

MAGNOLIA

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**Magnolia Bostad**

Interim Report

The Group

1 January –

30 September 2020

Q3

# Value development on investment properties and sales drive the quarter's results

## January – September 2020

- Net sales amounted to SEK 1,785 m (395).
- The operating profit was SEK 627 m (333), of which SEK 96 m (352) refers to changes in the value of investment properties.
- The net profit before tax for the period was SEK 497 m (204) and the profit after tax was SEK 486 m (148).
- Earnings per share after deductions for minority shares was SEK 11.91 (3.33).

## July - September 2020

- Net sales amounted to SEK 281 m (119).
- The operating profit was SEK 187 m (148), of which SEK 126 m (183) refers to changes in the value of investment properties.
- The net profit before tax for the period was SEK 145 m (106) and the profit after tax was SEK 119 m (73).
- Earnings per share after deductions for minority shares was SEK 3.00 (1.64).

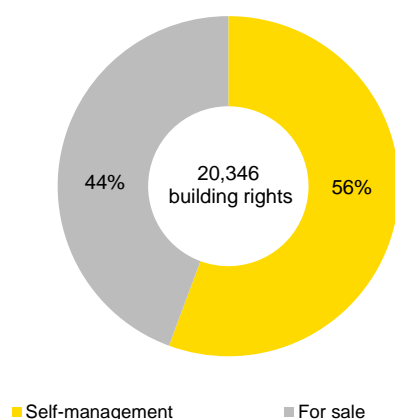
## Significant events July – September 2020

- Reclassification of projects for developing as self-managed properties. These now make up 56% of the building rights portfolio.
- Formed new joint ventures with Heimstaden Bostad and Derome for joint development of 1,600 residential units and 1,500 detached houses.
- Signed agreements for the acquisition of four projects for the development of 2,345 estimated building rights, of which 2,090 for self-management in Kungsbacka, Haninge and Upplands Bro.
- Production start and sale of 231 residential units in Partille to Heimstaden Bostad.
- Production start of four projects of 890 residential units for self-management, of which one project is a community service property.

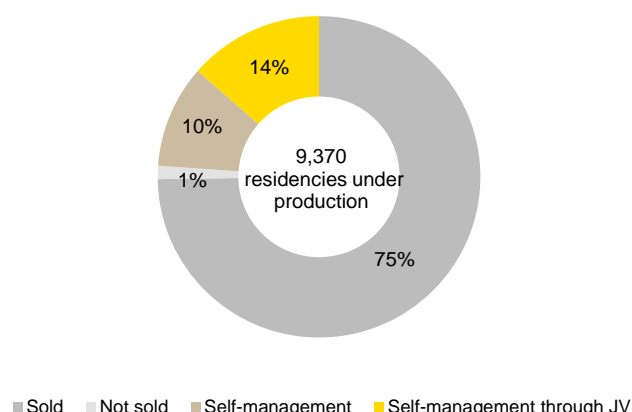
## Significant event after the end of the quarter

- Issue of new, unsecured, green bond loan of SEK 550 m and voluntary buy-back of certain outstanding bonds.

Distribution of building rights portfolio, share of building rights



Distribution of residencies under production with sales status as of 30 September 2020, share of residencies



## KPIs, Group<sup>4</sup>

	2020 Jan-Sep	2019 Jan-Sep	2020 Jul-Sep	2019 Jul-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
<b>Project-related</b>						
Number of production starts during the period <sup>1</sup>	3,219	1,333	1,121	412	4,564	2,678
Number of sold residencies during the period <sup>1</sup>	3,478	249	232	28	3,762	533
Total number of residencies in production <sup>1</sup>	9,370	8,312	9,370	8,312	9,370	9,284
Number of estimated building rights in the portfolio, not yet production started <sup>1</sup>	20,346	18,281	20,346	18,281	20,346	18,037
<b>Financials</b>						
Operating profit/loss	627	333	187	148	660	366
Investment properties (SEKm)	1,116	719	1,116	719	1,116	654
Return on equity (%) <sup>2</sup>	-	-	-	-	35.8	13.2
Equity/assets ratio (%)	35.8	28.5	35.8	28.5	35.8	28.1
Interest coverage ratio (multiple) <sup>3</sup>	-	-	-	-	4.1	1.4
<b>Share-related</b>						
Earnings per share (SEK) <sup>2</sup>	11.91	3.33	3.00	1.64	11.99	3.41
Equity per share (SEK) <sup>2</sup>	39.45	27.44	39.45	27.44	39.45	27.55

<sup>1</sup> No adjustment is made for projects developed in JV.

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

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

<sup>4</sup> From Q2 2020, Magnolia Bostad has applied changed principles for the consolidation of tenant-owner associations. For further info see page 27. For definitions of alternative KPIs that are not defined in IFRS and other definitions, see page 30

# We have greatly increased developing properties for self-management



Our operating profit for the first nine months of the year was SEK 627 m, and for Q3, SEK 187 m. The results for Q3 include SEK 126 m relating to changes in the value of investment properties.

In accordance with what we have previously communicated, we have taken the next step towards developing properties for self-management. In this way, we want to create a long-term increase in the net asset value of the company and a stronger cash flow that provides stability to the company's finances.

We currently have a building rights portfolio of around 20,300 building rights. During the quarter, more than half of our building rights portfolio was set aside for developing self-management properties and four projects for self-management were production-started.

The majority of the residencies developed for self-management will be developed in JVs, of which Magnolia Bostad will own half upon completion. Production-started projects for self-management have an estimated property value at completion of SEK 5.1 billion. These projects are planned to be completed over the period 2021 to 2025 and rental income per year is estimated at SEK 239 m.

If we look at all the self-management projects, which are currently at one of our various stages of development, they have a total value on completion of SEK 33.4 billion and estimated rental income per year of SEK 1.5 billion. Our intention, according to our current strategy, is to collaborate with financially strong JV partners for jointly developing the properties. This would mean that Magnolia Bostad's share upon completion would be around SEK 17 billion and generate rental income of around SEK 0.8 billion. The first completion will be in 2021 and the completion of the last project in the portfolio will be in 2035.

## **Sales, acquisitions and new collaboration**

During the quarter, we sold additional residential units within the framework agreement with Heimstaden. This time it was 231 residential units in the new urban district of Partille Port in Partille municipality outside Göteborg

We added 2,345 building rights to our portfolio over the quarter. This happened through the acquisition of properties in Handen, Haninge municipality, Kungsängen in Upplands-Bro municipality and Hede in Kungälv municipality. The development in Hede is taking place through a collaboration in a new JV with both Heimstaden Bostad and Derome. We have also signed an agreement with Heimstaden Bostad and Derome on jointly developing and building around 1,500 detached houses, a large part of which are currently included in the current building rights portfolio.

## **Our first green bond**

It was really enjoyable to issue our first senior unsecured green bond of SEK 550 million maturing in 2024. Interest in the bond was high and resulted in an oversubscription, which confirms the market's confidence in the company. In connection with the issue of our green bond, we bought-

back SEK 347 m from our bond program of SEK 600 m maturing in 2021. Through this, we have achieved an improved maturity structure and a green classification of the company's revenue stream and investments, which confirms our sustainability work over the past years.

## **Moving forward**

With the ending of this quarter, I would like to thank you all. There is only just over a month left before Johan Tengelin takes over as Magnolia Bostad's CEO.

I have had six fun years as CEO. During these years we have gone from a building rights portfolio of around 4,000 building rights to a portfolio of over 20,000. We have completed almost 5,000 residencies and over 9,000 are currently in production. The company has today reached a maturity that corresponds to my ambitions when I took over as CEO.

When I took over, the company consisted of eight employees and now we are well over 100. A big thank you to all the fantastic employees who have each contributed to the company's growth.

A special thank you to Magnolia Bostad's board and Fredrik Holmström who created the conditions for the company to grow. I welcome Johan Tengelin to a very committed company.

*Fredrik Lidjan*  
CEO  
October 2020

# Project events during the period

## Acquisitions

During Q3, four projects were acquired with a total of 2,345 estimated building rights. During the 9-month period, Magnolia Bostad acquired 13 projects around the country with around 4,900 building rights.

## Production starts and project sales

During Q3, the production process started on five projects with a total of 1,121 residential units, of which 890 are being developed for self-management. The production process was started of a total of 3,219 residential units for the 9-month period.

During Q3 a project in Partille with 231 residential units was sold to Heimstaden Bostad as well as and one tenant-owned apartment in the Piccolo-project.

During the 9-month period, a total of 3,478 residential units were sold, of which 1,124 in three previously production-started projects within the framework agreement with Heimstaden and the Björnbäret project in Kalmar. The project is certified according to the Swedish Green Building Council's silver certification, is built of wood for lower climate impact and has an energy consumption that is about half as high as the legal requirement. 25 residential units were also sold in already started tenant-owned apartment projects.

## Completed projects

During the 9-month period, 13 projects totalling 2,901 residential units have been completed. Of these, all rental and

tenant-owner projects are environmentally certified or built according to the Swedish Green Building Council's silver certification or the Nordic Swan Eco-label.

## Environmental certifications

During the 9-month period, we have certified four projects according to the Swedish Green Building Council's silver certification

Environmental audits were performed in three projects in Q3, of which one audit concerned design and two audits concerned production. During 2020, there has so far been seven environmental audits, all with good results.

### Acquisitions 2020<sup>1</sup>

Quarter	Project	Municipality	Category	Estimated number of building rights
1	Västra Erikslid	Skellefteå	A	300
1	Barkabystaden	Järfälla	A	350
1	Åkernmyntan	Borås	A	280
2	Tullholmsviken 3	Karlstad	A	458
2	Solfjäders	Örebro	A	180
2	Väsjön Norrsåtra	Sollentuna	A	210
2	Ursvik I	Sundbyberg	A	380
2	Ursvik II	Sundbyberg	A	200
2	Edvinshem 3	Ystad	A	200
3	Söderbymalm	Haninge	A	345
3	Örnäs	Upplands Bro	A	145
3	Örnäs - småhus	Upplands Bro	A	255
3	Hede	Kungsbacka	A	1,600
<b>Total</b>				<b>4,903</b>

### Production starts 2020

Quarter	Project	Location	Category	Acquired by/self-management	Number of residencies
1	Täljöviken	Österåker	CSP	Heba	60
2	Tullholmsviken 7	Karlstad	RU	Trenum	217
2	Tullholmsviken 4	Karlstad	RU	Trenum	222
2	Tullholmsviken 3	Karlstad	RU	Trenum	458
2	Norra Kajen, etapp 1	Sundsvall	RU	Heimstaden Bostad	360
2	Ursvik I	Sundbyberg	RU	Heimstaden Bostad	380
2	Västra Erikslid	Skellefteå	RU	Heimstaden Bostad	300
2	Gyllehemmet	Borlänge	CSP	SBB i Norden	101
3	Partilleport	Partille	RU	Heimstaden Bostad	231
3	Söderbymalm	Haninge	RU	Self-mangement	345
3	Väsjön Norrsåtra	Sollentuna	RU	Self-mangement	210
3	Drottningshög	Helsingborg	CSP	Self-mangement	129
3	Orminge Hus 1	Nacka	RU	Self-mangement	206
<b>Total</b>					<b>3,219</b>



## Sales 2020<sup>1</sup>

Quarter	Project	Municipality	Category	Acquired by	Number of residencies
1	Slipen	Lund	RU	Heimstaden Bostad	783
1	Edvinshem	Ystad	RU	Heimstaden Bostad	225
1	Björkalund	Norrköping	RU	Heimstaden Bostad	116
1	Täljöviken	Österåker	CSP	Heba	60
2	Tullholmsviken 7	Karlstad	RU	Trenum	217
2	Tullholmsviken 4	Karlstad	RU	Trenum	222
2	Tullholmsviken 3	Karlstad	RU	Trenum	458
2	Norra Kajen, etapp 1	Sundsvall	RU	Heimstaden Bostad	360
2	Piccolo	Halmstad	TO	Brf	24
2	Ursvik I	Sundbyberg	RU	Heimstaden Bostad	380
2	Västra Erikslid	Skellefteå	RU	Heimstaden Bostad	300
2	Gyllehemmet	Borlänge	CSP	SBB i Norden	101
3	Partilleport	Partille	RU	Heimstaden Bostad	231
3	Piccolo	Halmstad	TO	Brf	1
<b>Total</b>					<b>3,478</b>

3,478

Sold  
residencies



2,901

Completed  
residencies



7

Environmental  
audits carried  
out



## Projects closed in 2020

Quarter	Project	Municipality	Category	Acquired by	Number of residencies
1	Senapsfabriken, etapp 1	Uppsala	RU	SEB Domestica III	455
1	Nyby Lilium, etapp 1	Uppsala	RU	SEB Domestica II	300
1	Tegelslagaren	Vallentuna	RU	SEB Domestica II	155
1	Tegelmästaren	Vallentuna	RU	SEB Domestica II	160
1	Segelflygaren	Örebro	RU	Slättö	210
1	Allarp Laholm	Helsingborg	CSP	Northern Horizon	54
2	Maria Mosaik	Helsingborg	RU	SPP Fastigheter	345
2	Sländan, etapp 1	Södertälje	RU	SPP Fastigheter	441
2	Visborg	Visby	CSP	Northern Horizon	58
2	Lilium, etapp 2	Uppsala	TO	Brf	109
3	Sländan, etapp 2	Södertälje	RU	Viva Bostad	136
3	Slipen	Karlstad	RU	Slättö	216
3	Gjuteriet, etapp 1	Eskilstuna	RU	Slättö	262
<b>Total</b>					<b>2,901</b>

<sup>1</sup> Refers to all building rights and residential units in each project, including projects developed in JVs.

A=Apartments (will be RU and/or TO), RU=Rental unit, TO=Tenant-owned apartment, CSP=Community service property, such as for example, care homes, schools and nurseries





Along Bangårdsgatan with a view over Storsjön and Frösön in Östersund, Magnolia Bostad, together with Slättö, is building a new climate-smart neighbourhood with wooden houses near the water, just a few minutes' walk from the city centre.

Wood provides both attractive facades that are easy to maintain and is a renewable and eco-friendly material. The project consists of 212 rental units and will be certified according to the Swedish Green Building Council's silver certification.

First occupancy is expected in December 2020

# Consolidated Condensed Income Statement

Amounts in MSEK	2020 Jan-Sep	2019 Jan-Sep	2020 Jul-Sep	2019 Jul-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
Net sales	1,785	395	281	119	2,286	896
Production and operating costs	-1,195	-421	-237	-122	-1,640	-866
<b>Gross profit/loss</b>	<b>590</b>	<b>-26</b>	<b>44</b>	<b>-4</b>	<b>646</b>	<b>30</b>
Central administration	-71	-62	-24	-25	-98	-89
Profit/loss from participations in associated companies and joint ventures	12	69	41	-6	20	77
Change in value, investment properties	96	352	126	183	92	348
<b>Operating profit/loss</b>	<b>627</b>	<b>333</b>	<b>187</b>	<b>148</b>	<b>660</b>	<b>366</b>
Financial income	1	10	1	6	8	17
Financial expenses	-131	-139	-43	-48	-181	-189
<b>Profit/loss before tax</b>	<b>497</b>	<b>204</b>	<b>145</b>	<b>106</b>	<b>487</b>	<b>194</b>
Income tax	-11	-56	-26	-33	8	-37
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>486</b>	<b>148</b>	<b>119</b>	<b>73</b>	<b>495</b>	<b>157</b>
<b>Profit/loss attributable to</b>						
Parent company shareholders	450	126	113	62	453	129
Non-controlling interests	36	23	6	11	41	28
<b>Earnings per share (SEK)</b>						
Before dilution effects	11.91	3.33	3.00	1.64	11.99	3.41
After dilution effects	11.91	3.33	3.00	1.64	11.99	3.41

# Consolidated Statement of Comprehensive Income

Amounts in MSEK	2020 Jan-Sep	2019 Jan-Sep	2020 Jul-Sep	2019 Jul-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
Net profit/loss for the period	486	148	119	73	495	157
<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>486</b>	<b>148</b>	<b>119</b>	<b>73</b>	<b>495</b>	<b>157</b>
<b>Comprehensive income attributable to</b>						
Parent Company shareholders	450	126	113	62	453	129
Non-controlling interests	36	23	6	11	41	28

# Comments on the results

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.

## Reporting period 1 January – 30 September

Net sales amounted to SEK 1,785 m (395) and the operating profit was SEK 627 m (333). The profit before tax was SEK 497 m (204).

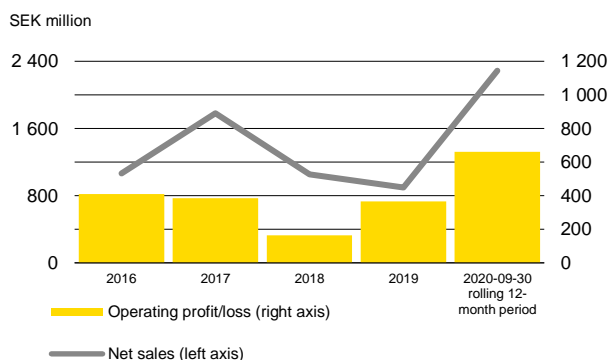
Distribution of revenue	2020 Jan-Sep	2019 Jan-Sep
Property sales	1,569	202
<b>Sum of revenue recognised at a point in time</b>	<b>1,569</b>	<b>202</b>
Project management	33	19
Rent	16	12
Other invoicing for the projects and other revenue	167	162
<b>Sum of revenue recognised over in time</b>	<b>216</b>	<b>193</b>
<b>TOTAL REVENUE</b>	<b>1,785</b>	<b>395</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 purchase price 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 on-going basis

### Net sales & operating profit/loss, full-year

2016-2018 have not been recalculated due to a changed principle for consolidation of tenant-owner associations



The number of residential units sold increased to 3,478 (249). Of the period's sold projects, 2,095 residential units refer to rental housing sold to Heimstaden Bostad under a framework agreement. In addition, 897 residential units were sold to Trenum, 300 units were sold to Heimstaden Bostad, and 101 units were sold to SBB i Norden, 60 residences in a community service property were sold to Heba along with 25 units in the Piccolo tenant-owned apartment project.

With effect from Q2 2020, the Group has changed its principles in terms of the consolidation of tenant-owner associations and is now consolidating tenant-owner associations until the tenants take possession of their tenant-owned apartments. The timing of revenue recognition has also been changed to when the apartments are occupied. Comparative figures for 2019 have been recalculated. For more information see page 27.

The estimated property value upon completion of the projects sold to Heimstaden under the framework agreement amounts to around SEK 4,230 m, of which around SEK 2,000 m was sold during Q1. In addition, a project in Karlstad with an estimated property value at completion of around SEK 1,700 m was sold to Trenum, a project in Skellefteå with an estimated property value at completion of around SEK 475 m was sold to Heimstaden Bostad and a project in Borlänge with an estimated property value upon completion of around SEK 335 m was sold to SBB i Norden.

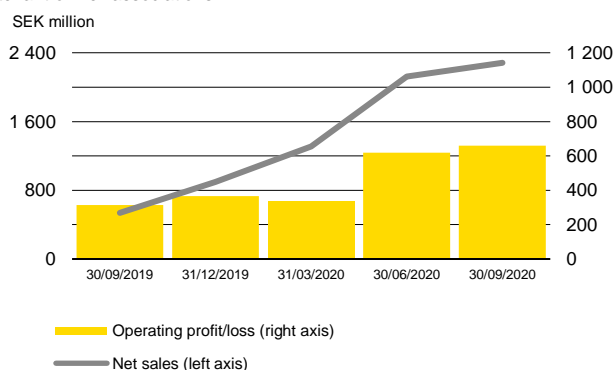
Development of net operating income	2020 Jan-Sep	2019 Jan-Sep
<b>Rental income</b>		
Properties owned at the beginning of the period	9	6
Completed properties	2	2
Project properties	4	4
<b>Rental income</b>	<b>16</b>	<b>12</b>
<b>Property costs</b>		
Properties owned at the beginning of the period	-3	-2
Completed properties	-4	-4
Project properties	-3	-2
<b>Operating costs</b>	<b>-10</b>	<b>-8</b>
<b>Net operating income</b>	<b>6</b>	<b>4</b>

Magnolia Bostad has increased its organization compared to the same period last year, which explains the increase in costs for central administration to SEK -71 m (-62). Profits from associated companies was SEK 12 m (69), mainly affected by development gains in the Barkarbystaden and Näsägen projects. In addition, profits from associated companies are also affected by financing costs.

Distribution of profits from associated companies	2020 Jan-Sep	2019 Jan-Sep
Net operating income	-2	-5
Other income and expenses	-6	-5
Change in value	71	109
Financing costs	-28	-14
Tax	-16	-22
Profit/loss från disposal	-7	6
<b>Total</b>	<b>12</b>	<b>69</b>

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

Rolling 12-month periods beginning in 2018 have not been recalculated as a result of changes in the reporting of tenant-owner associations





The change in value of management properties was SEK 96 m (352). During the period, a number of projects were transferred to the portfolio for long-term management, with the consequence that they are valued for the first time at fair value instead of at acquisition cost, which led to changes in the value of a number of projects.

Change in value	2020 Jan-Sep	2019 Jan-Sep
Change in net operating income	2	0
Change in project cost	-8	0
Project development	126	359
Change in required return	-	13
Sales	2	-
Sales to JV	-26	-20
<b>Total</b>	<b>96</b>	<b>352</b>

#### Net financial items

Net financial items amounted to SEK -130 m (-129) which is in line with the same period last year. At the end of the period, Magnolia Bostad's average interest rate was 7.0% compared to 7.0% at year-end 2019. The interest coverage ratio for the rolling twelve-month period was 4.1 times, compared with 1.4 times for FY 2019.

#### Profit/loss for the period

The profit for the period was SEK 486 m (148) and includes SEK -11 m (-56) in income tax. The income tax reported for the period refers to deferred tax

#### Reporting period 1 July – 30 September 2020

Net sales amounted to SEK 281 m (119) and the operating profit was SEK 187 m (148). The profit before tax was SEK 145 m (106).

Distribution of revenue	2020 Jul-Sep	2019 Jul-Sep
Property sales	153	77
<b>Sum of revenue recognised at a point in time</b>	<b>153</b>	<b>77</b>
Project management	13	4
Rent	5	4
Other invoicing for the projects and other revenue	110	34
<b>Sum of revenue recognised over time</b>	<b>128</b>	<b>42</b>
<b>TOTAL REVENUE</b>	<b>281</b>	<b>119</b>

Income from property sales was SEK 153 m (77) and the number of residential units sold during the quarter was 232 (28).

During the quarter, 231 residential units in the Partilleport project, with an estimated property value at completion of around SEK 560 m, were sold to Heimstaden Bostad within the framework agreement. In addition, a tenant-owned apartment was sold in the Piccolo project in Halmstad.

The cost of central administration was SEK -24 m (-25).

The profit from participations in associated companies and JVs was SEK 41 m (-6), mainly affected by development gains in the Barkarbystaden project, which is being developed with Slättö.

The change in value of investment properties was SEK 126 million (83). The change in value for the quarter comes from the revaluation of projects that were reclassified to the portfolio for long-term management during the period.

Financing costs in Q3 amounted to SEK -43 m (-48). This decrease is mainly due to lower interest-bearing liabilities.

# Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2020 30 Sep	2019 30 Sep	2019 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	6	6
Other intangible assets	0	1	0
<b>Total intangible assets</b>	<b>6</b>	<b>6</b>	<b>6</b>
Investment properties	1,116	719	654
Right of use assets	76	54	51
Machinery and equipment	13	15	12
<b>Total property, plant and equipment</b>	<b>1,205</b>	<b>788</b>	<b>717</b>
Shares in associated companies and joint ventures	240	173	188
Receivables from associated companies	65	24	201
Other securities held as non-current assets	41	31	31
Other long-term receivables	975	543	563
<b>Total financial assets</b>	<b>1,321</b>	<b>771</b>	<b>983</b>
<b>Total non-current assets</b>	<b>2,532</b>	<b>1,565</b>	<b>1,706</b>
<b>Current assets</b>			
Development and project properties	1,239	1,494	1,382
Tenant-owned apartments	4	9	9
Accounts receivable	28	31	41
Receivables from associated companies	66	139	64
Other receivables	399	595	414
Prepaid expenses and accrued income	12	6	11
Cash and cash equivalents	206	350	441
<b>Total current assets</b>	<b>1,954</b>	<b>2,624</b>	<b>2,361</b>
<b>TOTAL ASSETS</b>	<b>4,486</b>	<b>4,189</b>	<b>4,067</b>

## Assets

The consolidated balance sheet total increased to SEK 4,486 m, compared with SEK 4,067 m at the beginning of the year. Properties held for long-term management are reported as investment properties and amounted to SEK 1,116 m (654). The increase is mainly due to reclassifications from development and project properties and the acquisition of building rights. Acquisition of building rights consists of both acquired properties and companies as well as properties and companies that are controlled via binding acquisition agreements.

Among investment properties, 1,254 not yet production-started building rights are reported in the balance sheet of a total of 8,629 building rights for the development of self-management properties by the company alone. These 1,254 building rights are currently operated outside JV companies. Estimated surplus value upon completion of building rights in the balance sheet amounts to SEK 582 million.

Building rights that are not reported in the balance sheet are owned or controlled by JVs or consist of agreements that are to be regarded as options, such as land transfer agreements or other acquisition agreements that are conditional

on factors beyond Magnolia Bostad's control.

Investment properties	2020 Jan-Sep	2019 Jan-Sep
Opening carrying amount	654	295
Reclassifications	543	170
Investments and acquisitions	180	163
Change in value	125	352
Sales to JV	-	-261
Divestments	-386	-
Closing carrying amount	1,116	719

Long-term and current receivables from associated companies and JVs decreased by SEK 134 m to SEK 131 m (265). The fall in receivables from associated companies is mainly explained by a decrease in receivables from the jointly-owned company with Slättö, Core Plus Holding AB.

Of the long-term and other receivables totaling SEK 1,374 m (977), SEK 1,173 m (812) are receivables due from buyers of the projects, mainly at our partners and large Swedish institutions, while SEK 141 m (121) refers to deposits for future property acquisitions. Within the next 12 months, the Group is

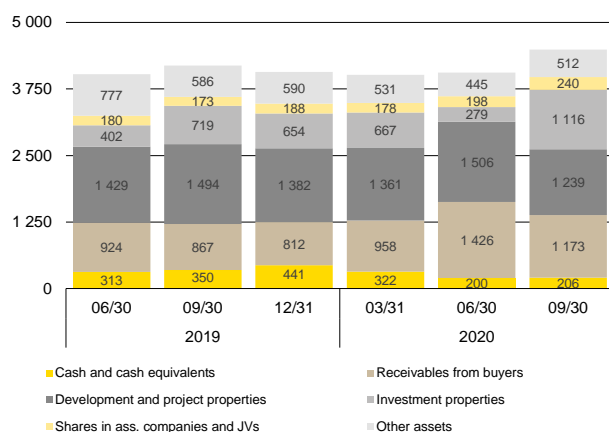
expected to receive SEK 254 m (294) of the total receivables from buyers of the projects as amortization of promissory notes, payment of additional considerations, final considerations and forward funding.

Development and project properties have decreased as a result of the reclassification to investment properties of a number of projects and amounted to SEK 1,239 m (1,382).

As development and project properties, 2,560 building rights were reported in the balance sheet of 9,022 building rights for sale. Both new properties and companies as well as properties and companies for which there are binding acquisition agreements are reported in the balance sheet.

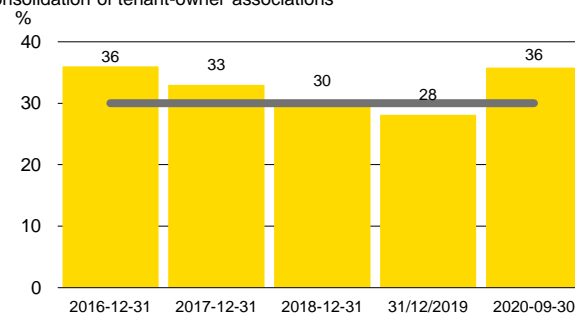
## Distribution of assets

SEK million



## Equity/assets ratio

Periods up to and including 2018-12-31 have not been recalculated as a result of a changed principle for consolidation of tenant-owner associations



# Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2020 30 Sep	2019 30 Sep	2019 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	1,154	700	704
<b>Equity attributable to Parent Company shareholders</b>	<b>1,492</b>	<b>1,038</b>	<b>1,042</b>
Non-controlling interests	114	157	99
<b>Total equity</b>	<b>1,606</b>	<b>1,195</b>	<b>1,141</b>
<b>Non-current liabilities</b>			
Deferred tax liability	43	57	38
Non-current interest-bearing liabilities	1,602	1,628	1,667
Non-current liabilities to associated companies	19	0	-
Non-current lease liabilities	60	43	39
Other long-term liabilities	30	42	42
<b>Total long-term liabilities</b>	<b>1,754</b>	<b>1,770</b>	<b>1,786</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	375	856	824
Current lease liabilities	18	13	13
Accounts payable	50	52	68
Liabilities to associated companies	3	20	1
Income tax liabilities	0	0	0
Other current liabilities	546	172	105
Accrued expenses and deferred income	134	111	129
<b>Total current liabilities</b>	<b>1,126</b>	<b>1,224</b>	<b>1,140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,486</b>	<b>4,189</b>	<b>4,067</b>

### Equity and equity/asset ratio

As of 30 September 2020, consolidated equity amounted to SEK 1,606 m (1,141) with an equity/assets ratio of 35.8% (28.1). Of the consolidated equity, SEK 114 m (99) is attributable to holdings without controlling influence.

Return on equity for the last twelve-month period was 35.8%, compared with 13.2% for FY 2019. The return on equity exceeded the financial target of a return on equity of 30%.

### Interest-bearing liabilities

Total interest-bearing loans, including the obtained interest-bearing deposits, amounted to SEK 1,977 m (2,491) as on 30 September 2020, of which SEK 160 m (87) relates to liabilities in tenant-owner associations, which are consolidated. For more information on the changes in the classification of tenant-owner associations, see page 26. The majority of Magnolia Bostad's liabilities consist of bond loans with a book value of SEK 1,019 m and project, property-related liabilities of SEK 552 m and secured property loans of SEK 158 m.

The remaining interest-bearing liabilities consist of received deposits of SEK 118 m and sellers promissory notes of SEK 130 m.

Repayment for project-related liabilities is made in connection with Magnolia Bostad's handover, or in connection with the final payment being received from

buyers in connection with project completion. During 2020, SEK 145 m in project-related liabilities is expected to fall due, of which SEK 91 m is linked to a project within the framework agreement with Heimstaden, which will be amortized in conjunction with Heimstaden Bostad joining the project and Magnolia Bostad receives forward funding. The average tied-up capital period, excluding deposits, was 1.5 years at 30 September 2020, compared to 1.6 years at 31 December 2019.

After a deduction for cash and cash equivalents of SEK 206 m (441) interest-bearing net liabilities were SEK 1,771 m (2,050). Receivables from buyers amounted to SEK 1,173 m (812), interest-bearing net liabilities after deduction of receivables from buyers amounted to SEK 600 m (1,238), a decrease of SEK 638 m in a period of nine months.

### Other liabilities

Other long-term liabilities and other current liabilities have risen by SEK 429 m, mainly due to increased debt for unpaid purchase prices for acquired projects.

### Bond loans

As on 30 September 2020, Magnolia Bostad has two outstanding bonds. 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

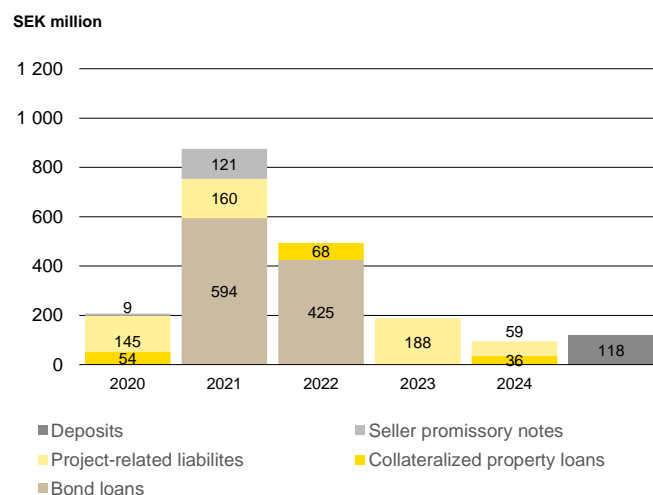
Stibor 3m + 8.50% (without a Stibor floor) maturing in October 2022. Magnolia Bostad has SEK 70 million of the bond with maturity in 2022 in its own repository.

The difference between the book value of SEK 1,019 m and nominal amount on the bonds is due to bonds in own custody of SEK 70 m, bonds issued at a value below the nominal amount and paid settlement fees reported according to the effective interest rate method.

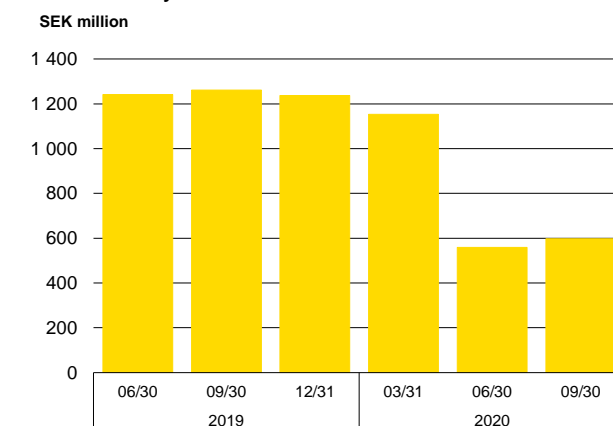
During the quarter, Magnolia Bostad issued a tender offer to buy back the bond maturing in October 2021 and intending to issue a new senior unsecured green bond maturing in April 2024. A total of SEK 550 m was issued nominally, within a framework of SEK 700 million, with a variable interest rate of Stibor 3m + 7.50%. Part of the bond payment will be used to repurchase bonds maturing in October 2021 with a nominal amount of SEK 347 m. The issue and buy-back was completed on 2 October 2020. Bought-back bonds will not be canceled.

The funds from the green bond will be used to develop sustainable, environmentally-certified projects. The funds may, among other things, be used to finance the part of the cost in JVs covered by Magnolia Bostad in cases where Magnolia Bostad owns at least 50% of the JV.

Maturity structure, SEK million



Interest bearing net liabilities with deduction for receivables at buyers

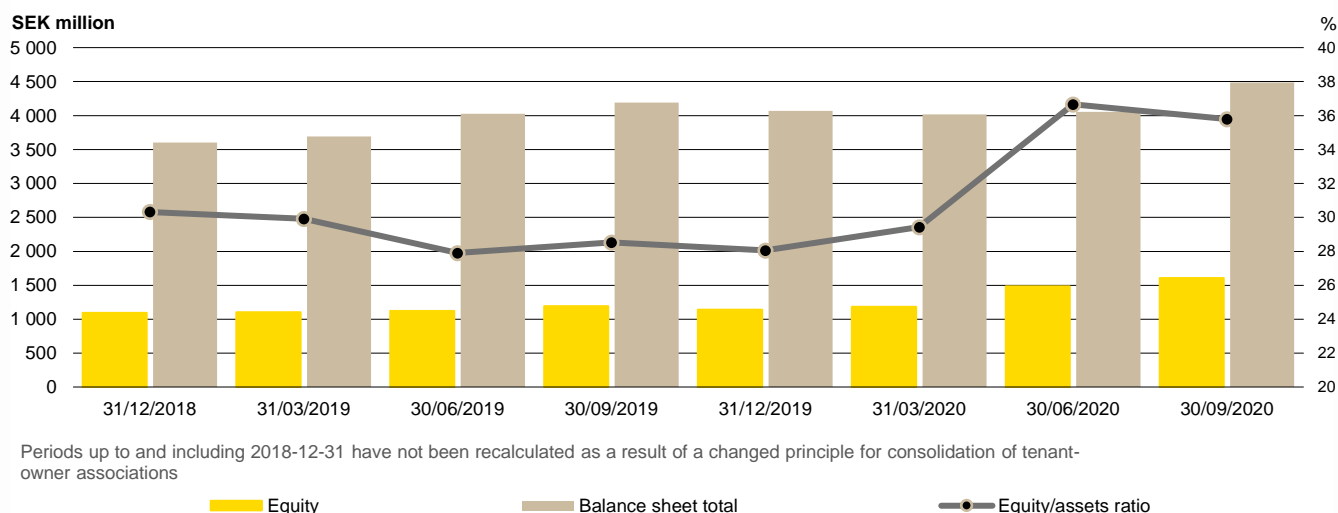




# Consolidated Condensed Statement of Changes in Equity

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 1/1/2019</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>599</b>	<b>156</b>	<b>1,093</b>
Adjustment consolidation of tenant-owned associations	-	-	-	-25	-3	-28
Dividend	-	-	0	-	-15	-15
Acquisition of non-controlling interests	-	-	-	1	-4	-3
Net profit/loss for the period	-	-	-	126	23	148
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 09/30/2019</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>700</b>	<b>157</b>	<b>1,195</b>
Dividend	-	-	0	-	-63	-63
Net profit/loss for the period	-	-	-	4	5	9
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 12/31/2019</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>704</b>	<b>99</b>	<b>1,141</b>
Opening equity 1/1/2020	151	187	0	704	99	1,141
Dividend	-	-	-	-	-21	-21
Net profit/loss for the period	-	-	0	450	36	486
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 9/30/2020</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>1,154</b>	<b>114</b>	<b>1,606</b>

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



# Condensed Consolidated Cash Flow Statement

Amounts in MSEK	2020 Jan-Sep	2019 Jan-Sep	2020 Jul-Sep	2019 Jul-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
<b>Operating activities</b>						
Profit/loss after financial items	497	204	145	106	487	194
Adjustments for non-cash items, etc						
Less share of profit/loss from associated companies and joint ventures	-12	-69	-41	7	-20	-77
Retained dividend from associated companies	-	-	-	-	10	10
Depreciation/amortization and impairment of assets	20	17	7	6	26	23
Fair value changes, investment properties	-96	-352	-126	-183	-92	-348
Capital gains/losses from the sale of development properties	-631	-2	-76	-10	-694	-65
Other profit/loss items that do not affect liquidity	10	9	5	3	14	13
Income tax paid	0	0	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-212</b>	<b>-193</b>	<b>-86</b>	<b>-71</b>	<b>-268</b>	<b>-249</b>
Decrease (+)/increase (-) of development and project properties	-521	-430	-121	-100	-408	-317
Decrease (+)/increase (-) in current receivables	857	421	338	276	942	506
Decrease (+)/increase (-) in current liabilities	66	28	92	1	80	42
<b>Cash flow from operating activities</b>	<b>190</b>	<b>-174</b>	<b>223</b>	<b>106</b>	<b>346</b>	<b>-18</b>
<b>Investing activities</b>						
Acquisition of intangible fixed assets	0	0	0	0	0	0
Acquisition of investment properties	-61	-153	0	-86	-190	-282
Acquisition of machinery and equipment	-5	-3	-1	0	-5	-3
Investment in financial assets	0	0	0	2	-11	-11
Disposal/reduction of financial assets	0	29	0	29	0	29
<b>Cash flow from investing activities</b>	<b>-66</b>	<b>-127</b>	<b>-1</b>	<b>-55</b>	<b>-206</b>	<b>-267</b>
<b>Financing activities</b>						
Issue of warrants	-	0	-	-	0	0
Borrowings	743	445	19	102	975	677
Repayment of borrowings	-1,074	-171	-235	-103	-1,167	-264
Dividend paid to minority interest	-28	-23	0	-13	-91	-86
Acquisition of non-controlling interests	-	-3	-	0	0	-3
<b>Cash flow from financing activities</b>	<b>-357</b>	<b>248</b>	<b>-216</b>	<b>-14</b>	<b>-281</b>	<b>324</b>
<b>Cash flow for the period</b>	<b>-233</b>	<b>-53</b>	<b>6</b>	<b>37</b>	<b>-141</b>	<b>39</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>441</b>	<b>403</b>	<b>200</b>	<b>313</b>	<b>350</b>	<b>403</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>206</b>	<b>350</b>	<b>206</b>	<b>350</b>	<b>206</b>	<b>441</b>

## Cash flow and cash equivalents

The consolidated cash flow from operating activities for the nine-month period was SEK 190 m (-174). Cash flow from operating activities for the twelve-month period ending 30 September 2020 amounts to SEK 346 m.

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 711 m (256), the corresponding figure for the twelve-month period amounts to SEK 754 m.

In connection with the handover, Magnolia Bostad receives 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 exit. 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 -66 m (-127) and was affected by investments in investment properties of SEK -61 m (-153) largely attributable to the Björnbäret project in Kalmar.

The cash flow from financing activities amounted to SEK -359 m (248) as a result of completed amortization.

Cash and cash equivalents as on 30 September 2020 amounted to SEK 206 m, compared with SEK 441 m on 31 December 2019. In addition to cash and cash equivalents, an unutilized credit facility of SEK 520 m (788) was available as on 30 September 2020, of which unutilized overdraft facility amounted to SEK 50 m.

# Parent Company Condensed Income Statement

Amounts in MSEK	2020 Jan-Sep	2019 Jan-Sep	2020 Jul-Sep	2019 Jul-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
Net sales	8	8	2	2	12	12
<b>Total income</b>	<b>8</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>12</b>	<b>12</b>
Central administration	-32	-18	-12	-5	-40	-26
<b>Operating profit/loss</b>	<b>-24</b>	<b>-10</b>	<b>-10</b>	<b>-3</b>	<b>-28</b>	<b>-14</b>
Financial income	68	93	22	29	218	243
Financial expenses	-96	-106	-29	-36	-132	-142
<b>Profit/loss after financial items</b>	<b>-52</b>	<b>-23</b>	<b>-17</b>	<b>-10</b>	<b>58</b>	<b>87</b>
Tax on profit/loss for the period	0	0	0	0	0	0
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-52</b>	<b>-23</b>	<b>-17</b>	<b>-10</b>	<b>58</b>	<b>87</b>

# Parent Company Condensed Balance Sheet

Amounts in MSEK	2020 30 Sep	2019 30 Sep	2019 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	1,488	1,777	1,880
Receivables from associated companies	0	0	0
Other receivables	0	0	1
Prepaid expenses and accrued income	2	0	2
<b>Total current receivables</b>	<b>1,490</b>	<b>1,777</b>	<b>1,883</b>
Cash and bank balances	51	12	20
<b>Total current assets</b>	<b>1,541</b>	<b>1,789</b>	<b>1,903</b>
<b>TOTAL ASSETS</b>	<b>1,695</b>	<b>1,942</b>	<b>2,057</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>365</b>	<b>307</b>	<b>417</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	1,137	1,132	1,157
<b>Total long-term liabilities</b>	<b>1,137</b>	<b>1,132</b>	<b>1,157</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	-	450	428
Liabilities to Group companies	166	21	22
Other current liabilities	2	1	3
Accrued expenses and deferred income	25	30	30
<b>Total current liabilities</b>	<b>193</b>	<b>502</b>	<b>483</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,695</b>	<b>1,942</b>	<b>2,057</b>

## Parent company

The parent company does not own any properties. Sales in the parent company primarily refers to invoicing of services to Group companies.

The parent company's loss after financial items was SEK 52 m (23).

The parent company's balance sheet total declined to SEK 1,695 m (2,057) after amortization of bond loans. The equity/assets ratio for the parent company was 21.5%, compared to 20.3% at the turn of the year.

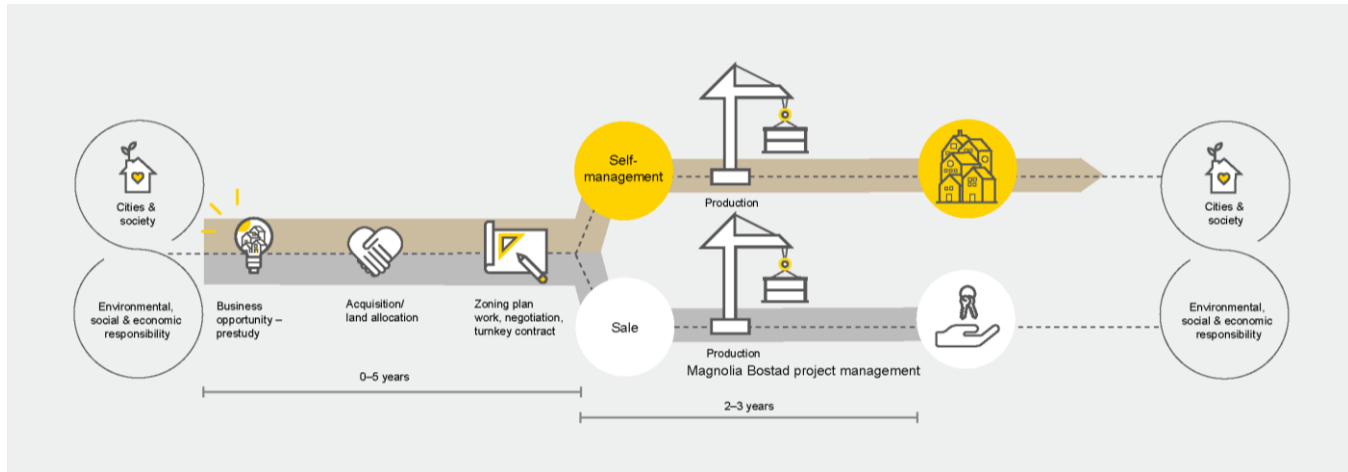


About 1 km north of Skellefteå in Västra Erikslid, a completely new residential area is planned close to nature and good bus connections with central Skellefteå. Magnolia Bostad will develop about 300 residential units here with different forms of tenure. The project will be designed as a wooden apartment block and certified according to the Swedish Green Building Council's silver certification. The vision is to create a sustainable society with diversity, community and security.

Magnolia Bostad wants to be an active and committed force in the places where the company operates. One way is by supporting girls' and women's football teams around Sweden who are good at promoting girls' and women's groups and happy to focus on CSR issues. Skellefteå FF is one of the clubs that Magnolia Bostad sponsors and its grant goes to homework preparation and Trygghetsvandring (Neighbourhood watch scheme) in town.

# Our business

*Magnolia Bostad mainly develops rental properties, but also tenant-owned apartments, community service properties and hotels. Development mainly takes place in Sweden's growth areas and major cities. By working with several products and forms of tenure, Magnolia Bostad achieves a good spread of risk and becomes an attractive partner for long-term collaboration. By developing different sized rental properties, tenant-owned apartments and also care housing, Magnolia Bostad enables a housing pathway throughout life.*



## Magnolia Bostad's business model creates value

Magnolia Bostad's business development department constantly monitors the market for business opportunities from either private or municipal players. Once attractive land has been identified, we carry out feasibility studies in the form of market analyses and revenue and cost estimates.

After completing the acquisition, Magnolia Bostad often runs a zoning plan at the same time as negotiating with building contractors for turnkey contracts for the projects. These are all planned to be certified in accordance with the Swedish Green Building Council's Silver certification or the Nordic Swan Ecolabel at an early stage. All projects are developed with a clear focus on value creation, where security, safety and measures that promote these aspects are prioritized.

A growing proportion of the projects are developed for self-management, often in the form of a joint venture with a financially strong partner. When these projects are completed, they contribute

long-term value growth and a continuous cash flow to the company.

Projects that are sold are done so at an early stage, generally before a building permit has come into force and before production has started. Buyers are usually financially strong institutions or property companies.

Magnolia Bostad manages and runs all projects until completion, a period that normally lasts 2-3 years

## Cities and communities

Magnolia Bostad's aim is for all projects to be environmentally certified according to the Swedish Green Building Council's Silver certification or the Nordic Swan Ecolabel. This means, among other things, higher requirements for energy consumption than legal requirements.

All projects must be developed in accordance with BoTryggt2030's guidelines to ensure that Magnolia Bostad creates safe and secure residential areas.

Magnolia Bostad wants to be an urban developer that creates value and works according to the company's values of security, integration, gender equality and health in the places we operate.

This is done partly through working with Botryggt2030 but also through the company's focus on football for young girls and women. Through its work, Magnolia Bostad promotes gender equality, integration and health in order to create security in the local area. Among other things, Magnolia Bostad has supported homework preparation, safe transport by bus to matches and healthy snacks before football training



The information on pages 19-26 refers to all building rights and residential units in each project and completed properties for self-management, including projects being developed in JVs.

### Building rights portfolio

As of 30 September 2020, the total number of estimated building rights amounts to 20,346. 9,022 estimated building rights were for sale, of which 2,482 were through JVs (pages 25-26), and 11,324 building rights in properties for self-management, that have not yet started production, of which 3,910 are owned by a JV (page 23).

### Projects in production

As of 30 September 2020, Magnolia Bostad had 46 projects in production for a total of 9,370 residencies, of which 7,131 were residential units for sale and 2,239 units under self-management. For more information about projects sold during production, see [ir.magnolia-bostad.se/en](http://ir.magnolia-bostad.se/en).

### Properties for self-management in production

As of 30 September 2020, Magnolia Bostad had 2,239 homes in production for self-management, of which 1,269 were through JVs (page 22). These properties are developed for long-term ownership and developed with the same high sustainability standards as when the company develops projects for sale.

### Sold projects in production

In projects that are being developed for sale, production started on 7,131 residential units. Of these, 7,006 were sold and revenue recognized, which corresponds to a sales ratio of 98.2%. The difference of 125 units is tenant-owned apartment that have not yet been sold in two tenant-owned apartment projects where production has already started.

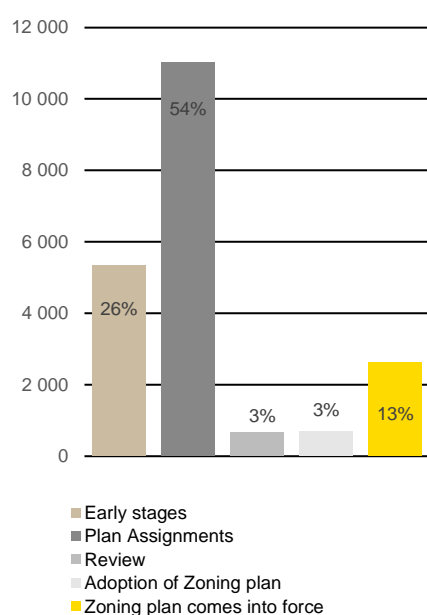
As of Q2 2020, Magnolia Bostad applied changed principles for the consolidation of tenant-owner associations in its financial reports and has chosen to make a corresponding change in the presentation of projects and properties. Binding agreements exist with tenant-buyers to

sell 118 of the 125 unsold homes. For further information, see page 27.

In sold rental property projects, Magnolia Bostad can, on behalf of and in collaboration with the purchaser, sell parts of sold rental property projects as tenant-owned apartments. During the 9-month period, 9 housing units were converted into tenant-owned apartments, of which 4 were in Q3.

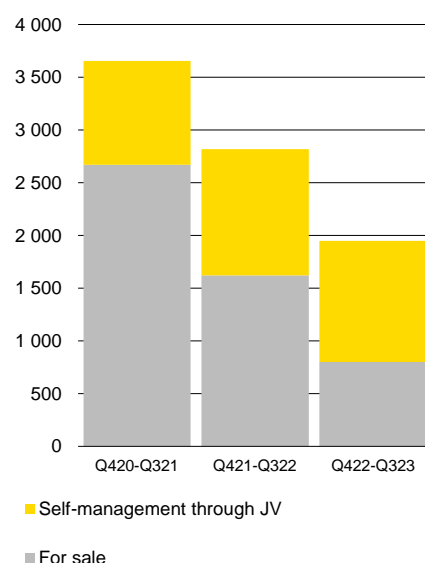
### Building rights portfolio<sup>1 2</sup>

- the proportion of estimated building rights in each zoning plan phase



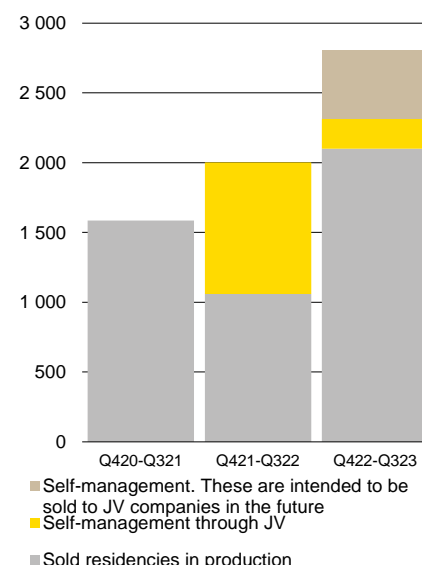
### Estimated production starts in the building rights portfolio<sup>2</sup>, coming 3 years

- no of residential units on rolling 12-month periods



### Estimated completion of projects in production<sup>2</sup>, coming 3 years

- no of residential units on rolling 12-month periods



<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

# Properties for self-management

*During the quarter, we increased the share of our building rights portfolio that is planned for self-management. This is to create the conditions for a long-term increase in the net asset value of the company and a stronger cash flow.*

Magnolia Bostad develops properties for self-management both on its own and in JV companies. In the long run, this will strengthen the balance sheet, provide an ongoing cash flow and long-term added value. In JVs, we contribute our development expertise, while our partner accounts for a larger share of the capital requirement.

When Magnolia Bostad develops properties for self-management, the company starts from the same high standards in terms of security, low energy consumption and smart mobility solutions as when it develops projects for sale.

## Financing

For self-managed properties we run ourselves, a building credit is used during the development phase and then financing with planned tied-up capital of 3-5 years.

To enable earlier project starts and secure financing, projects that are currently being developed for self-management alone will in future be sold to JV companies together with financially strong partners and continue to be developed by the JV.

Continued development by the JVs will be financed by external bank loans and shareholder contributions and shareholder loans from the JV's partners. In connection with the sale to the JV, Magnolia Bostad receives, in addition to reimbursed costs incurred, a surplus that can also finance contributions and lending to the JV.

Existing JVs have been granted construction loans totaling SEK 1,212 m to finance the development of production-started projects.

## The market<sup>1</sup>

The direct yields for rental property are at historically low levels. For newly produced rental property, direct yields were pushed down during the year to levels between 3.75 - 4.0%. Record low yields, below 4%, have also been noted for care homes, with long leases in modern facilities in large cities and regions with an aging population.

## Valuation of properties for self-management

Magnolia Bostad reports its properties for self-management at fair value in accordance with IAS 40 Investment Properties. Magnolia Bostad values all properties for self-management every quarter. To ensure the valuations, an external valuation of all properties for self-management is carried out annually.

In implemented valuations, direct yields in a range from 3.70% to 6.25% have been used.

Properties for self-management that are owned by JVs are measured at fair value within the JV, which affects the result of shares in associated companies and joint ventures and therefore the reported value of shares in associated companies and joint ventures.

## Building rights portfolio for self-management

When a zoning plan comes into force and after taking into account the initial

estimate of costs for demolition, development, planning costs, etc., of properties for self-management not yet production-started that are being run by the company alone, are currently considered to have a surplus value of SEK 5.6 billion, and properties for self-management not yet production-started that are being run in a JV, are estimated to have a surplus value of SEK 2.1 billion. For more information about the projects and estimated completion for each project see page 23.

Information about projects in production and non-production-started projects, is based on assessments of size, focus and scope and when in time projects are judged to be started and completed. Furthermore, the information is based on assessments of future investments and rental value. The assessments and assumptions involve uncertainties relating to the implementation of the projects, design and size, schedules, project costs and future rental value. Information about ongoing projects and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing. For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JVs. Magnolia

Bostad's share of earnings on page 22-23 amounts to 92% unless otherwise stated.

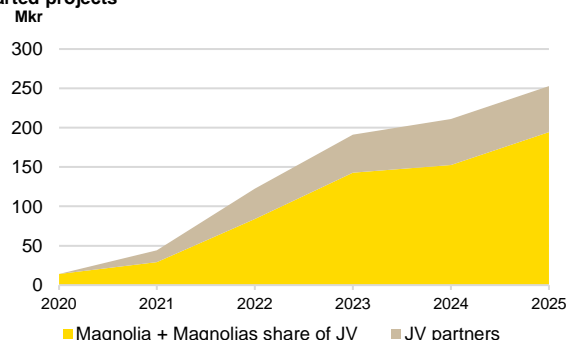
## Estimated earning capacity

The diagram shows the estimated earning capacity of self-management properties, partly for the portfolio but also divided between completed properties and self-management properties in production. All values are in 2020's monetary value.

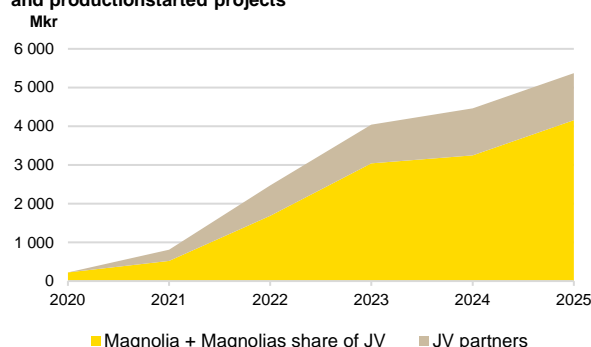
Operating and maintenance costs include operation, maintenance, property fees and administration, but not a share of Magnolia Bostad's costs for central administration. Financing costs are calculated at 3% based on an estimated loan ratio of 70% of the estimated property value.

The diagram below illustrates the rental value and property value of completed investment properties as of September 30, 2020, with additions to the expected rental value and property value for ongoing production of investment properties.

Rental development, completed and production-started projects



Value of completed investment properties, completed and production-started projects



Earning capacity (SEK m)	Total project portfolio	Completed	Under production	Not production started
Rental value	1,544	13	239	1,292
Vacancies	-11	0	-1	-10
<b>Rental income</b>	<b>1,533</b>	<b>13</b>	<b>238</b>	<b>1,282</b>
Operating and maintenance costs	-337	-3	-52	-282
<b>Net operating income</b>	<b>1,196</b>	<b>10</b>	<b>186</b>	<b>1,000</b>
Net financial items	-783	-5	-122	-657
<b>Net operating income after net financial items</b>	<b>413</b>	<b>6</b>	<b>64</b>	<b>343</b>
of which in JV	123	0	31	92
<b>Magnolia Bostads' share</b>	<b>351</b>	<b>6</b>	<b>48</b>	<b>297</b>

Rental value and earning capacity down to operating net after net financial items are based on the entire portfolio without adjustment for minorities and projects. A total of 68 completed homes, 2,239 homes in production and 11,324 not production started homes in the above earning capacity are included.

### Important information about assumptions

Information about earning capacity, rental development and property value of completed properties, ongoing production and non-production-started properties, includes assessments and assumptions. Operating and maintenance costs are estimated according to the standard rate and include operation, maintenance, any property fees and administration, but not a share of Magnolia Bostad's costs for central administration. Financing costs are calculated at 3% based on an estimated loan ratio of 70% of the assessed property value. The assessments and assumptions involve uncertainties and the information above should not be seen as a forecast.

Information about projects in production and non-production-started projects in the interim report, is based on assessments of size, focus and scope and when in time projects are judged to be started and completed. Furthermore, the information is based on assessments of future investments and rental value. The assessments and assumptions involve uncertainties relating to the implementation of the projects, design and size, schedules, project costs and future rental value. Information about ongoing projects and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing. For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JVs.

### Properties for self-mangement, completed

Project	Area, Municipality	Category	No. of apartments	Rentable space (m2)	Property value (SEK m)	Occupancy rate (%)	Property value per sq.m	Annual rental value (SEK m)
Orminge Centrum <sup>1</sup>	Orminge, Nacka	O	-	6,000	104	98	17,333	8
Adjutanten	A7-området, Visby	CSP	68	3,300	117	99	35,454	6
<b>Total</b>			<b>68</b>	<b>9,300</b>	<b>221</b>			<b>14</b>

<sup>1</sup> Magnolia Bostad's share of the profit amounts to 90%.

### Properties for self-management in production

Project	Area, municipality	Category	Est. number of ap.	Est. rentable space at completion (m2)	Est. completion	JV-partner
Norrskan	Centrala Östersund	CSP	80	5,800	2023	-
Drottninghög	Drottninghög, Helsingborg	CSP	129	6,200	2022	-
Väsjön Norrsåtra	Väsjön, Sollentuna	RU	210	9,200	2023	-
Orminge Hus 1	Orminge, Nacka	RU	206	10,200	2023	-
Söderbymalm	Handen, Haninge	RU	345	15,000	2025	-
<b>Total</b>			<b>970</b>	<b>46,400</b>		
Övre Bangården <sup>1</sup>	Centrala Östersund	RU	212	9,200	2021	Slättö
Kronandalen <sup>1</sup>	Kronandalen, Luleå	RU	117	5,100	2022	Slättö
Gjuteriet, etapp 2 <sup>1</sup>	Norra Munktelldalen, Eskilstuna	RU	115	5,850	2021	Slättö
Sportflygaren <sup>1</sup>	Södra Ladugårdsängen, Örebro	RU	180	8,350	2022	Slättö
Brogårdstaden <sup>1</sup>	Bro, Upplandsbro	RU	645	30,000	2022-2024	Heimstaden
<b>Total projects through JV</b>			<b>1,269</b>	<b>58,500</b>		
<b>Total</b>			<b>2,239</b>	<b>104,900</b>		
<b>Total Magnolia Bostads' share</b>			<b>1,605</b>	<b>75,650</b>		

<sup>1</sup> Part of JV. Magnolia Bostad's share of the profit amounts to 46%.

O=Office

RU=Rental unit,

CSP=Community service property, such as for example, care homes, schools and nurseries

## Properties for self-management, not yet production started

Name	Area, Municipality	Category	Estimated no. of ap.	Est. rentable space at completion (m2)	Est. completion	Zoning plan status	JV partner
Hasseludden	Nacka, Hasseludden	CSP	60	4,300	2022	● ● ● ● ●	-
Vårby Udde <sup>2</sup>	Huddinge, Vårby	A, CSP, H	1,800	115,000	-	● ● ○ ○ ○	-
Mesta	Eskilstuna, Mesta	CSP	54	3,950	2022	● ● ○ ○ ○	-
Österhagen	Huddinge, Länna	CSP	80	5,300	2022	● ● ○ ○ ○	-
Bunkeflostrand <sup>2</sup>	Malmö, Limhamn	A, CSP	1,300	59,400	-	● ● ○ ○ ○	-
Sländan, etapp 3 <sup>2</sup>	Södertälje, Centrum	A	250	12,700	2024	● ● ○ ○ ○	-
Grimsta 5:2 (Infra) <sup>2</sup>	Upplands Väsby, Infra	A, CSP, H	890	41,200	2025-2026	● ● ○ ○ ○	-
Edvinshem 3	Ystad, Edvinshem	A	200	9,500	2023	● ● ○ ○ ○	-
Frihamnen <sup>2</sup>	Göteborg, Lundbyvassen	A	150	7,500	2026	● ● ○ ○ ○	-
Lommarstranden 1 <sup>2</sup>	Norrtälje, Lommarstranden	A	200	11,200	2024	● ● ● ○ ○	-
Lommarstranden 2 <sup>2</sup>	Norrtälje, Lommarstranden	A	120	6,000	-	● ○ ○ ○ ○	-
Norrbacka <sup>2</sup>	Sigtuna, Norrbacka	A, CSP	310	16,000	2023	● ○ ○ ○ ○	-
Kvarnsjödal <sup>2</sup>	Botkyrka, Tumba	A, CSP	2,000	130,000	-	● ○ ○ ○ ○	-
<b>Total project under own self-management</b>			<b>7,414</b>	<b>422,050</b>			
Örnäs <sup>1</sup>	Upplands. Bro, Bro	A	145	6,500	2024	● ● ○ ○ ○	Heimstaden
Näsängen <sup>1</sup>	Åkersberga, Österåker	A	1,770	110,000	2025-2035	● ● ○ ○ ○	Heimstaden
Hede <sup>1</sup>	Hede, Kungsbacka	A	1,600	76,000	-	● ○ ○ ○ ○	Heimstaden
Barkabystaden <sup>1</sup>	Barkaby, Järfälla	A	395	17,800	2024	● ● ● ● ●	Slättö
<b>Total projects through JV</b>			<b>3,910</b>	<b>210,300</b>			
<b>Total</b>			<b>11,324</b>	<b>632,350</b>			
<b>Total Magnolia Bostad's share</b>			<b>9,369</b>	<b>527,200</b>			

<sup>1</sup> Part of JV. Magnolia Bostad's share of the profit amounts to 46%.

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

A=Apartment (will be RU and/or TO), RU=Rental unit, CSP=Community service property, such as for example, care homes, schools and nurseries

● ● ● ● ● = Zoning plan comes into force  
 ● ● ● ● ○ = Adoption of zoning plan  
 ● ● ● ○ ○ = Review  
 ● ● ○ ○ ○ = Plan Assignment  
 ● ○ ○ ○ ○ = Early stages



## Compilation, properties in self-management

total completed projects, projects in production and projects not yet production started

	Estimated no. of ap.	Rentable space upon completion (sqm)	Reported value (SEK m)	Remaining investment (SEK m)	Est. value upon completion (SEK m)	Estimated annual rental value upon completion (SEK m)
Properties in self-management, completed	68	9,300	221	-	221	14
Properties in self-management, in production	2,239	104,900	1,363	2,926	5,146	239
Properties in self-management, not in production	11,324	632,350	723	19,623	28,065	1,292
<b>Total</b>	<b>13,631</b>	<b>746,550</b>	<b>2,307</b>	<b>22,549</b>	<b>33,432</b>	<b>1,545</b>
<b>Total Magnolia Bostad's share</b>	<b>11,042</b>	<b>612,150</b>	<b>1,736</b>	<b>18,865</b>	<b>27,923</b>	<b>1,313</b>

Reported value in the table above is reported either in Magnolia Bostads statement of financial position or on the statement of financial position of the JV company depending on ownership. Remaining investment is likewise split between investments that Magnolia Bostad will make on own investment properties and investments that the JV companies will make. Investments in JV companies will be funded by external loans, shareholder contributions and shareholder loans.

### Important information about assumptions

Information about projects in production and non-production-started projects in the interim report, is based on assessments of size, focus and scope and when in time projects are judged to be started and completed. Furthermore, the information is based on assessments of future investments and rental value. The assessments and assumptions involve uncertainties relating to the implementation of the projects, design and size, schedules, project costs and future rental value. Information about ongoing projects and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing. For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JVs.

# Projects for sale

The production process starts when the zoning plan has come into force, a turn-key contract has been signed, and a binding sales agreement has been signed. Larger projects usually start production in multiple stages of 200-300 residential units per stage.

Magnolia Bostad aims to achieve a margin of at least 10% for all projects that are being developed for sale.

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 plan processes, decisions by government authorities or undetermined dates for vacancy, these assessments and thus the final outcome for each project may change over time.

## The market<sup>1</sup>

Most forecasts indicate that the worst crisis has passed and that the economy started to recover during the summer.

However, there is still uncertainty about the market situation, which has continued to favour property investments with safe cash flows. As in the previous quarter, rental property was the largest segment in the transaction market<sup>2</sup> and accounted for 36% of the transaction volume during Q3 and 27% during the first three quarters of the year.

The proportion of transactions relating to unfinished projects that has increased sharply in recent years, amounted to 50% of the rental property volume during Q3. In total, rental property worth SEK 35 billion was sold during the first three quarters of the year.

The direct yield for rental property is at historically low levels. This is an effect of good access to capital, lack of alternative investments that may exceed rental property's risk-adjusted return and a demand that exceeds supply. Care homes with long-term leases in modern facilities in large cities and regions with an aging population also have record low direct yields. This means a continued good

market for newly produced rental accommodation and care homes.

## Financing

The projects are sold at an early stage through forward funding to major Swedish institutions or other reputable partners. Magnolia Bostad's customers are therefore financially strong and less cyclically sensitive than many other buyers. Through forward funding, Magnolia Bostad's financing needs are reduced and with that the risk to company's operations as well. The projects are financed by the buyer during the production period.

<sup>1</sup> Source: Savills

<sup>2</sup> Transactions over SEK 25 m

## Projects not yet production started – projects for sale

The information on pages 25-26 refers to all residential units in each project, including projects being developed in JVs. Magnolia Bostad's share of earnings amounts to 92% unless otherwise stated.

Name	Municipality	Area	Category	Estimated number of building rights	Estimated GFA/MUA/UFA (sqm)	Zoning plan status	Planned buyer
Åkermynatan	Borås	Bergsäter	A	430	18,900	●●●●○	Heimstaden agreement
Nya Hovås	Göteborg	Nya Hovås	A	185	8,300	●●●●●	Heimstaden agreement
Gamlestaden hotell <sup>4</sup>	Göteborg	Gamlestaden	H	240	7,600	●●●●●	
Frihamnen H <sup>4</sup>	Göteborg	Lundbyvassen	H	300	11,000	●●○○○	
Mejeriet <sup>2</sup>	Helsingborg	Filborna	A	540	30,000	●○○○○	Heimstaden agreement
Västerhaninge	Haninge	Västerhaninge	A	500	30,000	●●○○○	
Torgkvarteren <sup>2</sup>	Håbo	Centrala Bålsta	A	325	21,500	●●●○○	Heimstaden agreement
Ängloket <sup>2</sup>	Knivsta	Centrala Knivsta	A	415	17,150	●●●●●	Heimstaden agreement
Orminge Hus 2	Nacka	Orminge Centrum	CSP	80	5,130	●●●○○	
Nykvarn <sup>3</sup>	Nykvarn	Centrala Nykvarn	A	285	13,000	●●●●●	

Name	Municipality	Area	Category	Estimated number of building rights	Estimated GFA/MUA/UFA (sqm)	Zoning plan status	Planned buyer
Södra Häggviks Gårdar <sup>1</sup>	Sollentuna	Stinsen, Häggvik	A, CSP	1,500	94,000	● ● ● ● ●	
Bredängshöjden <sup>2</sup>	Stockholm	Bredäng	A	700	35,000	● ● ● ● ●	Heimstaden agreement, part of project
Årstaberg 2	Stockholm	Årsta	A	120	6,500	● ● ● ● ●	
Erstavik <sup>3</sup>	Stockholm	Erstavik	CSP	72	5,180	● ● ● ● ●	
Årstaberg 1	Stockholm	Liljeholmen	A	100	5,500	● ● ● ● ●	Heimstaden agreement
Oktaven	Stockholm	Skärholmen	A	110	5,830	● ● ● ● ●	
Skarpnäcksgård 1:1	Stockholm	Skarpnäck	A	90	4,200	● ● ● ● ●	Heimstaden agreement
Ursvik II	Sundbyberg	Ursvik	A	200	9,720	● ● ● ● ●	
Norra kajen <sup>2</sup>	Sundsvall	Norra Kajen	A	525	24,540	● ● ● ● ●	
Finnkajen <sup>4</sup>	Sundsvall	Stenstaden	H	270	10,500	● ● ● ● ●	
Örnäs, småhus <sup>5</sup>	Upplands Bro	Bro	A	255	27,000	● ● ● ● ●	
Brogårdstaden, småhus <sup>5</sup>	Upplands Bro	Bro	A	140	16,000	● ● ● ● ●	
Senapsfabriken <sup>2</sup>	Uppsala	Centrala Uppsala	A	700	29,000	● ● ● ● ●	
Näsängen, småhus <sup>5</sup>	Österåker	Åkersberga	A	230	26,000	● ● ● ● ●	
Solfjädern	Örebro	Tamarinden, Örebro	A	180	7,900	● ● ● ● ●	
Nätverket <sup>2</sup>	Österåker	Åkersberga	A	335	9,600	● ● ● ● ●	Heimstaden agreement
Hagby Park <sup>2</sup>	Österåker	Åkersberga	A	195	10,300	● ● ● ● ●	Heimstaden agreement
<b>Total estimated apartments</b>				<b>9,022</b>	<b>489,350</b>		

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

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

<sup>3</sup> Part of JV. Magnolia Bostad's share of the profit amounts to 46%.

<sup>4</sup> Magnolia Bostad's share of the result amounts to 76%.

<sup>5</sup> Part of JV. Magnolia Bostad's share of the profit amounts to 23%.

A=Apartments (will be RU and/or TO), CSP=Community service property, such as for example, care homes, schools and nurseries, H=Hotel

● ● ● ● ● = Zoning plan comes into force

● ● ● ● ● = Adoption of Zoning plan

● ● ● ● ● = Review

● ● ● ● ● = Plan Assignments

● ● ● ● ● = Early stages

# 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. Financial Reporting are provided as both notes and in other places in the interim report.

## Changed accounting principles for tenant-owner associations

Magnolia Bostad follows the development of accounting practices and has,

from Q2 2020, consolidated tenant-owner associations until the time the final home buyers move into their apartments, as a result of the change in accounting practices of property developers during the year. This means that Magnolia Bostad will report tenant-owned apartment projects in the balance sheet as ongoing work in the asset item development and project properties, as well as interest-bearing short-term liabilities. Transactions between Magnolia Bostad and the respective tenant-owners associations have been eliminated as a result of this amended reporting. Income and costs for the projects are reported when the home buyers take possession of their apartment.

As a result of the previous principles, Magnolia did not consolidate tenant-owner associations and thus reported income and costs at the time the tenant-owner association signed an agreement to acquire tenant-owned apartment projects from Magnolia.

All comparative figures for 2019 have been recalculated unless otherwise stated. For the effects on earnings and balance sheet for 2019 see the tables below.

Amounts in MSEK	2019 jan - sep			2019 jul - sep			2019 jan - dec		
	Previous reporting	Adjustment tenant-owner associations	New reporting	Previous reporting	Adjustment tenant-owner associations	New reporting	Previous reporting	Adjustment tenant-owner associations	New reporting
Operating income and expenses									
Net sales	493	-98	395	54	65	119	751	145	896
Production and operating costs	-507	86	-421	-56	-66	-122	-707	-159	-866
Gross profit/loss	-14	-12	-26	-2	-2	-4	44	-14	30
Central administration	-62	-	-62	-25	-	-25	-89	-	-89
Profit/loss from participations in associated companies and joint ventures	69	-	69	-6	-	-6	77	-	77
Changes in fair value of investment properties	352	-	352	183	-	183	348	-	348
Operating profit/loss	345	-12	333	150	-2	148	380	-14	366
Financial income	10	-	10	6	-	6	17	-	17
Financial expenses	-139	-	-139	-48	0	-48	-189	0	-189
Profit/loss before tax	216	-12	204	108	-2	106	208	-14	194
Income tax	-56	-	-56	-33	0	-33	-37	0	-37
Net profit/loss for the year	160	-12	148	75	-2	73	171	-14	157

Amounts in MSEK	30/06/2019			30/09/2019			31/12/2019		
	Previous reporting	Adjustment tenant-owner associations	New reporting	Previous reporting	Adjustment tenant-owner associations	New reporting	Previous reporting	Adjustment tenant-owner associations	New reporting
Other long-term receivables	606	-38	568	554	-11	543	578	-15	563
Other long-term assets	716	-	716	1,022	-	1,022	1,143	-	1,143
Total non-current assets	1,322	-38	1,284	1,576	-11	1,565	1,721	-15	1,706
Development and project properties	1,119	310	1,429	1,180	310	1,494	1,114	268	1,382
Other current assets	1,484	-172	1,312	1,306	-176	1,130	1,164	-185	979
Total current assets	2,603	138	2,741	2,486	138	2,624	2,278	83	2,361
Total assets	3,925	100	4,025	4,062	127	4,189	3,999	68	4,067
Equity	1,161	-38	1,123	1,236	-41	1,195	1,183	-42	1,141
Total provisions/long-term liabilities	1,722	37	1,759	1,762	8	1,770	1,778	8	1,786
Current liabilities	1,042	101	1,143	1,064	160	1,224	1,038	102	1,140
Total equity and liabilities	3,925	100	4,025	4,062	100	4,189	3,999	68	4,067

The accounting principles have otherwise remained unchanged compared with the annual report last year.

## 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 36 m, SEK -7 m is attributable to Fredrik Lidjan AB's (FLAB's) share of the profit in Magnolia Holding 3 AB, SEK 50 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 the profit in Magnolia Hotellutveckling 2 AB.

Of the period's distributed dividends to holdings without controlling influence of SEK 21 million, SEK 7 m is attributable to FLAB's share of Magnolia Holding 3 AB and SEK 14 m attributable to FLAB's share of Magnolia Holding 4 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 35 in the company's Annual Report for 2019 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 risk 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 74-75 and Note 3

in the company's Annual Report for 2019.

## Fair value of financial instruments

The fair value of financial assets and liabilities is considered to correspond in all material respects to the book values of all financial instruments except bond loans, where the fair value is estimated to amount to SEK 1,052 m (1,427) compared with the book value of SEK 1,019 m (1,441). Bond loans belong to the category of financial liabilities valued at accrued acquisition value. The fair value of bond loans has been determined in accordance with level 1 in the fair value hierarchy in accordance with IFRS 13. No changes have occurred in the fair value hierarchy of financial instruments.

## Warrants

Magnolia Bostad has issued warrants both 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 2019. 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, 200,000 of the warrants were offered to key employees at the subsidiary, all of which have been acquired by and assigned to key employees. 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.

## Seasonal variations

Magnolia Bostad's revenue recognition means that full earnings are recognized 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 a minimum of Sweden Green Building Council, the Nordic Swan Ecolabel or an equivalent. In addition, it is now a matter of routine to complete two environmental audits for all projects: one in the project planning phase and one in the production phase.

In order to promote equality, diversity and integration, Magnolia Bostad supports women's and girls' soccer.

For further descriptions of Magnolia Bostad's sustainability work, see pages 47–67 in the company's Annual Report for 2019.

## Organization

Magnolia Bostad's organization is divided into the following departments: Business Development, Project Development, Business Generation, Community Service Properties, Tenant-owned apartments, Magnolia Architect, Marketing and Communications, Legal and Finance. As of 30 September 2020, the company had 111 (101) employees. Of the number of employees, 65 (56) were women and 45 (45) were men at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå. Comparative information refers to 31 December 2019.

As of 30 September 2020, management consisted of five people. For more information about Magnolia Bostad's executive management, see [www.magnoliabostad.se](http://www.magnoliabostad.se)

Stockholm 22 October 2020,  
Magnolia Bostad AB (publ)  
The Board of Directors



# Auditor's report

*THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL*

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

## **Introduction**

We have reviewed the condensed interim report for Magnolia Bostad AB (pub) as at September 30, 2020 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 22 October 2020  
Ernst & Young AB

Fredric Hävrén  
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.

### *Realized value growth*

Revenue from sales of management properties minus acquisition cost, accumulated investments and cost of sale.

### *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 changes in value of investment properties and additions for realized value growth 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).*

## Alternative KPIs

*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 de-

cisions 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 self-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

### *Occupancy rate, %*

Leased area in relation to leasable area.

### *Zoning plan process*

The zoning plan process is a municipal process that can be affected by a number of factors and thus delayed due to, for example, political change or changed conditions in the development area. An appeal against the adopted plan can delay the process by up to 18 months.

# Quarterly overview

		2020				2019			2018
	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	
Net sales (SEK million)	281	1,058	446	502	119	243	33	42	
Operating profit/loss (SEK million)	187	348	88	34	148	67	119	-33	
Profit/loss after tax (SEK million)	119	324	41	10	73	33	43	-86	
Earnings per share (SEK) <sup>1</sup>	3.00	7.92	0.95	0.11	1.64	0.74	0.93	-2.12	
Equity (SEK million)	1,606	1,486	1,182	1,141	1,195	1,123	1,104	1,093	
Equity per share (SEK) <sup>1</sup>	39.45	36.46	28.50	27.55	27.44	25.83	25.04	24.77	
Equity/assets ratio (%)	35.8	36.7	29.4	28.1	28.5	27.9	29.9	30.3	
Cash flow from operating activities (SEK million)	223	-86	-24	209	53	-208	-72	-168	
Cash flow from the operating activities, per share (SEK)	5.9	-2.3	-0.6	5.5	1.4	-5.5	-1.9	-4.4	
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	

<sup>1</sup> Excluding the minority

Data for 2018 have not been recalculated for changed management of tenant-owner associations

## Financial calendar

- Year-End Report January – December 2020: 24 February 2021
- Annual Report 2020: March 2021
- Interim Report January – March 2021: 23 April 2021
- Annual General Meeting 2021: 27 April 2021

## Teleconference Q3 2020

11:15 a.m. CEST on 22 October 2020

Call one of the following telephone numbers to participate  
Sweden: +46 8 566 427 06 UK: +44 333 300 9261

Listen to the teleconference at :

<https://financialhearings.com/event/12966>

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

## Contact

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fredrik.lidjan@magnoliabostad.se

Fredrik Westin, CFO  
fredrik.westin@magnoliabostad.se

## Investor Relations

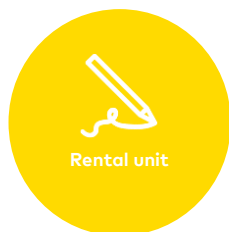
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*The information Magnolia Bostad publishes in this report is required in accordance with the EU Market Abuse Regulation (EU) No 596/2014. The information was submitted for publication, through the agency of the contact persons, on 22 October 2020 at 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.

# This is Magnolia Bostad



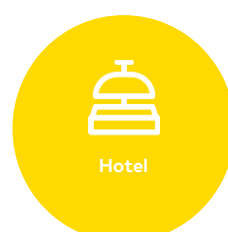
Rental unit



Tenant-owned



Community Service Properties



Hotel

## Business concept

Magnolia Bostad is an urban developer that develops and manages attractive, sustainable living environments with a good profitability.

## Our business

Magnolia Bostad develops safe housing and districts where conditions must exist for people to enjoy and live a sustainable life for a long time. The company's goal is for all projects to be environmentally certified according to the Swedish Green Building Council's Silver certification or the Nordic Swan Ecolabel, and for all projects to be developed in accordance with BoTrygg2030's guidelines to create safe and secure residential areas.

## 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's project portfolio consists of about 20,000 building rights that are steadily maturing. The project portfolio has a high level of the type of housing currently in demand in Sweden.

### Balanced risk

The company's land acquisitions are usually conditional on the zoning plan coming into force and are always based

on a calculation for the development of rental housing. This gives us the opportunity of profitably developing different forms of tenure. We balance risks related to costs, income and liquidity partly by selling projects at an early stage, and partly by forming JVs with financially strong partners in the development of properties for self-management.

### 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 building companies and other partners.

### Sustainable urban development

We take responsibility by developing safe housing and neighbourhoods, while working to reduce our environmental impact. We also care about developing attractive-looking urban districts that will last a long time. We work actively to reduce our environmental and climate impact and develop safe neighbourhoods in

accordance with BoTrygg2030's guidelines.

## 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, 3 to 5 community service properties and 1-2 hotels.

## 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)



# MAGNOLIA

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