
**Interim Report**  
The Group  
1 January-  
30 September 2019

**Q3**

# Interim Report

## January - September 2019

### January - September 2019

- Net sales amounted to SEK 493 m (1,012).
- The operating profit was SEK 345 m (196), of which SEK 352 m (-) refers to changes in the value of investment properties.
- The net profit before tax for the period was SEK 216 m (92) and the profit after tax was SEK 160 m (92).
- Earnings per share after deductions for minority shares was SEK 3.62 per share (2.35).

### July - September 2019

- Net sales amounted to SEK 54 m (214).
- The operating profit was SEK 150 m (-10), of which SEK 183 m (-) refers to changes in the value of investment properties.
- The net profit before tax for the period was SEK 108 m (-47) and the profit after tax was SEK 75 m (-47).
- Earnings per share after deductions for minority shares was SEK 1.69 per share (-1.24).

### Significant events

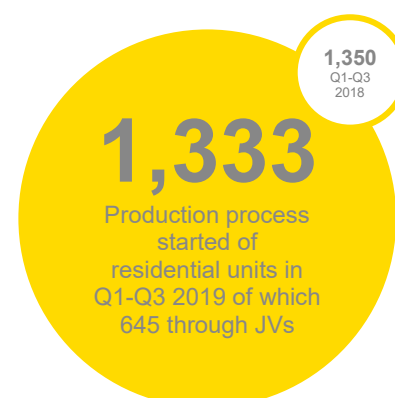
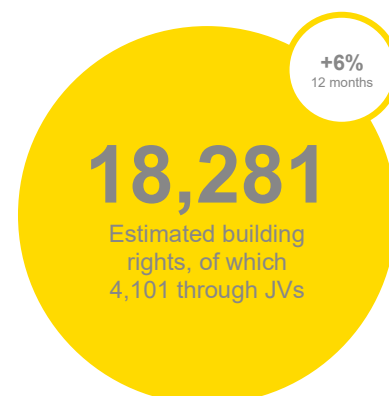
#### July - September 2019

- Formed JV with Heimstaden Bostad and signed conditional agreement on acquisition of land in Åkersberga, Österåker municipality, of about 150,000 sq.m. GFA.
- Signed agreement on acquisition of land in Nacka, comprising about 10,400 sq.m. GFA.

### Significant events

#### after the end of the quarter

- Signed conditional agreement on acquisition of land in Tullholmsviken, Karlstad of around 25,500 sq.m. GFA.
- Formed JV with Slättö and signed conditional agreements on sales to the JV company of four projects initially. The JV company will initially comprise five projects, up to 800 residential units.



## KPIs, Group

	2019 Jan-Sep	2018 Jan-Sep	2019 Jul-Sep	2018 Jul-Sep	2018/2019 Oct-Sep	2018 Jan-Dec
<b>Project-related</b>						
Number of production starts during the period <sup>1</sup>	1,333	1,350	412	305	1,922	1,939
Number of sold residencies during the period <sup>1</sup>	309	1,292	26	247	331	1,314
Total number of residencies in production <sup>1</sup>	8,312	6,992	8,312	6,992	8,312	7,697
Number of estimated building rights in the portfolio and investment properties <sup>1</sup>	18,281	17,158	18,281	17,158	18,281	17,288
<b>Financials</b>						
Operating profit/loss	345	196	150	-10	313	164
Return on equity (%) <sup>2</sup>	-	-	-	27.2	5.5	1.0
Equity/assets ratio (%)	30.4	36.8	30.4	36.8	30.4	30.3
Interest coverage ratio (multiple) <sup>3</sup>	-	-	-	3.0	0.2	0.7
<b>Share-related</b>						
Earnings per share (SEK) <sup>2</sup>	3.62	2.35	1.69	-1.24	1.53	0.26
Equity per share (SEK) <sup>2</sup>	28.42	26.89	28.42	26.89	28.42	24.77

<sup>1</sup> Including projects developed in JV.

<sup>2</sup> Excluding the minority.

<sup>3</sup> Calculated on rolling 12-month basis.

For definitions of alternative KPIs that are not defined in IFRS and other definitions, see page 27

# A word from the CEO

*"Our strengths include close cooperation with our partners, and it is good that we have now started two new co-owned companies, one with Heimstaden Bostad and one with Slättö"*



It has been an eventful quarter with several in-depth collaborations and a large number of production starts of investment properties. This affected the quarter's results through positive changes in value.

Our project portfolio is maturing more and during the quarter one of our major projects, with a zoning plan in total of around 800 planned residential units, went into force. It is also gratifying that our portfolios of building rights have now grown to over 18,000 building rights, mainly due to land acquired in Åkersberga, Österåker municipality.

## **The market**

We see a favourable market with good conditions for property investment. Also positive is that international investors account for an increasing share of the total invested capital in rental housing in Sweden and that the interest in rental housing consisting of unfinished projects (projects sold with "forward funding") has increased in Sweden in recent years.

## **Land acquisitions**

During the quarter, we signed an agreement regarding a land acquisition in the Orminge centre in Nacka. We plan to develop residential and residential care units, in total around 280 units. In October, we signed an additional land acquisition agreement. This was for part of

the Tullholmssågen 4 property in Karlstad municipality. The area is changing from an industrial area to a new attractive urban district and we plan to develop around 430 residential units on the property.

## **Newly formed JV companies**

In August, we formed a joint venture company with Heimstaden Bostad to acquire land in the seaside area of Näsängen in Åkersberga in Österåker municipality, where we intend to build about 2,000 residential units for long-term management. We see great value in combining our strengths and expertise in an area with great potential such as Näsängen. We have a joint ambition to develop a sustainable urban district partly built of wood, focusing on social areas.

In mid-October, we formed another joint venture company, this time with Slättö. Initially, the JV will acquire five projects, four of them from Magnolia Bostad. In the beginning the company will include a total of up to 800 residential units for long-term management. All properties will be environmentally certified in accordance with the Sweden Green Building standards and several of the properties will be constructed as wooden housing. We look forward with great confidence in this joint company which will make further acquisitions in future.

## **Investment support**

During the quarter, two of the projects under self-management were granted investment support: Björnbäret in Kalmar with 232 residential units and Kronandalen in Luleå with 117 residential units. The project in Luleå is part of the recently formed joint venture with Slättö. We were also granted investment support for our sold project Brogårdstaden in Upplands-Bro with 658 residential units. After the end of the quarter, investment support was granted for another project under self-management, Övre Bangården in Östersund, with 292 residential units.

Investment support contributes to more production starts as it provides opportunities for lower rents, which in turn opens up opportunities for projects in places where housing development has not previously been possible for us.

## **The future**

We are focusing on procuring construction contracts, which is the step before sales, and we await a very intensive period with both sales and acquisitions in the coming quarters.

*Fredrik Lidjan*  
CEO  
October 2019

# The Market

*The property transaction market continued to be very active during Q3 2019 and interest in rental property was at a record high.*

## Lower global growth

The business cycle has entered a mature phase with lower global growth, after several years of strong GDP growth. Weaker global growth is expected in the coming years.

The Swedish economy is clearly slowing down, and the boom is gradually ebbing away. However, the conditions for property investment are positive, with a continued low interest rate and good access to capital.

## Continued high demand for property<sup>1</sup>

The transaction market remained very strong and during Q3 the transaction volume was SEK 55 bn, giving a total transaction volume for the first three quarters of SEK 152 bn.

2019 has so far been dominated by large transactions and a total of 35 transactions with an underlying property value of over SEK 1 bn have been completed. The average business volume in 2019 was SEK 400 m, which is the highest ever listing.

International investors remained active during Q3, accounting for around 40% of the total invested capital as of 30 September 2019. International buyers were active in all sub-segments and in many geographic markets.

## Great interest in rental property

Ever since the years following the financial crisis, rental property has been one of the largest volume segments in the property market, driven by the segment's low risk profile.

Interest in rental property was record-high during Q3, with a transaction volume of SEK 28 bn. The total transaction volume for the first three quarters of 2019 amounted to SEK 52 bn, corresponding to a market share of 34%. The housing segment was thus the largest in terms of volume. The segment was also the most liquid with around 110 transactions completed.

Interest in existing properties was high, but the proportion of transactions for unfinished projects (forward transactions)

has risen sharply in recent years and accounted for 20% of the housing volume during the first three quarters of the year.

Institutions continued to be active buyers and since 2010 have acquired residential properties for more than SEK 114 bn, of which about SEK 7 bn has been in 2019.

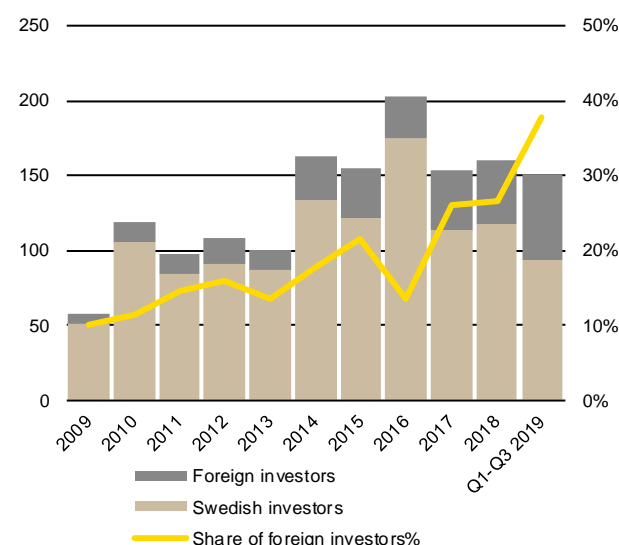
In the municipal property segment, residential care property accounted for 40% of the segment's transaction volume during the first three quarters of 2019. Interest in forward transactions was also high among residential care homes, as about 20% of the transaction volume concerned unfinished projects.

*The information on this page has been prepared in collaboration with Savills and is based on Savills' overall experience and market assessments.*

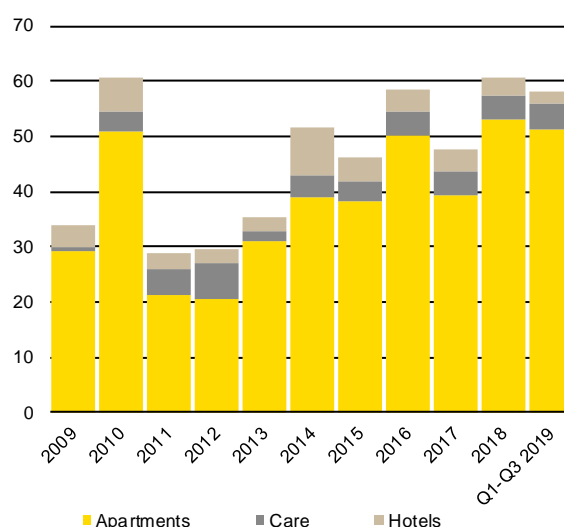
<sup>1</sup>Transactions exceeding SEK 25 m

Transaction volume all segments, SEK bn

Swedish and foreign investors



Transaction volume apartments, care and hotels, SEK bn



Source: Savills Research

# Earnings, financial position and funding

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

## Interim period 1 January - 30 September 2019

Net sales amounted to SEK 493 m (1,012) and the operating profit was SEK 345 m (196). The profit before tax was SEK 216 m (92).

Distribution of revenue	2019 Jan-Sep	2018 Jan-Sep
Property sales	300	805
<b>Sum of revenue recognised at a point in time</b>	<b>300</b>	<b>805</b>
Project management	19	17
Rent	12	21
Other invoicing for the projects and other revenue	162	169
<b>Sum of revenue recognised over in time</b>	<b>193</b>	<b>207</b>
<b>TOTAL REVENUE</b>	<b>493</b>	<b>1,012</b>

Cash flow from the sale of projects is partly received in connection with the handover of land via forward funding, since Magnolia Bostad is paid by the buyer for investments made up to this point. 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, is reported and invoiced on an ongoing basis.

The number of residential units sold fell to 309 (1,292). Of the period's sold properties, 167 residential units refer to rental housing and residential care facilities in the Norrtälje Hamn project, 109 residential units refer to tenant-owned apartments in Lilium stage 2 in Uppsala and the remaining 33 residential units relate to tenant-owner apartments distributed over three additional tenant-owner projects. In addition to the residential units, about 800 estimated building rights have been sold to a jointly owned company with Heimstaden Bostad

Rental income fell to SEK 12 m (21) due to the sales of Instrumentet 2 and Skogskarlen 3 in the first quarter of 2018. Operating costs for properties that generate rental income fell to SEK -6 m (-7). Net operating income from rent-generating properties fell to SEK 6 m (14). Net operating income contributes to the gross profit.

Magnolia Bostad has increased its organization compared to the same period last year, which explains the increase in costs for central administration to SEK -62 m (-48).

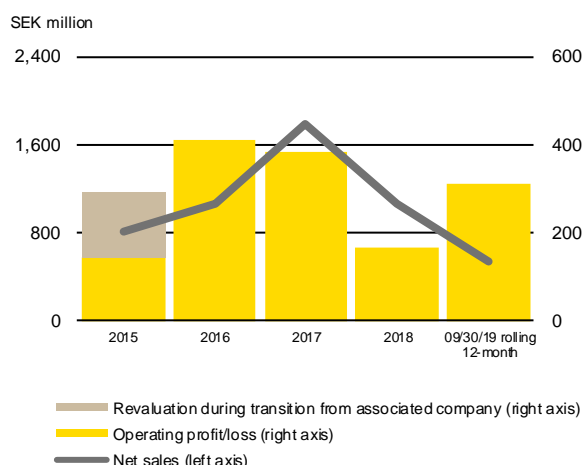
The profit from associated companies was SEK 69 m (5), mainly as a result of a positive change in the value of the investment property in the JV company with Heimstaden Bostad. The profit from associated companies has also been negatively affected by the results from Sollentuna Stinsen JV AB.

Change in the value of investment property was SEK 352 m (-). The value added for the period mainly comes from the capital gain from Brogårdstaden on its sale to the JV company with Heimstaden Bostad. In addition to this, Gjuteriet stage 2, Kronandalen and Sportflygaren have started production and are valued at fair value, which has made visible gains in value added. The ongoing project Björnbäret is going according to plan and has received investment support, which has had a positive impact on value added.

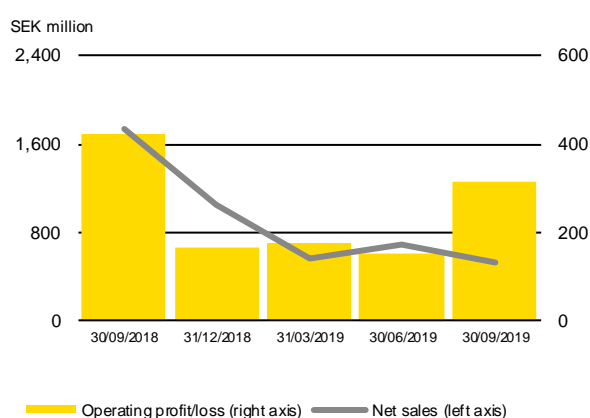
## Net financial items

Net financial items amounted to SEK -129 m (-104). The increase in financing costs is due to, on average, total interest-bearing liabilities have been higher over the period compared to the same period last year and to the transition to IFRS 16, which means that part of the cost of leasing is now reported as interest expense.

Net sales & operating profit/loss, full-year



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



At the end of the period, Magnolia Bostad's average interest rate was 7.1% compared to 7.1% at year-end 2018/2019. The interest coverage ratio for the rolling 12 months was 0.2 times compared with 0.7 times for FY 2018.

#### Profit/loss for the period

The profit for the period was SEK 160 m (92) and includes SEK -56 m (0) in income taxes. Reported income taxes for the period relate to deferred tax on temporary differences for investment properties.

#### Reporting period 1 July - 30 September 2019

Net sales amounted to SEK 54 m (214) and the operating profit for the period was SEK 150 m (-10). The profit before tax for the period was SEK 108 m (-47).

Property sales amounted to SEK 12 m (120) and the number of residential units sold during the quarter was 26 (247). All residential units sold during the quarter were tenant-owner apartments and the Lilium project, stage 2 in Uppsala, was fully sold during the quarter.

The costs for central administration have risen to SEK -25 m (-18), mainly due to an increase in the number of employees.

Distribution of revenue	2019 Jul-Sep	2018 Jul-Sep
Property sales	12	120
Sum of revenue recognised at a point in time	12	120
Project management	4	2
Rent	4	3
Other invoicing for the projects and other revenue	34	89
Sum of revenue recognised over in time	42	94
TOTAL REVENUE	54	214

The result from interests in associated companies and JVs was SEK -6 m (1), mainly due to the results from Sollen-tuna Stinsen JV AB

Change in the value of investment property was SEK 183 m (-) mainly due to value added gains in the Björnbäret, Övre Bangården, Gjúteriet stage 2 and Sportflygaren properties.

Financing costs during the quarter stood at SEK -48 m (-39). This increase is mainly due to higher interest-bearing liabilities.

#### Financial position

The consolidated balance sheet total rose to SEK 4,062 m, compared with SEK 3,605 m at the beginning of the year. Properties held for long-term management are reported as Investment properties and amounted to SEK 719 m (295)

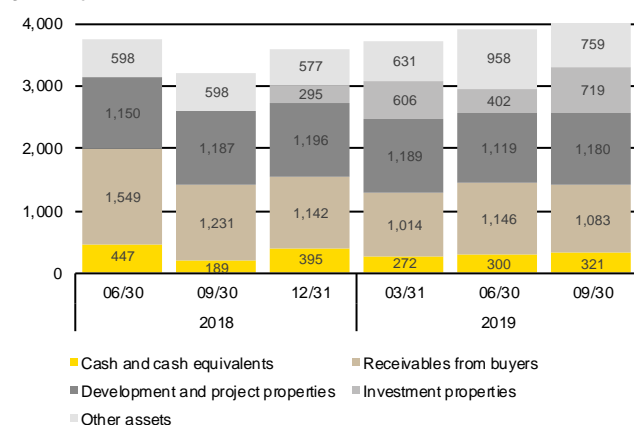
In 2019, occupation commenced in Ad-jutanten in Visby and the property has gone into the management phase.

Current receivables from associated companies and JVs rose by SEK 101 m to SEK 139 m (38), mainly affected by the sale of Brogårdstaden to a JV. The receivable from the JV company for the sale of Brogårdstaden of SEK 105 m is due for payment in December 2019.

Of the long-term and other receivables totalling SEK 1,354 m (1,418), SEK 1,083 m (1,142) are receivables due from buyers of the projects, mainly at our partners and large Swedish institutions, while SEK 132 m (149) refers to deposits for future property acquisitions. Within the next 12 months, the Group is expected to receive SEK 575 m (280) of the total receivables from buyers of the projects as amortization of promissory notes, payment of additional considerations, final considerations and "forward funding".

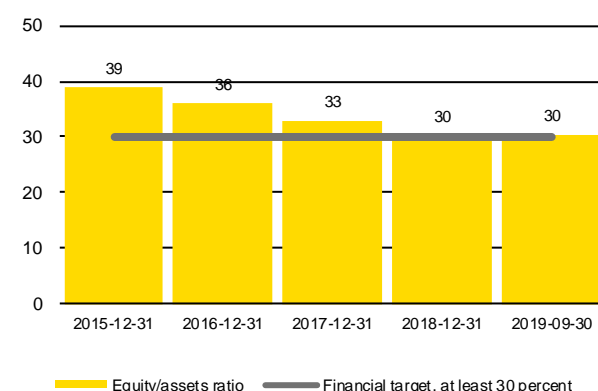
#### Distribution of assets

SEK million



#### Equity/assets ratio

%





Development and project properties have decreased as a result of completed project sales, while the Group continued to invest in its project portfolio over the period. During the period, Development and project properties fell by SEK 16 m and amounted to SEK 1,180 m (1,196).

Shares in associated companies and JVs have risen by SEK 67 m to SEK 173 m (106), mainly due to unrealized changes in value at Brogårdstaden in the JV company owned with Heimstaden Bostad.

### Equity and equity/assets ratio

Consolidated equity as at 30 September 2019 was SEK 1,236 m (1,093), with an equity/assets ratio of 30.4% (30.3), which is slightly over the financial target of an equity/assets ratio of at least 30%. Investments in property for self-management, both as investment properties and through JVs, have meant that total assets have increased. The introduction of the accounting standard IFRS 16 has meant that utilizing access rights assets of SEK 54 m and a leasing liability of SEK 56 m have been reported, which further increased the balance sheet total. Minorities' share of equity amounted to SEK 161 m (156).

Return on equity for the 12-month period that finished on 30 September 2019 was 5.5%, an increase from 1.0% for the full year 2018. Return on equity is below the financial target of a return on equity of 30%.

### Interest-bearing liabilities

Total interest-bearing loans, including interest-bearing deposits were SEK 2,396 m (2,192) as at 30 September 2019. The majority of Magnolia Bostad's liabilities comprise bond loans with a book value of SEK 1,438 m and bank financing of SEK 693 m, of which SEK 180 m is collateralized by property. The remaining interest-bearing liabilities consist of SEK 144 m in deposits and sellers promissory notes of SEK 121 m. The average tied-up capital period, excluding deposits and the utilized credit line, was 1.8 years at 30 September 2019, compared to 2.4 years at 31 December 2018.

After a deduction for liquid assets of SEK 321 m (395) interest-bearing net liabilities were SEK 2,075 m (1,797).

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.

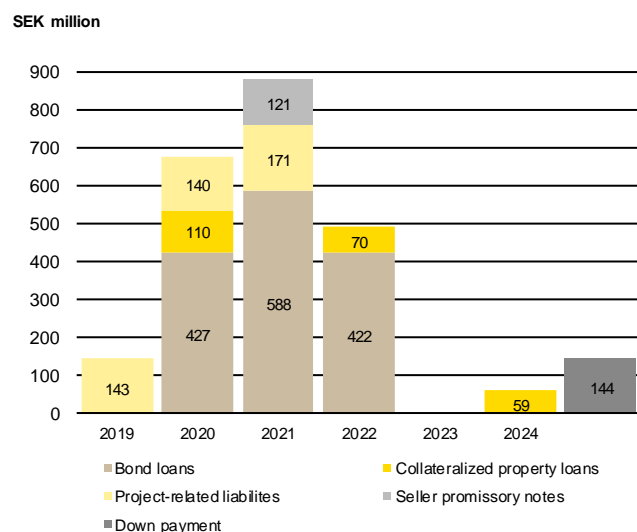
Receivables from buyers amounted to SEK 1,083 m (1,142), interest-bearing net liabilities after deduction of receivables from buyers amounted to SEK 992 m (655), an increase of SEK 337 m compared with 31 December 2018. During the period, receivables from associated companies rose by SEK 69 m to SEK 163 m (94). The increase in receivables from associated companies is mainly due to the sale of Brogårdstaden to the JV company with Heimstaden Bostad

During the period, investment properties increased by SEK 446 m to SEK 741 m (295), which ties up capital and was partly financed with interest-bearing liabilities

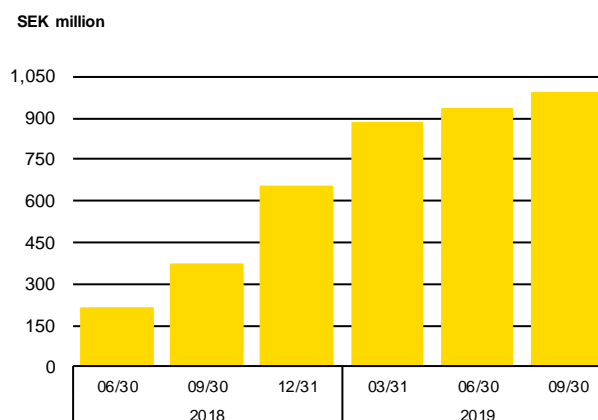
### Bond loans

As at 30 September 2019, Magnolia Bostad had three outstanding bonds. A secured bond of a nominal SEK 450 m with a variable coupon of Stibor 3m + 6.25% (with a Stibor floor) and final maturity in April 2020, an unsecured bond of a nominal SEK 600 m pursuant to a bond frame of up to SEK 1 bn with a variable coupon of Stibor 3m + 7.25% (without a Stibor floor) and final maturity in October 2021 and an unsecured bond of SEK 500 m, which runs with a variable coupon of Stibor 3m + 8.50% (without a Stibor floor) maturing in October 2022.

Maturity structure, SEK million



Interest bearing net liabilities with deduction for receivables at buyer



The difference between book value and nominal amount on the bonds is due to bonds in own custody of SEK 89 m, 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

The consolidated cash flow from operating activities for the 9-month period was SEK -107 m (148). The cash flow for the period was affected by investments in the project portfolio.

The cash flow for the period from operating activities excluding investments and other changes in development and project properties, amounted to SEK 47 m (26).

In connection with the handover, Magnolia Bostad will receive forward funding for the project, which means that Magnolia Bostad will be paid for investments made up to the date of the handover. Often, part of the project's profit is received at the handover. The remaining part of the project's profit is usually obtained in connection with project completion. This leads to a delay between the timing of reporting sales in the income statement and cash flows received.

The cash flow from investment activities amounted to SEK -127 m (-1) and was affected by investments in investment properties. The cash flow from financing activities amounted to SEK 160 m (166).

Cash and cash equivalents as at 30 September 2019 amounted to SEK 321 m, compared with SEK 395 m on 31 December 2018. In addition to cash and cash equivalents, there were unutilized credit facilities of SEK 710 m (834) were available as at 30 September 2019 of which there were unutilized overdraft facilities of SEK 16 m.

#### Fair value of financial instruments

The fair value of financial assets and liabilities is judged to be essentially in line with the book value of all financial instruments except bond loans, where the fair value is estimated to be SEK 1,438 m (1,440) compared to the book value of SEK 1,438m (1,428). Bond loans belong to the category of financial liabilities valued at the accrued acquisition value. The fair value for bond loans has been determined in accordance with level 1 of the fair value hierarchy in accordance with IFRS 13. No changes were made in the fair value hierarchy of financial instruments.

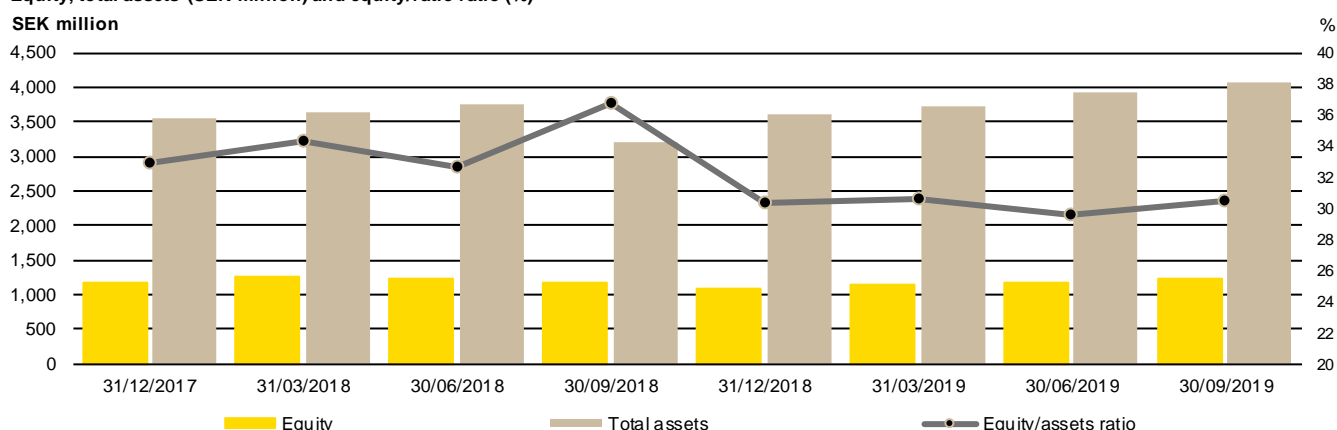
#### Parent company's income statement

The parent company's loss after financial items was SEK -23 m (-39). Financial costs increased by SEK 43 m to SEK -106 m (-63) due to higher interest-bearing liabilities.

#### Parent company's balance sheet

The parent company's balance sheet total declined to SEK 1,942 m (1,970). The equity/assets ratio for the parent company was 15.8%, compared to 16.8% at year-end.

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





# Project overview

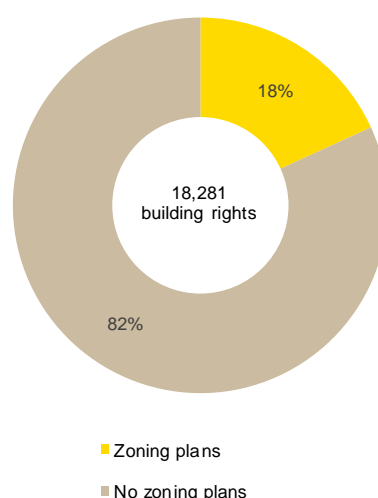
The information on pages 9-15 refers to all building rights and residential units in each project, including projects developed in JVs.

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.

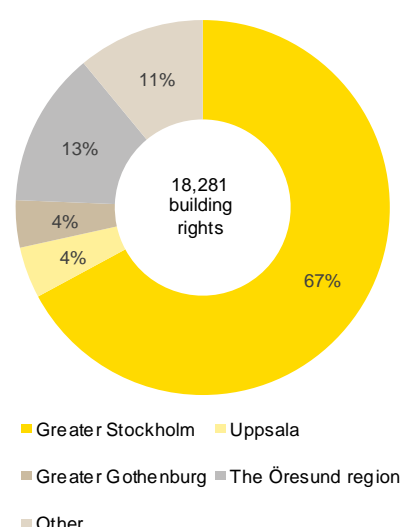
Magnolia Bostad applies an urban planning perspective to its projects. Municipalities and institutional investors are often looking for the competence to develop comprehensive residential areas that include not only homes but also, for example, residential care housing. Magnolia Bostad also develops properties for long-term self-management.

By working with a range of 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% for rental apartment transactions, 15% for hotel transactions and 20% for residential care and tenant-owned apartment transactions.

Share of project portfolio with zoning plans<sup>1 2</sup>



Share of estimated building rights per geographical area<sup>1 2</sup>



As of 30 September 2019, Magnolia Bostad had a project portfolio of 16,091 estimated building rights, of which 1,911 were through JVs, and 2,190 building rights in two properties that have not yet started production, which are owned through a JV. The total of estimated building rights therefore amounts to 18,281.

During the third quarter 2019, 26 residential units were sold, and 412 residential units were started, of which none were through JVs.

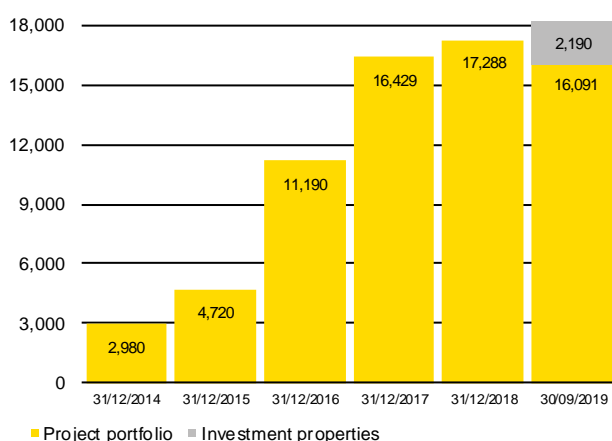
The Bryggeriet project and Adjutanten were completed during the year. Adjutanten is managed by Magnolia Bostad.

## Acquisitions 2019

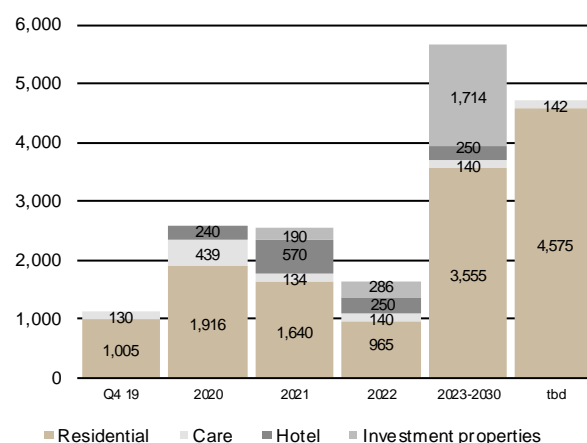
Quarter	Project	Location	Category	Estimated number of building rights
3	Orminge hus, etapp 1	Nacka	A	200
3	Orminge hus, etapp 2	Nacka	C	80
3	Näsängen	Österåker	A	2,000
3	Kronandalen	Luleå	A	117
				<b>2,397</b>

A=Apartments, C=Care

Estimated number of building rights<sup>2</sup>



Estimated production starts, number of building rights<sup>2</sup>



<sup>1</sup> The percentages are rounded to the nearest whole number.

<sup>2</sup> Refers to all building rights and residential units in each project, including projects developed in JVs

# Project portfolio

The tables on pages 10 and 11 present Magnolia Bostad's project portfolio as at 30 September 2019, which consisted of 46 pending projects not yet sold. The information refers to all building rights in each project including projects developed in JVs. Magnolia Bostad's share of earnings in the projects listed on pages 10-11 amounts to 92 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 zoning 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, location	Owned by JV	Category	Estimated no. of building rights	Estimated GFA/MUA/U FA (sqm)	Zoning plan	Estimated prod. start	Estimated completion	Planned buyer (B) and/or contractor (C)
Täljöviken	Näs 7:7, Åkersberga		C	60	4,650		2019	2021	HEBA (K) Consto (E)
Ferdinand 9, Spånga	Ferdinand 9, Stockholm		A, C	200	15,400		2019	2022	Heimstaden agreement (B)
Ängloket <sup>2</sup>	Del av Ängby 1:1, Knivsta		A	325	15,000		2019	2022	Heimstaden agreement (B)
Slipsen, etapp 1 <sup>2</sup>	Stora Råby 33:2 m.fl., Lund		A	550	23,400		2019	2024	Heimstaden agreement (B)
Drottninghög	Drottninghög södra 3 & del av Eskadern 1, Helsingborg		C	105	6,200		2020	2021	
Gyllehemmet	Gyllehemmet 1 & 2, Borlänge		A, C	106	9,400		2020	2022	
Hasseludden	Hasseludden 1:79, Nacka		C	60	4,300		2020	2022	
Lommarstranden, etapp 1 <sup>2</sup>	Del av Tälje 4:62, Norrtälje		A	120	6,000		2020	2022	
Gamlestaden hotell <sup>4</sup>	Gamlestaden 80:4, Göteborg		H	240	6,500		2020	2022	
Norrbacka <sup>2</sup>	Sigtuna Norrbacka 1:32-36, Sigstuna		A, C	265	12,500		2020	2022	
Torgkvarteren, etapp 1 <sup>2</sup>	Del av Våppeby 7:7, Bålsta		A	300	15,000		2020	2022	Heimstaden agreement (B) Consto agreement (C)
Österhagen	Länna 4:7, Huddinge		C	80	5,300		2020	2022	
Partilleport <sup>3</sup>	Partille 11:61, Göteborg	JV	C	54	11,100		2020	2022	
Orminge Hus, etapp 1	Del av Orminge 46:1, Nacka		A	200	10,200		2020	2022	
Hagby Park <sup>2</sup>	Hagby 1:5, Åkersberga		A	195	10,300		2020	2023	Heimstaden agreement (B) Consto agreement (C)
Nätverket <sup>2</sup>	Husby 3:3, Åkersberga		A	335	9,200		2020	2023	Heimstaden agreement (B) Consto agreement (C)
Norra kajen, etapp 1 <sup>2</sup>	Normalm 3:18 & 4:2, Sundsvall		A	285	12,500		2020	2022	Heimstaden agreement (B)
Slipsen, etapp 2 <sup>2</sup>	Stora Råby 33:2 m.fl., Lund		A	250	10,600		2020	2025	Heimstaden agreement (B)
Norra kajen, etapp 2 <sup>2</sup>	Normalm 3:18 & 4:2, Sundsvall		A	285	12,500		2021	2024	Heimstaden agreement (B)
Mesta	Mesta 5:81, Eskilstuna		C	54	3,950		2021	2022	
Frihamnen H <sup>4</sup>	Del av Lundbyvassen 736:168, Göteborg		H	300	11,000		2021	2022	
Frihamnen <sup>2</sup>	Del av Lundbyvassen 736:168, Göteborg		A	150	8,000		2021	2023	
Lommarstranden, etapp 2 <sup>2</sup>	Del av Tälje 4:62, Norrtälje		A	120	6,000		2021	2023	
Torgkvarteren, etapp 2 <sup>2</sup>	Del av Våppeby 7:7, Bålsta		A	105	6,500		2021	2023	Consto agreement (C)
Västerhaninge	Del av Åby 1:67 m.fl., Haninge		A	500	30,000		2021	2023	
Orminge Hus, etapp 2	Del av Orminge 46:1, Nacka		C	80	5,130		2021	2023	
Sländan, etapp 3 <sup>2</sup>	Sländan 9, Södertälje		A	200	10,000		2021	2024	
Finnkajen <sup>4</sup>	Del av Sundsvall, Stenstaden 1:4, Sundsvall		H	270	9,000		2021	2024	

Project	Property, location	Owned by JV	Category	Estimated no. of building rights	Estimated GFA/MUA/UF (sqm)	Zoning plan	Estimated prod. start	Estimated completion	Planned buyer (B) and/or contractor (C)
Norra kajen, etapp 3 <sup>2</sup>	Norrmalm 3:18 & 4:2, Sundsvall		A	280	12,000	●	2021	2025	Heimstaden agreement (B)
Grimsta 5:2 (Infra), etapp 1 <sup>2</sup>	Grimsta 5:2, Upplands Väsby		A, H	445	20,600	●	2022	2025	
Oktaven	Skärholmen 2:1, Stockholm		A	110	5,830	●	2022	2025	
Södra Häggviks Gårdar <sup>1</sup>	Stinsen 2, Sollentuna	JV	A, C	1,500	94,000	●	2022	-	Slättö agreement, part of project (B) Skanska (C)
Vårby Udde <sup>6</sup>	Gambrinus 2 & 4, Huddinge		A, C, H	1,800	115,000	●	2022	-	Slättö agreement, part of project (B) Skanska (C)
Grimsta 5:2 (Infra), etapp 2 <sup>2</sup>	Grimsta 5:2, Upplands Väsby		A, C	445	20,600	●	2023	2025	Skanska cooperation agreement
Bunkeflostrand <sup>2</sup>	Limhamn 155:355, Malmö		A, C	1,000	45,600	●	2023	-	
Mejeriet, etapp 1 <sup>2</sup>	Filborna 28:4, Helsingborg		A	270	15,000	●	tbd <sup>5</sup>	-	Heimstaden agreement (B)
Konstnären <sup>2</sup>	Sala backe 50:1, Uppsala		A	110	6,150	●	tbd <sup>5</sup>	-	Heimstaden agreement (B)
Bredängshöjden <sup>2</sup>	Vita Liljan 3 m.fl., Stockholm		A	700	35,000	●	tbd <sup>5</sup>	-	Heimstaden agreement, part of project (B)
Kvarnsjödal <sup>2</sup>	Tumba 7:241, Botkyrka		A, C	2,000	130,000	●	tbd <sup>5</sup>	-	Slättö agreement, part of project (B)
Mejeriet, etapp 2 <sup>2</sup>	Filborna 28:4, Helsingborg		A	270	15,000	●	tbd <sup>5</sup>	-	Heimstaden agreement (B)
Nykvarn <sup>3</sup>	Käffebryggaren 1 m.fl., Nykvarn	JV	A	285	13,000	●	tbd <sup>5</sup>	-	
Senapsfabriken, etapp 3 <sup>2</sup>	Kungsängen 29:2, Uppsala		A	700	29,000	●	tbd <sup>5</sup>	-	
Skarpnäcksgård 1:1	Del av Skarpnäcks gård 1:1, Stockholm		A	90	4,200	●	tbd <sup>5</sup>	-	Heimstaden agreement (B)
Årstaberg 1	Liljeholmen 1:5, Stockholm		A	100	5,500	●	tbd <sup>5</sup>	-	Heimstaden agreement (B)
Årstaberg 2	Årsta 1:1, Årsta		A	120	6,500	●	tbd <sup>5</sup>	-	
Erstavik <sup>3</sup>	Erstavik 25:1, Stockholm	JV	C	72	5,180	●	tbd <sup>5</sup>	-	
<b>Total</b>				<b>16,091</b>	<b>867,790</b>				

<sup>1</sup> Magnolia Bostad owns 45 per cent of the JV. Magnolia Bostad's share of the development profit amounts to 90 per cent.

Estimated production start will take place during a multi-year period starting in 2022.

<sup>2</sup> Magnolia Bostad's share of the profit amounts to 90 per cent.

<sup>3</sup> Magnolia Bostad's share of the profit amounts to 46 per cent.

<sup>4</sup> Magnolia Bostad's share of the profit amounts to 76 per cent.

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

<sup>6</sup> Estimated production start will take place during a multi-year period starting in 2022.

A=Apartments, C=Care, H=Hotels

● Zoning plan in force ● Zoning plan not in force

# Sold projects in production

In the projects below, Magnolia Bostad's share of earnings amounts to 90%, unless otherwise stated. The number of residential units sold is the estimated number of residencies at a time when binding sales agreements are signed and the revenue recognized is settled. The information refers to all building rights and residential units in each project, including projects developed in JVs.

Project	Property, location	Category	GFA/MUA/ Sold UFA		Unsold apartments	Production start	Completion	Buyer	Contractor
			apartments	(sqm)					
Cementfabriken	Kölen 1, Malmö	RU	144	7,100		2015	2019	SPP Fastigheter	Veidekke
Kalkstenen	Tankloket 1, Malmö	RU	129	5,100		2015	2019	SPP Fastigheter	Veidekke
Slipen	Del av Varvet 2, Karlstad	RU	216	12,300		2015	2019	Slättö	Consto
Nyby Lilium, etapp 1	Del av gamla Uppsala 99:1, Uppsala	RU	300	14,000		2015	2019	SEB Domestica II	Serneke
Maria Mosaik	Arkeologen 1 & Antikvarien 1, Helsingborg	RU	345	16,000		2016	2020	SPP Fastigheter	Veidekke
Sländan, etapp 1	Sländan 6, Södertälje	RU	441	19,000		2016	2019	SPP Fastigheter	ED Bygg
Senapsfabriken, etapp 1 <sup>1</sup>	Kungsängen 25:1, kv.2, Uppsala	RU	455	19,400		2016	2020	SEB Domestica III	NCC
Tegelslagaren	Vallentuna-Åby 1:166, Vallentuna	RU	155	6,150		2016	2019	SEB Domestica II	ED Bygg
Tegelmästaren	Vallentuna-Åby 1:171, Vallentuna	RU	160	5,950		2016	2019	SEB Domestica II	ED Bygg
Gjuteriet, etapp 1	Namnsdagen 1, Eskilstuna	RU	262	13,900		2016	2019	Slättö	Consto
Segelflygaren	Glidplanet 1, Örebro	RU	210	10,000		2016	2019	Slättö	Consto
Varvet	Varvet 4 & del av Varvet 2, Karlstad	TO	92	6,100		2016	2019	Brf	Consto
Varvet Townhouse	Varvet 4 & del av Varvet 2, Karlstad	TO	8	700		2017	2019	Brf	Consto
Senapsfabriken, etapp 2 norra <sup>1</sup>	Del av Kungsängen 45:1, 29:3, Uppsala	RU	325	13,100		2017	2022	Slättö	NCC
Senapsfabriken, etapp 2 södra <sup>1</sup>	Del av Kungsängen 45:1, 29:3, Uppsala	RU	325	13,900		2017	2023	Heimstaden Bostad	NCC
Sländan, etapp 2	Sländan 8, Södertälje	RU	136	5,300		2017	2020	Viva Bostad	ED Bygg
Fyren, etapp 1	Telegrafan 16, Nynäshamn	RU	220	10,500		2017	2022	Viva Bostad	Consto
Fyren, etapp 2	Telegrafan 16, Nynäshamn	RU	236	11,600		2017	2022	SEB Domestica IV	Consto
Hyllie Gärde <sup>2</sup>	Valhall 1, Malmö	RU	427	21,000		2017	2021	Slättö	ED Bygg
Hotell Brunnshög <sup>3</sup>	Morgonen 1, Lund	H	251	8,900		2017	2021	Alecta	Serneke
Hotell Resecentrum <sup>3</sup>	Kilot 2, Halmstad	H	244	9,500		2017	2021	Alecta	Serneke
Visborg <sup>2</sup>	Skenet 3, Visby	C	58	3,950		2018	2020	Northern Horizon	PEAB
Fasanen	Burlöv Arlöv 20:58 m.fl., Burlöv	RU	275	12,675		2018	2020	Heimstaden Bostad	Serneke
Allarp Laholm <sup>4</sup>	Allarp 2:468, Helsingborg	C	54	3,850		2018	2020	Northern Horizon	Consto
Brogårdstaden <sup>2</sup>	Del av Brogård 1:84, Upplands-Bro	RU	658	31,000		2018	2022	Slättö	Consto
Ophelias Brygga	Del av Gamla Staden 1:1 m.fl., Helsingborg	TO	102	7,500	22	2018	2021	Brf	Serneke
Mossenskolan <sup>2</sup>	Mossenskolan 3, Motala	C	54	4,400		2018	2020	M&G	Gäravhavs Bygg
Nyponrosen 5 <sup>4</sup>	Nypronrosen 5, Helsingborg	C/RU	125	8,360		2018	2021	Northern Horizon	Veidekke
Piccolo <sup>2</sup>	Kilot 3, Halmstad	TO	17	1,860	9	2018	2020	Brf	Serneke
Lilium, etapp 2	Del av Gamla Uppsala 99:2, Uppsala	TO	109	5,200		2019	2019	BRF	Serneke
Norrtälje Hamn	Del av Tälje 3:1 m.fl. & Alen 1-5, Norrtälje	C/RU	167	9,500		2019	2020	Heba	Credentia
Sum			6,700	317,795	31				

<sup>1</sup> Magnolia Bostad's share of the profit amounts to 76.3 per cent.

<sup>3</sup> Magnolia Bostad's share of the profit amounts to 76 per cent.

<sup>2</sup> Magnolia Bostad's share of the profit amounts to 92 per cent.

<sup>4</sup> Part of JV. Magnolia Bostad's share of the profit amounts to 46 per cent.

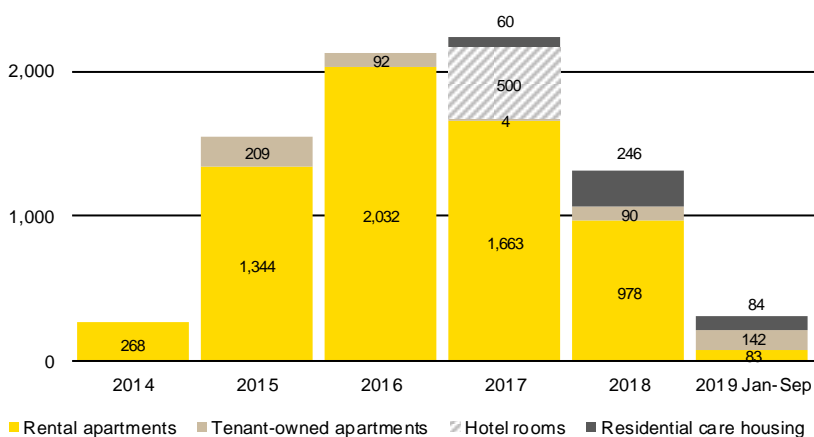
RU=Rental unit, TO=Tenant-owned, H=Hotel, C=Care

As of 30 September 2019, Magnolia Bostad had 31 sold projects in production with a total of 6,731 residential units. Of these, 6,700 were sold and recognized, which corresponds to a sales ratio of 99.5%. The difference of 31 residential units relates to unsold tenant-owner apartments in two tenant-owner projects where production is ongoing.

During Q3, 26 residential units were sold and recognized which produces an accumulated total of 309 residences sold in 2019.

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. No conversions took place during the first nine months of 2019.

**Sold apartments, outcome <sup>1</sup>**



<sup>1</sup> The information refers to all residential units in each project, including projects developed in JVs.

## Divestments 2019

Quarter	Project	Location	Acquired by	Number of apartments
1	Ophelias Brygga	Helsingborg	Brf	7
1	Varvet Townhouse	Karlstad	Brf	1
2	Ophelias Brygga	Helsingborg	Brf	12
2	Varvet Townhouse	Karlstad	Brf	1
2	Piccolo	Halmstad	Brf	5
2	Lilium, etapp 2	Uppsala	Brf	90
2	Norrtälje hamn	Norrtälje	Heba	167
3	Lilium, etapp 2	Uppsala	Brf	19
3	Ophelias Brygga	Helsingborg	Brf	7
				<b>309</b>

## Projects closed in 2019

Category	Project	Location	Buyer	Number of apartments
RU	Maria Forum	Helsingborg	Alecta	292
RU	Bryggeriet	Helsingborg	Alecta	327
				<b>619</b>

# Properties for self-management

As of 30 September 2019, Magnolia Bostad had unfinished investment properties of a total of 2,190 residential units and 1,581 residential units under production. These properties are being developed for long-term ownership.

Magnolia Bostad has two completed properties for its own long-term management. In June, Magnolia Bostad sold its part of the JV company, which owns Skogskarlen in Solna, which will be relinquished during the third quarter of 2019.

During Q3, two projects for developing for self-management were acquired. One of the projects is located in Österåker and was acquired through a JV with

Heimstaden and the other is located in Luleå

During the quarter, four projects started on a total of 412 residential units. Two of these were previously in Magnolia Bostad's project portfolio.

Magnolia Bostad reports its properties for self-management at an estimated fair value according to IAS 40 Investment Properties. Magnolia Bostad values all properties for self-management every quarter. To safeguard the valuations, an external valuation of all properties for self-management is done annually.

Properties for self-management owned by JV companies are valued at an estimated fair value in the JV company and have an impact on the results of shares in associated companies and joint ventures, thereby affecting the value of shares in associated companies and joint ventures. Other properties for self-management are reported as investment properties. During Q3, 59% of the total value of the investment properties was externally assessed and over the past 12 months all properties for self-management have been externally valued.

Magnolia Bostad's share of earnings is 92 per cent, unless otherwise stated.



## Investment properties<sup>1</sup>

Name	Property, location	Category	Rentable area (sqm)	Rental value (MSEK)
Orminge Centrum <sup>3</sup>	Orminge 52:1, Nacka	O	6,000	8
Adjutanten	A7-området	A	4,200	6
<b>Sum</b>			<b>10,200</b>	<b>14</b>

## Investment properties, under production<sup>1</sup>

Name	Property, location	Category	Ap. under production	GFA/MUA/UFA (sqm)	Production start	Completion	Contractor
Övre Bangården	Östersund söder 1:14, Östersund	A,C	292	15,500	2018	2022	Derome
Björnbäret	Björnbäret 1, Kalmar	A	232	11,000	2018	2021	Derome
Kronandalen	Liggunderlaget 1, Luleå	A	117	5,100	2019	2021	Derome
Gjuteriet etapp 2 <sup>3</sup>	Nätverket 2, Eskilstuna	A	115	6,000	2019	2021	Derome
Sportflygaren <sup>3</sup>	Autogyron 1, Örebro	A	180	8,500	2019	2022	Derome
<b>Sum</b>			<b>936</b>	<b>46,100</b>			
Brogårdstaden <sup>2</sup>	Del av Bro gård 1:84, Upplands-Bro	A	645	38,000	2019	2022-2024	Derome
<b>Sum incl. projects in JV</b>			<b>1,581</b>	<b>84,100</b>			

## Investment properties, production not yet started<sup>1</sup>

Name	Property, location	Category	Estimated no. of ap.	Estimated GFA/MUA/UFA (sqm)	Estimated production start	Estimated completion	Zoning plan
Brogårdstaden <sup>2</sup>	Del av Bro gård 1:84, Upplands-Bro	A	190	12,000	2021	2022-2024	
Näsängen <sup>2</sup>	Näs 7:1, 7:3 och 7:5, Österåker	A	2,000	122,000	2022	2025-2035	
<b>Sum incl. projects in JV</b>			<b>2,190</b>	<b>134,000</b>			

<sup>1</sup> The information refers to all residential units in each project, including projects developed in JVs.

<sup>2</sup> Part of JV. Magnolia Bostad's share of the profit amounts to 46 per cent.

<sup>3</sup> Magnolia Bostad's share of the profit amounts to 90 per cent.

A=Apartments O=Office C= Care

 Zoning plan in force  Zoning plan not in force



*During the quarter, occupancy of the Senapsfabriken stage 1 project in Uppsala continued. Construction is underway of the remaining two stages of the project. In total, the project consists of over 1,000 apartments and just over 10 premises.*





# The shares

## Share information

Magnolia Bostad's shares are listed on Nasdaq Stockholm's main list (Mid Cap). The shares are traded on Nasdaq Stockholm under the ticker (MAG) and ISIN code (SE0007074505).

The closing price on the closing date of 30 September 2019 was SEK 35.95. On average, 66 transactions per trading day were carried out between 1 July and 30 September 2019 and the average trading volume per trading day amounted to SEK 0.8 m.

The average number of outstanding shares as at 30 September 2019 was 37,822,283. See page 27

## Owners

F. Holmström Fastigheter AB, which is controlled by Fredrik Holmström, owns 56.37% of Magnolia Bostad.

As on 30 September 2019 the number of shareholders was 3,922.

## Warrants

Magnolia Bostad has issued warrants on two occasions in 2017 and 2019.

The Annual General Meeting held on 26 April 2017, resolved to issue 350,000 warrants to the subsidiary, Magnolia Utveckling. In total 260,500 warrants have been transferred to employees in accordance with the warrant program and 28,000 warrants have been repurchased. 89 500 unutilized warrants have been cancelled during the year. Each warrant entitles the holder to the right to subscribe for one share at a strike price of SEK 84 per share. The subscription period is from 2 November 2020 until 26 April 2022.

The Annual General Meeting held on 10 May 2019 resolved to issue 200,000 warrants to the subsidiary Magnolia Utveckling. Following the AGM's decision, 170,000 of the warrants were offered to key employees at the subsidiary, all of which have been acquired by and assigned to key employees. The outstanding warrants remain in Magnolia Utveckling's ownership for the time being. Each warrant entitles the holder to subscribe for one share in Magnolia Bostad at a strike price of SEK 84 per share during the period from 1 November 2022 until 26 April 2024.

## Turnover in thousands per week and price (SEK)



## Average number of outstanding shares

	2019		2018	
	30 Sep	Full-year	30 Sep	Full-year
Average number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283

# Owners

## Shareholders' structure as of 30 September 2019

Number of shares	Number of share holders	Shareholder category	No.	Shareholders per country	No.
1 - 500	3,059	Corporation	130	Sweden	3,853
501 - 1000	356			Other Nordic countries	39
1001 - 2000	203	Private individuals, men	2,612	Other European countries (excl. Sweden and the Nordics)	25
2001 - 5000	163			USA	1
5001 - 10000	56	Private individuals, women	1,180	Rest of the world	4
10001 - 50000	59				
50001 -	26	<b>Total</b>	<b>3,922</b>		
<b>Total</b>	<b>3,922</b>	of which living in Sweden	3,853	<b>Total</b>	<b>3,922</b>

## Largest shareholders as of 30 Sep 2019

Shareholders	Number of shares	Percentage of	
		Share capital	Votes
F. Holmström Fastigheter	21,321,837	56.37%	56.37%
Länsförsäkringar Fondförvaltning AB (publ)	3,195,269	8.45%	8.45%
Wealins S.A.	3,116,462	8.24%	8.24%
Svolder	1,944,000	5.14%	5.14%
Nordnet Pensionsförsäkring	1,314,363	3.48%	3.48%
Avanza Pension	685,685	1.81%	1.81%
Martin Dahlin	500,000	1.32%	1.32%
John Larsson	500,000	1.32%	1.32%
Alfred Berg Fonder	222,696	0.59%	0.59%
Jennie Sinclair	220,950	0.58%	0.58%
<b>Total 10 largest shareholders</b>	<b>33,021,262</b>	<b>87.31%</b>	<b>87.31%</b>
Övriga aktieägare	4,801,021	12.69%	12.69%
<b>Total</b>	<b>37,822,283</b>	<b>100%</b>	<b>100%</b>

Source: Monitor by Modular Finance AB. Data compiled and processed from sources such as Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

# Financial information

## Consolidated Condensed Income Statement

Amounts in MSEK	2019 Jan-Sep	2018 Jan-Sep	2019 Jul-Sep	2018 Jul-Sep	2018/2019 Oct-Sep	2018 Jan-Dec
Net sales	493	1,012	54	214	535	1,054
Production and operating costs	-507	-773	-56	-206	-641	-907
<b>Gross profit/loss</b>	<b>-14</b>	<b>239</b>	<b>-2</b>	<b>8</b>	<b>-106</b>	<b>147</b>
Central administration	-62	-48	-25	-18	-78	-64
Profit/loss from participations in associated companies and joint ventures	69	5	-6	1	78	14
Change in value, investment properties	352	-	183	-	419	67
<b>Operating profit/loss</b>	<b>345</b>	<b>196</b>	<b>150</b>	<b>-10</b>	<b>313</b>	<b>164</b>
Financial income	10	6	6	2	12	8
Financial expenses	-139	-110	-48	-39	-179	-150
<b>Profit/loss before tax</b>	<b>216</b>	<b>92</b>	<b>108</b>	<b>-47</b>	<b>146</b>	<b>22</b>
Income tax	-56	0	-33	0	-71	-15
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>160</b>	<b>92</b>	<b>75</b>	<b>-47</b>	<b>75</b>	<b>7</b>
<b>Profit/loss attributable to</b>						
Parent company shareholders	137	89	64	-47	58	10
Non-controlling interests	24	3	11	0	18	-3
<b>Earnings per share (SEK)</b>						
Before dilution effects	3.62	2.35	1.69	-1.24	1.53	0.26
After dilution effects	3.62	2.35	1.69	-1.24	1.53	0.26

## Consolidated Statement of Comprehensive Income

Amounts in MSEK	2019 Jan-Sep	2018 Jan-Sep	2019 Jul-Sep	2018 Jul-Sep	2018/2019 Oct-Sep	2018 Jan-Dec
Net profit/loss for the period	160	92	75	-47	75	7
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>						
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>160</b>	<b>92</b>	<b>75</b>	<b>-47</b>	<b>75</b>	<b>7</b>
<b>Comprehensive income attributable to</b>						
Parent Company shareholders	137	89	64	-47	58	10
Non-controlling interests	24	3	11	0	18	-3

# Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2019 30 Sep	2018 30 Sep	2018 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	6	6
Other intangible assets	1	1	1
<b>Total intangible assets</b>	<b>6</b>	<b>7</b>	<b>7</b>
Investment properties	719	-	295
Right of use assets	54	-	-
Machinery and equipment	15	16	19
<b>Total property, plant and equipment</b>	<b>788</b>	<b>16</b>	<b>314</b>
Shares in associated companies and joint ventures	173	97	106
Receivables from associated companies	24	57	56
Other securities held as non-current assets	31	31	31
Other long-term receivables	554	1,021	978
<b>Total financial assets</b>	<b>782</b>	<b>1,206</b>	<b>1,171</b>
<b>Total non-current assets</b>	<b>1,576</b>	<b>1,229</b>	<b>1,492</b>
<b>Current assets</b>			
Development and project properties	1,180	1,187	1,196
Tenant-owned apartments	9	4	10
Accounts receivable	31	20	21
Receivables from associated companies	139	35	38
Other receivables	800	536	440
Prepaid expenses and accrued income	6	5	14
Cash and cash equivalents	321	189	395
<b>Total current assets</b>	<b>2,486</b>	<b>1,976</b>	<b>2,114</b>
<b>TOTAL ASSETS</b>	<b>4,062</b>	<b>3,205</b>	<b>3,605</b>

# Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2019 30 Sep	2018 30 Sep	2018 31 Dec
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	151	151	151
Other capital contributions	187	187	187
Retained profits incl. net profit/loss for the period	737	679	599
<b>Equity attributable to Parent Company shareholders</b>	<b>1,075</b>	<b>1,017</b>	<b>937</b>
Non-controlling interests	161	163	156
<b>Total equity</b>	<b>1,236</b>	<b>1,179</b>	<b>1,093</b>
<b>Non-current liabilities</b>			
Deferred tax liability	57	2	17
Non-current interest-bearing liabilities	1,628	1,394	1,914
Non-current liabilities to associated companies	-	18	18
Non-current lease liabilities	43	-	-
Other long-term liabilities	34	28	34
<b>Total long-term liabilities</b>	<b>1,762</b>	<b>1,442</b>	<b>1,983</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	768	399	278
Current lease liabilities	13	-	-
Accounts payable	32	35	23
Liabilities to associated companies	20	0	0
Income tax liabilities	0	0	0
Other current liabilities	120	52	114
Accrued expenses and deferred income	111	98	114
<b>Total current liabilities</b>	<b>1,064</b>	<b>584</b>	<b>529</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,062</b>	<b>3,205</b>	<b>3,605</b>



# 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
<b>Opening equity 1/1/2018</b>	<b>151</b>	<b>185</b>	<b>0</b>	<b>655</b>	<b>180</b>	<b>1,171</b>
Dividend	-	-	0	-66	-20	-86
Issue of warrants	-	2	-	-	-	2
Net profit/loss for the period	-	-	-	89	3	92
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 30/09/2018</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>679</b>	<b>163</b>	<b>1,179</b>
Net profit/loss for the period	-	-	-	-79	-6	-85
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 12/31/2018</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>599</b>	<b>156</b>	<b>1,093</b>
Opening equity 1/1/2019	151	187	0	599	156	1,093
Dividend	-	-	-	-	-15	-15
Issue of warrants	-	0	-	-	-	0
Acquisition of non-controlling interests	-	-	-	1	-4	-3
Net profit/loss for the period	-	-	0	137	24	161
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 30/09/2019</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>737</b>	<b>161</b>	<b>1,236</b>

# Condensed Consolidated Cash Flow Statement

Amounts in MSEK	2019 Jan-Sep	2018 Jan-Sep	2019 Jul-Sep	2018 Jul-Sep	2018/2019 Oct-Sep	2018 Jan-Dec
<b>Operating activities</b>						
Profit/loss after financial items	216	92	108	-47	146	22
Adjustments for non-cash items, etc						
Less share of profit/loss from associated companies and joint ventures	-69	-5	7	-2	-78	-14
Retained dividend from associated companies	-	10	-	10	-	10
Depreciation/amortization and impairment of assets	17	3	6	1	18	4
Fair value changes, investment properties	-352	-	-183	-	-419	-67
Capital gains/losses from the sale of development properties	-14	-280	-12	-26	20	-246
Other provisions	0	0	0	0	0	0
Other profit/loss items that do not affect liquidity	9	6	3	2	15	12
Income tax paid	0	0	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-193</b>	<b>-174</b>	<b>-71</b>	<b>-61</b>	<b>-298</b>	<b>-279</b>
Decrease (+)/increase (-) of development and project properties	-154	122	-95	-38	-347	-71
Decrease (+)/increase (-) in current receivables	233	284	233	340	322	373
Decrease (+)/increase (-) in current liabilities	7	-84	13	-69	48	-43
<b>Cash flow from operating activities</b>	<b>-107</b>	<b>148</b>	<b>80</b>	<b>172</b>	<b>-275</b>	<b>-20</b>
<b>Investing activities</b>						
Acquisition of intangible fixed assets	0	0	0	0	0	0
Acquisition of investment properties	-153	-	-86	-	-174	-21
Acquisition of machinery and equipment	-3	-9	0	-9	-2	-8
Investment in financial assets	0	-1	2	0	1	0
Disposal/reduction of financial assets	29	9	29	3	28	8
<b>Cash flow from investing activities</b>	<b>-127</b>	<b>-1</b>	<b>-55</b>	<b>-6</b>	<b>-147</b>	<b>-21</b>
<b>Financing activities</b>						
Issue of warrants	0	2	0	-	0	2
Borrowings	357	523	112	13	981	1,147
Repayment of borrowings	-171	-620	-103	-432	-399	-848
Dividend paid to parent company's owner	-	-66	-	-	-	-66
Dividend paid to minority interest	-23	-6	-13	-6	-24	-7
Acquisition of non-controlling interests	-3	-	0	-	-3	-
<b>Cash flow from financing activities</b>	<b>160</b>	<b>-166</b>	<b>-4</b>	<b>-425</b>	<b>554</b>	<b>228</b>
<b>Cash flow for the period</b>	<b>-74</b>	<b>-20</b>	<b>21</b>	<b>-258</b>	<b>133</b>	<b>187</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>395</b>	<b>208</b>	<b>300</b>	<b>447</b>	<b>189</b>	<b>208</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>321</b>	<b>189</b>	<b>321</b>	<b>189</b>	<b>321</b>	<b>395</b>

# Parent Company Condensed Income Statement

Amounts in MSEK	2019 Jan-Sep	2018 Jan-Sep	2019 Jul-Sep	2018 Jul-Sep	2018/2019 Oct-Sep	2018 Jan-Dec
Net sales	8	4	2	0	14	10
<b>Total income</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>14</b>	<b>10</b>
Central administration	-18	-33	-5	-7	-25	-40
<b>Operating profit/loss</b>	<b>-10</b>	<b>-29</b>	<b>-3</b>	<b>-7</b>	<b>-11</b>	<b>-30</b>
Financial income	93	53	29	21	116	76
Financial expenses	-106	-63	-36	-25	-144	-101
<b>Profit/loss after financial items</b>	<b>-23</b>	<b>-39</b>	<b>-10</b>	<b>-11</b>	<b>-39</b>	<b>-55</b>
Tax on profit/loss for the period	0	0	0	0	0	0
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-23</b>	<b>-39</b>	<b>-10</b>	<b>-11</b>	<b>-39</b>	<b>-55</b>

# Parent Company Statement of Comprehensive Income

Amounts in MSEK	2019 Jan-Sep	2018 Jan-Sep	2019 Jul-Sep	2018 Jul-Sep	2018/2019 Oct-Sep	2018 Jan-Dec
Net profit/loss for the period	-23	-39	-10	-11	-39	-55
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>						
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-23</b>	<b>-39</b>	<b>-10</b>	<b>-11</b>	<b>-39</b>	<b>-55</b>

# Parent Company Condensed Balance Sheet

Amounts in MSEK	2019 30 Sep	2018 30 Sep	2018 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	154	154	154
<b>Total non-current assets</b>	<b>154</b>	<b>154</b>	<b>154</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	1,777	1,457	1,714
Receivables from associated companies	0	1	2
Other receivables	0	2	0
Prepaid expenses and accrued income	0	0	0
<b>Total current receivables</b>	<b>1,777</b>	<b>1,461</b>	<b>1,716</b>
Cash and bank balances	12	4	100
<b>Total current assets</b>	<b>1,789</b>	<b>1,465</b>	<b>1,816</b>
<b>TOTAL ASSETS</b>	<b>1,942</b>	<b>1,619</b>	<b>1,970</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>307</b>	<b>345</b>	<b>330</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	1,132	1,168	1,573
<b>Total long-term liabilities</b>	<b>1,132</b>	<b>1,168</b>	<b>1,573</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	450	50	-
Liabilities to Group companies	21	35	38
Other current liabilities	1	0	0
Accrued expenses and deferred income	30	20	29
<b>Total current liabilities</b>	<b>502</b>	<b>105</b>	<b>67</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,942</b>	<b>1,619</b>	<b>1,970</b>

# 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 2018 Annual Report in addition to the new standards described below. 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

IFRS 16 'Leasing Agreements' replaced IAS 17 from 1 January 2019. According to the new standard, most leased assets are reported in the balance sheet, Magnolia Bostad will not apply the standard retroactively.

The right of use (the lease asset) and the liability are initially valued at the current value of future lease payments. The right of use also includes direct costs attributable to the signing of the lease agreement. Depreciation and possible write-downs on the right of use and interest expenses are reported in the income statement.

Essentially, this item consists of parking spaces rented by Magnolia Bostad to be rented out in three projects and rent for the premises in which Magnolia Bostad conducts its business. For a further description of the transition effects, see Note 2 in Magnolia Bostad AB's Annual Report for 2018.

For a more detailed description of the applied accounting principles for the Group and parent company, refer to Magnolia Bostad AB's 2018 Annual Report.

## 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 have 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 under market terms and conditions.

Of the profit for the period attributable to non-controlling interests of SEK 24 m, SEK -2 m is attributable to Fredrik Lidjan AB's (FLAB's) share of the profit in Magnolia Holding 3 AB, SEK 25 m is attributable to FLAB's share of the result in Magnolia Holding 4 AB and SEK 0 m is attributable to FLAB's share of the profit in Magnolia Hotellutveckling 2 AB.

Of the dividend for the period to the non-controlling interests of SEK 15 m, SEK 6 m is attributable to FLAB's share of Magnolia Holding 3 AB, SEK 5 m is attributable to FLAB's share of Magnolia Holding 4 AB and SEK 1 m relates to FLAB's share of 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 stage 1 and Senapsfabriken stage 2.

The scope and focus of other transactions by related parties have not changed significantly since the last Annual Report. For further information, see Note 4, Note 9 and Note 36 in the company's Annual Report for 2018 and [www.magnoliabostad.se](http://www.magnoliabostad.se).

### Parent company

In addition to the closely related parties specified for the Group, the parent company has closely related parties that include a controlling influence over their subsidiaries

## Significant risks and uncertainty factors

Magnolia Bostad is exposed to risks and uncertainties through its operations. For information about the Group's risks and uncertainties, please refer to Magnolia Bostad AB's website [www.magnoliabostad.se](http://www.magnoliabostad.se) and pages 68-69 and Note 3 in the company's Annual Report for 2018.

## Seasonal variations

Magnolia Bostad's revenue recognition means that full earnings recognition is made at the time of sale. This can lead to significant fluctuations between the quarters and the results should therefore be assessed over a longer period of time. Magnolia Bostad's Q3 is usually weaker due to the holiday season falling during this quarter. Otherwise, the business is not affected by any clear seasonal variations.

## Sustainability

Magnolia Bostad sees its work on sustainable development as a prerequisite for continued growth and profitability. The work to reduce the company's environmental and climate impact is a major focus area. The company's goal is for all projects to be certified according to at least the Sweden Green Building Council, the Nordic Swan Ecolabel or an equivalent. During the quarter, two environmental audits were carried out for two projects.

In order to promote equality, diversity and integration, Magnolia Bostad supports women's and girls' soccer. During the quarter, the company signed an agreement to support two more football teams, Kalmar IK and Bro IK. In total, we now support 19 football teams.

For further descriptions of Magnolia Bostad's sustainability work, see pages 48–61 in the company's Annual Report for 2018.

## Organization

Magnolia Bostad's organization is divided into the following departments: Business Development, Project Development, Business Generation, Residential Development, Operational Development, Communications, Legal and Finance. As of 30 September 2019, the company had 100 (86) employees. Of the number of employees, 55 (46) were women and 45 (40) were men at offices in Stockholm, Norrköping, Göteborg and Helsingborg. Comparative information refers to 31 December 2018.

As of 30 September 2019, management consisted of eight people. For more information about Magnolia Bostad's executive management, see [www.magnoliabostad.se](http://www.magnoliabostad.se)

Stockholm, 25 October 2019,  
Magnolia Bostad AB (publ)  
The Board of Directors

This is a translation from the Swedish original

# Auditors' review report

Magnolia Bostad AB (publ), corporate identity number 556797-7078

## Introduction

We have reviewed the condensed interim report for Magnolia Bostad AB (publ) as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on

Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified

in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 25 October 2019  
Ernst & Young AB

Fredric Hävrén  
Authorized Public Accountant

Ingemar Rindstig  
Authorized Public Accountant



# 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 percentage of the average equity attributable to the parent company's shareholders.

### *Equity per share*

Equity attributable to parent company's shareholders divided by the number of outstanding shares before dilution.

### *Net financial items*

Net of financial income and financial expenses.

### *Cash flow from the operating activities, per share*

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

### *Interest-bearing net liabilities*

Interest-bearing liabilities minus cash and cash equivalents.

### *Interest coverage, multiple*

Profit/loss after financial items with reversal of financial expenses and adjustment for unrealized changes in value of investment properties divided by financial expenses.

### *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, including profit/loss from participations in associated companies and fair value changes of investment properties.

### *Equity/assets ratio, %*

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

*For reconciliation of alternative KPIs, refer to ESMA KPIs at Magnolia Bostad AB's website, [www.magnoliabostad.se](http://www.magnoliabostad.se).*

## Definitions, other

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

GFA: Gross Floor Area, MUA: Main Usable Area, UFA: Usable Floor Area

### *Estimated number of building rights*

Number of estimated future residential units in acquired properties. Due to uncertainties such as zoning plan processes, government decisions or non-established dates for vacancy of project properties, assessments of the number of residential units may change over time.

### *Estimated production start, project portfolio*

Estimated production start is the management's best assessment of when the zoning plan has come into legal force and the turnkey contract and binding sales agreements have been signed. Due to uncertainty factors such as the zoning plan processes, government decisions or non-established dates for vacancy of project properties, assessments can change over time.

### *Estimated completion of projects*

The time for the estimated completion of a project is when the project is completed and finalized.

### *Sales rate*

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

### *Production start, project portfolio*

When the zoning plan has come into legal force and the turnkey contract and binding sales agreements have been signed.

### *Production start, properties for own management*

The start of production takes place when the zoning plan has come into legal force and the turnkey contract has been signed

### *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 develops new housing in Sweden's growth areas and major cities. Our work is guided by a comprehensive view where business is conducted in a way that promotes long-term sustainable urban development.



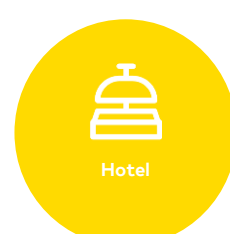
Rental apartments



Tenant-owned



Care



Hotel

## Magnolia Bostad as an investment

*As a shareholder in Magnolia Bostad, you will have the opportunity of being part of an innovative, responsible urban developer.*

### Opportunity for good value growth

The company has a project portfolio of about 18,000 residential units that are steadily maturing. The project portfolio is very much in line with the type of housing that is currently in demand in Sweden.

### Balanced risk

Land acquisitions, usually conditional on the zoning plan coming into force, are always based on a calculation for the development of rental housing. This gives the opportunity of profitably developing all types of ownership. We balance risks related to costs, revenues and liquidity through the sale of projects at an early stage.

### Financially strong customers

Most of our customers are financially strong institutional investors or property companies. Usually, they buy projects in a forward funding form or create a JV with us and thereby become our long-term partners.

### Effective implementation

We have close collaboration with well-established construction companies and other partners.

### Sustainable urban development

We take responsibility by developing safe housing and neighbourhoods, while working to reduce our environmental impact. We are also keen to develop attractive neighbourhoods that will last for a long time.



## Business concept

Magnolia Bostad will develop effective, attractive and functional housing with good profitability.

## Business model

Our business model allows us to deliver complete offers of products - rental housing, tenant-owned apartments, residential care facilities and hotels - to municipalities that want to develop new districts and residential areas.

Together with selected partners, we create sustainable homes and residential areas. See also Magnolia Bostad's Annual Report for 2018, pages 12-17.

## Strategy

By working with several types of products and focusing on long-term forms of cooperation, the company achieves a good spread of risk. Magnolia Bostad develops projects that are often sold at an early stage. By having a short time between land purchases, negotiations with buyers and construction procurement, we reduce the time between acquisitions and sales, which contributes to a balanced risk in the business. Magnolia Bostad's assignments usually include running the project until occupation.

Projects are also being developed for self-management, which will contribute to a stable cash flow. This is a small part of the business today, but over time, Magnolia Bostad intends to build a portfolio that strengthens the balance sheet, provides a continuous cash flow and

long-term value growth. Financing is secured for certain projects by running these in joint venture companies together with financially strong partners. The distribution between forms of products in the project portfolio varies over time, based on demand, the state of the economy and what is considered most favourable to the company at any given time.

Growth should be achieved with good profitability. We must act responsibly and long-term in the areas where we operate, and we must understand our role in society.

## Financial targets

Return on equity shall amount to at least 30%. The equity/assets ratio shall amount to at least 30%.

## Business targets

Magnolia Bostad shall have the capacity to annually start production of 3,000 residential units, 2 to 4 residential care facilities and 1-2 hotels.

## Sustainability targets

Certification according to the Sweden Green Building Council's Silver level or Swan mark in all projects.

## Dividend policy

Magnolia Bostad intends to pay dividends to the shareholders of up to 50% of the profit after tax, taking into account the company's financial position, current loan terms and prevailing market conditions.

*Magnolia Bostad's shares (MAG) are listed on Nasdaq Stockholm. More information is available at [www.magnoliabostad.se](http://www.magnoliabostad.se)*

# Quarterly overview

		2019				2018			2017
	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	
Net sales (SEK million)	54	402	37	42	214	267	532	718	
Operating profit/loss (SEK million)	150	73	122	-33	-10	93	113	230	
Profit/loss after tax (SEK million)	75	39	46	-86	-47	59	80	198	
Earnings per share (SEK) <sup>1</sup>	1.69	0.90	1.00	-2.12	-1.24	1.45	2.14	4.26	
Equity (SEK million)	1,236	1,161	1,136	1,093	1,179	1,226	1,254	1,171	
Equity per share (SEK) <sup>1</sup>	28.42	26.73	25.80	24.77	26.89	28.13	28.42	26.20	
Equity/assets ratio (%)	30.4	29.6	30.6	30.3	36.8	32.7	34.4	33.0	
Cash flow from operating activities (SEK million)	80	-117	-70	-168	172	-86	62	-177	
Cash flow from the operating activities, per share (SEK)	2.1	-3.1	-1.9	-4.4	4.5	-2.3	1.6	-4.7	
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	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283	

All amounts have been adjusted in accordance with IFRS

<sup>1</sup> Excluding the minority

## Financial calendar

- Year-end report January – December 2019: 20 February 2020
- Annual Report 2019: March 2020
- Interim report January – March 2020: 24 April 2020
- Annual General Meeting 2020: 27 April 2020

## Teleconference Q3 2019

- 10.30 CEST on 25 October 2019  
Call one of the following telephone numbers to participate:  
Sweden: 08 566 426 95, UK: +44 333 300 9264

Listen to the teleconference at: <https://financialhearings.com/event/12074>

Presentation material will be available on the company's website no later than one hour before the start of the teleconference.

*The information Magnolia Bostad publishes in this report is required in accordance with the EU Market Abuse Regulation (EU) No 596/2014. The information was submitted for publication, through the agency of the contact persons, on 25 October 2019 at 08:00 a.m. CEST.*

This Interim Report is a translation of the original Swedish Interim Report, which prevails in case of discrepancies between this translation and the Swedish original.

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