

**MAGNOLIA**

**Magnolia Bostad  
Interim Report**  
1 January – 30 June  
2016

**Q2**

# April–June 2016

## The quarter in brief

SEK million	Q2	
	2016	2015
Net sales	433.5	88.8
Operating profit/loss	115.4	53.8
Profit/loss after tax	86.2	37.2
Earnings per share (SEK)	1.71	0.86
Equity (June 30)	904.3	651.9
Equity per share (SEK)	20.63	15.28

## Significant events during the quarter

- Acquisition of building rights for around 700 apartments in central Södertälje. The company at the same time sells to SPP Fastigheter 436 rental apartments that will be developed in the project's first phase. The property value at completion is estimated to amount to approximately SEK 750 million.

- Sale of 454 rental apartments in the Senapsfabriken project, phase 1 Uppsala, to SEB. The property value at completion is estimated to amount to approximately SEK 1 billion.
- Sale of more than 300 rental apartments in the Tegelslagaren and Tegelmästaren projects in Vallentuna to SEB. The property value at completion is estimated to amount to approximately SEK 500 million. The transaction is conditional on the buyer's financing and the revenue has thus not been recognized.
- Acquisition of the Senapsfabriken project, phase 3 in Uppsala, which consists of more than 14,000 sqm of land and approximately 4,000 sqm of leased space. Magnolia Bostad will pursue the local plan to develop the building rights for the property and intends to build around 700 apartments. The underlying property value amounts to SEK 150 million.
- Magnolia Bostad wins another two land allocation competitions, one in the new neighborhood in Örebro Municipality, Södra Ladugårdsängen, and one in Åkersberga in Österåker Municipality. The land allocations refer to a total of 410 apartments.
- Issue of a secured bond loan for SEK 600 million with an interest rate of STIBOR 3m +6.25 percent, which has been admitted for trading on Nasdaq First North Bond Market.
- The company has reserved around SEK 28 million in the Nyby Lilium project in Uppsala during the quarter as the company and the Municipality have made different interpretations of the local plan, which resulted in a lower degree of development than previously estimated.
- Employment of additional 12 staff members. After these recruitments, Magnolia Bostad employs a total of 46 persons.

## Key ratios – Group

SEK million	2016 April–June	2015 April–June	2016 Jan–June	2015 Jan–June	2015 Jan–Dec
Net sales	433.5	88.8	643.4	108.1	875.7
Operating profit/loss	115.4	53.8	214.8	199.8	357.1
Operating margin (%)	26.6	60.6	33.4	184.8	40.8
Profit/loss after financial items	86.2	37.2	172.0	175.9	307.3
Net profit/loss for the period	86.2	37.2	172.0	175.9	306.7
Cash flow from operating activities	-235,3	-90.5	-257,4	-59.6	-149,5
Return on equity (%)	8.5 <sup>1)</sup>	9.2 <sup>1)</sup>	19.3 <sup>1)</sup>	67.6 <sup>1)</sup>	61.8 <sup>1)</sup>
Equity/assets ratio (%)	37.7	38.8	37.7	38.8	40.8
Earnings per share after tax (SEK)	1.71 <sup>1)</sup>	0.86 <sup>1)</sup>	3.72 <sup>1)</sup>	4.53 <sup>1)</sup>	7.60 <sup>1)</sup>
Number of basic outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283
Number of outstanding shares after full dilution	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>	37,982,283 <sup>2)</sup>
Return on total equity (%)	5.4	4.3	10.1	16.2	26.8
Interest coverage ratio (multiple)	3.9	3.3	4.9	8.2	6.9
Equity per share (SEK)	20.63 <sup>1)</sup>	15.28 <sup>1)</sup>	20.63 <sup>1)</sup>	15.28 <sup>1)</sup>	17.90 <sup>1)</sup>

<sup>1)</sup> Excluding the minority <sup>2)</sup> 160,000 warrants are held by the Magnolia Bostad Group.

# Magnolia Bostad reports the second quarter 2016

During the second quarter of the year, the project portfolio experienced a high rate of growth. We grew by around 1,500 apartments since the end of the first quarter of 2016 and now have more than 9,000 planned apartments in the portfolio, which constitutes an increase of almost 60 percent over a 12-month period. Through the acquisitions we made during the quarter, we also established ourselves in two new cities, Södertälje and Åkersberga.

Magnolia Bostad is reporting today on the second quarter of 2016. The company is reporting an operating profit for the period of SEK 115.4 million (53.8). Profit after tax was SEK 86.2 million (37.2).

## Transactions during the quarter

In May Magnolia Bostad sold the first phase of the Senapsfabriken project, which consists of 454 rental units, to SEB's residential fund, Domestica III.

Magnolia Bostad acquired the majority of the Senapsfabriken project in 2015 and as a result the project was revalued during the transition from an associated company to a subsidiary. As a result of this revaluation, consolidated equity increased by just under SEK 90 million for the land that was sold in May. The profit that had previously been recorded for accounting purposes were therefore realized as a result of this transaction. An additional positive outcome was that the sales proceeds for the land upon closing of the transaction, amounts to SEK 300 million.

The third phase, consisting of approximately an additional 700 apartments, of the Senapsfabriken project began in June when we acquired an adjacent property to phases 1 and 2. The Senapsfabriken block currently consists of projects for around 2,200 apartments, of which Magnolia Bostad's share amounts to 1,800.

During the second quarter, we also made an acquisition in Södertälje. Some of the rental apartments that



will be developed on the property were sold to SPP Fastigheter. A divestment was also made in Valentuna to SEB's residential fund, Domestica II. The transaction is Magnolia Bostad's fifth with SEB and is conditional on the buyer's financing.

We also worked actively with land allocation competitions and during the quarter won two: one in Örebro, where we previously have projects in Södra Ladugårdsängen, and one in Åkersberga. For these land allocations, Magnolia Bostad plans

to build a total of 410 apartments, and construction is planned to start in 2017.

## Financing

During the second quarter, we issued a bond totaling SEK 600 million. The considerable interest in this bond illustrates the investors' faith in Magnolia Bostad and thanks to the new funding we are well-equipped to become the leading developer of housing in Sweden.

## Continued growth

Magnolia Bostad is undergoing a very expansive phase, both in terms of new residential projects and recruiting. During the quarter, we strengthened the organization with no less than twelve new employees in Stockholm and Helsingborg. Fredrik Westin will take over during the fall as the new CFO and join the management team. The current CFO and Vice President, Erik Rune, will continue in his role as Vice President and become the head of the Business Development department. Women now represent 50 percent of the organization, which we think is fantastic given that we are active in what is traditionally a very male-dominated industry.

Our ambition during the second half of 2016 is to continue to expand our project portfolio at the same, fast rate.

Stockholm, August 2016

# Market

## Market trends

The construction of residential projects has accelerated significantly over the past two years in Sweden, and production is currently estimated to be at around 45,000 to 50,000 residential units per year for the years 2015 – 2016. However, the rate of residential construction is still not meeting the need, which means that the deficiency is instead being deferred to the future. In June 2016, the National Board of Housing, Building and Planning revised its forecast for the need for residential construction for the next ten years (up to 2025), which is now judged to be 710,000 homes. A large percentage of these homes, 440,000, are judged to be needed already by 2020, which means an average annual rate of 88,000 new homes.

The investment market during the second quarter was marked by a strong demand for residential properties, which according to Newsec represented 25 percent of the total transaction volume. The transaction volume in the second quarter (transactions greater than SEK 100 million) amounted to around SEK 62 billion, compared to the previous quarter, which was at just above SEK 25 billion. The total transaction volume for the first six months of 2016 amounted to SEK 87 billion compared to SEK 58 billion for the same period in 2015.

In terms of volume during the first six months of 2016, according to Newsec the largest individual segment, commercial properties, represented 44 percent. Residential properties were the second-largest segment, with 23 percent of the total transaction volume.

The total transaction volume in 2016 is estimated to be SEK 150-170 billion (transactions greater than SEK 100 million). The total transaction volume (transactions greater than SEK 100 million) for 2015 amounted to SEK 134 billion, which was a high level but slightly lower than the transaction volume for 2014 (SEK 149 billion).

### *Rental apartments*

According to IPD Svenskt Bostadssindex, the total return on residential properties in Sweden was 10.6 percent in 2015, of which the value increased by around 7 percent (the figures are based on IPD Svenskt Fastighetsindex and residential properties from 19 municipally owned residential firms).

The yield requirement for centrally located residential properties in the metropolitan areas of Stockholm, Gothenburg and Malmö has fallen steadily since 2008. This development shows that the residential sector is judged to be a stable investment sector facing low risks. The yield requirement for centrally located residential properties in the best locations in Stockholm, Gothenburg and Malmö during the start of 2016 is estimated by Newsec to be 1.70 percent, 2.00 percent and 2.80 percent, respectively.

### *Tenant-owned apartments*

In the past month, prices for tenant-owned apartments have declined slightly on a national level, -1 percent. However, on an annual basis, prices for tenant-owned apartments have increased by 10 percent. According to Mäklarstatistik, a record number of tenant-owned apartments and single-family homes were sold during both the second quarter of the year and the first six months of the year. Last year's corresponding periods, which then also recorded all-time highs, were surpassed by 2-3 percent. Despite the record-setting volume this year, 15 percent fewer objects were sold in June than in the same month last year. This is an indication that many people made a point of buying and selling before the amortization requirement went into effect on June 1.

The housing markets in the metropolitan areas have been very strong the past two years. After several years during which there were signs that the market was overheating, real estate agents are now reporting that the housing markets of the metropolitan areas clearly slowed in the second quarter. According to SBAB's Mäklarbarometer, demand, prices and bids have slowed and the time-to-sale has increased. The expectation going into the third quarter is that demand and prices will continue to slow and time-to-sale will take longer and be subject to fewer bids.



## Tegelslagaren and Tegelmästaren Åby Ängar, Vallentuna

In Åby Ängar in central Vallentuna Magnolia Bostad will build two blocks consisting of around 300 rental apartments. The apartments will vary in size from 1 to 4 rooms and a kitchen and will have private inner courtyards. The bottom floors will have space for commercial premises and garages will be built in the basement.

The apartments were sold in June 2016 to SEB's residential fund, Domestica II, and the transaction is conditional on the buyer's financing.

### Project facts

Location: Central Vallentuna  
Type of ownership: Rental  
Scope: 300 apartments  
Architect: ETTTELVA Arkitekter  
Planned occupancy: 2018–2019

# Magnolia Bostad Project Portfolio

The tables below and on the next page show ongoing and future projects, sold projects in production and properties being sold as of June 30, 2016. Associated companies are not included.

ONGOING AND FUTURE PROJECTS			Type of ownership	Planned No. of housing units	Gross area (sqm)	Living area (sqm)	Phase	Estimated prod. start	Estimated completion
Project	Property	City							
Varvet Townhouse <sup>1)</sup>	Varvet 4 & Part of Varvet 2	Kanikenäsholmen, Karlstad	TO	8	800	700	●	2016	2018
Segelflygaren <sup>1)</sup>	Glidplanet 1	Södra Ladugårdsängen, Örebro	R	210	13,500	10,000	●	2016	2018
Tegelslagaren <sup>1)</sup>	Vallentuna-Åby 1:166	Åby Ängar, Vallentuna	R	157	8,100	6,150	●	2016	2019
Tegelmästaren <sup>1)</sup>	Vallentuna-Åby 1:171	Åby Ängar, Vallentuna	R	160	8,100	5,950	●	2016	2019
Senapsfabriken, phase 2 <sup>2)</sup>	Kungsängen 25:1, block 3	Kungsängen, Uppsala	R	650	39,000	27,000	●	2016	2020
Torgkvarteren <sup>1)</sup>	Part of Väppeby 7:7	Bålsta torg, Bålsta	R/TO	440	31,800	22,000	●	2017	2019
Konstnären <sup>1)</sup>	Östra Sala Backe, E2, block 5	Östra Sala Backe, Uppsala	R	110	6,700	5,200	●	2017	2019
Norrbacka <sup>1)</sup>	Sigtuna Norrbacka 1:32-36	Norrbacka, Sigtuna	R	180	15,000	11,500	●	2017	2019
Fasanen <sup>1)</sup>	Burlöv Arlööv 20:58 and others	Arlöv, Burlöv	R	250	16,500	12,500	●	2017	2019
Sländan, phase 2 & phase 3 <sup>1)</sup>	Sländan 5	Södertälje	R/TO	260	10,300	8,000	●	2017	2019
Nätverket <sup>1)</sup>	Husby 3:3	Hagby Äng och kullar, Åkersberga	R	300	12,000	8,900	●	2017	2019
Sportflygaren <sup>1)</sup>	Part of Nikolai 3:63 and others	Södra Ladugårdsängen, Örebro	R	110	8,000	6,200	●	2017	2019
Ångloket <sup>1)</sup>	Ängby 1:1	Ängby, Knivsta	R/TO	200	18,000	14,000	●	2017	2020
Frihamnen <sup>3)</sup>	Part of Lundbyvassen 736:168	Frihamnen, Gothenburg	Hotel	-	12,000	-	●	2018	2020
Frihamnen <sup>1)</sup>	Part of Lundbyvassen 736:168	Frihamnen, Gothenburg	R	150	10,500	8,000	●	2018	2020
Oceanhamnen <sup>1)</sup>	Part of Gamla Staden 1:1 and others	Oceanhamnen, Helsingborg	R	110	8,500	6,500	●	2018	2020
Lommarstranden <sup>1)</sup>	Part of Tälje 4:62	Lommarstranden, Norrtälje	R	200	15,000	11,000	●	2018	2020
Skogskarlen	Skogskarlen 3	Solna	TO	130	8,000	6,000	●	2018	2020
Orminge Centrum <sup>1)</sup>	Orminge 52:1	Orminge centrum, Nacka	R	400	35,000	25,000	●	2018	2021
Norra kajen <sup>1)</sup>	Norrmalm 3:18 & 4:2	Norra kajen, Sundsvall	R/TO	600	40,000	30,000	●	2018	2021
Stora Råby <sup>1)</sup>	Stora Råby 33:21 and others	Södra Råbylund, Lund	R	330	23,800	18,000	●	2018	2020
Instrumentet	Instrumentet 2	Stockholm	TO	100	6,100	4,700	●	2019	2020
Senapsfabriken, phase 3 <sup>1)</sup>	Kungsängen 29:2	Uppsala	R/TO	700	40,000	29,000	●	2019	2021
<b>Total</b>				<b>5,755</b>	<b>386,700</b>	<b>276,300</b>			

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

<sup>2)</sup> Magnolia Bostad's share of the profit amounts to 76.3%, including forward transactions.

<sup>3)</sup> Magnolia Bostad's share of the profit amounts to 60%.

**Type of ownership:** R=Rental unit, TO=Tenant-owned, COND=Condominium

**Living area**(Ongoing and future projects and properties being sold): Estimated area based on preliminary blueprints or calculated using standardized figures.

The number of sold tenant-owned apartments refers to the number of apartments sold to the tenant-owner association.

**Phase:**

- Planning work
- Concept development and sales
- Construction

**SOLD PROJECTS IN PRODUCTION**

Project	Property	City	Type of ownership	Number of housing units	Gross area (sqm)	Living area (sqm)	Phase	Estimated prod. start	Estimated completion
Nya Parken Allé	Publiken 1	Central Norrköping	R	268	21,900	16,600	●	2014	2016
Tibble	Kungsängens-Tibble 19:1	Tibble, Kungsängen	R	40	3,300	2,600	●	2014	2016
Tibble	Kungsängens-Tibble 20:2	Tibble, Kungsängen	R	93	6,600	5,200	●	2014	2016
M6	Muttern 6	Södermalm, Stockholm	TO	55	2,900 <sup>3)</sup>	2,900	●	2015	2016
Lumen	Trapphuset 1	Sollentuna	TO	90	6,600	4,750	●	2015	2017
Kanikenäsholmen <sup>1)</sup>	Part of Varvet 2	Kanikenäsholmen, Karlstad	R	216	15,700	12,300	●	2015	2018
Maria Forum <sup>1)</sup>	Slagan 1	Mariastaden, Helsingborg	R	292	14,700	12,500	●	2015	2018
Limhamn <sup>1)</sup>	Kölen 1 & Tankkloket 1	Limhamn, Malmö	R	280	15,900	12,100	●	2015	2018
Bryggeriet <sup>1)</sup>	Norrland 11	Helsingborg	R	327	19,000	14,700	●	2015	2019
Nyby Lilium <sup>1)</sup>	Part of Gamla Uppsala 99:1	Nyby, Uppsala	R	325	19,500	15,200	●	2015	2019
Varvet <sup>1)</sup>	Varvet 4 & Part of Varvet 2	Kanikenäsholmen, Karlstad	TO	92	7,900	6,100	●	2016	2018
Maria Mosaik <sup>1)</sup>	Arkeologen 1 & Antikvarien 1	Maria Station, Helsingborg	R	345	20,000	16,000	●	2016	2019
Senapsfabriken, phase 1 <sup>2)</sup>	Kungsängen 25:1, block 2	Kungsängen, Uppsala	R	454	26,800	19,400	●	2016	2019
Sländan, phase 1 <sup>1)</sup>	Sländan 5	Södertälje	R	436	24,400	19,000	●	2016	2019
<b>Total</b>				<b>3,313</b>	<b>205,200</b>	<b>159,350</b>			
<b>Total ongoing projects and sold projects in production</b>				<b>9,068</b>	<b>591,900</b>	<b>435,650</b>			

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

<sup>2)</sup> Magnolia Bostad's share of the profit amounts to 76.3%, including forward transactions.

<sup>3)</sup> Living area

**PROPERTIES BEING SOLD**

Project	Property	City	Type of ownership	Number of housing units	Gross area (sqm)	Living area (sqm)
Senapsfabriken <sup>1) 2)</sup>	Kungsängen 25:1, block 1	Uppsala	TO	400	29,000	22,000
Kopplingsboxen 26	Kopplingsboxen 26	Stockholm	TO	20	1,130	870
<b>Total</b>				<b>420</b>	<b>30,130</b>	<b>22,870</b>

<sup>1)</sup> Magnolia Bostad's share of the profit amounts to 76.3%, including forward transactions.

<sup>2)</sup> Magnolia Bostad entered into an agreement in February 2013 to sell this part of the property, on the condition that the land can be divided as intended.

**PROJECTS COMPLETED IN 2016**

Project	Property	City	Type of ownership	Number of housing units	Gross area (sqm)	Living area (sqm)
Valsta Torg	Sigtuna Valsta 3:190	Valsta centrum, Sigtuna	TO	42	1,960 <sup>2)</sup>	1,960
Traversen 18	Traversen 18	Sollentuna	R	230	16,800	13,200
<b>Total</b>				<b>272</b>	<b>18,760 <sup>2)</sup></b>	<b>15,160</b>

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

<sup>2)</sup> Living area

**Type of ownership:** R=Rental unit, TO=Tenant-owned, COND=Condominium

**Living area**(Ongoing and future projects and properties being sold): Estimated area based on preliminary blueprints or calculated using standardized figures.

The number of sold tenant-owned apartments refers to the number of apartments sold to the tenant-owner association.

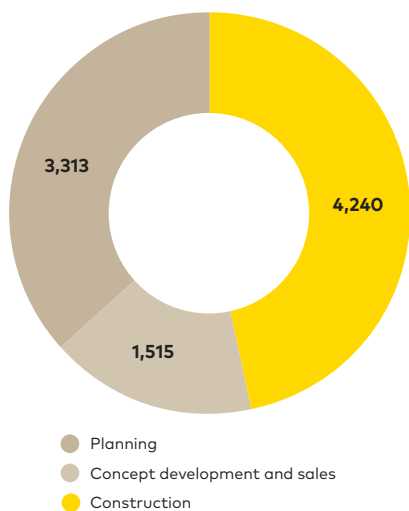
**Phase:**

- Planning work
- Concept development and sales
- Construction

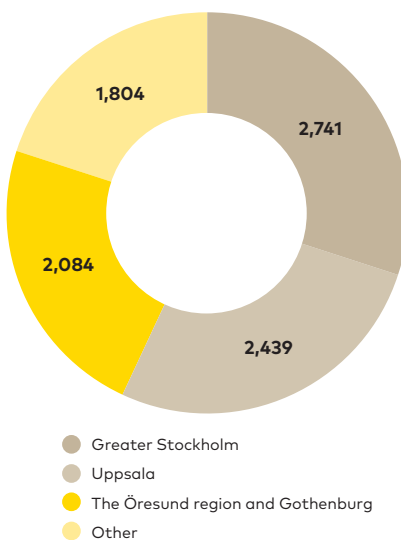
# Magnolia Bostad Project Portfolio in diagrams

Ongoing and future projects and sold projects in production as of June 30, 2016

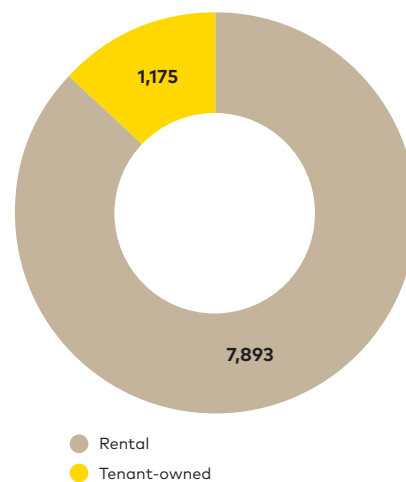
Planned number of apartments per development phase<sup>1) 2)</sup>



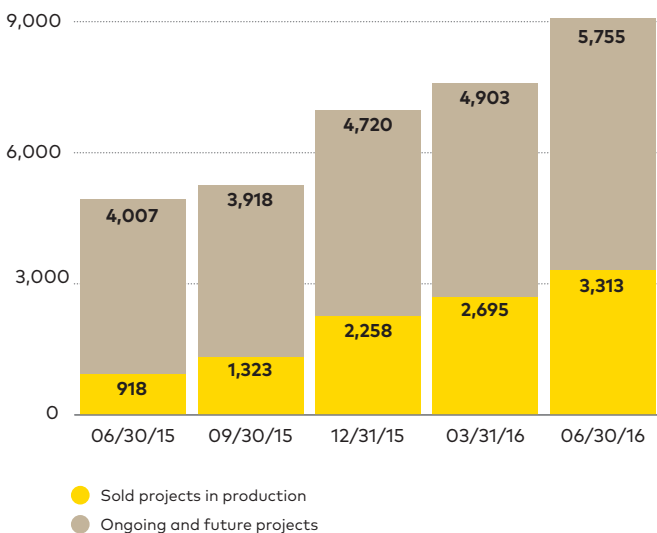
Planned number of apartments per geographical area<sup>1) 2)</sup>



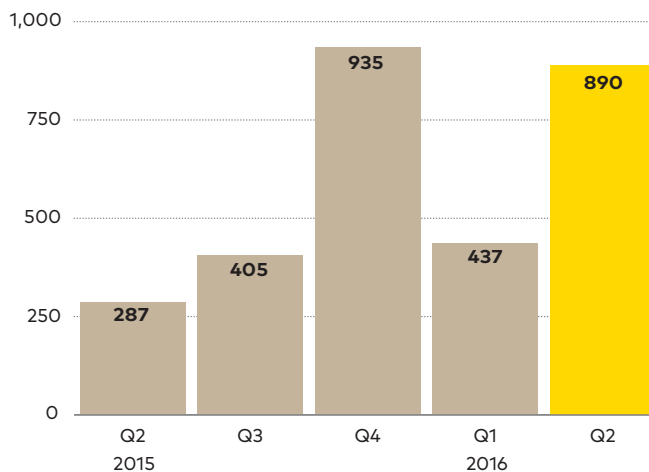
Planned number of apartments per type of ownership<sup>1) 2)</sup>



Ongoing and future projects and sold projects in production, number of apartments<sup>1) 2)</sup>



Number of apartments in production<sup>1)</sup>



Apartments sold in the second quarter 2016

	2016	2015
Rental apartments	890	287
Tenant-owned apartments <sup>3)</sup>	11	0

During the second quarter of the year, the number of apartments in the project portfolio increased by 1,470 to 9,068. Production was started on 890 apartments, compared to 287 in the second quarter of 2015. Apartments sold during the quarter included 890 rental apartments and 11 tenant-owned apartments<sup>3)</sup>, compared to 287 rental apartments and 0 tenant-owned apartments the corresponding period the previous year.

<sup>1)</sup> Refers to ongoing and future projects and sold projects in production. Properties being sold/associated companies are excluded.

<sup>2)</sup> Refers to all apartments in each project, i.e. no adjustment for partly owned projects.

<sup>3)</sup> Refers to tenant-owned apartments with binding agreements for the sale to tenant-owners.





## Maria Mosaik Maria Station, Helsingborg

Magnolia Bostad's proposal for phase 2 of the Maria Station area in Mariastaden aims to develop Maria Station into a vibrant area with urban qualities and contact with nature.

The proposal includes two new blocks consisting of around 345 rental apartments that will contribute to a vibrant, diverse and sustainable urban environment.

The apartments were sold in March 2016 to SPP Fastigheter.

### Project facts

Location: Maria Station  
Type of ownership: Rental  
Number of apartments: 345  
Architect: Ramböll  
Planned occupancy: 2019

# Financial performance

## Profit/loss for the second quarter of 2016

Net sales for the second quarter of 2016 totaled SEK 433.5 million (88.8). The company reported an operating profit of SEK 115.4 million (53.8). Sales and the operating profit for the second quarter of 2016 were boosted by the sale of the first phase of the Sländan rental apartment project in Södertälje and the first phase of the Senapsfabriken project in Uppsala. The company has reserved around SEK 28 million in the Nyby Lilium project in Uppsala due to a lower degree of development than what was previously estimated. The sale to SEB of 300 rental apartments in Vallentuna is conditional on the buyer's financing and the revenue has thus not been recognized.

Net financial items were SEK -29.2 million (-16.6). This increase is due in part to pre-payment costs in conjunction with the re-financing of outstanding bonds to achieve a lower financing cost. Profit before tax was SEK 86.2 million (37.2).

## Balance sheet at June 30, 2016

The balance sheet total at the end of the second quarter of 2016 was SEK 2,397.1 million (1,681.8), which is an increase of SEK 715.3 million compared to June 2015. This increase is due in part to the new bond loan issued in April 2016 and reported project gains. Equity attributable to the Parent Company's shareholders amounted to SEK 780.2 million (573.4) during the second quarter of 2016. The minority share of equity was 124.1 (78.5). The equity/assets ratio amounted to 37.7 percent (38.8).

## Cash flow and financing

The Group's available liquidity at the end of the period was SEK 240.7 million (263.9). Cash flow from operating activities in the second quarter totaled SEK -235.3 million (-90.5). During the quarter, cash flow from investing activities totaled SEK -0.2 million (3.3). Financing activities amounted to SEK 305.9 million (284.0). During the second quarter, we issued a secured bond loan for SEK 600 million, which has been admitted for trad-

ing on Nasdaq First North Bond Market. The total interest-bearing borrowings as per June 30, 2016 amounted to SEK 1,233.4 million (885.5) on June 30.

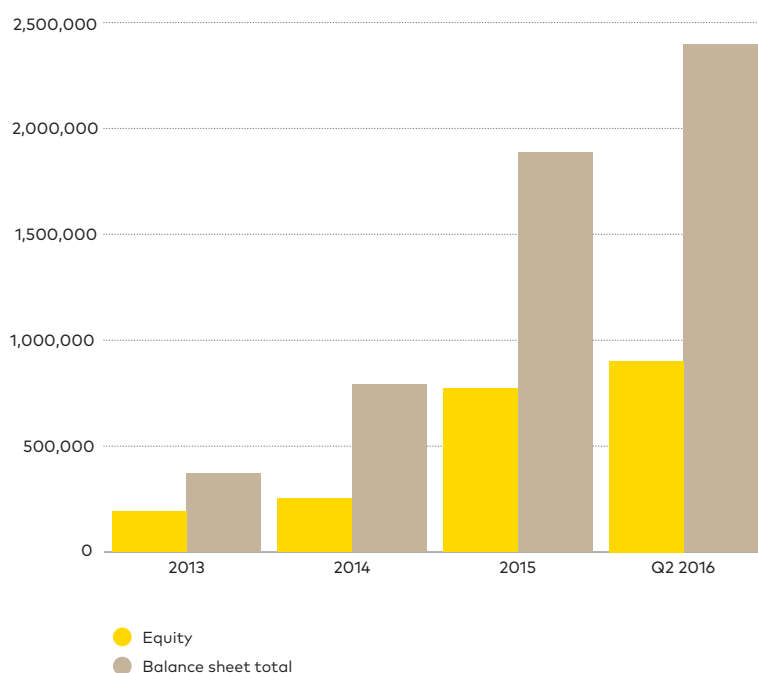
## Accounting and measurement principles

As of 2014, the financial statements are prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guideline, BFNAR 2012:1 (K3). The accounting and measurement principles are in agreement with those applied in the 2015 Annual Report and which are reported there in the notes on pages 78-79. Key ratio definitions agree with those applied in the 2015 annual report and can be found there on page 88.

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

Comparison figures provided in parentheses refer to the same period the previous year.

Equity and total assets, SEK thousand



# Stock

F. Holmström Fastigheter AB, in which Fredrik Holmström has a controlling interest through companies, holds a 56.28 percent stake in Magnolia Bostad. As at June 30, 2016 there were 1,494 (998) shareholders. The share is admitted for trading on Nasdaq First North under the short name MAG. The total number of issued shares at the end of the period was 37,822,283.

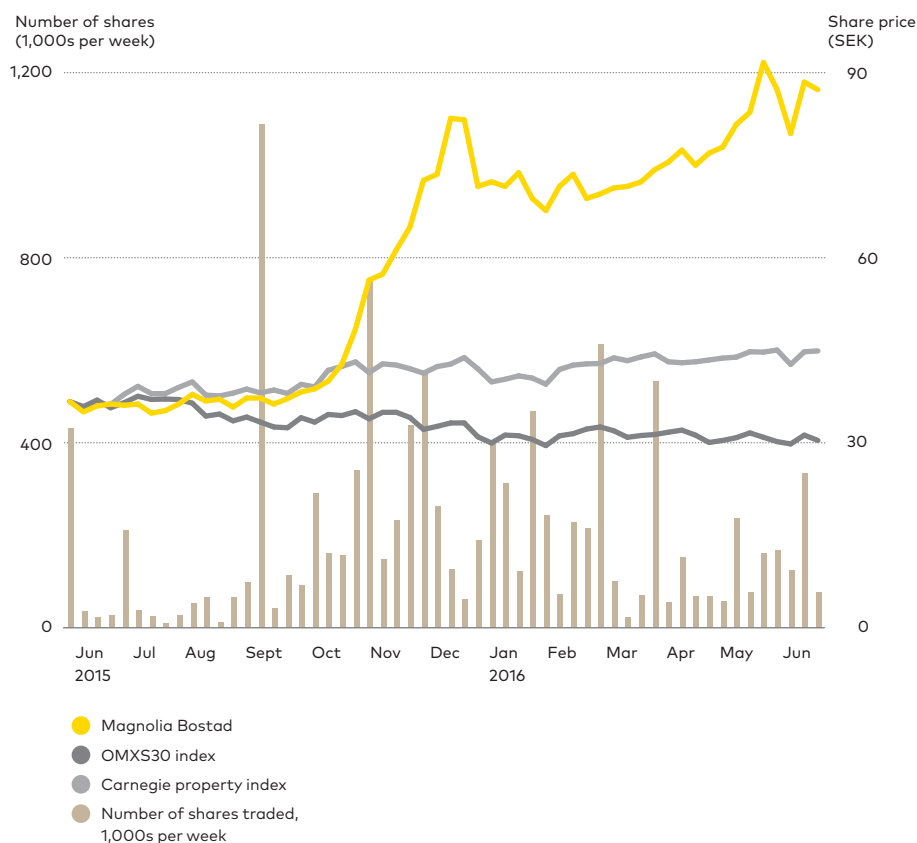
The share price at closing on June 30, 2016, was SEK 89.00. On average, 74 transactions were conducted per trading day between April 1, 2016 and June 30, 2016, and the average trading volume per trading day was SEK 2.8 million.

Since January 2016 Magnolia Bostad has been included in Nasdaq First North's index, First North 25, which consists of the 25 largest and most traded shares on Nasdaq First North.

## Long-term dividend policy

The dividend policy shall be based on that which at any time is considered to promote the overall goal of optimizing the total return for the shareholders. The Board of Directors has made the assessment that a dividend up to a maximum of 25 percent of the company's profit after tax will be proposed over the next two years and thereafter up to an increasing percentage.

**Turnover (number of shares in thousands per week) and price development (SEK) of the Magnolia Bostad share since its introduction on Nasdaq First North on June 9, 2015**



## Average number of outstanding shares

	2016		2015	
	Q2	Full year	Q2	Full year
Average number of outstanding shares	37,822,283	37,822,283	32,377,832	35,100,058

# Owners

## Ownership as at June 30, 2016

Number of shares	Number of shareholders	Shareholder category	Number	Share of votes	Shareholders per country	Number	Share of votes
1-500	1,006	Legal persons	165	90.90%	Sweden	1,428	94.45%
501-1,000	151	Private individuals, men	971	7.26%	Other Nordic countries	10	0.25%
1,001-5,000	200	Private individuals, women	358	1.84%	Other European countries (excl. Sweden and the Nordic countries)	48	4.44%
5,001-10,000	46				USA	2	0.17%
10,001-15,000	21				Other world	6	0.69%
15,001-20,000	15	<b>Total</b>	<b>1,494</b>	<b>100.00%</b>	<b>Total</b>	<b>1,494</b>	<b>100%</b>
20,001-	55	of which living in Sweden	1,428	94.45%			
<b>Total</b>	<b>1,494</b>						

## Largest shareholders as at June 30, 2016

Shareholders	Number of shares	Share capital	Percentage of Votes
F.Holmström Fastigheter AB	21,286,837	56.28%	56.28%
Danica Pension	3,121,252	8.25%	8.25%
Nordnet Pensionsförsäkring AB	1,944,871	5.14%	5.14%
Länsförsäkringar fondförvaltning AB	1,831,194	4.84%	4.84%
Svolder Aktiebolag	1,107,557	2.93%	2.93%
Swedbank Robur Fonder	1,085,075	2.87%	2.87%
Dahlin, Martin	930,252	2.46%	2.46%
Försäkringsaktiebolaget, Avanza Pension	421,866	1.12%	1.12%
Cliens Sverige Mixfond	368,264	0.97%	0.97%
Cliens Sverige	357,528	0.95%	0.95%
<b>Total 10 largest shareholders</b>	<b>32,454,696</b>	<b>85.81%</b>	<b>85.81%</b>
Other shareholders	5,367,587	14.19%	14.19%
<b>Total</b>	<b>37,822,283</b>	<b>100.00%</b>	<b>100.00%</b>



## Nätverket Hagby Äng och kullar, Åkersberga

In June 2016, Magnolia Bostad won a land allocation competition for land located in Åkersberga.

A new residential area is emerging approximately two kilometers west of the downtown area – Hagby Äng och Kullar. Magnolia Bostad will build around 300 space-efficient rental apartments here that will have 1 or 2 rooms and a kitchen. Nätverket consists of three open blocks, and the new square will function as a natural meeting place in the area.

### Project facts

Location: Hagby äng och kullar  
Type of ownership: Rental  
Number of apartments: 300  
Architect: LINK arkitektur AB  
Planned occupancy: 2019

# Consolidated Income Statement

SEK thousand	2016 April–June	2015 April–June	2016 Jan–June	2015 Jan–June	2015 Jan–Dec
<b>Operating income</b>					
Net sales	433,547	88,762	643,371	108,125	875,722
<b>Total income</b>	<b>433,547</b>	<b>88,762</b>	<b>643,371</b>	<b>108,125</b>	<b>875,722</b>
<b>Operating expenses</b>					
Production and operating costs	-311,682	-33,238	-417,758	-46,200	-648,576
Central administration	-7,726	-2,404	-11,903	-6,429	-12,992
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-391	-345	-871	-8,710	-9,513
Profit/loss from participations in associated companies	1,606	978	2,002	450	-120
Revaluation during transfer from associated company to subsidiary	-	-	-	152,592	152,592
<b>Operating profit/loss</b>	<b>115,354</b>	<b>53,753</b>	<b>214,841</b>	<b>199,828</b>	<b>357,113</b>
<b>Profit/loss from financial items</b>					
Interest income and similar profit/loss items	613	-331	1,114	583	2,580
Interest expenses and similar profit/loss items	-29,808	-16,252	-43,989	-24,533	-52,409
<b>Profit/loss before tax</b>	<b>86,159</b>	<b>37,170</b>	<b>171,966</b>	<b>175,877</b>	<b>307,284</b>
Tax on profit/loss for the year	-	-	-	-	-564
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>86,159</b>	<b>37,170</b>	<b>171,966</b>	<b>175,877</b>	<b>306,720</b>
Attributable to:					
Parent Company shareholders	64,780	32,558	140,823	171,266	287,606
Minority interest	21,378	4,611	31,143	4,611	19,114

# Consolidated Balance Sheet

SEK thousand	2016 June 30	2015 June 30	2015 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	4,146	5,346	4,746
Other intangible assets	657	544	746
<b>Total intangible assets</b>	<b>4,803</b>	<b>5,890</b>	<b>5,492</b>
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	831	325	439
<b>Total property, plant and equipment</b>	<b>831</b>	<b>325</b>	<b>439</b>
<i>Financial assets</i>			
Participations in associated companies	3,960	2,130	1,900
Receivables from associated companies	23,541	23,541	23,541
Other securities held as non-current assets	30,614	30,614	30,614
Other long-term receivables	227,561	10,626	278,945
<b>Total financial assets</b>	<b>285,676</b>	<b>66,910</b>	<b>335,000</b>
<b>Total non-current assets</b>	<b>291,310</b>	<b>73,125</b>	<b>340,931</b>
<b>Current assets</b>			
Development and project properties	1,030,421	1,131,131	1,138,835
Tenant-owned apartments	3,800	3,800	3,800
Accounts receivable	16,913	309	3,785
Receivables from associated companies	7,363	363	301
Other receivables	802,489	207,306	204,121
Prepaid expenses and accrued income	4,089	1,841	1,981
Cash and bank balances	240,677	263,889	193,358
<b>Total current assets</b>	<b>2,105,752</b>	<b>1,608,639</b>	<b>1,546,181</b>
<b>TOTAL ASSETS</b>	<b>2,397,061</b>	<b>1,681,764</b>	<b>1,887,111</b>

# Consolidated Balance Sheet

SEK thousand	2016 June 30	2015 June 30	2015 Dec 31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	151,289	151,289	151,289
Profit/loss carried forward	488,086	250,886	238,303
Net profit/loss for the period	140,823	171,266	287,605
<b>Equity attributable to Parent Company shareholders</b>	<b>780,198</b>	<b>573,441</b>	<b>677,197</b>
Minority's share of equity	124,112	78,465	92,969
<b>Total equity</b>	<b>904,310</b>	<b>651,907</b>	<b>770,166</b>
<b>Provisions</b>			
Provision for deferred taxes	2,095	170	2,095
Other provisions	–	59,161	–
<b>Total provisions</b>	<b>2,095</b>	<b>59,330</b>	<b>2,095</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Interest-bearing liabilities	1,016,154	873,484	730,659
Other long-term liabilities	130,902	41,155	110,056
<b>Total long-term liabilities</b>	<b>1,147,056</b>	<b>914,639</b>	<b>840,715</b>
<i>Current liabilities</i>			
Liabilities to credit institutions	217,250	–	130,250
Accounts payable	34,105	10,540	13,887
Income tax liabilities	1,613	1,305	3,535
Other current liabilities	37,217	23,157	76,507
Accrued expenses and deferred income	53,415	20,886	49,955
<b>Total current liabilities</b>	<b>343,600</b>	<b>55,888</b>	<b>274,134</b>
<b>Total liabilities</b>	<b>1,490,656</b>	<b>970,527</b>	<b>1,114,849</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,397,061</b>	<b>1,681,764</b>	<b>1,887,111</b>



# Consolidated cash flow statement

SEK thousand	2016 April–June	2015 April–June	2016 Jan–June	2015 Jan–June	2015 Jan–Dec
<b>Operating activities</b>					
Profit/loss after financial items	86,159	37,169	171,966	175,877	307,284
Adjustments for non-cash items, etc.	-111,573	10,850	-228,166	-131,925	-398,257
	<b>-25,414</b>	<b>48,019</b>	<b>-56,200</b>	<b>43,952</b>	<b>-90,973</b>
Tax paid	-756	527	-1,922	17	812
<b>Cash flow from operating activities before changes in working capital</b>	<b>-26,170</b>	<b>48,546</b>	<b>-58,122</b>	<b>43,969</b>	<b>-90,161</b>
<b>Cash flow from changes in working capital</b>					
Reduction (+)/increase (-) of development and project properties	186,612	-49,290	147,739	-80,331	-143,811
Decrease(+)/increase(-) in current receivables	-306,738	-86,257	-339,135	-18,117	104,402
Decrease(+)/increase(-) in current liabilities	-89,048	-3,473	-7,860	-5,126	-19,975
<b>Cash flow from operating activities</b>	<b>-235,344</b>	<b>-90,473</b>	<b>-257,378</b>	<b>-59,604</b>	<b>-149,545</b>
<b>Investing activities</b>					
Acquisition of intangible fixed assets	-	-299	-8	-299	-607
Acquisition of property, plant and equipment	-232	-170	-565	-312	-523
Shareholder contributions made	-	-	-	-	-200
Sale of property, plant and equipment	-	-	-	2	2
Investment in financial assets	-	-3	-	-4,034	-5,235
Disposal/reduction of financial assets	-	3,775	-	6,775	6,775
<b>Cash flow from investing activities</b>	<b>-232</b>	<b>3,303</b>	<b>-573</b>	<b>2,132</b>	<b>212</b>
<b>Financing activities</b>					
New share issue	-	193,084	-	193,084	180,502
Borrowings	580,875	203,586	580,875	203,586	471,350
Repayment of borrowings	-237,184	-106,395	-237,783	-106,450	-340,302
Paid dividends	-37,822	-6,258	-37,822	-6,258	-6,258
<b>Cash flow from financing activities</b>	<b>305,869</b>	<b>284,017</b>	<b>305,270</b>	<b>283,962</b>	<b>305,292</b>
<b>Cash flow for the period</b>	<b>70,293</b>	<b>196,847</b>	<b>47,319</b>	<b>226,490</b>	<b>155,959</b>
Cash and cash equivalents at the beginning of the period	170,384	67,041	193,358	37,399	37,399
<b>Cash and cash equivalents at the end of the period</b>	<b>240,677</b>	<b>263,888</b>	<b>240,677</b>	<b>263,889</b>	<b>193,358</b>

# Changes in equity, Group

Group, SEK thousand	Share capital	Equity method reserve	Profit/loss carried forward	Net profit/loss for the year	Total equity, principal owner	Minority interest	Total equity
<b>Amount at beginning of year 1/1/2015</b>	<b>125,156</b>	<b>38,068</b>	<b>60,997</b>	<b>29,196</b>	<b>253,416</b>		<b>253,416</b>
Profit/loss from the previous year carried forward			29,196	-29,196	0		0
Redistribution during transfer from associated company to subsidiary		-38,068			-38,068		-38,068
New share issue	26,133		167,365		193,498		193,498
Issue expenses			-12,996		-12,996		-12,996
Acquisition of subsidiaries					0	73,854	73,854
Dividends			-6,258		-6,258		-6,258
Net profit/loss for the year				287,605	287,605	19,115	306,720
<b>Amount at end of year 12/31/2015</b>	<b>151,289</b>	<b>-</b>	<b>238,303</b>	<b>287,605</b>	<b>677,197</b>	<b>92,969</b>	<b>770,166</b>

Group, SEK thousand	Share capital	Equity method reserve	Profit/loss carried forward	Net profit/loss for the year	Total equity, principal owner	Minority interest	Total equity
<b>Amount at beginning of year 1/1/2015</b>	<b>125,156</b>	<b>38,068</b>	<b>60,997</b>	<b>29,196</b>	<b>253,416</b>		<b>253,416</b>
Profit/loss from the previous year carried forward			29,196	-29,196	0		0
Redistribution during transfer from associated company to subsidiary		-38,068			-38,068		-38,068
New share issue	26,133		167,365		193,498		193,498
Issue expenses			-415		-415		-415
Acquisition of subsidiaries					0	73,854	73,854
Dividends			-6,258		-6,258		-6,258
Net profit/loss for the period				171,266	171,266	4,611	175,877
<b>Amount at end of period 6/30/2015</b>	<b>151,289</b>	<b>-</b>	<b>250,886</b>	<b>171,266</b>	<b>573,441</b>	<b>78,465</b>	<b>651,907</b>

Group, SEK thousand	Share capital	Equity method reserve	Profit/loss carried forward	Net profit/loss for the year	Total equity, principal owner	Minority interest	Total equity
<b>Amount at beginning of year 1/1/2016</b>	<b>151,289</b>	<b>-</b>	<b>238,303</b>	<b>287,605</b>	<b>677,197</b>	<b>92,969</b>	<b>770,166</b>
Profit/loss from the previous year carried forward			287,605	-287,605	0		0
Dividends			-37,822		-37,822		-37,822
Net profit/loss for the period				140,823	140,823	31,143	171,966
<b>Amount at end of period 6/30/2016</b>	<b>151,289</b>	<b>-</b>	<b>488,086</b>	<b>140,823</b>	<b>780,198</b>	<b>124,112</b>	<b>904,310</b>

# Parent Company income statement

SEK thousand	2016 April–June	2015 April–June	2016 Jan–June	2015 Jan–June	2015 Jan–Dec
<b>Operating income</b>					
Net sales	2,000	–	2,000	–	4,113
<b>Total income</b>	<b>2,000</b>	<b>–</b>	<b>2,000</b>	<b>–</b>	<b>4,113</b>
<b>Operating expenses</b>					
Other external costs	–2,087	–415	–3,672	–439	–2,625
Central administration	–1,347	–633	–2,007	–1,065	–2,432
<b>Operating profit/loss</b>	<b>–1,434</b>	<b>–1,048</b>	<b>–3,679</b>	<b>–1,503</b>	<b>–944</b>
<b>Profit/loss from financial items</b>					
Interest income and similar profit/loss items	4,640	4,639	9,293	9,289	18,582
Interest expenses and similar profit/loss items	–20,745	–5,272	–25,843	–10,501	–20,821
<b>Profit/loss before tax</b>	<b>–17,540</b>	<b>–1,681</b>	<b>–20,229</b>	<b>–2,716</b>	<b>–3,183</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>–17,540</b>	<b>–1,681</b>	<b>–20,229</b>	<b>–2,716</b>	<b>–3,183</b>

# Parent Company Balance Sheet

SEK thousand	2016 June 30	2015 June 30	2015 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Participations in Group companies	88,822	88,822	88,822
Receivables from Group companies	234,026	234,016	234,026
Participations in associated companies	2,050	1,850	2,050
Receivables from associated companies	23,541	27,241	26,941
<b>Total financial assets</b>	<b>348,439</b>	<b>351,929</b>	<b>351,839</b>
<b>Total non-current assets</b>	<b>348,439</b>	<b>351,929</b>	<b>351,839</b>
<b>Current assets</b>			
Development and project properties	–	–	–
Accounts receivable	–	3	–
Receivables from Group companies	473,366	15,162	159,307
Receivables from associated companies	364	363	265
Other receivables	21,477	27	21,228
Prepaid expenses and accrued income	430	47	193
Cash and bank balances	11,321	185,668	11,137
<b>Total current assets</b>	<b>506,958</b>	<b>201,271</b>	<b>192,129</b>
<b>TOTAL ASSETS</b>	<b>855,397</b>	<b>553,201</b>	<b>543,968</b>

# Parent Company Balance Sheet

SEK thousand	2016 June 30	2015 June 30	2015 Dec 31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	151,289	151,289	151,289
	<b>151,289</b>	<b>151,289</b>	<b>151,289</b>
<i>Non-restricted equity</i>			
Profit/loss carried forward	115,180	168,767	156,185
Net profit/loss for the period	-20,229	-2,716	-3,182
	<b>94,951</b>	<b>166,051</b>	<b>153,003</b>
<b>Total equity</b>	<b>246,240</b>	<b>317,340</b>	<b>304,292</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Interest-bearing liabilities	600,000	221,200	222,326
<b>Total long-term liabilities</b>	<b>600,000</b>	<b>221,200</b>	<b>222,326</b>
<i>Current liabilities</i>			
Accounts payable	577	7	-
Liabilities to Group companies	45	1,948	3,882
Other current liabilities	505	12,000	12,000
Accrued expenses and deferred income	8,029	705	1,468
<b>Total current liabilities</b>	<b>9,156</b>	<b>14,660</b>	<b>17,350</b>
<b>Total liabilities</b>	<b>609,156</b>	<b>235,861</b>	<b>239,676</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>855,397</b>	<b>553,201</b>	<b>543,968</b>

# Changes in equity, Parent Company

Parent Company, SEK thousand	Share capital	Profit/loss carried forward	Net profit/loss for the year	Total equity
<b>Amount at beginning of year 1/1/2015</b>	<b>125,156</b>	<b>10,724</b>	<b>-2,650</b>	<b>133,230</b>
Profit/loss from the previous year carried forward		-2,650	2,650	0
New share issue	26,133	167,366		193,499
Issue expenses		-12,996		-12,996
Dividends		-6,258		-6,258
Net profit/loss for the year			-3,182	-3,182
<b>Amount at end of year 12/31/2015</b>	<b>151,289</b>	<b>156,185</b>	<b>-3,182</b>	<b>304,292</b>

The outstanding number of basic shares at 12/31/2015 amounts to 37,822,283.

The outstanding number of shares after full dilution at 12/31/2015 amounts to 37,982,283 (160,000 warrants are held by the Magnolia Bostad Group).

Parent Company, SEK thousand	Share capital	Profit/loss carried forward	Net profit/loss for the year	Total equity
<b>Amount at beginning of year 1/1/2015</b>	<b>125,156</b>	<b>10,724</b>	<b>-2,650</b>	<b>133,230</b>
Profit/loss for the year carried forward		-2,650	2,650	0
New share issue	26,133	167,366		193,499
Issue expenses		-415		-415
Dividends		-6,258		-6,258
Net profit/loss for the period			-2,716	-2,716
<b>Amount at end of period 6/30/2015</b>	<b>151,289</b>	<b>168,767</b>	<b>-2,716</b>	<b>317,340</b>

Parent Company, SEK thousand	Share capital	Profit/loss carried forward	Net profit/loss for the year	Total equity
<b>Amount at beginning of year 1/1/2016</b>	<b>151,289</b>	<b>156,185</b>	<b>-3,182</b>	<b>304,292</b>
Profit/loss from the previous year carried forward		-3,182	3,182	0
Dividends		-37,822		-37,822
Net profit/loss for the period			-20,229	-20,229
<b>Amount at end of period 6/30/2016</b>	<b>151,289</b>	<b>115,180</b>	<b>-20,229</b>	<b>246,240</b>

The outstanding number of basic shares at 6/30/2016 amounts to 37,822,283.

The outstanding number of shares after full dilution at 6/30/2016 amounts to 37,982,283 (160,000 warrants are held by the Magnolia Bostad Group).

# Magnolia Bostad in brief

Magnolia Bostad develops efficient, attractive and functional new accommodation, including rental units, tenant-owned apartments and hotels, in attractive locations in Sweden's growth areas. Our work is based on a holistic approach where the operations are conducted in a manner that promotes long-term, sustainable urban development.

Magnolia Bostad's share (MAG) is listed on Nasdaq First North.

Erik Penser Bank is the Certified Adviser for the Company. More information is available at [www.magnoliabostad.se](http://www.magnoliabostad.se)

## Press releases – Q2

**160401** Annual general meeting in Magnolia Bostad

**160411** Sales target achieved in Magnolia Bostad's Kanikenäsholmen project in Karlstad

**160413** Magnolia Bostad publishes Annual Report for 2015

**160419** Magnolia Bostad inquiries about the prospects of issuing new corporate bonds

**160421** Magnolia Bostad issues four-year SEK 600 million senior secured bond

**160422** Magnolia Bostad to redeem all outstanding bonds

**160504** Report from the Annual General Meeting of Magnolia Bostad AB held on 4 May 2016

**160512** Magnolia Bostad signs land allotment agreement with Örebro Municipality

**160516** Magnolia Bostad sells 436 rental apartments to SPP Fastigheter

**160517** Magnolia Bostad reports on the first quarter of 2016

**160520** Magnolia Bostad sells 454 apartments to SEB's newly established residential fund Domestica Bostäder III

**160603** Magnolia Bostad wins an additional land allotment in Örebro Municipality

**160607** Magnolia Bostad wins land allotment competition in Åkersberga, Österåker Municipality

**160615** Magnolia Bostad lists bond loan on Nasdaq First North Bond Market

**160623** Magnolia Bostad sells more than 300 rental apartments to SEB's residential fund Domestica II

**160628** Magnolia Bostad employs an additional 12 staff members

**160630** Magnolia Bostad acquires property in Uppsala

## Financial Calendar

- Interim Report January-September: November 22, 2016
- Year-End Report: February 24, 2017

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This is the English language version of Magnolia Bostad's Interim Report. The Swedish language Interim Report is the binding version that shall prevail in case of discrepancies.

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