

MAGNOLIA

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Year-end Report

The Group

1 January –

31 December 2020

Q4

Record profit for full-year 2020

January – December 2020

- Net sales amounted to SEK 2,358 m (896).
- The operating profit was SEK 906 m (366), of which SEK 336 m (348) refers to changes in the value of investment properties.
- The net profit before tax for the period was SEK 725 m (194) and the profit after tax was SEK 688 m (157).
- Earnings per share after deductions for minority shares was SEK 17.40 (3.41).
- In line with the new dividend policy, the Board proposes that no dividend be paid for the 2020 financial year.

October - December 2020

- Net sales amounted to SEK 572 m (501).
- The operating profit was SEK 278 m (34), of which SEK 239 m (-4) refers to changes in the value of investment properties.
- The net profit before tax for the period was SEK 227 m (-9) and the profit after tax was SEK 202 m (10).
- Earnings per share after deductions for minority shares was SEK 5.50 (0.13).

Significant events October – December 2020

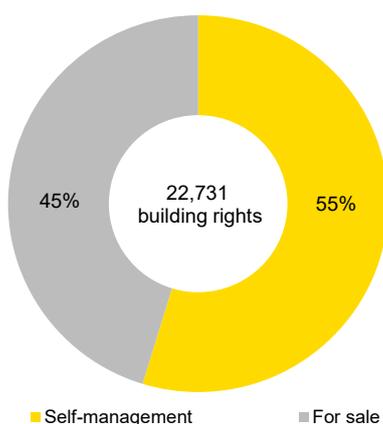
- Johan Tengelin took over as CEO on 1 December.
- Six projects acquired of 3,000 estimated building rights in Borås, Ystad, Göteborg and Strängnäs.

- Deeper cooperation with SBB by forming a new JV to acquire four projects for around 2,300 residential units from Magnolia Bostad and a project for around 250 residencies from SBB.
- Sold two care homes in Nacka and Östersund to SBB.
- Sold two projects to Heimstaden Bostad: Nya Hovås for 180 residential units with an estimated property value upon completion of SEK 450 m and Söderby-malm in Haninge for 350 units. The project in Haninge was initially developed for self-management and the profit from the transaction is therefore reported as a change in the value of investment properties.
- Sold a project in Sundbyberg of 200 rental apartments to CBRE Global Investors. Estimated property value upon completion is around SEK 588 m.
- An Extraordinary General Meeting resolved on a dividend of SEK 2 per share for the 2019 financial year.
- A new unsecured green bond issued of SEK 550 m and voluntary repurchase of certain outstanding bonds.

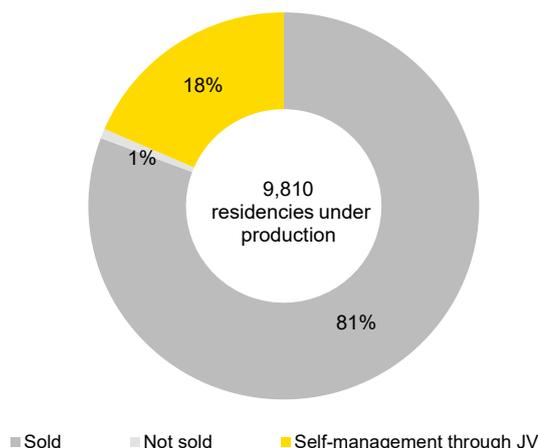
Significant events after the end of the quarter

- New targets and dividend policy were adopted by the Board on 23 February. See page 4.

Distribution of building rights portfolio, share of building rights



Distribution of residencies under production with sales status as of 31 December 2020, share of residencies



KPIs, Group⁴

| | 2020 Jan-Dec | 2019 Jan-Dec | 2020 Oct-Dec | 2019 Oct-Dec |
|---|-----------------|-----------------|-----------------|-----------------|
| Project-related | | | | |
| Number of production starts during the period ¹ | 3,599 | 2,678 | 380 | 1,345 |
| Number of sold residencies during the period ¹ | 3,904 | 499 | 426 | 281 |
| Total number of residencies in production ¹ | 9,810 | 9,284 | 9,810 | 9,284 |
| Number of estimated building rights in the portfolio, not yet production started ¹ | 22,731 | 18,037 | 22,731 | 18,037 |
| Financials | | | | |
| Investment properties (SEKm) | 1,483 | 654 | 1,483 | 654 |
| Operating profit/loss | 906 | 366 | 278 | 34 |
| Return on equity (%) ² | 49.4 | 13.2 | - | - |
| Equity/assets ratio (%) | 32.7 | 28.1 | 32.7 | 28.1 |
| Interest coverage ratio (multiple) ³ | 4.1 | 1.4 | - | - |
| Share-related | | | | |
| Earnings per share (SEK) ² | 17.40 | 3.41 | 5.50 | 0.13 |
| Equity per share (SEK) ² | 42.95 | 27.55 | 42.95 | 27.55 |

¹ No adjustment is made for projects developed in JV.

² Excluding the minority.

³ Calculated on rolling 12-month basis.

⁴ 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

CEO's comments

2020 was a successful year for Magnolia Bostad. Despite the ongoing pandemic, we were able to deliver our best full-year results ever, expand the building rights portfolio and increase the number of production starts at the same time as we reduced net indebtedness. Through our locally-based business- and project development organization and our more than 22,700 building rights, we see continued profitable growth in front of us in accordance with the new goals set by the Magnolia Bostad's board.



In my first quarter with Magnolia Bostad I am pleased to present the best full-year profit ever for the company. This is despite 2020 being largely marked by the ongoing Covid-19 pandemic, which dramatically changed the everyday lives of everyone around the world. For Magnolia Bostad's part, the pandemic has meant that we have adapted our way of working and switched to becoming more digital, something I see that will benefit our business in the future.

Demand for the housing and community service properties we develop was strong over the year and we sold around 3,900 residential units. A large part was sold to Heimstaden Bostad in accordance with the framework agreement with them and we also sold a large number of homes to new buyers such as Trenum, CBRE and SBB. For obvious reasons, our hotel business was weaker and during the fourth quarter we had to take write-downs in our two ongoing hotel projects

Characteristic of our activities in 2020 was that we established several new JV companies for the development of housing for our own

management. Our intention is to build up a substantial property portfolio in the coming years.

As an increasing number of homes are being developed for our long-term self-management changes in value, which arise primarily as a natural consequence of the continual processing in the projects, will constitute a significant part of our operating profit in future.

We have a locally based business- and project development organization which during the year expanded with a regional office in northern Sweden and we now have five regional offices, from Malmö in the south to Umeå in the north. This has brought us closer to each region's local market and has increased our ability at all stages from business generation to project development and implementation.

With almost 3,600 production starts and just over 2,900 completed residencies in 2020, we consolidated our position as one of Sweden's leading urban developers. With this, comes a responsibility to contribute to sustainable urban development, something that is close to our hearts and which has been a central part of our business for several years.

Building sustainably is a matter of course today. Our homes and districts must be economically, socially and environmentally sustainable and our ambition is to create good and safe living environments with materials and building systems selected from a sustainability and life cycle perspective. An example of this is our collaboration with Derome on innovative and sustainable wood construction based on our common vision of "The sustainable wooden city."

The green bond that we issued during Q4 increases the transparency of our sustainability work. Green financing will be a standing element of our financing in future.

Our investment in the development of properties for self-management was concretized during the year. Against this background, the board has reviewed the company's goals so that they reflect the future business better. With these goals behind me and with my committed employees, I feel that we are moving towards a really exciting future.

Finally, the management and I would like to thank all our employees, customers and partners for the past year and for finding a way of working together during the current pandemic. We are now looking forward to an eventful 2021 with strong development within residencies for both sale and self-management.

Johan Tengelin
CEO
February 2021

New goals and new dividend policy

With the background of Magnolia Bostad's investment in the development of properties for self-management, the board has reviewed the company's goals and dividend policy so that they reflect future business. The goals and dividend policy were adopted by the board on 23 February 2021.

The focus is now increasingly shifting to capitalizing on the recent years' growth by building value in our own portfolio. During 2023–2024, a larger number of homes for self-management will be completed.

The investment in developing housing for self-management began in 2019 with the ambition of creating a stable ongoing cash flow over time, and conditions for long-term value growth. The company's established project development activities with the development of housing for

sale together with the development of housing for self-management make up the company's core business. In light of the new goals adopted by the Board, the Board proposes that no dividend be paid for the 2020 financial year, that the capital be reinvested in the business.

Business goals

- Before the end of 2025, Magnolia Bostad will have at least 4,000 completed residential units for self-management or alternatively have investment properties with a market value of at least SEK 8 bn. This refers to Magnolia Bostad's own ownership and the company's ownership interest in JVs.

- Magnolia Bostad must start production of at least 3,000 residential units per year, seen as an average over a business cycle.

Financial goal:

- The equity/assets ratio must be at least 30%.

Dividend policy

As Magnolia Bostad plans to build a significant business of investment properties in the next few years, the Board has reviewed the dividend policy to adapt it to the increased capital requirement.

The long-term dividend must correspond to up to 30 percent of the result. In the next few years, Magnolia Bostad will prioritize investments in the building rights portfolio and in investment properties, which will mean no or low dividends during this period.

The Brygghuset project in Ursvik, Sundbyberg, started production in January 2021. A block with around 380 residential units is being built, as well as local businesses and a nursery school at the entry level. The building will be environmentally certified according to the Swedish Green Building Council's silver certification and the roof will be clad with solar panels.



Project events during the year

Acquisitions

During Q4, 8 projects were acquired with a total of 3,330 estimated building rights and a nursery school. During the year, Magnolia Bostad acquired 21 projects with just over 8,230 building rights throughout the country.

Production starts and project sales

During Q4, production started on two projects with a total of 380 residential units.

During the year, production started on a total of 3,599 residential units, of which 890 units are being developed for self-management.

During Q4, a project of 180 residential units was sold to Heimstaden Bostad, a project of 200 residential units to CBRE Global Investors and 46 tenant-owned apartments. Magnolia Bostad also sold three projects developed for self-management; two community service properties in Nacka and Östersund to SBB and

a rental accommodation project in Haninge to Heimstaden Bostad.

During the financial year, a total of 3,904 residential units were sold, of which 1,124 in three projects that had previously started production within the framework agreement with Heimstaden. In addition, 71 apartments were sold in already production-started tenant-owned apartment projects.

Acquisitions 2020¹

| Quarter | Project | Municipality | Category | Estimated number of building rights |
|--------------|------------------|--------------|----------|-------------------------------------|
| 1 | Västra Erikslid | Skellefteå | A | 300 |
| 1 | Barkabystaden | Järfälla | A | 350 |
| 1 | Åkermyntan | Borås | A | 280 |
| 2 | Tullholmsviken 3 | Karlstad | A | 458 |
| 2 | Solfjädem | Örebro | A | 180 |
| 2 | Väsjön Norrsåtra | Sollentuna | A | 210 |
| 2 | Brygghuset | 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 |
| 4 | Fixfabriken | Göteborg | A | 370 |
| 4 | Öresjö Ångar | Borås | A | 350 |
| 4 | Lotsen 1 | Ystad | A | 470 |
| 4 | Lotsen förskola | Ystad | CSP | - |
| 4 | Södra Ärby 1 | Strängnäs | A | 1,325 |
| 4 | Södra Ärby 2 | Strängnäs | A | 485 |
| 4 | Valfiskan | Västerås | A, CSP | 80 |
| 4 | Järven | Norrköping | A | 250 |
| Total | | | | 8,233 |



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 | Kajkvarteren, etapp 1 | Sundsvall | RU | Heimstaden Bostad | 360 |
| 2 | Brygghuset | 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 | Egen förvaltning | 345 |
| 3 | Väsjön Norrsåtra | Sollentuna | RU | Egen förvaltning | 210 |
| 3 | Drottningshög | Helsingborg | CSP | Egen förvaltning | 129 |
| 3 | Orminge Hus 1 | Nacka | RU | Egen förvaltning | 206 |
| 4 | Nya Hovås | Göteborg | RU | Heimstaden Bostad | 180 |
| 4 | Ursvik II | Sundbyberg | RU | CBRE Global Investors | 200 |
| Total | | | | | 3,599 |

Completed projects

During 2020, 13 projects totalling 2,901 residential units were 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 Ecolabel.

Environmental certifications

During 2020, we certified four projects according to the Swedish Green Building Council's silver certification.

Environmental audits were carried out in nine projects in Q4, of which four audits concerned design and five audits concerned production.

A total of 16 environmental audits were carried out in 2020, all with good results. During the year, the environmental audits were largely carried out digitally via teams due to Covid-19.



Sales 2020¹

| Quarter | Project | Municipality | Category | Acquired by | Number of residences |
|--------------|-----------------------|--------------|----------|-----------------------|----------------------|
| 1 | Slipsen | Lund | RU | Heimstaden Bostad | 783 |
| 1 | Edvinshem | Ystad | RU | Heimstaden Bostad | 225 |
| 1 | Föreställningen 1 | 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 | Kajkvarteren, etapp 1 | Sundsvall | RU | Heimstaden Bostad | 360 |
| 2 | Piccolo | Halmstad | TO | Brf | 24 |
| 2 | Brygghuset | 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 |
| 4 | Nya Hovås | Göteborg | RU | Heimstaden Bostad | 180 |
| 4 | Ursvik II | Sundbyberg | RU | CBRE Global Investors | 200 |
| 4 | Ophelias Brygga | Helsingborg | TO | Brf | 46 |
| Total | | | | | 3,904 |



Projects closed in 2020¹

| Quarter | Project | Municipality | Category | Acquired by | Number of residences |
|--------------|-------------------------|--------------|----------|------------------|----------------------|
| 1 | Senapsfabriken, etapp 1 | Uppsala | RU | SEB Domestic III | 455 |
| 1 | Nyby Lilium, etapp 1 | Uppsala | RU | SEB Domestic II | 300 |
| 1 | Tegelslagaren | Vallentuna | RU | SEB Domestic II | 155 |
| 1 | Tegelmästaren | Vallentuna | RU | SEB Domestic 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 |
| Total | | | | | 2,901 |



¹ 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

Consolidated Condensed Income Statement

| Amounts in MSEK | 2020 Jan-Dec | 2019 Jan-Dec | 2020 Oct-Dec | 2019 Oct-Dec |
|--|-----------------|-----------------|-----------------|-----------------|
| Net sales | 2,358 | 896 | 572 | 501 |
| Production and operating costs | -1,764 | -866 | -568 | -445 |
| Gross profit/loss | 594 | 30 | 4 | 56 |
| Central administration | -98 | -89 | -27 | -26 |
| Profit/loss from participations in associated companies and joint ventures | 74 | 77 | 62 | 8 |
| Change in value, investment properties | 336 | 348 | 239 | -4 |
| Operating profit/loss | 906 | 366 | 278 | 34 |
| Financial income | 2 | 17 | 1 | 6 |
| Financial expenses | -183 | -189 | -52 | -49 |
| Profit/loss before tax | 725 | 194 | 227 | -9 |
| Income tax | -37 | -37 | -25 | 19 |
| NET PROFIT/LOSS FOR THE PERIOD | 688 | 157 | 202 | 10 |
| Profit/loss attributable to | | | | |
| Parent company shareholders | 658 | 129 | 208 | 5 |
| Non-controlling interests | 30 | 28 | -6 | 5 |
| Earnings per share (SEK) | | | | |
| Before dilution effects | 17.40 | 3.41 | 5.50 | 0.13 |
| After dilution effects | 17.40 | 3.41 | 5.50 | 0.13 |

Consolidated Statement of Comprehensive Income

| Amounts in MSEK | 2020 Jan-Dec | 2019 Jan-Dec | 2020 Oct-Dec | 2019 Oct-Dec |
|--|-----------------|-----------------|-----------------|-----------------|
| Net profit/loss for the period | 688 | 157 | 202 | 10 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | | | |
| Total other comprehensive income | 0 | 0 | 0 | 0 |
| COMPREHENSIVE INCOME FOR THE PERIOD | 688 | 157 | 202 | 10 |
| Comprehensive income attributable to | | | | |
| Parent Company shareholders | 658 | 129 | 208 | 5 |
| Non-controlling interests | 30 | 28 | -6 | 5 |

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 – 31 December

Net sales amounted to SEK 2,358 m (896) and the operating profit was SEK 906 m (366). The profit before tax was SEK 725 m (194).

| Distribution of revenue | 2020 Jan-Dec | 2019 Jan-Dec |
|---|-----------------|-----------------|
| Property sales | 1,973 | 484 |
| Sum of revenue recognised at a point in time | 1,973 | 484 |
| Project management | 52 | 23 |
| Rent | 21 | 16 |
| Other invoicing for the projects and other revenue | 312 | 373 |
| Sum of revenue recognised over in time | 385 | 412 |
| TOTAL REVENUE | 2,358 | 896 |

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 ongoing basis

The number of residential units sold increased to 3,904 (499). Of the period's sold projects, 2,275 residential units refer to rental housing sold to Heimstaden Bostad under a framework agreement. The estimated property value upon completion of projects sold to Heimstaden Bostad under the framework agreement amounts to around SEK 4,680 m. In addition, 300 residential units in Skellefteå with an estimated property value on completion of around SEK 475 m have been sold to Heimstaden Bostad.

In addition to sales to Heimstaden Bostad, 897 residential units in Karlstad with an estimated property value upon completion of around SEK 1,700 m have been sold to Trenum, 200 units in Sundbyberg with an estimated property value upon completion of SEK 588 m have been sold to CBRE Global Investors, 101 units in Borlänge with an estimated property value upon completion of around SEK 335 m to SBB I Norden, 60 residential units in a community service property to Heba and 71 tenant-owned apartments in the Piccolo and Ophelias Brygga tenant-owned apartment projects.

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.

During the year, Magnolia Bostad had two ongoing hotel projects deteriorate. Magnolia Bostad has also chosen not to acquire the property for the Gamlestaden Hotel in Göteborg as

Covid-19 is judged to have affected the opportunities to carry out the project in the near future. The City of Göteborg has therefore decided to implement a new land allocation for the property for residential purposes and Magnolia Bostad has decided to write off the value of the project. The two hotel projects that are in production together still have a positive overall result and are expected to be completed in 2021.

In the projects in Senapsfabriken in Uppsala, a provision has been made for a rental guarantee, which is expected to expire. In Uppsala, the value of the Konstnären project in Sala Backe has been written down as there are no conditions to carry out the project profitably. Impairment of Konstnären was done after the possibility of exchanging part of the property with the owners of adjacent properties in the area was investigated.

The impact on earnings of project changes for the two ongoing hotel projects, the project change in the Mustard Factory and write-down of Gamlestaden Hotel and Konstnären amounts to SEK -119 m.

| Development of net operating income | 2020 Jan-Dec | 2019 Jan-Dec |
|---|-----------------|-----------------|
| Rental income | | |
| Properties owned at the beginning of the period | 13 | 8 |
| Completed properties | 2 | 4 |
| Project properties | 6 | 4 |
| Rental income | 21 | 16 |
| Property costs | | |
| Properties owned at the beginning of the period | -4 | -2 |
| Completed properties | -3 | -2 |
| Project properties | -6 | -5 |
| Operating costs | -13 | -9 |
| Net operating income | 8 | 7 |

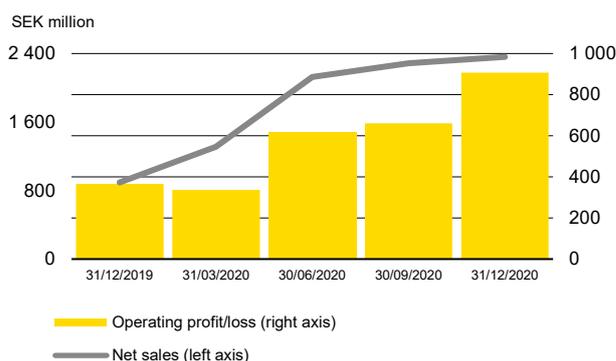
Net sales & operating profit/loss, full-year

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



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



Magnolia Bostad has increased its organization compared to the same period last year, which explains the increase in costs for central administration to SEK -98 m (-89). Profits from associated companies was SEK 74 m (77), mainly affected by development gains in the Barkarbystaden project as well as the projects developed with SBB. In addition, profits from associated companies are also affected by financing costs.

| Distribution of profits from associated companies | 2020 Jan-Dec | 2019 Jan-Dec |
|---|-----------------|-----------------|
| Net operating income | -2 | -5 |
| Other income and expenses | -4 | -6 |
| Change in value | 164 | 125 |
| Financing costs | -43 | -18 |
| Tax | -34 | -25 |
| Profit/loss från disposal | -7 | 6 |
| Total | 74 | 77 |

The change in value of management properties was SEK 336 m (348). 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. Realized value growth on sold investment properties was SEK 181 m (234).

| Change in value | 2020 Jan-Dec | 2019 Jan-Dec |
|--------------------------------|-----------------|-----------------|
| Change in net operating income | 4 | 0 |
| Change in project cost | -8 | -4 |
| Project development | 332 | 359 |
| Change in required return | 1 | 13 |
| Sales | 32 | - |
| Sales to JV | -25 | -20 |
| Total | 336 | 348 |

Net financial items

Net financial items amounted to SEK -181 m (-172) which is in line with the same period last year. At the end of the period, Magnolia Bostad's average interest rate was 7.1% compared to 7.0% at year-end 2019. The interest coverage ratio was 4.1 times, compared with 1.4 times for FY 2019.

Profit/loss for the period

The profit for the period was SEK 688 m (157) and includes SEK -37 m (-37) in income tax. The income tax reported for the period refers to deferred tax

Reporting period 1 October – 31 December 2020

Net sales amounted to SEK 572 m (501) and the operating profit was SEK 278 m (34). The profit before tax was SEK 227 m (-9).

| Distribution of revenue | 2020 Oct-Dec | 2019 Oct-Dec |
|---|-----------------|-----------------|
| Property sales | 404 | 282 |
| Sum of revenue recognised at a point in time | 404 | 282 |
| Project management | 19 | 4 |
| Rent | 5 | 4 |
| Other invoicing for the projects and other revenue | 144 | 211 |
| Sum of revenue recognised over time | 168 | 219 |
| TOTAL REVENUE | 572 | 501 |

Income from property sales was SEK 404 m (282) and the number of residential units sold during the quarter was 426 (281).

During Q4, 200 residential units in the Ursvik II project, with an estimated property value upon completion of around SEK 588 m, were sold to CBRE Global Investors and 180 residential units in the Nya Hovås project, with an estimated property value upon completion of around SEK 450 million, to Heimstaden Housing within the framework agreement. In addition, 46 tenant-owned apartments were sold in the Ophelias Brygga project in Helsingborg. During Q4, two hotel projects that deteriorated, the Senapsfabriken project deteriorations and write-downs of the value for the Gamlestaden Hotel project, were charged to the results.

The cost of central administration was SEK 27 m (-26).

The profit from participations in associated companies and JVs was SEK 62 m (8), mainly affected by development gains in projects developed in JVs together with Samhällsbyggnadsbolaget i Norden AB.

The change in value of investment properties was SEK 239 million (-4). To enable more production starts and faster implementation, properties are sold to JVs with a financially strong partner, which creates other conditions for financing the completion of the projects. Realized value growth during the quarter was SEK 116 m, mainly due to the sale of Söderbymalm in Haninge municipality to Heimstaden Bostad.

Financing costs in Q4 amounted to SEK 52 m (-49). The quarter's financing costs were charged with SEK 10 m in costs linked to early repurchases of parts of the bond maturing in 2021.

Consolidated Condensed Statement of Financial Position

| Amounts in MSEK | 2020 31 Dec | 2019 31 Dec |
|---|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill | 6 | 6 |
| Other intangible assets | 0 | 0 |
| Total intangible assets | 6 | 6 |
| Investment properties | 1,483 | 654 |
| Right of use assets | 72 | 51 |
| Machinery and equipment | 12 | 12 |
| Total property, plant and equipment | 1,567 | 717 |
| Shares in associated companies and joint ventures | 350 | 188 |
| Receivables from associated companies | 45 | 201 |
| Other securities held as non-current assets | 41 | 31 |
| Other long-term receivables | 1,059 | 563 |
| Total financial assets | 1,495 | 983 |
| Total non-current assets | 3,068 | 1,706 |
| Current assets | | |
| Development and project properties | 999 | 1,382 |
| Tenant-owned apartments | 11 | 9 |
| Accounts receivable | 45 | 41 |
| Receivables from associated companies | 136 | 64 |
| Other receivables | 742 | 414 |
| Prepaid expenses and accrued income | 19 | 11 |
| Cash and cash equivalents | 277 | 441 |
| Total current assets | 2,229 | 2,361 |
| TOTAL ASSETS | 5,297 | 4,067 |

Assets

The consolidated balance sheet total increased to SEK 5,297 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 1,483 m (654). The increase is mainly due to reclassifications from development and project properties and the acquisition of building rights.

Of a total of 8,899 non-production started building rights for development for self-management, 4,319 building rights are reported in the balance sheet among investment properties. Development of these 4,319 building rights is currently conducted outside JVs. The estimated surplus value on completion of building rights amounts to SEK 4.7 bn in the balance sheet. For the Vårby Udde project, which consists of around 1,800 residential units, there is a sales agreement conditional on a zoning plan coming into force with a JV owned together with SBB.

Vårby Udde was valued at fair value during the quarter. Fair value is judged to be lower than the sales price as deductions have been made in the valuation for detailed planning risk. Vårby Udde accounts for most of the surplus value, which will be realized within the JV together with SBB. For more information on properties that are being developed for self-management, see also pages 20 to 24

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-Dec | 2019 Jan-Dec |
|--------------------------------|-----------------|-----------------|
| Opening carrying amount | 654 | 295 |
| Reclassifications | 543 | 170 |
| Investments and acquisitions | 817 | 278 |
| Change in value | 360 | 348 |
| Sales to JV | -186 | -438 |
| Divestments | -705 | - |
| Closing carrying amount | 1,483 | 654 |

Long-term and current receivables from associated companies and JVs decreased by SEK 84 m to SEK 181 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 1,801 m (977), SEK 1,627 m (812) are receivables due from buyers of the projects, mainly at our partners and large Swedish institutions. Within the next 12 months, the Group is expected to receive SEK 625 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 within the next 12 months. Deposits for future property acquisitions amounted to SEK 119 m (121).

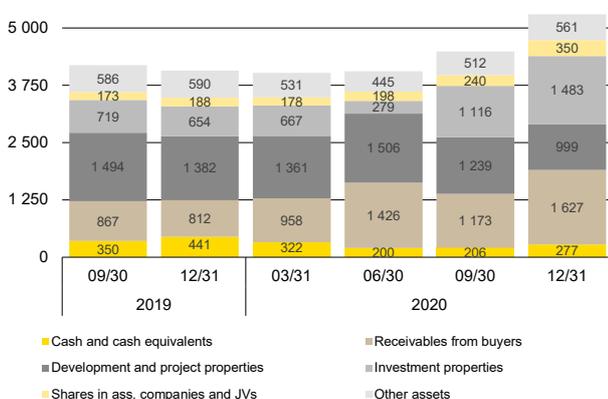
Development and project properties have decreased as a result of the reclassification to investment properties of a number of projects and amounted to SEK 999 m (1,382).

As development and project properties, 2,212 building rights were reported in the balance sheet of 10,292 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.

Building rights that are not reported on the balance sheet are owned or controlled by JV companies or consist of agreements that are to be regarded as options such as land allocation agreements or other acquisition agreements that are conditional on factors beyond Magnolia Bostad's control.

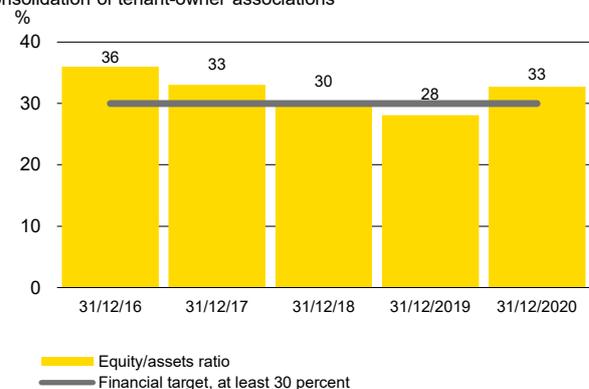
Distribution of assets

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 31 Dec | 2019 31 Dec |
|---|----------------|----------------|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 151 | 151 |
| Other capital contributions | 187 | 187 |
| Retained profits incl. net profit/loss for the period | 1,286 | 704 |
| Equity attributable to Parent Company shareholders | 1,624 | 1,042 |
| Non-controlling interests | 109 | 99 |
| Total equity | 1,733 | 1,141 |
| Non-current liabilities | | |
| Deferred tax liability | 68 | 38 |
| Non-current interest-bearing liabilities | 1,377 | 1,667 |
| Non-current liabilities to associated companies | 10 | - |
| Non-current lease liabilities | 57 | 39 |
| Other long-term liabilities | 532 | 42 |
| Total long-term liabilities | 2,044 | 1,786 |
| Current liabilities | | |
| Current interest-bearing liabilities | 644 | 824 |
| Current lease liabilities | 18 | 13 |
| Accounts payable | 65 | 68 |
| Liabilities to associated companies | 13 | 1 |
| Income tax liabilities | 0 | 0 |
| Other current liabilities | 626 | 105 |
| Accrued expenses and deferred income | 154 | 129 |
| Total current liabilities | 1,520 | 1,140 |
| TOTAL EQUITY AND LIABILITIES | 5,297 | 4,067 |

Equity and equity/asset ratio

As of 31 December 2020, consolidated equity amounted to SEK 1,733 m (1,141) with an equity/assets ratio of 32.7% (28.1). Of the consolidated equity, SEK 109 m (99) is attributable to holdings without controlling influence. During the year, a dividend of SEK 76 m (-) was paid to ordinary shareholders and a dividend of SEK 21 m (78) paid to holders of non-controlling influence. Dividends paid have reduced equity and equity / assets ratio. The Group's growing total assets as a result of the increased focus on properties in own management have also had a negative effect on the equity / assets ratio.

Return on equity for the last twelve-month period was 49.4%, compared with 13.2% for FY 2019.

Interest-bearing liabilities

Total interest-bearing loans, including the obtained interest-bearing deposits, amounted to SEK 2,021 m (2,491) as on 31 December 2020, of which SEK 114 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 27. The majority of Magnolia Bostad's liabilities consist of bond loans with a book value of SEK 1,215 m and project, property-related liabilities of SEK 437 m and secured property loans of SEK 156 m. The remaining interest-bearing liabilities consist of received deposits of SEK 91 m and sellers promissory notes of SEK 121 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 2021, SEK 262 m in project-related liabilities is expected to fall due, of which SEK 149 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 2.0 years at 31 December 2020, compared to 1.6 years at 31 December 2019.

After a deduction for cash and cash equivalents of SEK 277 m (441) interest-bearing net liabilities were SEK 1,744 m (2,050). Receivables from buyers amounted to SEK 1,627 m (812), interest-bearing net liabilities after deduction of receivables from buyers amounted to SEK 117 m (1,238), a decrease of SEK 1,121 m in a period of twelve months.

Other liabilities

Other long-term liabilities and other current liabilities have risen by SEK 1,019 m, mainly due to increased debt for unpaid purchase prices for acquired projects.

Bonds

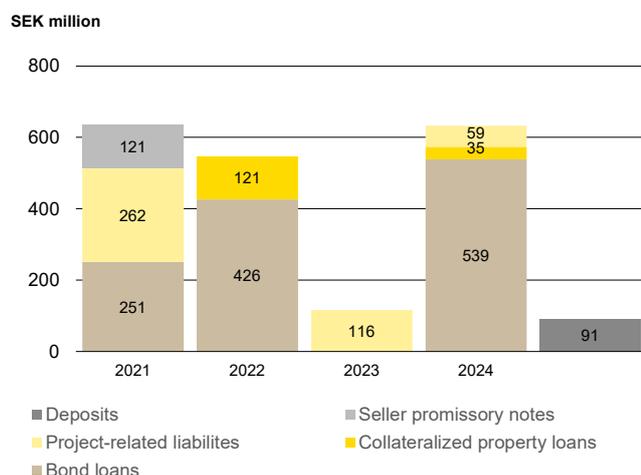
As on 31 December 2020, Magnolia Bostad had three outstanding bonds. An unsecured bond of a nominal SEK 600 m, under a framework of SEK 1 billion, of which SEK 347 million was repurchased and is held in the company's

custody, with a variable coupon of Stibor 3m + 7.25% (without a Stibor floor) maturing in October 2021, an unsecured bond of SEK 500 m, of which SEK 70 m is held in the company's own custody, which runs with a variable coupon of Stibor 3m + 8.50% (without a Stibor floor) maturing in October 2022 and a green unsecured bond of a nominal SEK 550 m within a framework of SEK 700 m, with a variable coupon of Stibor 3m + 7.50% (with a Stibor floor) maturing in April 2024.

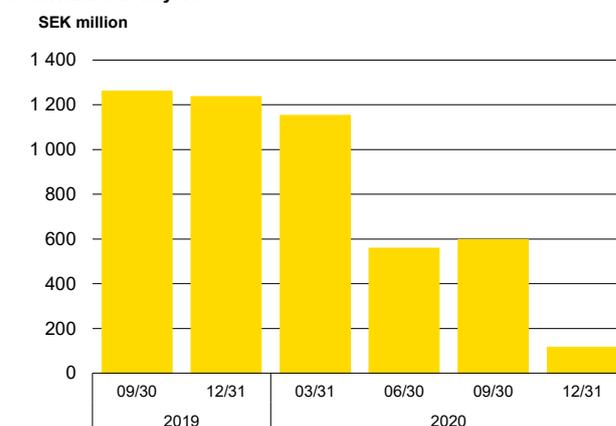
The green bond was issued on 2 October 2020. The funds from the green bond will be used to develop sustainable, environmentally certified projects. The funds may, among other things, be used to finance the part of the cost in JVs that is covered by Magnolia Bostad in cases where Magnolia Bostad owns at least 50% of the JV.

The difference between the book value of SEK 1,215 m and the nominal amount of the bonds is due to bonds in the company's own custody of SEK 417 m, bonds issued to a value of less than the nominal amount and set-up fees paid which are reported according to the effective interest method.

Maturity structure, SEK million



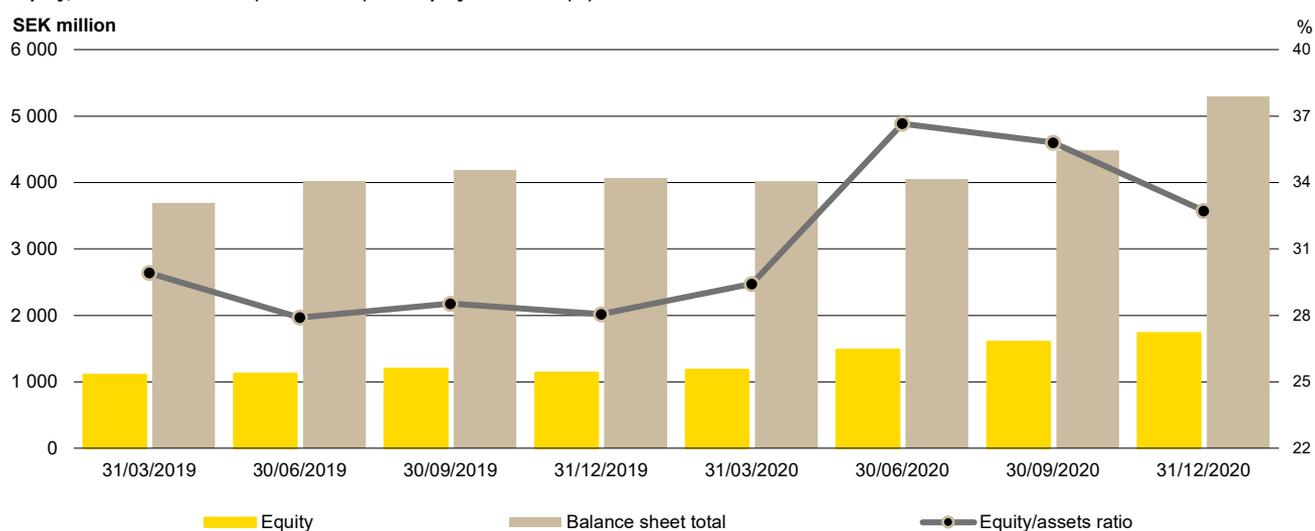
Interest bearing net liabilities with deduction for receivables at buyers



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 |
|---|---------------|-----------------------------|----------|--|---------------------------|--------------|
| Opening equity 1/1/2019 | 151 | 187 | 0 | 599 | 156 | 1,093 |
| Adjustment consolidation of tenant-owned associations | - | - | - | -25 | -3 | -28 |
| Acquisition of non-controlling interests | - | - | - | 1 | -4 | -3 |
| Issue of warrants | - | 0 | - | - | - | 0 |
| Dividend | - | - | - | - | -78 | -78 |
| Net profit/loss for the period | - | - | - | 130 | 28 | 158 |
| Other comprehensive income | - | - | 0 | - | 0 | 0 |
| Closing equity 12/31/2019 | 151 | 187 | 0 | 704 | 99 | 1,141 |
| Opening equity 1/1/2020 | 151 | 187 | 0 | 704 | 99 | 1,141 |
| Dividend | - | - | - | -76 | -21 | -97 |
| Issue of warrants | - | 0 | - | - | - | 0 |
| Net profit/loss for the period | - | - | 0 | 658 | 30 | 688 |
| Other comprehensive income | - | - | 0 | - | 0 | 0 |
| Closing equity 12/31/2020 | 151 | 187 | 0 | 1,286 | 109 | 1,733 |

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



Condensed Consolidated Cash Flow Statement

| Amounts in MSEK | 2020 Jan-Dec | 2019 Jan-Dec | 2020 Oct-Dec | 2019 Oct-Dec |
|--|-----------------|-----------------|-----------------|-----------------|
| Operating activities | | | | |
| Profit/loss after financial items | 725 | 194 | 227 | -9 |
| Adjustments for non-cash items, etc | | | | |
| Less share of profit/loss from associated companies and joint ventures | -74 | -77 | -62 | -8 |
| Retained dividend from associated companies | - | 10 | - | 10 |
| Depreciation/amortization and impairment of assets | 45 | 23 | 25 | 6 |
| Fair value changes, investment properties | -336 | -348 | -240 | 4 |
| Capital gains/losses from the sale of development properties | -691 | -65 | -60 | -63 |
| Other profit/loss items that do not affect liquidity | 13 | 13 | 3 | 4 |
| Income tax paid | 0 | 0 | 0 | 0 |
| Cash flow from operating activities before changes in working capital | -318 | -249 | -107 | -56 |
| Decrease (+)/increase (-) of development and project properties | -627 | -317 | -106 | 113 |
| Decrease (+)/increase (-) in current receivables | 1,141 | 506 | 285 | 85 |
| Decrease (+)/increase (-) in current liabilities | 209 | 42 | 143 | 14 |
| Cash flow from operating activities | 405 | -18 | 215 | 156 |
| Investing activities | | | | |
| Acquisition of intangible fixed assets | 0 | 0 | 0 | 0 |
| Acquisition of investment properties | -114 | -282 | -53 | -129 |
| Acquisition of machinery and equipment | -6 | -3 | -1 | 0 |
| Investment in financial assets | -48 | -11 | -48 | -11 |
| Disposal/reduction of financial assets | 0 | 29 | 0 | 0 |
| Cash flow from investing activities | -168 | -267 | -102 | -140 |
| Financing activities | | | | |
| Issue of warrants | 0 | 0 | - | - |
| Borrowings | 1,513 | 677 | 770 | 232 |
| Repayment of borrowings | -1,810 | -264 | -736 | -93 |
| Dividend paid to parent company's owner | -76 | - | -76 | - |
| Dividend paid to minority interest | -28 | -86 | 0 | -63 |
| Acquisition of non-controlling interests | - | -3 | - | 0 |
| Cash flow from financing activities | -401 | 324 | -42 | 76 |
| Cash flow for the period | -164 | 39 | 71 | 92 |
| Cash and cash equivalents at the beginning of the period | 441 | 403 | 206 | 350 |
| Cash and cash equivalents at the end of the period | 277 | 441 | 277 | 441 |

Cash flow and cash equivalents

The consolidated cash flow from operating activities for the year was SEK 405 m (-18).

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 1,032 m (299). Cash flow for the period from a reduction in operating receivables of SEK 1,141 m (506) is mainly due to payments received from buyers of projects.

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 -168 m (-267) and was affected by investments in investment properties of SEK -114 m (-282) largely attributable to the Björnbäret project in Kalmar.

The cash flow from financing activities amounted to SEK -401 m (324) as a result of completed amortization.

Cash and cash equivalents as on 31 December 2020 amounted to SEK 277 m, compared with SEK 441 m on 31 December 2019. In addition to cash and cash equivalents, an unutilized credit facility of SEK 490 m (788) was available as on 31 December 2020, of which unutilized overdraft facility amounted to SEK 50 m.

Parent Company Condensed Income Statement

| Amounts in MSEK | 2020 | 2019 | 2020 | 2019 |
|--|------------|------------|------------|------------|
| | Jan-Dec | Jan-Dec | Oct-Dec | Oct-Dec |
| Net sales | 13 | 12 | 5 | 4 |
| Total income | 13 | 12 | 5 | 4 |
| Central administration | -45 | -26 | -13 | -8 |
| Operating profit/loss | -32 | -14 | -8 | -4 |
| Financial income | 301 | 243 | 233 | 150 |
| Financial expenses | -151 | -142 | -55 | -36 |
| Profit/loss after financial items | 118 | 87 | 170 | 110 |
| Tax on profit/loss for the period | 0 | 0 | 0 | 0 |
| NET PROFIT/LOSS FOR THE PERIOD | 118 | 87 | 170 | 110 |

Parent Company Condensed Balance Sheet

| Amounts in MSEK | 2020 31 Dec | 2019 31 Dec |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Financial assets | 130 | 154 |
| Total non-current assets | 130 | 154 |
| Current assets | | |
| Current receivables | | |
| Receivables from Group companies | 1,718 | 1,880 |
| Receivables from associated companies | 24 | 0 |
| Other receivables | 0 | 1 |
| Prepaid expenses and accrued income | 7 | 2 |
| Total current receivables | 1,749 | 1,883 |
| Cash and bank balances | 35 | 20 |
| Total current assets | 1,784 | 1,903 |
| TOTAL ASSETS | 1,914 | 2,057 |
| EQUITY AND LIABILITIES | | |
| Equity | 458 | 417 |
| Non-current liabilities | | |
| Non-current interest-bearing liabilities | 707 | 1,157 |
| Total long-term liabilities | 707 | 1,157 |
| Current liabilities | | |
| Current interest-bearing liabilities | 599 | 428 |
| Liabilities to Group companies | 114 | 22 |
| Other current liabilities | 0 | 3 |
| Accrued expenses and deferred income | 35 | 30 |
| Total current liabilities | 748 | 483 |
| TOTAL EQUITY AND LIABILITIES | 1,914 | 2,057 |

Parent company

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

Dividends from Group companies affected the parent company's financial income by SEK 200 m (134). The parent company's profit after financial items was SEK 118 m (87).

During the year, a dividend of SEK 76 m (-) was paid. The equity/assets ratio for the parent company was 23.9%, compared with 20.3% at the turn of 2019/2020. Total assets for the parent company have fallen to SEK 1,914 m (2,057), mainly due to a net reduction of SEK 279 m in interest-bearing liabilities.

Construction site image in the summer of 2020

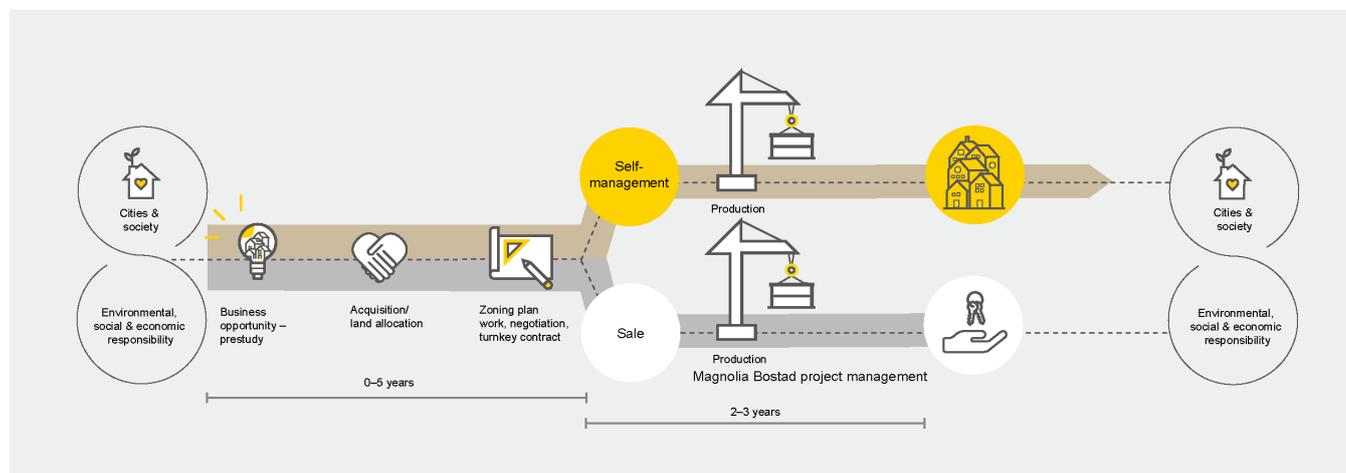


Ophelias Brygga consists of 126 tenant-owned apartments on an island in the port of Helsingborg and is part of the Oceanhamnen and H + urban renewal project. The focus is on renewable energy through, amongst others, solar cells on the roof, smart electricity networks, electric car parking spaces and vacuum toilets. In order to extract more efficient biogas production, households must be able to compost food waste through food waste grinders in the kitchens.

Construction started on the project in Q4 2018 and binding agreements were signed 31 December for 125 of the 126 apartments. During Q4 2020, access to, and final inspection of, the first 49 apartments took place and in February 2021, the remaining 75 apartments were occupied.

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.



Magnolia Bostad's business model creates value

Magnolia Bostad's business generation 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. In JV companies, we contribute with our development expertise, while our partner accounts for a larger share of the capital requirement.

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. Among other things, Magnolia Bostad has supported homework preparation, training of female leaders, 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 31 December 2020, the total number of estimated building rights amounted to 22,731. Of these 10,292 were estimated building rights for sale, of which 3,667 were through JVs (pages 25-26). The remaining 12,439 building rights are in properties for self-management, that have not yet started production, of which 3,540 are owned by a JV (page 23). Upon completion 50% of the 12,439 building rights will be owned and managed by Magnolia Bostad in the long-term.

Projects in production

As of 31 December 2020, Magnolia Bostad had 48 projects in production for a total of 9,810 residencies.

Properties for self-management in production

As of 31 December 2020, Magnolia Bostad had 1,814 residential units in production for self-management, of which all were through JVs (page 22). Of these, 907 units will be owned and managed by Magnolia Bostad in the long-term. 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

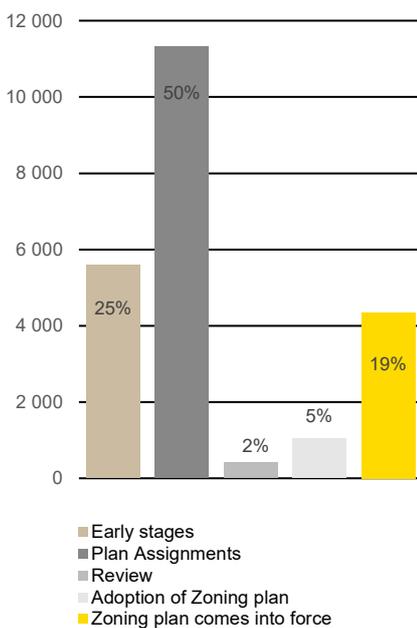
In projects that are being developed for sale, production started on 7,511 residential units. Of these, 7,432 were sold and revenue recognized, which corresponds to a sales ratio of 98.8%. The difference of 79 units is tenant-owned apartment that have not yet been sold in two tenant-owned apartment projects where production has already started. In addition to these, 485 residential units in properties developed for long-term management were also sold during Q4.

For more information about projects sold during production <https://om.magnolia-bostad.se/en/projects-and-properties>.

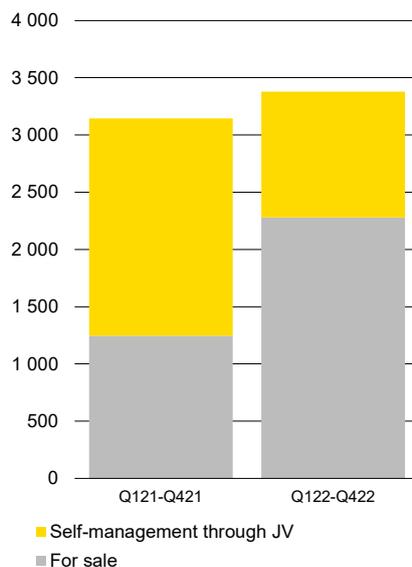
As of Q2 2020, Magnolia Bostad applied changed principles for the consolidation of tenant-owner associations in its financial reports and has chosen to make a corresponding change in the presentation of projects and properties. Binding agreements exist with tenant-buyers to sell 77 of the 79 unsold homes. 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 2020, 13 housing units were converted into tenant-owned apartments.

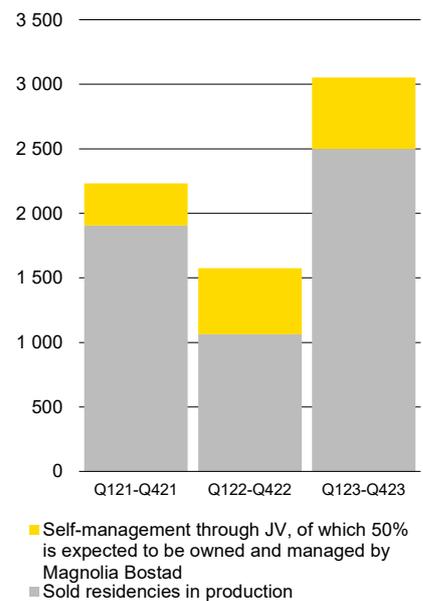
Building rights portfolio^{1 2}
- the proportion of estimated building rights in each zoning plan phase



Estimated production starts in the building rights portfolio², coming 2 years
- no of residential units on rolling 12-month periods



Estimated completion of projects in production², coming 3 years
- no of residential units on rolling 12-month periods



¹ The percentages are rounded to the nearest whole number.

² Refers to all building rights and residential units in each project, including projects developed in JV

Properties for self-management

As part of the strategy to develop properties for self-management in JVs, three more projects in production have been sold to a recently-formed JV with SBB i Norden. By developing within JVs with a financially strong partner, a major part of the financing required for the remaining investment of SEK 2 bn for all 1,814 residential units in production for self-management, has been secured. Upon completion, the property value for these is estimated to be SEK 3.9 bn.

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 properties in self-management, a building credit is used during the development phase and thereafter financing is provided with property loans.

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 JVs, Magnolia Bostad will, in addition to recovering costs incurred, also make a profit by selling the development project at a higher price than what was invested in the project. The surplus from the value development that is realized at the sale is then used to finance Magnolia Bostad's share of contributions and lending to the JV. Existing JVs have granted building loans totalling SEK 885 m to finance the development of production-started projects.

The market¹

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 3.25 - 3.75%. 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 3.75% to 5.70% 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.

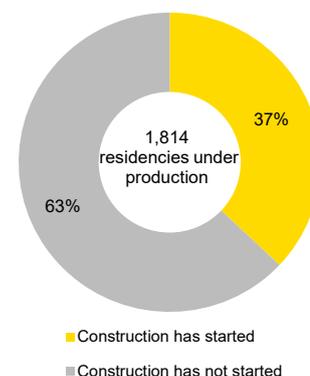
Properties for self-management in production

Magnolia Bostad has 1,814 residential units (1,581) in production for its own long-term management, all of which are being developed together with partners in JVs, which means that Magnolia Bostad's share amounts to 907 units. The estimated remaining investments amount to SEK 2.0 bn. Parts of the investments required are already secured with granted building loans. By developing housing in JVs together with financially strong partners who have the opportunity of contributing to a large part of the JVs financing, the capital requirement that Magnolia Bostad needs to contribute is reduced.

The estimated property value upon completion for projects in production is SEK 3.9 bn (SEK 3.2 bn) and the undiscounted residual surplus value SEK 0.5 bn. Occupancy has begun in the Strandblick project in Östersund and in addition to Strandblick, the Gjuteriet stage 2 project in Eskilstuna is also expected to be completed in 2021. Properties completed in 2021 are expected to generate an annual rental value of around SEK 29 m after completion, which corresponds to around SEK 14 m for Magnolia Bostad's shareholding in the JV. The final completion of projects in production is estimated to be 2025 for the last part of Brogårdstaden.

In 2020, Björnbäret in Kalmar, Söderbymalm in Haninge, Norrskan in Östersund and Hasseludden in Nacka were divested. Drottninghög in Helsingborg, Väsjön Norrsåtra in Sollentuna and Orminge Hus 1 in Nacka have been sold to a joint JV with SBB, where development will continue.

Share of residencies in construction, properties for self-management in production^{1 2}



¹ The percentages are rounded to the nearest whole number.

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

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 7.4 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 1.9 billion. The Vårby Udde project, where a sales agreement conditional on a legally valid building permit, has been signed with a jointly-owned JV with SBB, and is included in investment properties that are operated in-house until the time when essential conditions in the sales agreement are met. By developing projects together with financially strong partners, the project has better financing opportunities, which enable more production starts. For more information about the projects and estimated completion for each project see page 23.

For information on significant assumptions and uncertainties, see page 21. Magnolia Bostad's share of earnings on page 22-23 amounts to 92% unless otherwise stated.

¹ Source: Savills

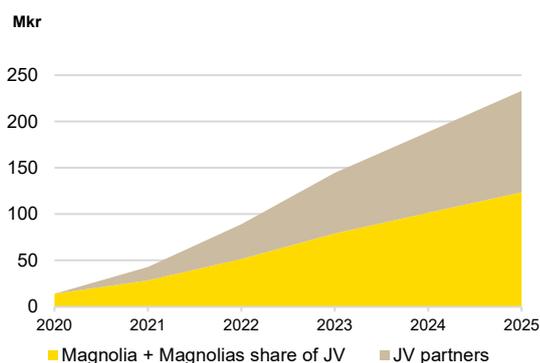
Estimated earning capacity

The diagram shows the estimated annual earning capacity of self-management properties, partly for the portfolio but also divided between completed properties and self-management properties in production.

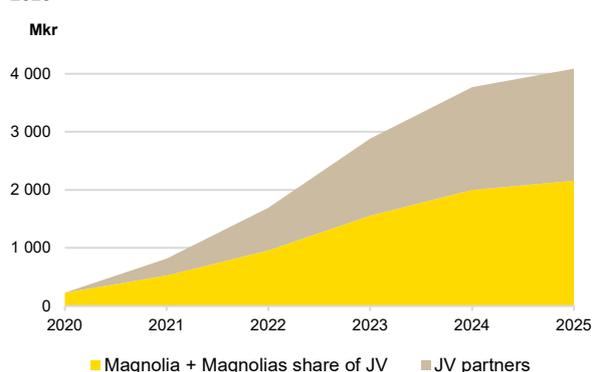
Operating and maintenance costs include operation, maintenance, property fees and administration, but not a share of Magnolia Bostad's costs for central administration. Financing costs are calculated at 3% based on an estimated loan ratio of 70% of the estimated property value.

The diagram below illustrates the rental value and property value of completed investment properties as of December 31, 2020, with additions to the expected rental value and property value for ongoing production of investment properties.

Rental development, completed projects and production started projects as of 31 Dec 2020



Value of completed investment properties, completed projects and production started projects as of 31 Dec 2020



| Earning capacity (SEK m) | Total project portfolio | Completed | Under production | Not production started |
|---|-------------------------|-----------|------------------|------------------------|
| Rental value | 1,778 | 14 | 187 | 1,577 |
| Vacancies | -11 | 0 | -1 | -10 |
| Rental income | 1,767 | 14 | 186 | 1,567 |
| Operating and maintenance costs | -389 | -3 | -41 | -345 |
| Net operating income | 1,378 | 11 | 145 | 1,222 |
| Net financial items | -705 | -5 | -74 | -626 |
| Net operating income after net financial items | 673 | 6 | 71 | 596 |
| <i>of which in JV</i> | 226 | 0 | 71 | 156 |
| Magnolia Bostads' share | 340 | 6 | 35 | 298 |

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 conducted in JV companies. A total of 68 completed homes, 1,814 homes in production and 12,439 not production started homes in the above earning capacity are included. The last project in the portfolio is estimated to be completed in about 15 years.

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 ¹ | Orminge, Nacka | O | - | 6,000 | 109 | 98 | 18,167 | 8 |
| Adjutanten | A7-området, Visby | CSP | 68 | 3,300 | 120 | 99 | 36,364 | 6 |
| Total | | | 68 | 9,300 | 229 | | | 14 |

¹ Magnolia Bostad's share of the profit amounts to 90%.

Properties for self-management, under production

| Project | Area, municipality | Category | Est. number of ap. | Est. rentable space at completion (m2) | Est. completion | JV-partner |
|--------------------------------------|----------------------------------|----------|--------------------|--|-----------------|-------------------|
| Strandblick ¹ | Centrala Östersund | RU | 212 | 9,200 | 2021 | Slättö |
| Gjuteriet, etapp 2 ¹ | Norra Munktellstaden, Eskilstuna | RU | 115 | 5,850 | 2021 | Slättö |
| Kronandalen ¹ | Kronandalen, Luleå | RU | 117 | 5,100 | 2022 | Slättö |
| Sportflygaren ¹ | Södra Ladugårdsängen, Örebro | RU | 180 | 8,350 | 2022 | Slättö |
| Brogårdstaden ¹ | Bro, Upplandsbro | RU | 645 | 30,000 | 2022-2025 | Heimstaden Bostad |
| Drottninghög ¹ | Drottninghög, Helsingborg | CSP | 129 | 6,200 | 2023 | SBB |
| Väsjön Norrsåtra ¹ | Väsjön, Sollentuna | RU | 210 | 9,200 | 2023 | SBB |
| Orminge Hus 1 ¹ | Orminge, Nacka | RU | 206 | 10,200 | 2024 | SBB |
| Total projects through JV | | | 1,814 | 84,100 | | |
| Total Magnolia Bostads' share | | | 907 | 42,050 | | |

¹ 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 |
|--|-----------------------------|-----------|----------------------|--|-----------------|--------------------|------------|
| Öresjö ängar | Borås, Öresjö ängar | A, CSP | 350 | 22,800 | 2025 | ●●●●○ | - |
| Kvarnsjödalen ² | Botkyrka, Tumba | A, CSP | 2,000 | 130,000 | - | ●○○○○ | - |
| Mesta | Eskilstuna, Mesta | CSP | 54 | 3,950 | 2022 | ●●○○○ | - |
| Fixfabriken | Göteborg, Majorna | A | 120 | 7,000 | 2024 | ●●●●● | - |
| Frihamnen ² | Göteborg, Lundbyvassen | A | 150 | 7,500 | 2027 | ●●○○○ | - |
| Västerhaninge | Haninge, Västerhaninge | A | 500 | 30,000 | 2028 | ●●○○○ | - |
| Vårby Udde ³ | Huddinge, Vårby | A, CSP, H | 1,800 | 115,000 | 2025-2034 | ●●○○○ | SBB |
| Österhagen | Huddinge, Länna | CSP | 80 | 5,300 | 2023 | ●●○○○ | - |
| Bunkeflostrand ² | Malmö, Limhamn | A | 750 | 39,000 | 2029 | ●●○○○ | - |
| Lommarstranden 1 ² | Norrtälje, Lommarstranden | A | 200 | 11,200 | 2024 | ●●●●● | - |
| Lommarstranden 2 ² | Norrtälje, Lommarstranden | A | 120 | 6,000 | - | ●○○○○ | - |
| Norrbacka ² | Sigtuna, Norrbacka | A, CSP | 310 | 16,000 | - | ●○○○○ | - |
| Södra Årby 1 | Strängnäs, Läggesta | A | 1,325 | 62,600 | 2024-2029 | ●●●●● | - |
| Sländan, etapp 3 ² | Södertälje, Centralt | A | 250 | 12,700 | 2024 | ●●○○○ | - |
| Grimsta 5:2 (Infra) ² | Upplands Väsby, Infra | A, CSP, H | 890 | 41,200 | 2025-2026 | ●●○○○ | - |
| Total project under own self-management | | | 8,899 | 510,250 | | | |
| Barkabystaden ¹ | Järfälla, Barkaby | A | 395 | 17,800 | 2024 | ●●●●● | Slättö |
| Hede ¹ | Kungsbacka, Hede | A | 900 | 43,000 | 2028-2030 | ●○○○○ | Heimstaden |
| Järven ¹ | Norrköping, Centralt | A | 250 | 12,000 | - | ●○○○○ | SBB |
| Örnäs ¹ | Upplands-Bro, Bro | A, CSP | 145 | 6,500 | 2025 | ●●○○○ | Heimstaden |
| Valfisken ¹ | Västerås, Öster Mälarstrand | A, CSP | 80 | 4,800 | 2023 | ●●●●● | Slättö |
| Näsängen ¹ | Österåker, Åkersberga | A | 1,770 | 110,000 | 2025-2035 | ●●○○○ | Heimstaden |
| Total projects through JV | | | 3,540 | 194,100 | | | |
| Total | | | 12,439 | 704,350 | | | |
| Total Magnolia Bostad's current share | | | 10,669 | 607,300 | | | |

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

² 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

- 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 | 229 | - | 229 | 14 |
| Properties in self-management, in production | 1,814 | 84,100 | 1,393 | 2,006 | 3,856 | 187 |
| Properties in self-management, not in production | 12,439 | 704,350 | 1,863 | 22,482 | 33,700 | 1,577 |
| Total | 14,321 | 797,750 | 3,485 | 24,488 | 37,785 | 1,778 |
| Of which in JV at present | 5,422 | 287,500 | 2,141 | 8,303 | 12,827 | 612 |
| Magnolia Bostad's expected share upon completion | 7,195 | 403,525 | 1,857 | 12,244 | 19,007 | 896 |

Reported value in the table above is reported either in Magnolia Bostad's 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.

Magnolia Bostad's expected share upon completion is based on the assumption

that all projects are developed together with partners in JVs.

All properties for self-management in production are operated through JVs, which means that a large part of the remaining investments of SEK 2.0 bn will be financed by shareholder loans from the JV partner, and Magnolia Bostad's financing requirements for the continued development of the properties under production will be limited. 3,540 not yet production-started residential units for self-management are currently being developed in JVs. This corresponds to 28.5% of a total of 12,439 not yet production-started residential units for self-

management and means that investments of SEK 6.3 bn will be financed within JVs with financially strong JV partners, which limits Magnolia Bostad's own investments. In addition to this, a conditional sales agreement for 1,800 residential units in Vårby Udde has been signed with a JV owned with SBB. The agreement is conditional on a legally valid zoning plan, which is expected to be obtained in 2023. After the condition is met, the JV will acquire Vårby Udde, which will limit the part of the remaining investments that Magnolia Bostad needs to finance.

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 market¹

Despite a global pandemic, the property market was strong in 2020. 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 accommodation was the largest segment in the transaction market² and accounted for 31% of the transaction volume during Q4 and 29% throughout 2020.

The proportion of transactions relating to unfinished projects that has increased sharply in recent years, amounted to 47% of the rental property volume during Q4. In total, rental property worth SEK 62 billion was sold during 2020.

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.

¹ Source: Savills

² 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/UF A (sqm) | Zoning plan status | Planned buyer |
|-----------------------------|--------------|------------------|----------|-------------------------------------|------------------------------|--------------------|----------------------|
| Åkermyntan | Borås | Bergsäter | A | 430 | 18,900 | ●●●●○ | Heimstaden agreement |
| Fixfabriken | Göteborg | Majorna | A | 250 | 12,300 | ●●●●● | |
| Frihamnen H ⁴ | Göteborg | Lundbyvassen | H | 300 | 11,000 | ●●○○○ | |
| Mejeriet ² | Helsingborg | Filborna | A | 540 | 30,000 | ●○○○○ | Heimstaden agreement |
| Torgkvarteren ² | Håbo | Centrala Bålsta | A | 325 | 21,500 | ●●●○○ | Heimstaden agreement |
| Ångloket ² | Knivsta | Centrala Knivsta | A | 415 | 17,150 | ●●●●● | Heimstaden agreement |
| Hede ⁵ | Kungsbacka | Hede | A | 700 | 33,000 | ●○○○○ | |
| Bunkeflostrand ² | Malmö | Limhamn | A | 330 | 21,500 | ●●○○○ | |
| Orminge Hus 2 | Nacka | Orminge Centrum | CSP | 75 | 5,130 | ●●○○○ | |
| Nykvarn ³ | Nykvarn | Centrala Nykvarn | A | 285 | 13,000 | ●●●●● | |

| Name | Municipality | Area | Category | Estimated number of building rights | Estimated GFA/MUA/UF A (sqm) | Zoning plan status | Planned buyer |
|--|--------------|--------------------|----------|-------------------------------------|------------------------------|--------------------|---------------------------------------|
| Södra Häggviks Gårdar ¹ | Sollentuna | Stinsen, Häggvik | A, CSP | 1,500 | 94,000 | ●●○○○○ | Alecta, part of project |
| Bredängshöjden ² | Stockholm | Bredäng | A | 700 | 35,000 | ●●○○○○ | Heimstaden agreement, part of project |
| Årstaberget 2 | Stockholm | Årsta | A | 120 | 6,500 | ●●○○○○ | |
| Erstavik ³ | Stockholm | Erstavik | CSP | 72 | 5,180 | ●○○○○○ | |
| Årstaberget 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 |
| Södra Årby ³ | Strängnäs | Läggesta | A | 485 | 49,000 | ●●●●●● | |
| Kajkvarteren ² | Sundsvall | Norra Kajen | A | 480 | 24,540 | ●●●●●● | Heimstaden agreement |
| Finnkajen ⁴ | Sundsvall | Stenstaden | H | 270 | 10,500 | ●●●●○○ | |
| Örnäs, småhus ⁵ | Upplands Bro | Bro | A | 255 | 27,000 | ●●○○○○ | |
| Brogårdstaden, småhus ⁵ | Upplands Bro | Bro | A | 140 | 16,000 | ●●●●●● | |
| Senapsfabriken ² | Uppsala | Centrala Uppsala | A | 700 | 29,000 | ●○○○○○ | |
| Edvinshem 3 | Ystad | Edvinshem | A | 210 | 9,500 | ●●○○○○ | Heimstaden agreement |
| Lotsen | Ystad | Edvinshem | A | 470 | 22,400 | ●●○○○○ | Heimstaden agreement |
| Lotsen förskola | Ystad | Edvinshem | CSP | - | - | ●●○○○○ | |
| Näsängen, småhus ⁵ | Österåker | Åkersberga | A | 230 | 26,000 | ●●○○○○ | |
| Solfjädem | Örebro | Tamarinden, Örebro | A | 180 | 7,900 | ●●●●●● | |
| Nätverket ² | Österåker | Åkersberga | A | 335 | 9,600 | ●●○○○○ | Heimstaden agreement |
| Hagby Park ² | Österåker | Åkersberga | A | 195 | 10,300 | ●●○○○○ | Heimstaden agreement |
| Total estimated apartments for sale | | | | 10,292 | 581,430 | | |

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

² Magnolia Bostad's share of the profit amounts to 90%.

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

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

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

●●●● = Zoning plan comes into force

●●●○○ = Adoption of Zoning plan

●●○○○○ = Review

●○○○○○ = Plan Assignments

●○○○○○ = Early stages

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

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. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in notes as well as elsewhere 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. The accounting principles have otherwise remained unchanged compared with the annual report last year.

| Amounts in MSEK | 2019 okt - dec | | | 2019 jan - dec | | |
|--|--------------------|--------------------------------------|---------------|--------------------|--------------------------------------|---------------|
| | Previous reporting | Adjustment tenant-owner associations | New reporting | Previous reporting | Adjustment tenant-owner associations | New reporting |
| Operating income and expenses | | | | | | |
| Net sales | 258 | 243 | 501 | 751 | 145 | 896 |
| Production and operating costs | -201 | -244 | -445 | -707 | -159 | -866 |
| Gross profit/loss | 57 | -1 | 56 | 44 | -14 | 30 |
| Central administration | -26 | - | -26 | -89 | - | -89 |
| Profit/loss from participations in associated companies and joint ventures | 8 | - | 8 | 77 | - | 77 |
| Changes in fair value of investment properties | -4 | - | -4 | 348 | - | 348 |
| Operating profit/loss | 35 | -1 | 34 | 380 | -14 | 366 |
| Financial income | 6 | - | 6 | 17 | - | 17 |
| Financial expenses | -49 | 0 | -49 | -189 | 0 | -189 |
| Profit/loss before tax | -8 | -1 | -9 | 208 | -14 | 194 |
| Income tax | 19 | 0 | 19 | -37 | 0 | -37 |
| Net profit/loss for the year | 11 | -1 | 10 | 171 | -14 | 157 |

| Amounts in MSEK | 30/09/2019 | | | 31/12/2019 | | |
|--|--------------------|--------------------------------------|---------------|--------------------|--------------------------------------|---------------|
| | Previous reporting | Adjustment tenant-owner associations | New reporting | Previous reporting | Adjustment tenant-owner associations | New reporting |
| Other long-term receivables | 554 | -11 | 543 | 578 | -15 | 563 |
| Other long-term assets | 1,022 | - | 1,022 | 1,143 | - | 1,143 |
| Total non-current assets | 1,576 | -11 | 1,565 | 1,721 | -15 | 1,706 |
| Development and project properties | 1,180 | 314 | 1,494 | 1,114 | 268 | 1,382 |
| Other current assets | 1,306 | -176 | 1,130 | 1,164 | -185 | 979 |
| Total current assets | 2,486 | 138 | 2,624 | 2,278 | 83 | 2,361 |
| Total assets | 4,062 | 127 | 4,189 | 3,999 | 68 | 4,067 |
| Equity | 1,236 | -41 | 1,195 | 1,183 | -42 | 1,141 |
| Total provisions/long-term liabilities | 1,762 | 8 | 1,770 | 1,778 | 8 | 1,786 |
| Current liabilities | 1,064 | 160 | 1,224 | 1,038 | 102 | 1,140 |
| Total equity and liabilities | 4,062 | 127 | 4,189 | 3,999 | 68 | 4,067 |

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 influence of SEK 30 m, SEK -2 m is attributable to Fredrik Lidjan AB's (FLAB's) share of the profit in Magnolia Holding 3 AB, SEK 64 m is attributable to FLAB's share of the profit in Magnolia Holding 4 AB and SEK -5 m is attributable to FLAB's share of the profit in Magnolia Hotellutveckling 2 AB. In addition, there are other non-controlling interests in Magnolia Hotellutveckling 2 AB and Moutarde Holding 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.

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

After the turn of the year, discussions were held with the owners of non-controlling influence in Magnolia Hotellutveckling 2 AB about the company's continued ownership and how the company should be capitalized to develop current hotel projects in the portfolio. The discussions are expected to be completed during Q1 2021.

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.

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.magnolia-bostad.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 31 December 2020, the company had 112 (101) employees. Of the number of employees, 63 (56) were women and 49 (45) were men at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå. Comparative information refers to 31 December 2019.

As of 31 December 2020, management consisted of five people. For more information about Magnolia Bostad's executive management, see www.magnoliabostad.se

Dividend

The long-term dividend must correspond to up to 30 percent of the result. In the next few years, Magnolia Bostad will prioritize investments in the building rights portfolio and in investment properties, which will mean no or low dividends during this period.

In line with the new dividend policy, the Board proposes that no dividend be paid for the 2020 financial year.

Annual General Meeting (AGM)

Magnolia Bostad AB's Annual General Meeting will take place on April 27, 2021, at 14.00 and in light of the current situation that prevails as a result of covid-19, the Annual General Meeting will be conducted by advance voting

(postal voting). No meeting with the opportunity to be present in person or through a representative will take place; it thus becomes a meeting without physical participation.

Notice of the AGM will be given no later than 30 March 2021. The notice, as well as the conditions for registration, will be published in Post & Inrikes tidningar and on Magnolia Bostad's website, www.magnoliabostad.se. Information that notice has been given is provided in an advertisement in Dagens Industri. Other documents to be presented at the meeting will be available on the company's website no later than 6 April 2021. The notice will state which matters are to be dealt with at the meeting.

Annual Report

The Annual Report for 2020 will be available on Magnolia Bostad's website on 31 March 2021, www.magnolibostad.se, and at the company's head office at Sturegatan 6, Stockholm, Sweden, during the week of 19-25 April 2021.

Stockholm, 24 February 2021,
Magnolia Bostad AB (publ)
The Board of Directors

This report has not been subject to review by the company's auditors

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.

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, projects for sale

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-

isions 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.

Occupancy rate, %

Leased area in relation to leasable area.

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

Production start, project portfolio

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

Sales rate

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

Sold residential units in production

Number of residential in production where binding sales agreements were signed, and the revenue recognized

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 | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| | 31 Dec | 30 Sep | 30 Jun | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
| Net sales (SEK million) | 572 | 281 | 1,058 | 446 | 502 | 119 | 243 | 33 |
| Operating profit/loss (SEK million) | 278 | 187 | 348 | 88 | 34 | 148 | 67 | 119 |
| Profit/loss after tax (SEK million) | 202 | 119 | 324 | 41 | 10 | 73 | 33 | 43 |
| Earnings per share (SEK) ¹ | 5.50 | 3.00 | 7.92 | 0.95 | 0.11 | 1.64 | 0.74 | 0.93 |
| Equity (SEK million) | 1,733 | 1,606 | 1,486 | 1,182 | 1,141 | 1,195 | 1,123 | 1,104 |
| Equity per share (SEK) ¹ | 42.95 | 39.45 | 36.46 | 28.50 | 27.55 | 27.44 | 25.83 | 25.04 |
| Equity/assets ratio (%) | 32.7 | 35.8 | 36.7 | 29.4 | 28.1 | 28.5 | 27.9 | 29.9 |
| Cash flow from operating activities (SEK million) | 215 | 223 | -86 | -24 | 209 | 53 | -208 | -72 |
| Cash flow from the operating activities, per share (SEK) | 5.7 | 5.9 | -2.3 | -0.6 | 5.5 | 1.4 | -5.5 | -1.9 |
| 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 |

¹ Excluding the minority

Financial calendar

- Annual Report 2020: 31 March 2021
- Interim Report January – March 2021: 23 April 2021
- Annual General Meeting 2021: 27 April 2021
- Interim Report January – June 2021: 7 July 2021
- Interim Report January – September 2021: 21 October 2021

Teleconference Q4 2020

10:30 a.m. CET on 24 February 2021
Call one of the following telephone numbers to participate
Sweden: +46 8 505 583 53 UK: +44 333 300 9260

Listen to the teleconference at :

<https://financialhearings.com/event/12967>

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

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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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons, on 24 February 2021 at 08:00 a.m. CET.

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

This is Magnolia Bostad



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 BoTryggt2030's guidelines.



Financial target

The equity/assets ratio must be at least 30%.

Business targets

Before the end of 2025, Magnolia Bostad will have at least 4,000 completed residential units for self-management or alternatively have investment properties with a market value of at least SEK 8 bn. This refers to Magnolia Bostad's own ownership and the company's ownership interest in JVs.

Magnolia Bostad must start production of at least 3,000 residential units per year, seen as an average over a business cycle.

Magnolia Bostad's shares (MAG) are listed on Nasdaq Stockholm. More information is available at www.magnoliabostad.se

MAGNOLIA

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