

# MAGNOLIA

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Magnolia Bostad

## **Magnolia Bostad**

Interim Report

The Group

1 January–

30 June 2021

# Q2

# Continued expansion of the building rights portfolio, which now amounts to around 25,300 potential building rights

## January – June 2021

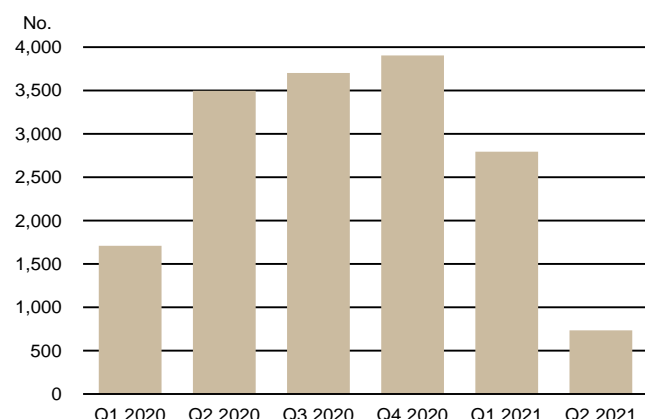
- Net sales amounted to SEK 459 m (1,504).
- The operating loss was SEK 27 m (+437). Changes in the value of investment properties contributed positively with SEK 42 m (-30).
- The net loss before tax for the period was SEK 114 m (+351) and the loss after tax was SEK 127 m (+366).
- Earnings per share after deductions for minority shares was SEK -2.99 (8.91).

## April – June 2021

- Net sales amounted to SEK 52 m (1,058).
- The operating loss was SEK 2 m (+348) of which SEK 22 m (-25) refers to changes in the value of investment properties.
- The net loss before tax for the period was SEK 46 m (+308) and the loss after tax was SEK 55 m (+324).
- Earnings per share after deductions for minority shares was SEK -1.28 (7.91).

## Sold residential units

Rolling 12 months, see page 20.



## Significant events April – June 2021

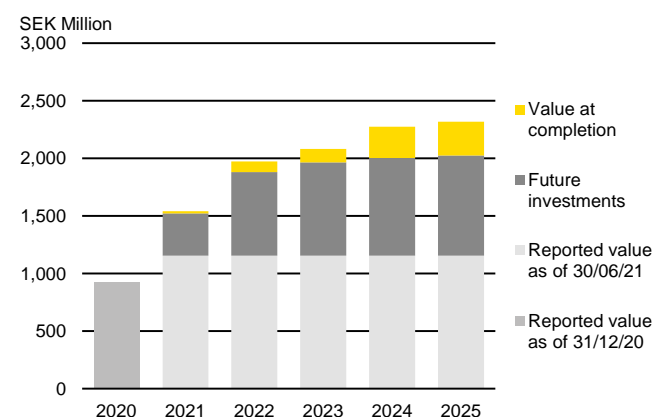
- Acquired land for developing around 1,300 residential units in seven projects located in Östersund, Sundsvall, Håbo, Nynäshamn, Urvik and Tyresö in Greater Stockholm and Kungsbacka in Greater Göteborg.
- Received the Nasdaq Green Equity Designation, which gives a green labelling of the company's shares on Nasdaq's main list. The purpose is to provide an increased focus for investors looking for sustainable investments.
- Listed the company's second green bond on Nasdaq Stockholm's list for sustainable bonds.
- Carried out voluntary early redemption of all outstanding bonds maturing in October 2021.

## Significant events after the end of the quarter

- Acquired land in Håbo for development of about 100 residential units.

## Properties for self-management

Completed properties and estimated value at completion of properties for self-management currently in production. Magnolia Bostad's direct and indirect ownership. See page 17.



## KPIs, Group

	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020/2021 Jul-Jun	2020 Jan-Dec
<b>Project-related</b>						
Number of production starts during the period <sup>1</sup>	80	2,098	80	2,038	1,501	3,599
Number of sold residencies during the period <sup>1</sup>	77	3,246	-	2,062	735	3,904
Total number of residencies in production <sup>1</sup>	9,879	8,863	9,879	8,863	9,879	9,810
Number of estimated building rights in the portfolio, not yet production started <sup>1</sup>	25,273	19,011	25,273	19,011	25,273	22,731
<b>Financials</b>						
Investment properties (SEK m)	1,759	279	1,759	279	1,759	1,483
Operating profit/loss	-27	437	-2	348	443	906
Return on equity (%) <sup>2</sup>	-	-	-	-	14.4	49.4
Equity/assets ratio (%)	28.1	36.7	28.1	36.7	28.1	32.7
Interest coverage ratio (multiple) <sup>3</sup>	-	-	-	-	0.4	4.1
<b>Share-related</b>						
Earnings per share (SEK) <sup>2</sup>	-2.99	8.91	-1.28	7.91	5.50	17.40
Equity per share (SEK) <sup>2</sup>	39.87	36.46	39.87	36.46	39.87	42.95

<sup>1</sup> No adjustments are made for projects developed in JV

<sup>2</sup> Excluding the minority

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

# CEO's comments

*Our intensive efforts to find new building rights in attractive areas produced results. We have expanded our building rights portfolio with approximately 1,400 assessed building rights in seven projects around the country. Our portfolio of building rights now contains about 25,300 potential building rights and I expect that before the end of the year we will be able to present our customers with a number of attractive projects. It is also satisfying that Magnolia Bostad's shares were green-labelled by Nasdaq during Q2. This further clarifies our sustainability value for our investors.*

## Many new acquisitions

It is gratifying that we have now acquired six projects in Östersund, Sundsvall, Håbo, Ursvik and Tyresö in Greater Stockholm and Kungsbacka in Greater Göteborg. In addition to this, we also received a land allocation in Luleå for around 120 building rights. In total, this means addition of approximately 1,400 assessed building rights, of which over 90 per cent have existing zoning plans in force.

## Strong market continues

Demand from our customers for rental apartments continued to be strong, but it takes time to develop housing and during Q2 we had no projects ready for sale. The market for tenant-owned apartments also remained good. During the quarter, we started selling 73 apartments in the tenant-owned apartment project Linnefabriken in Göteborg. Due to the prevailing circumstances with the Covid-19 pandemic, the sales start this time was completely digital, which worked perfectly. Linnefabriken was designed by Magnolia Bostad's own architects and the interest from customers has been great.

## Green shares, greater transparency and responsibility

With the listing of our second green bond in May, we now have 71% of the financing via bonds in green bonds. We view this form of raising capital very positively, which also gives us the opportunity of showing our commitment in Sustainability. In addition to green bonds, we also had our shares green-labelled by Nasdaq, which launched the Nasdaq Green Equity Designation in early June.

The construction industry accounts for about one-fifth of Sweden's total carbon dioxide emissions. With one of Sweden's largest building rights portfolios, Magnolia Bostad has a great opportunity of contributing to a lower climate impact. Therefore, we are participating in Bygg- och anläggningssektorns roadmap for climate neutrality 2045 and also in local initiatives such as LFM30 in Malmö, which is the City of Malmö's local roadmap for climate neutrality.

To promote equality, diversity and integration, Magnolia Bostad has been supporting women's and girls' football for many years. From this autumn, we will add collaboration with the Mentor programme Mitt Livs Chans (My Life's Chance). We hope to help people with a foreign background get a job, while we look forward to an educational journey for us as well.



## Moving forward

I am not happy with the results for the first six months, which is explained by the fact that we have not sold any projects this year. On the positive side, however, the building rights portfolio has not only grown but now contains many projects that are nearing completion for sale, or for the start of production for self-management. Our goal of 3,000 production starts per year seems to have good prospects of being met.

During my first half of the year, I have seen much of the expertise and commitment that exists at the company and can state that we are well-equipped for an eventful autumn and winter. With this, I wish all employees, customers and partners a really pleasant summer.

Johan Tengelin  
CEO  
July 2021

# 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 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. In order to promote equality, diversity and integration, Magnolia Bostad supports a number of different activities and projects.

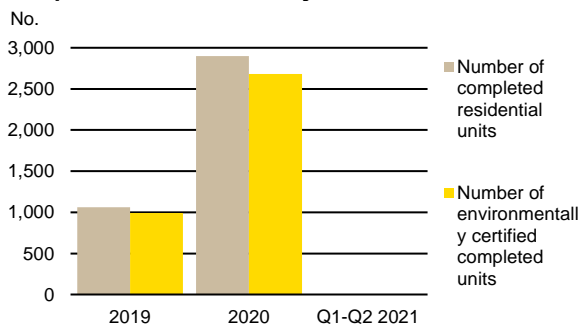
By working with several products and forms of tenure, Magnolia Bostad achieves a good spread of risk and becomes an attractive partner for long-term collaboration. Housing is developed both for sale and for self-management. See business model page 21.

## Dividend policy

The long-term dividend must correspond to up to 30% of the profit. 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.

# Sustainability

## Completed environmentally-certified accommodation



## Environmental certifications

The aim is for all projects to be certified according to the Swedish Green Building Council's silver certification or the Nordic Swan Ecolabel. During Q2 2021, one project was certified according to the Swedish Green Building Council's silver certification. Two environmental audits were performed of a project in the design phase and one audit of a project in the production phase.

Environmental certifications are usually issued on completed projects, but can also be issued before the project is fully finished. No projects were completed during Q2. In 2020, 92% of completed residential units were environmentally certified, with the comparable figure for 2019 being 94%. The environmental audits are carried out by an external party and due to Covid-19 they are now performed digitally.

## Green shares

To increase transparency in the company's sustainability work, Magnolia Bostad developed a Green equity framework in May that has enabled a green labelling of its shares. Cicero Shades of Green's assessment shows that 86% of revenue, 78% of operating expenses and 87% of investments are identified as green regarding 2020. In June, Magnolia Bostad's shares were green-labelled by Nasdaq and received the Nasdaq Green Equity Designation.

## 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.

• *Update 30 June 2021: possession of two completed properties with 68 residential units with a market value of SEK 229 m. In addition, eight properties are in production where Magnolia Bostad's share of the estimated property value upon completion amounts to SEK 2,088 m.*

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

• *Update 1 July 2020 - 30 June 2021: (rolling twelve-month period): 1,706 residential units were production-started.*

## Financial goal

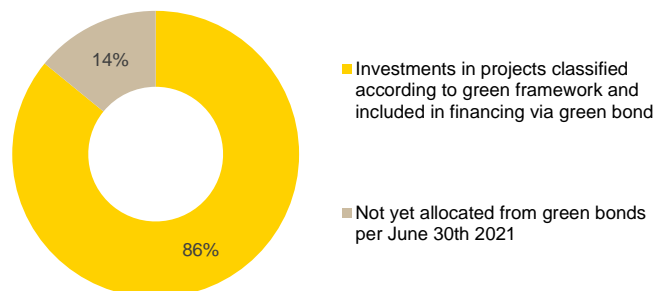
The equity/assets ratio must be at least 30%.

• *Update 30 June 2021: 28.1%.*

Magnolia Bostad's shares (MAG) are listed on Nasdaq Stockholm.



## Allocation of green financing totalling SEK 1.05 billion



## Green financing

Magnolia Bostad has two green bonds which, from 30 June 2021, make up a total of 71% of the financing via bonds. The corresponding figure on 31 March 2021 was 65%, and 31 December 2020 45%.

Magnolia Bostad's green framework has been established according to the Green Bonds Principles 2018 category Green Buildings. To be eligible to use the funds in green bonds, projects must be environmentally certified according to the Sweden Green Building Council certification or the Nordic Swan Ecolabel, or built with a wooden frame.

About Magnolia Bostad's green shares and bonds.  
<https://om.magnoliabostad.se/en/our-green-shares>  
<https://om.magnoliabostad.se/en/our-green-bonds>

About Magnolia Bostad's sustainability efforts  
<https://om.magnoliabostad.se/en/sustainability>

# Consolidated Condensed Income Statement

Amounts in MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020/2021 Jul-Jun	2020 Jan-Dec
Net sales	459	1,504	52	1,058	1,313	2,358
Production and operating costs	-469	-961	-62	-642	-1,272	-1,764
<b>Gross profit/loss</b>	<b>-10</b>	<b>544</b>	<b>-10</b>	<b>416</b>	<b>41</b>	<b>594</b>
Central administration	-52	-47	-27	-24	-103	-98
Profit/loss from participations in associated companies and joint ventures	-7	-30	13	-19	97	74
- of which net operating income	2	-1	3	0	1	-2
- of which changes in value	23	-1	21	-3	188	164
- of which other income and cost	-8	-11	2	-1	-8	-11
- of which financing costs	-20	-17	-10	-7	-46	-43
- of which tax	-4	0	-3	1	-38	-34
Change in value, investment properties	42	-30	22	-25	408	336
<b>Operating profit/loss</b>	<b>-27</b>	<b>437</b>	<b>-2</b>	<b>348</b>	<b>443</b>	<b>906</b>
Financial income	1	1	1	1	2	2
Financial expenses	-88	-87	-45	-41	-184	-183
<b>Profit/loss before tax</b>	<b>-114</b>	<b>351</b>	<b>-46</b>	<b>308</b>	<b>261</b>	<b>725</b>
Income tax	-14	15	-9	16	-66	-37
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-127</b>	<b>366</b>	<b>-55</b>	<b>324</b>	<b>195</b>	<b>688</b>
<b>Profit/loss attributable to</b>						
Parent company shareholders	-113	337	-48	299	208	658
Non-controlling interests	-14	29	-7	25	-13	30
<b>Earnings per share (SEK)</b>						
Before dilution effects	-2.99	8.91	-1.28	7.91	5.50	17.40
After dilution effects	-2.99	8.91	-1.28	7.91	5.50	17.40

# Consolidated Statement of Comprehensive Income

Amounts in MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020/2021 Jul-Jun	2020 Jan-Dec
Net profit/loss for the period	-127	366	-55	324	195	688
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>						
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-127</b>	<b>366</b>	<b>-55</b>	<b>324</b>	<b>195</b>	<b>688</b>
<b>Comprehensive income attributable to</b>						
Parent Company shareholders	-113	337	-48	299	208	658
Non-controlling interests	-14	29	-7	25	-13	30

# Comments on the results

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

## Reporting period 1 January – 30 June 2021

Net sales amounted to SEK 459 m (1,504) and the operating loss was SEK 27 m (+437). The loss before tax was SEK 114 m (+351).

Distribution of revenue	2021 Jan-Jun	2020 Jan-Jun
Property sales	340	1,416
<b>Sum of revenue recognised at a point in time</b>	<b>340</b>	<b>1,416</b>
Project management	25	19
Rent	10	11
Other invoicing for the projects and other revenue	84	58
<b>Sum of revenue recognised over in time</b>	<b>119</b>	<b>88</b>
<b>TOTAL REVENUE</b>	<b>459</b>	<b>1,504</b>

Cash flow from sales of projects is partly received at the time of the handover of land via forward funding, as Magnolia Bostad is paid by the buyer for investments made up to the handover. Magnolia Bostad often receives part of the project's profit in cash upon handover as well. The remaining part of the cash flow from property sales is received upon project completion. When selling undeveloped properties, the entire purchase price is usually received in connection with the handover.

Other income, such as rent, project management and invoicing for the projects, is reported and invoiced on an ongoing basis. The number of residential units sold was 77 (3,246).

Of the units sold during the period, all are tenant-owned apartments that have been taken over by tenant-owned apartment buyers are in the Ophelias Brygga project in Helsingborg. As revenue is recognized upon handover to the tenant-owner, sales of tenant-owned apartments result in higher sales than the corresponding sale of a forward funding project. In addition, undeveloped land has been sold to a jointly-owned JV with Derome, for further development without an impact on earnings.

Development of net operating income	2021 Jan-Jun	2020 Jan-Jun
<b>Rental income</b>		
Properties owned at the beginning of the period	7	6
Completed properties	0	2
Project properties	3	3
<b>Rental income</b>	<b>10</b>	<b>11</b>
<b>Property costs</b>		
Properties owned at the beginning of the period	-2	-2
Completed properties	0	-2
Project properties	-4	-3
<b>Operating costs</b>	<b>-6</b>	<b>-7</b>
<b>Net operating income</b>	<b>4</b>	<b>4</b>

In addition to profits from project sales and net operating income, the gross profit was also affected by fixed costs and other costs for production and operation, which gives a gross profit/loss for the period of SEK -10 m (544).

Magnolia Bostad has expanded the organization compared with the same period last year, which explains the increase in costs for central administration to SEK -52 m (-47).

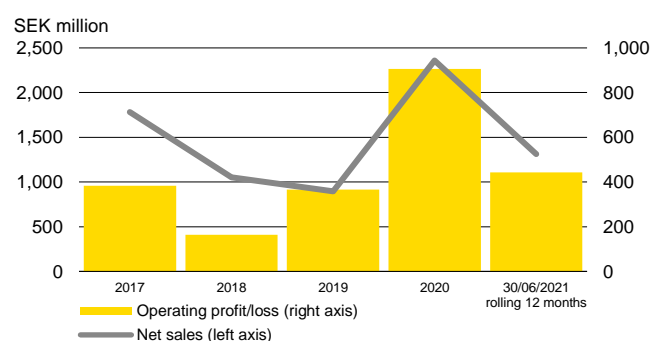
The profit/loss from associated companies was SEK -7 m (-30), mainly affected by other costs and financing costs.

Distribution of profits from associated companies	2021 Jan-Jun	2020 Jan-Jun
Net operating income	2	-1
Other income and expenses	-8	-4
Change in value, project development	23	-1
Change in value, other	0	0
Financing costs	-20	-17
Tax	-4	0
Profit/loss from disposal	0	-7
<b>Total</b>	<b>-7</b>	<b>-30</b>

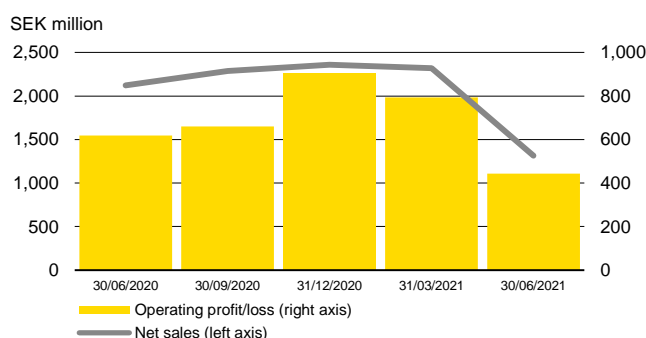
The change in value of investment properties was SEK 42 m (-30) and is mainly due to project development work.

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

2017-2018 have not been recalculated due to a changed principle for consolidation of tenant-owner associations



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





Change in value	2021 Jan-Jun	2020 Jan-Jun
Change in net operating income	5	0
Change in project cost	7	-6
Project development	55	-1
Change in required return	2	0
Sales	-2	-
Sales to JV	-25	-22
<b>Total</b>	<b>42</b>	<b>-30</b>

#### Net financial items

Net financial items amounted to SEK -87 m (-86). At the end of the period, Magnolia Bostad's average interest rate was 6.8% compared to 7.1% at year-end 2020. The interest coverage ratio for the rolling twelve-month period was 0.4 times, compared with 4.1 times in FY 2020.

#### Profit/loss for the period

The loss for the period was SEK 127 m (+366) and includes SEK -14 m (15) in income tax.

#### Reporting period 1 April – 30 June 2021

Net sales amounted to SEK 52 m (1,058) and the operating loss was SEK 2 m (+348). The loss before tax was SEK 46 m (+308).

The rental income for the quarter amounted to SEK 5 m (6) and property costs were SEK -3 m (-3), which gives a net operating income for the period of SEK 2 m (3).

Distribution of revenue	2021 Apr-Jun	2020 Apr-Jun
Property sales	-17	984
<b>Sum of revenue recognised at a point in time</b>	<b>-17</b>	<b>984</b>
Project management	16	16
Rent	5	6
Other invoicing for the projects and other revenue	48	52
<b>Sum of revenue recognised over time</b>	<b>69</b>	<b>74</b>
<b>TOTAL REVENUE</b>	<b>52</b>	<b>1,058</b>

Revenue from property sales was SEK -17 m (984) as a consequence of increased costs in projects, primarily increased cost estimates for geothermal heating and excavation work in one project in production. The number of residential units sold during the quarter was 0 (2,062).

In addition to profits from project sales and net operating income, the gross profit was also affected by fixed costs and other costs for production and operation, which gives a gross profit/loss for the period of SEK -10 m (416).

Magnolia Bostad has expanded the organization compared with the same period last year, which explains the increase in costs for central administration to SEK -27 m (-24).

The profit/loss from associated companies was SEK 13 m (-19), mainly affected by other costs and financing cost.

Distribution of profits from associated companies	2021 Apr-Jun	2020 Apr-Jun
Net operating income	3	0
Other income and expenses	3	-1
Change in value, project development	21	-2
Change in value, other	0	0
Financing costs	-10	-9
Tax	-3	0
Profit/loss from disposal	-1	-7
<b>Total</b>	<b>13</b>	<b>-19</b>

The change in value of investment properties was SEK 22 million (-25) and is mainly due to project development work.

Change in value	2021 Apr-Jun	2020 Apr-Jun
Change in net operating income	5	0
Change in project cost	9	-1
Project development	32	-2
Change in required return	2	0
Sales	-2	-
Sales to JV	-24	-22
<b>Total</b>	<b>22</b>	<b>-25</b>

Financing costs during the quarter amounted to SEK -45 m (-41). The increase in financing costs is due to higher interest-bearing liabilities than in the same period last year.

# Consolidated Condensed Statement of Financial Position

Amounts in MSEK	2021 30 Jun	2020 30 Jun	2020 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	6	6
Other intangible assets	1	0	0
<b>Total intangible assets</b>	<b>7</b>	<b>6</b>	<b>6</b>
Investment properties	1,759	279	1,483
Right of use assets	64	78	72
Machinery and equipment	9	13	12
<b>Total property, plant and equipment</b>	<b>1,832</b>	<b>370</b>	<b>1,567</b>
Shares in associated companies and joint ventures	516	198	350
Receivables from associated companies	159	46	45
Other securities held as non-current assets	31	31	41
Other long-term receivables	938	990	1,059
<b>Total financial assets</b>	<b>1,644</b>	<b>1,265</b>	<b>1,495</b>
<b>Total non-current assets</b>	<b>3,483</b>	<b>1,641</b>	<b>3,068</b>
<b>Current assets</b>			
Development and project properties	1,093	1,506	999
Tenant-owned apartments	4	9	11
Accounts receivable	22	17	45
Receivables from associated companies	165	60	136
Other receivables	619	611	742
Prepaid expenses and accrued income	6	9	19
Cash and cash equivalents	279	200	277
<b>Total current assets</b>	<b>2,189</b>	<b>2,413</b>	<b>2,229</b>
<b>TOTAL ASSETS</b>	<b>5,672</b>	<b>4,054</b>	<b>5,297</b>



## Assets

The consolidated balance sheet total increased to SEK 5,672 m, compared with SEK 5,297 m at the beginning of the year. Properties held for long-term management are reported as investment properties and amounted to SEK 1,759 m (1,483). The increase is mainly due to the reporting of the acquisition of Öresjö Ångar, Borås and the new acquisition during the quarter in Sundsvall.

Of a total of 12,714 non-production-started building rights for development for self-management, 5,264 building rights are reported in the balance sheet among investment properties. The estimated surplus value on completion of building rights in the balance sheet amounts to SEK 5.5 billion.

For the Vårby Udde project, which is currently reported in the balance sheet among investment properties, there is a sales agreement conditional on a zoning plan coming into force with a JV owned with Samhällsbyggnadsbolaget i Norden AB. The sale to the JV will be reported when the zoning plan comes into force and the conditions in the sales agreement are met. The project comprises around 1,800 residential units in Hudinge in Stockholm County and the zoning plan is expected to come into force in 2023.

Long-term and short-term receivables from associated companies and JVs have increased SEK 143 m to SEK 324 m (181). The increase in receivables from associated companies is mainly explained by the receivable for sale to a jointly owned JV with Derome.

Investment properties	2021 Jan-Jun	2020 Jan-Jun
Opening carrying amount	1,483	654
Investments and acquisitions	209	22
Change in value	67	1
Closing carrying amount	1,759	677

Of the other long-term and other receivables totalling SEK 1,557 m (1,801) SEK 1,405 m (1,627) are receivables from buyers of projects, primarily our partners consisting of property companies and large Swedish institutions. Of receivables from buyers, the Group expects to receive SEK 526 m (625) as repayments of promissory notes, additional purchase price payments, final purchase price payments and forward funding within the next 12 months. Payments for future property acquisitions amounted to SEK 106 m (119).

Development and project properties have increased and amounted to SEK 1,093 m (999) at the end of the period. The increase is due to the acquisition in Kungsbacka municipality.

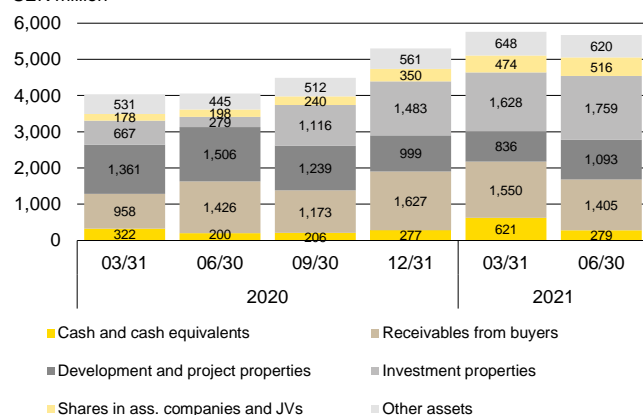
3,251 building rights are reported in the balance sheet of 12,559 building rights for sale as development and project properties. Both properties taken in possession and properties that are controlled via binding acquisition agreements are reported in the balance sheet.

For more information about properties that are being developed for self-management, see also pages 17 to 19. For more information about properties that are being developed for sale, see also page 20.

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 allocation agreements or other acquisition agreements conditioned by factors beyond Magnolia Bostad's control.

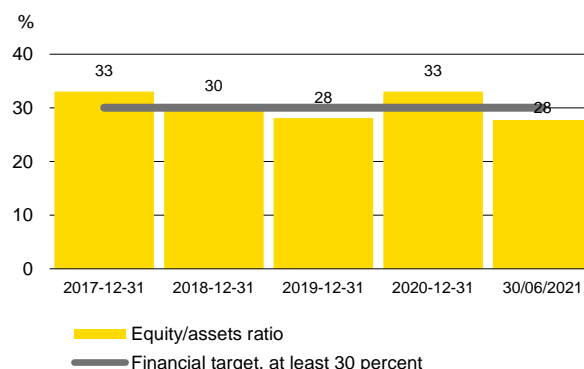
## Distribution of assets

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	2021 30 Jun	2020 30 Jun	2020 31 Dec
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	151	151	151
Other capital contributions	187	187	187
Retained profits incl. net profit/loss for the period	1,170	1,041	1,286
<b>Equity attributable to Parent Company shareholders</b>	<b>1,508</b>	<b>1,379</b>	<b>1,624</b>
Non-controlling interests	84	107	109
<b>Total equity</b>	<b>1,592</b>	<b>1,486</b>	<b>1,733</b>
<b>Non-current liabilities</b>			
Deferred tax liability	82	17	68
Non-current interest-bearing liabilities	2,256	1,643	1,377
Non-current liabilities to associated companies	22	11	10
Non-current lease liabilities	51	63	57
Other long-term liabilities	532	40	532
<b>Total long-term liabilities</b>	<b>2,943</b>	<b>1,774</b>	<b>2,044</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	358	542	644
Current lease liabilities	17	17	18
Accounts payable	4	28	65
Liabilities to associated companies	23	3	13
Income tax liabilities	0	0	0
Other current liabilities	615	66	626
Accrued expenses and deferred income	118	139	154
<b>Total current liabilities</b>	<b>1,136</b>	<b>795</b>	<b>1,520</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,672</b>	<b>4,054</b>	<b>5,297</b>

## Equity and equity/asset ratio

Consolidated equity on 30 June 2021 amounted to SEK 1,592 m (1,733) with an equity/assets ratio of 28.1% (32.7). Of the consolidated equity, SEK 84 m (109) is attributable to non-controlling interests. The Group's growing balance sheet total due to the greater focus on properties for self-management had a negative effect on the equity/assets ratio.

Return on equity for the most recent twelve-month period was 14.4%, compared with 49.4% for the full year 2020.

During the period, Magnolia Bostad acquired a share of non-controlling interests in Magnolia Hotellutveckling 2 AB, which means that Magnolia Bostad's share of the profit from future hotel projects increased from 76% to 92%.

## Interest-bearing liabilities

Total interest-bearing loan liabilities, including interest-bearing down payments received, amounted to SEK 2,614 m (2,021) on 30 June 2021. The majority of Magnolia Bostad's liabilities consist of bonds with a book value of SEK 1,459 m, project-related liabilities of SEK 497 m and secured property loans of SEK 152 m. The remaining interest-bearing liabilities consist of deposits received of SEK 84 m and promissory notes of SEK 423 m.

Repayment of project-related liabilities is made at the time of Magnolia Bostad's handover, or when the final payment being received from the buyers in connection with project completion. In 2021, SEK 149 m in project-related liabilities is expected to fall due for payment, all of which are linked to a project within the framework agreement with Heimstaden Bostad, which will be amortized in connection with Heimstaden Bostad taking over the project and Magnolia Bostad receiving forward funding. The average tied-up capital period, excluding deposits, amounted to 2.7 years as of 30 June 2021, compared with 2.0 years as of 31 December 2020. In twelve months, the tied-up capital period has been extended by 1.3 years from 1.4 years as of 30 June 2020.

After deductions for cash and cash equivalents of SEK 279 m (277), interest-bearing net liabilities amounted to SEK 2,335 m (1,744). Receivables from buyers amounted to SEK 1,405 m (1,627) and interest-bearing net liabilities after deductions for receivables from buyers amounted to SEK 930 m (117). The increase in interest-bearing net liabilities after deductions for receivables from buyers depends on investments to develop properties for self-management and continued investments in the building rights portfolio.

## Other liabilities

Other long-term liabilities and other current liabilities mainly consist of debt for unpaid purchase prices for acquired projects and have decreased by SEK 12 m to SEK 1,147 m (1,159).

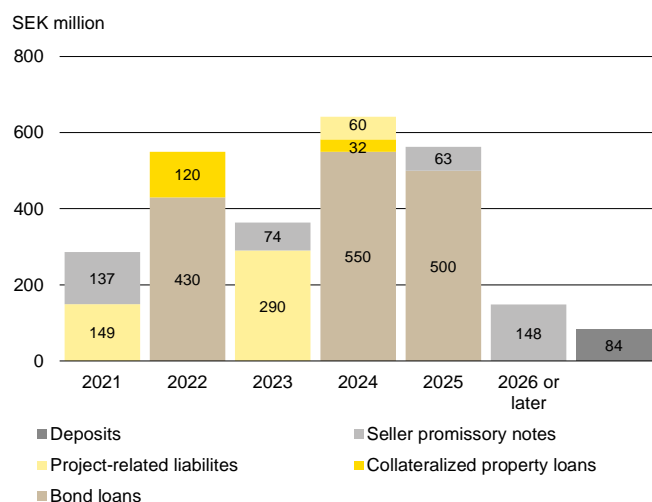
## Bonds

As of 30 June 2021, Magnolia Bostad has three outstanding bonds. An unsecured bond of SEK 500 m, of which SEK 70 m is held in the company's own custody, and which runs with a variable interest rate of Stibor 3m + 8.50% (without a Stibor floor) maturing in October 2022; a green unsecured bond of a nominal SEK 550 m within a framework of SEK 700 m, with a variable interest rate of Stibor 3m + 7.50% (with a Stibor floor) maturing in April 2024; and an unsecured green bond of a nominal SEK 500 m within a framework of SEK 1 billion, with a variable interest rate of Stibor 3m + 6.90% (with a Stibor floor) maturing in March 2025.

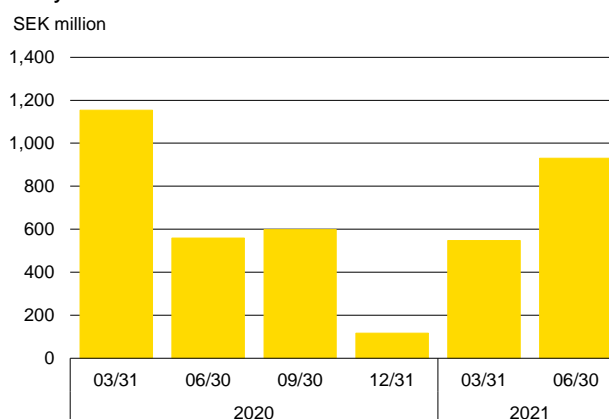
During April, voluntary early redemption of the remaining bonds maturing in October 2021 was completed.

The difference between the book value of SEK 1,459 m and the nominal amount of the bonds is due to bonds held in the company's own custody of SEK 70 m and set-up fees paid, which are reported according to the effective interest method.

Maturity structure



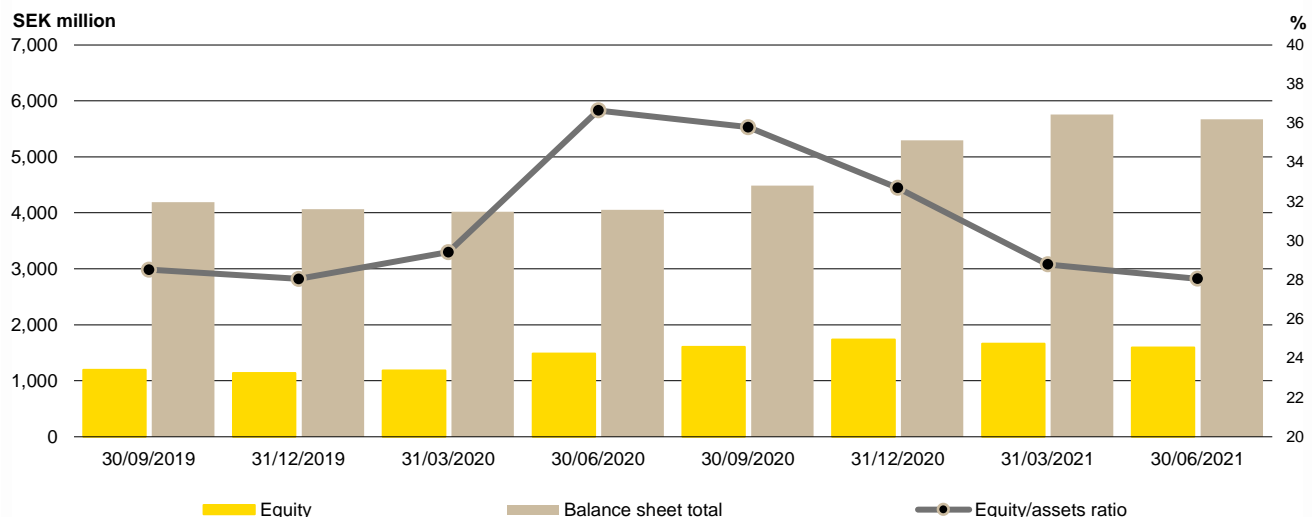
Interest bearing net liabilities with deduction for receivables at buyers



# Consolidated Condensed Statement of Changes in Equity

Amounts in MSEK	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/loss for the year	Non-controlling interests	Total equity
<b>Opening equity 2020-01-01</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>704</b>	<b>99</b>	<b>1,141</b>
Dividend	-	-	-	-	-21	-21
Net profit/loss for the period	-	-	-	337	29	366
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 2020-06-30</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>1,041</b>	<b>107</b>	<b>1,486</b>
Dividend	-	-	-	-76	-	-76
Net profit/loss for the period	-	-	-	321	1	323
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 2020-12-31</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>1,286</b>	<b>109</b>	<b>1,733</b>
Opening equity 2021-01-01	151	187	0	1,286	109	1,733
Dividend	-	-	-	-	-29	-29
Shareholder contributions	-	-	-	-	17	17
Acquisition of non-controlling interests	-	-	-	-3	3	-
Net profit/loss for the period	-	-	0	-113	-14	-127
Other comprehensive income	-	-	0	-	0	0
<b>Closing equity 2021-06-30</b>	<b>151</b>	<b>187</b>	<b>0</b>	<b>1,170</b>	<b>84</b>	<b>1,592</b>

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



# Condensed Consolidated Cash Flow Statement

Belopp i mkr	2021 jan-jun	2020 jan-jun	2021 apr-jun	2020 apr-jun	2020/2021 jul-jun	2020 jan-dec
<b>Löpande verksamheten</b>						
Resultat efter finansiella poster	-114	351	-46	308	260	725
Justeringar för poster som inte ingår i kassaflödet mm						
Avgår resultatandel i intresseföretag och joint ventures	7	30	-13	19	-97	-74
Erhållen utdelning från intresseföretag	1	-	1	-	1	0
Av- och nedskrivningar av tillgångar	13	13	6	7	45	45
Värdeförändringar förvaltningsfastigheter	-41	30	-21	25	-407	-336
Resultat försäljning av exploateringsfastigheter	6	-555	16	-409	-130	-691
Andra ej likviditetspåverkande resultatposter	2	5	0	2	10	13
Betald inkomstskatt	0	0	0	0	0	0
<b>Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital</b>	<b>-126</b>	<b>-127</b>	<b>-57</b>	<b>-48</b>	<b>-317</b>	<b>-318</b>
Minskning (+)/ökning (-) av exploaterings- och projektfastigheter	-210	-400	-90	-302	-437	-627
Minskning (+)/ökning (-) av rörelsefordringar	290	519	181	230	912	1 141
Minskning (-)/ökning (+) av rörelseskulder	-256	-25	-164	34	-22	209
<b>Kassaflöde från den löpande verksamheten</b>	<b>-302</b>	<b>-33</b>	<b>-130</b>	<b>-86</b>	<b>136</b>	<b>405</b>
<b>Investeringsverksamheten</b>						
Förvärv av immateriella anläggningstillgångar	1	-	1	-	1	-
Förvärv av förvaltningsfastigheter	-76	-61	-59	-39	-129	-114
Förvärv av maskiner och inventarier	-1	-3	-	-	-4	-6
Investering i finansiella tillgångar	-31	-	-31	-	-79	-48
Avyttring/minskning av finansiella tillgångar	4	0	-	-	4	0
<b>Kassaflöde från investeringsverksamheten</b>	<b>-103</b>	<b>-65</b>	<b>-89</b>	<b>-39</b>	<b>-206</b>	<b>-168</b>
<b>Finansieringsverksamheten</b>						
Tillskott från innehav utan bestämmande inflytande	17	-	17	-	17	-
Upptagna lån	773	724	112	713	1 562	1 513
Amortering av låneskulder	-351	-839	-220	-679	-1 322	-1 810
Utbetald utdelning moderbolagets ägare	-	-	-	-	-76	-76
Utbetald utdelning till innehav utan bestämmande inflytande	-29	-28	-29	-22	-29	-28
Förvärv av innehav utan bestämmande inflytande	-3	-	-3	-	-3	0
<b>Kassaflöde från finansieringsverksamheten</b>	<b>407</b>	<b>-143</b>	<b>-123</b>	<b>12</b>	<b>149</b>	<b>-401</b>
<b>Periodens kassaflöde</b>	<b>2</b>	<b>-241</b>	<b>-342</b>	<b>-113</b>	<b>79</b>	<b>-164</b>
<b>Likvida medel vid periodens början</b>	<b>277</b>	<b>441</b>	<b>621</b>	<b>313</b>	<b>200</b>	<b>441</b>
<b>Likvida medel vid periodens slut</b>	<b>279</b>	<b>200</b>	<b>279</b>	<b>200</b>	<b>279</b>	<b>277</b>

## Cash flow and cash equivalents

The consolidated cash flow from operating activities for the period amounted to SEK -302 m (-33).

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 to development and project properties amounted to SEK -92 m (367). The cash flow for the period from a reduction in operating receivables of SEK 290 m (519) is mainly due to payments received from buyers of projects.

At the time of handovers Magnolia Bostad receives forward funding for the projects, which means that Magnolia Bostad receives payment for investments made up to handover. Often, part of the project's profit is also received in cash upon exiting the project. The remaining part of the project profit is

usually received upon 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 -103 m (-65) and was affected by investments in investment properties of SEK 76 m (61). The cash flow from financing activities amounted to SEK 407 m (-143) due to a newly issued bond and financing raised for the project Handen, Söderby-malm.

Cash and cash equivalents as of 30 June 2021 amounted to SEK 279 m, compared with SEK 277 m on 31 December 2020. In addition to cash and cash equivalents, there was an unutilized credit facility of SEK 411 m (231) as of 30 June 2021, of which an unutilized overdraft facility amounted to SEK 50 m.

# Parent Company Condensed Income Statement

Amounts in MSEK	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020/2021 Jul-Jun	2020 Jan-Dec
Net sales	5	6	2	3	12	13
<b>Total income</b>	<b>5</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>13</b>
Central administration	-21	-20	-10	-9	-46	-45
<b>Operating profit/loss</b>	<b>-16</b>	<b>-14</b>	<b>-8</b>	<b>-6</b>	<b>-34</b>	<b>-32</b>
Financial income	40	46	21	20	277	283
Financial expenses	-66	-67	-33	-31	-132	-133
<b>Profit/loss after financial items</b>	<b>-42</b>	<b>-35</b>	<b>-20</b>	<b>-17</b>	<b>111</b>	<b>118</b>
Tax on profit/loss for the period	0	0	0	0	0	0
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-42</b>	<b>-35</b>	<b>-20</b>	<b>-17</b>	<b>111</b>	<b>118</b>

# Parent Company Condensed Balance Sheet

Amounts in MSEK	2021 30 Jun	2020 30 Jun	2020 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	150	154	130
<b>Total non-current assets</b>	<b>150</b>	<b>154</b>	<b>130</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	1,700	1,479	1,718
Receivables from associated companies	24	0	24
Other receivables	0	0	0
Prepaid expenses and accrued income	1	1	7
<b>Total current receivables</b>	<b>1,725</b>	<b>1,480</b>	<b>1,749</b>
Cash and bank balances	208	20	35
<b>Total current assets</b>	<b>1,933</b>	<b>1,500</b>	<b>1,784</b>
<b>TOTAL ASSETS</b>	<b>2,083</b>	<b>1,654</b>	<b>1,914</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>417</b>	<b>382</b>	<b>458</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	1,543	1,152	1,056
<b>Total long-term liabilities</b>	<b>1,543</b>	<b>1,152</b>	<b>1,056</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	-	-	251
Liabilities to Group companies	98	95	114
Other current liabilities	1	0	0
Accrued expenses and deferred income	24	25	35
<b>Total current liabilities</b>	<b>123</b>	<b>120</b>	<b>400</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,083</b>	<b>1,654</b>	<b>1,914</b>

## Parent company

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

The parent company's loss after financial items was SEK 42 m (35).

The equity/assets ratio for the parent company was 20.0% (23.1). The balance sheet total for the parent company increased to SEK 2,083 m (1,654), mainly due to an increase in interest-bearing liabilities of SEK 391 m.

# Building rights portfolio

30 June 2021, non-production started projects

## Building rights portfolio, estimated residential units

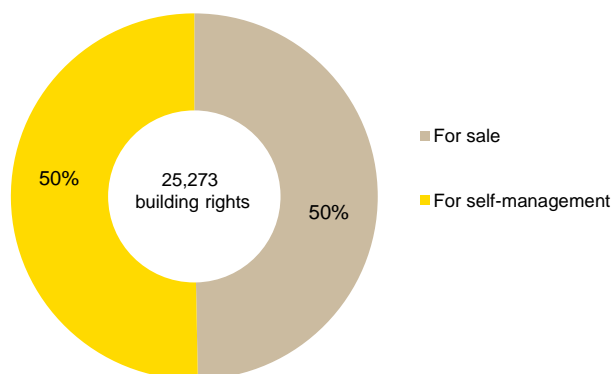
Magnolia Bostad's estimated building rights amounted to 25,273 units. This refers to all building rights, including building rights that are developed in JVs and the share of minority ownership.

During Q2 2021, 1,298 estimated building rights were acquired, 340 for self-development and 1,074 for development for sale. One land allotment in Luleå won for the development of 116 homes.

Building rights acquired during the quarter:

- 350 estimated building rights in Kungsbacka
- 144 estimated building rights in Tyresö
- 180 estimated building rights in Sundbyberg
- 340 estimated building rights in Sundsvall
- 187 estimated building rights in Östersund
- 97 estimated building rights in Håbo

## Building rights portfolio



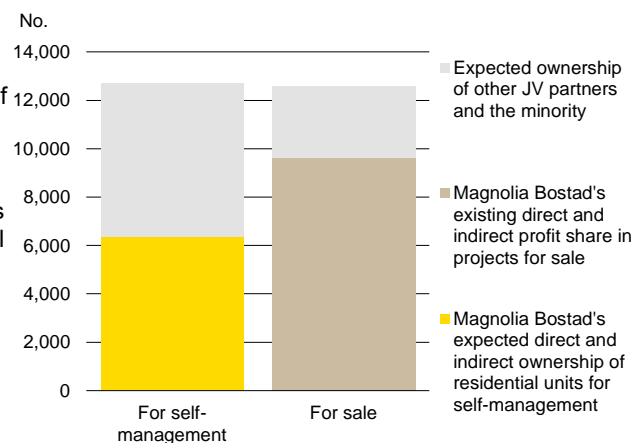
## Building rights portfolio, distribution

Magnolia Bostad's building rights portfolio of 25,273 estimated building rights is divided into rights for sale and rights for self-management.

Building rights for self-management are reported on the basis of expected ownership, where all the building rights are currently assumed to be developed in JVs together with JV partners.

Of Q2's 1,414 acquired building rights, 1,270 have zoning plans in force and 144 have zoning plans that are waiting for approval to come into force.

## Building rights portfolio, distribution

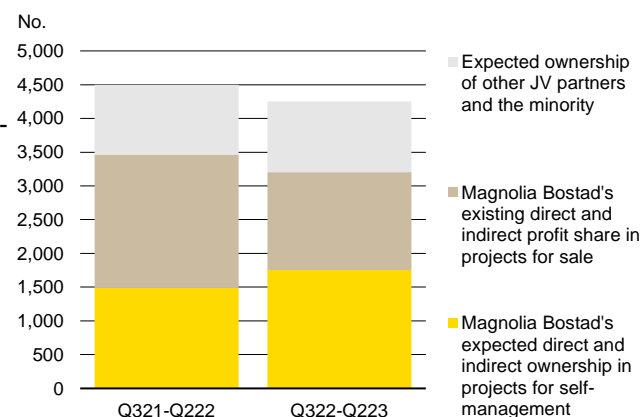


## Production starts in the building rights portfolio

Next two years, rolling twelve months.

This is the company management's best estimation of production starts from the building rights portfolio on 30 June 2021. Due to uncertain factors such as zoning plan processes, authorities' decisions, or undecided dates for exiting project properties, the estimation may change over time. For definition of production starts, see page 23.

## Production starts in the building rights portfolio



For more information on our projects see the detailed tables on our website  
<https://om.magnoliabostad.se/en/projects-and-properties>



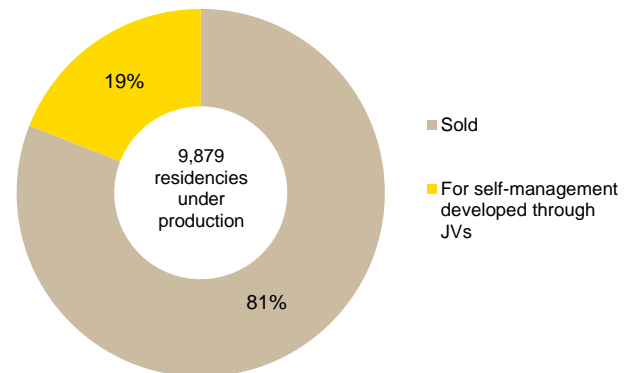
# Residential units in production

30 June 2021

**Magnolia Bostad has 9,879 residential units in production.** 81% of the residential units have been sold and 19% are units developed through JVs for self-management. Units not yet sold consist of two tenant-owned apartments.

Magnolia Bostad acts as project leader for all units in production, including those that are developed in JVs and minority shareholders' share, and the company reports project management income for this work on an ongoing basis.

Residential units in production



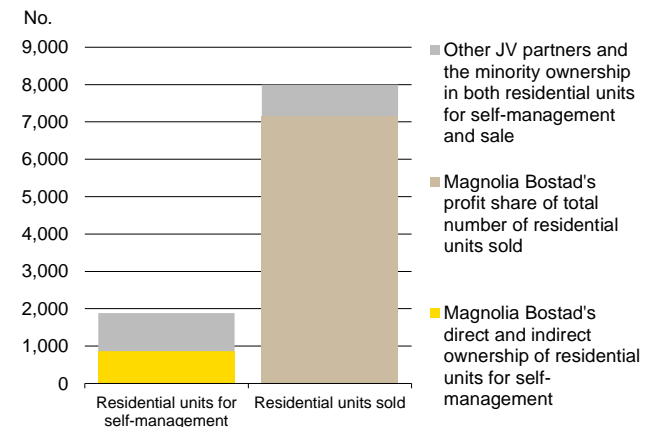
## Residential units in production, distribution

Total number of Magnolia Bostad's residential units in production.

Divided into:

- Residential units for self-management and units sold.
- Magnolia Bostad's direct and indirect ownership of residential units for self-management and Magnolia Bostad's profit share of sold units, as well as other JV partners and the minority ownership in both residential units for sale and self-management and profit share of units sold.

Residential units in production, distribution



## Estimated completion of residential units in production

Three years ahead, rolling twelve months.

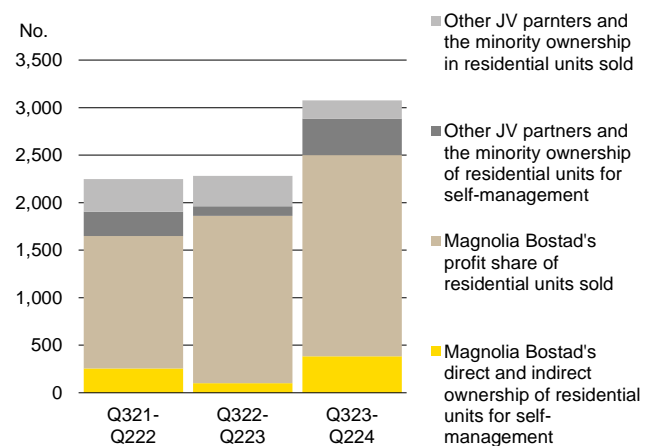
Divided into:

- Magnolia Bostad's direct and indirect ownership of residential units for self-management.
- Magnolia Bostad's profit share of residential units sold.
- Other JV partners and the minority ownership of residential units for self-management.
- Other JV partners and the minority ownership in residential units sold.

Upon completion of the sold units, Magnolia Bostad receives final payment for each project.

In 2020, 2,901 residential units were completed. 60 units were completed during Q2 2021.

Estimated completion of residential units in production



For further information on our projects see the detailed tables on our website:  
<https://om.magnoliabostad.se/en/projects-and-properties>

# Properties for self-management

## Properties for self-management in production

By developing within JVs with a financially strong partner, a large part of the financing need for continuing investments of SEK 1.7 billion for all 1,882 residential units that are in production for self-management has been secured. Upon completion, the property value for these is estimated to amount to SEK 4.2 billion in the JVs, of which Magnolia Bostad's share is estimated at SEK 2.1 billion.

Properties that will be completed in 2021 are estimated to generate an annual rental value of around SEK 27 m, corresponding to around SEK 14 m for Magnolia Bostad's ownership share in the JV. The final completion for projects currently in production is estimated to be 2025, for the last part of Brogårdstaden.

## Building rights portfolio for self-management

Once zoning plans are in force and after taking into account the initial estimate of costs for demolition, development, planning costs, etc., non-production-started properties for self-management that are currently directly owned by Magnolia Bostad are estimated to have a non-discounted surplus value of SEK 7.9 billion.

Production-started properties for self-management, which are currently run in JV collaborations, are estimated to have a non-discounted surplus value of around SEK 1.9 billion. By developing projects together with JV partners, projects have better opportunities for financing, which enables more production starts.

### Building rights portfolio for self-management, production-started residential units

<b>Production-started residential units</b>	<b>1,882</b>
<b>Magnolia Bostad's share</b>	<b>865</b>
Of which construction started	681
Of which not construction started	184
<b>Other JV partners and minority share</b>	<b>1,017</b>
Of which construction started	801
Of which not construction started	216

## Building rights portfolio

### Residential units in projects not yet production started, for self-management

Status zoning plan process		RA		CSP		RA + CSP	
		Total	Magnolia Bostad's share	Total	Magnolia Bostad's share	Total	Magnolia Bostad's share
Early stages	0 - 36 months	2,430	2,187	0	0	2,430	2,187
Plan assignments	18 - 24 months	7,480	4,673	134	123	7,614	4,797
Review	2 - 4 months	0	0	0	0	0	0
Adoption of zoning plan	3 weeks, opportunity to appeal	0	0	0	0	0	0
Zoning plan comes into force		2,670	1,647	0	0	2,670	1,647
<b>Total</b>		<b>12,580</b>	<b>8,507</b>	<b>134</b>	<b>123</b>	<b>12,714</b>	<b>8,630</b>

Zoning plan work can be affected by a number of factors and thus delayed due to, for example, political shifts or changed conditions in the development area. An appeal of an adopted plan can delay the process by up to 18 months.

RA = Rental accommodation, CSP = Community service property

The difference between Magnolia Bostad's share and the total, consists of JV partners and the minority share of the building rights as of 30 June 2021. The current aim is to develop properties for self-management together with JV partners, which may mean that Magnolia Bostad's share of the housing will be lower than stated above.

# Value and valuation of properties for self-management

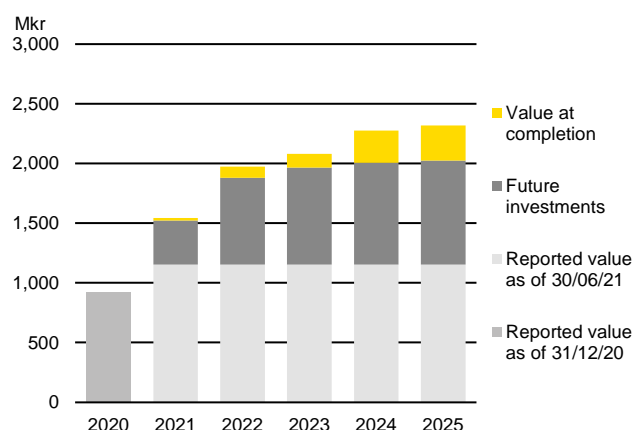
## Compilation, properties in self-management

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

	Estimate d 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	1,882	90,150	1,850	1,741	4,177	194
Properties in self-management, not in production	12,714	711,578	2,016	22,812	34,534	1,601
<b>Total</b>	<b>14,664</b>	<b>811,028</b>	<b>4,095</b>	<b>24,553</b>	<b>38,940</b>	<b>1,810</b>
<i>of which in JV</i>	<i>5,347</i>	<i>279,450</i>	<i>2,336</i>	<i>7,933</i>	<i>12,707</i>	<i>594</i>
<b>Magnolia Bostad's expected share upon completion</b>	<b>7,366</b>	<b>410,164</b>	<b>2,162</b>	<b>12,276</b>	<b>19,585</b>	<b>911</b>

## Properties for self-management

Completed properties and estimated value of properties for self-management at completion that are already currently in production. Magnolia Bostad's direct and indirect ownership.



During Q2, occupancy began in the Strandblick project in Östersund. In 2021, occupancy is expected to begin in the Gjuteriet stage 2 project in Eskilstuna and occupancy will be completed in the Strandblick project. Both projects are owned in JVs together with Slättö Core Plus Holding AB.

The JVs currently have available building credit on existing bank financing of SEK 580 m for future investment needs. By developing accommodation in JVs together with financially strong partners who have the opportunity to contribute to a large part of the JV's financing, the need for capital that Magnolia Bostad needs to contribute is reduced.

The estimated property value upon completion for projects in production amounts to SEK 4.2 billion and the non-discounted residual surplus value amounts to SEK 0.6 billion. Magnolia Bostad's share of the property value upon completion of the projects in production is estimated at SEK 2.1 billion and the non-discounted residual surplus value is estimated at SEK 0.3 billion.

Over the coming twelve-month period, production is expected to start on additional residential units. For more information on production starts see page 15.

## 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, direct yield, inflation, and rental value. The assessments and assumptions should not be seen as a forecast.

The assessments and assumptions involve uncertainties relating to the implementation of the projects, design and size, schedules, project costs, direct yield, inflation, 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.

# Changes in value

## Changes in value of investment properties

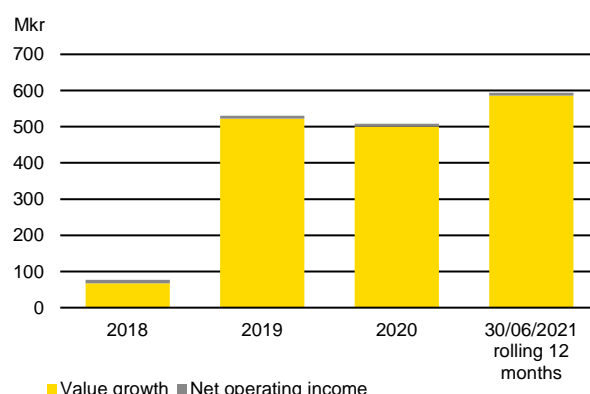
Shows the rolling twelve-month period 1 July 2020 - 30 June 2021, including Magnolia Bostad's share of changes in value of indirectly owned properties in JV companies.

	Directly owned	Indirectly owned via JVs	Total
Change in net operating income	9	0	9
Change in project costs	5	0	5
Project development	389	173	562
Change in direct yield	3	5	8
Sale	30	0	30
Sale to JV	-28	0	-28
<b>Change in value</b>	<b>408</b>	<b>178</b>	<b>586</b>

The majority of reported changes in value come from project development work, which is conducted both in-house and in JVs.

## Investment properties: Value growth and net operating income

Magnolia Bostad's value growth and generated net operating income from directly and indirectly owned investment properties.



Changes in the value of investment properties will in the future constitute an important part of the operating profit as a result of the development of properties for self-management.

# Earning capacity

Earning capacity (SEK m)	Total project portfolio	Completed	Under production	Not production started
Rental value	1,809	14	194	1,601
Vacancies	-11	0	-1	-10
<b>Rental income</b>	<b>1,798</b>	<b>14</b>	<b>193</b>	<b>1,591</b>
Operating and maintenance costs	-396	-3	-42	-351
<b>Net operating income</b>	<b>1,402</b>	<b>11</b>	<b>151</b>	<b>1,240</b>
Net financial items	-717	-5	-78	-634
<b>Net operating income after net financial items</b>	<b>685</b>	<b>6</b>	<b>73</b>	<b>606</b>
<i>of which in JV</i>	229	0	73	156
<b>Magnolia Bostads' share</b>	<b>346</b>	<b>6</b>	<b>37</b>	<b>303</b>

Rental value and earning capacity down to operating net after net financial items are based on the entire portfolio without adjustment for minorities and projects conducted in JV companies. A total of 68 completed homes, 1,882 homes in production and 12,714 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.

## Estimated earning capacity

The table shows the estimated annual earning capacity of self-management properties for the portfolio. Estimated earnings capacity is divided between completed properties, properties in production and non-production started projects. 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. Magnolia Bostad's expected share upon completion is based on the assumption that all projects will be developed in JVs, while *of which in JV* shows current ownership.

# Projects for sale

Rental accommodation projects are usually sold at an early stage and as a large number of residential units in a forward funding deal to larger institutions or other reputable partners. Through forward funding, Magnolia Bostad's financing needs are reduced and thereby also the risk in the company's operations. During the production period the projects are financed by the buyer.

## Magnolia Bostad's projects for sale

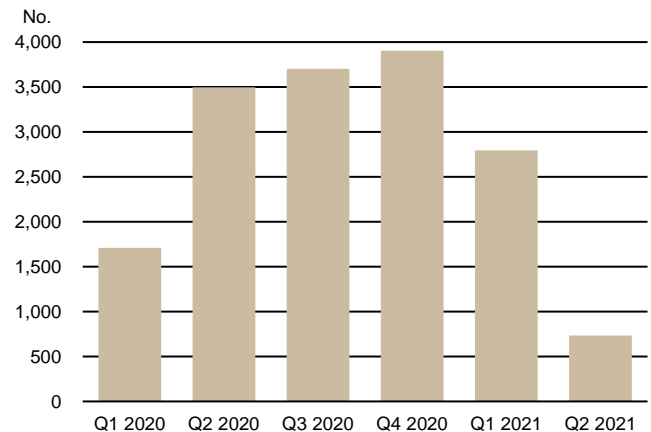
During Q2, there were no sales of rental accommodation projects. Characteristic of Magnolia Bostad's business model is that sales can be irregular between quarters.

The production start for building rights in the portfolio for sale occur when the zoning plan has come into force and the turn-key contract, and a binding sales agreement have been signed. Larger projects usually start production in several stages of 200–300 residential units per stage. Magnolia Bostad usually has a project management agreement with the buyer that runs until occupancy. Revenue from tenant-owned apartments is first recognized when the tenant-owned apartments are taken over.

Magnolia Bostad aims to achieve a margin of at least 10% for all projects developed for sale. In sold rental accommodation projects, Magnolia Bostad can, on behalf of and in collaboration with the buyer, sell parts of the sold rental accommodation projects as tenant-owned apartments.

## Sold residential units

Rolling 12 months



## Building rights portfolio

### Not yet production started projects for sale

Status zoning plan process		RA		TO		CSP + H		RA, TO, CSP + H	
		Total	Magnolia Bostad's share	Total	Magnolia Bostad's share	Total	Magnolia Bostad's share	Total	Magnolia Bostad's share
Early stages	0 - 36 months	1,240	1,127	0	0	72	33	1,312	1,160
Plan assignments	18 - 24 months	2,930	2,213	2,350	1,107	455	385	5,735	3,706
Review	2 - 4 months	544	506	0	0	0	0	544	506
Adoption of zoning plan	3 weeks, opportunity to appeal	280	258	0	0	270	248	550	506
Zoning plan comes into force		3,146	2,540	1,272	676	0	0	4,418	3,216
<b>Total</b>		<b>8,140</b>	<b>6,643</b>	<b>3,622</b>	<b>1,783</b>	<b>797</b>	<b>667</b>	<b>12,559</b>	<b>9,093</b>

Zoning plan work can be affected by a number of factors and thus delayed due to, for example, political shifts or changed conditions in the development area. An appeal of an adopted plan can delay the process by up to 18 months.

RA = Rental accommodation, TO = Tenant-owned apartment, CSP = Community service property, H = Hotel

The building rights portfolio as of 30 June 2021. The difference between Magnolia Bostad's share and the total, consists of JV partners and the minority shares of the building rights.

For further information on our projects see the detailed tables on our website:

<https://om.magnoliabostad.se/en/projects-and-properties>

# Magnolia Bostad's business model

The business development department constantly monitors the market for new business opportunities. Once attractive land has been identified, the company carries out feasibility studies in the form of market analyses and revenue and cost estimates. After completing acquisitions, we compile zoning plans, often at the same time as negotiating with building contractors for turnkey contracts for the projects. Zoning plan work is a large part of Magnolia Bostad's value creation. Land is sometimes also purchased with an existing zoning plan in force. We project manage all projects until occupancy, a period that normally lasts two to three years after construction starts.

Projects are developed for self-management or selling.

- Development for self-management usually takes place currently in the form of JVs with financially strong partners. When these projects are completed, these residential units will contribute long-term value growth and an ongoing cash flow to the company.
- Projects developed for sale are usually sold at an early stage, generally before the building permit has come into force and before production has started. Buyers are usually financially strong institutions or property companies.

Magnolia Bostad's life cycle perspective means that we take responsibility all the way from the time the new neighbourhood or residential area is planned until they should be usable for some other purpose by future generations.

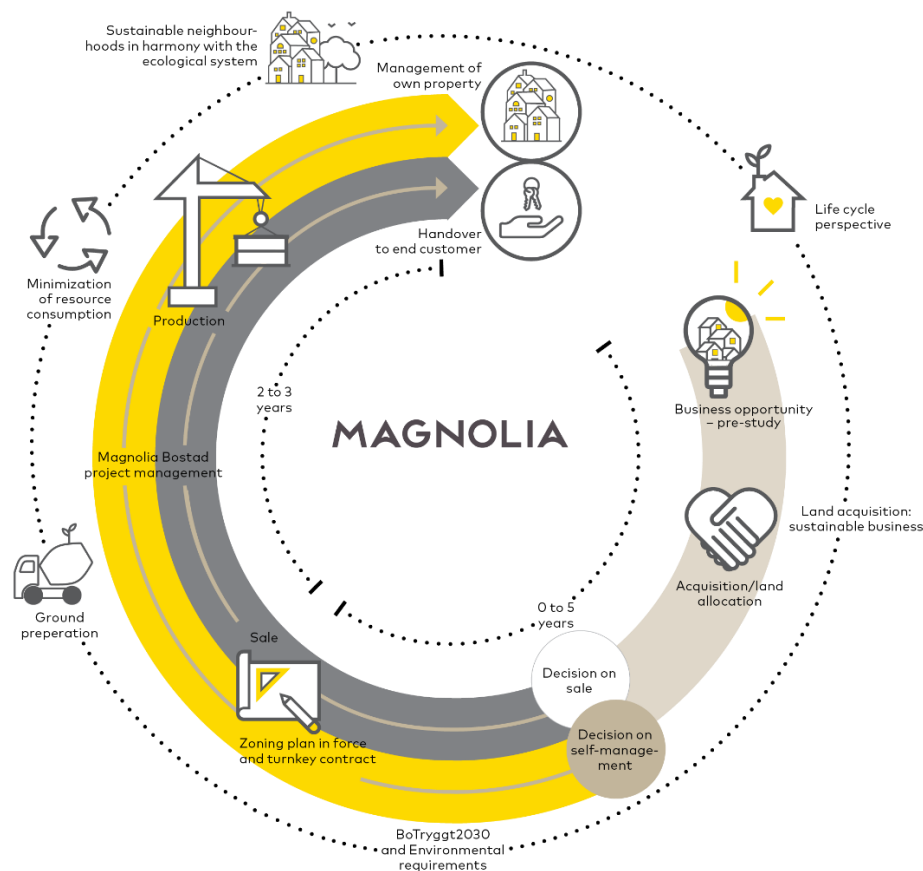
- Our aim is for all projects to be environmentally certified according to the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel, or another equivalent standard. This means, among other things, more stringent requirements for efficient energy consumption than required by law.

- As urban developers, we work to develop housing that provides the conditions for security, integration, gender equality and health. We do this through working with BoTryggt2030 and also by focusing on girls' and women's football. For example, we support the football players homework preparation, buses to matches and snacks before football training and summer football schools to promote fitness and integration.
- Every employee signs Magnolia Bostad's code of conduct which, among other things, governs the company's business ethics, health and safety, human rights and working conditions.

## Financing

Magnolia Bostad's main focus with financing is to provide the business with capital on favourable terms regarding price, interest rate risk and structure. The need for financing varies from project to project, depending on how long the development work takes and the type of acquisition in question.

Corporate bonds are used to finance the processing of building rights, other parts of the ongoing work to develop the projects and to finance the liquidity reserve. Certain land acquisitions are also initially financed with liquidity from bonds and thus reduce the liquidity reserve. Land acquisitions can, to some extent, also be financed with seller financing. Accessed properties can usually be financed with various project-related liabilities. For completed investment properties and rental-generating project properties, secured property loans are used as much as possible as the average interest rate for this type of financing is lower than for other financing. For a table with more detailed information, see the maturity structure on page 11.





# 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.

## 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 -14 m, SEK -8 m is attributable to Fredrik Lidjan AB's (FLAB's) share of the profit in Magnolia Holding 3 AB, SEK -6 m is attributable to FLAB's share of the profit in Magnolia Holding 4 AB and SEK 0 m is attributable to FLAB's share of the profit in Magnolia Hotellutveckling 2 AB. In addition, there are other non-controlling interests in Moutarde Holding AB.

In March 2021, Magnolia Bostad AB acquired Clas Hjorth's stake of 16% in Magnolia Hotellutveckling 2 AB. Magnolia Bostad's ownership share of Magnolia Hotellutveckling 2 AB after the acquisition amounts to 92% and FLAB's share amounts to 8%. During the quarter, Magnolia Hotellutveckling 2 AB was capitalized through shareholder contributions from the shareholders in relation to their ownership.

During the quarter, the shareholders of Magnolia Holding 3 AB provided shareholder contributions and dividends were paid to shareholders in Magnolia Holding 4 AB. The transactions have resulted in a net outflow of SEK 12 million to minority owners.

Board member Andreas Rutli, through companies, has ownership and a right to a share of the profits in the projects Senapsfabriken stage 1 and Senapsfabriken stage 2 through ownership of Moutarde Holding AB.

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 2020, [www.magnoliabostad.se](http://www.magnoliabostad.se)

### *Parent company*

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

## Significant risk and uncertainty factors

Magnolia Bostad is exposed to risks and uncertainties through its operations. For information about the Group's risks and uncertainties, please refer to Magnolia Bostad AB's

website [www.magnoliabostad.se](http://www.magnoliabostad.se) and pages 86-87 and Note 3 in the company's Annual Report for 2020.

## 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 1,519 m (1,247) compared with the book value of SEK 1,459 m (1,216). 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 issued warrants in both 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 were cancelled in 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.

## Organization

Magnolia Bostad's organization is divided into: Business Development, Project Development, Business Generation, Community Service Properties, Tenant-owned apartments, Magnolia Architect, Marketing and Communications, Legal and Finance. As of 30 June 2021, the company had 117 (115) employees. Of the number of employees, 63 (64) were women and 54 (51) were men at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå. Comparative information refers to 31 December 2020. Management consisted of five people. For more information about Magnolia Bostad's executive management, see [www.magnoliabostad.se](http://www.magnoliabostad.se).

Stockholm,  
7 July 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 out-standing 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.

## Alternative KPIs not defined in IFRS

For reconciliation of alternative KPIs, refer to

<https://om.magnoliabostad.se/en/esma-key-figures>

## Other 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 force and the turnkey contract signed. In order to be able to profit from a project, it is also required that a binding sales agreement has been signed. Due to uncertainties such as zoning plan processes, authorities' decisions, or unspecified dates for the handover of project properties, assessments may change over time.

### *Estimated production start, projects for self-management*

Estimated production start is the management's best assessment of when the zoning plan has come into force and the turnkey contract signed. Due to uncertainties such as zoning plan processes, authorities' decisions, or unspecified dates for the handover of project properties, assessments may change over time.

### *Construction start*

Construction start is when the starting clearance from the municipality's building committee is issued for the project.

### *Production start, projects for sale*

Production starts when the zoning plan has come into force and the turnkey contract, and a binding sales agreement have been signed.

### *Production start, properties for self-management*

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

### *Estimated completion of projects*

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

### *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.

### *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.

### *Occupancy rate, %*

Leased area in relation to leasable area.

# Quarterly overview

	2021			2020			2019	
	30 jun	31 mar	31 dec	30 sep	30 jun	31 mar	31 dec	30 sep
Nettoomsättning, mkr	52	407	572	281	1 058	446	502	119
Rörelseresultat, mkr	-2	-25	278	187	348	88	34	148
Resultat efter skatt, mkr	-55	-72	202	119	324	41	10	73
Resultat per aktie, kr <sup>1</sup>	-1,28	-1,72	5,50	3,00	7,92	0,95	0,11	1,64
Eget kapital, mkr	1 592	1 660	1 733	1 606	1 486	1 182	1 141	1 195
Eget kapital per aktie, kr <sup>1</sup>	42,09	41,14	42,95	39,45	36,46	28,50	27,55	27,44
Soliditet, %	28,1	28,8	32,7	35,8	36,7	29,4	28,1	28,5
Kassaflöde från den löpande verksamheten, mkr	-130	-172	215	223	-86	-23	209	53
Kassaflöde från den löpande verksamheten, per aktie, kr	-3,4	-4,5	5,7	5,9	-2,3	-0,6	5,5	1,4
Antal utestående aktier före utspädning, st.	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283
Antal utestående aktier efter full utspädning, st.	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283	37 822 283

<sup>1</sup> Exklusive innehav utan bestämmande inflytande

## Financial calendar

- Interim Report January – September 2021: 21 October 2021
- Year-End Report January – December 2021: 24 February 2022

## Teleconference Q2 2021, 10:30 a.m. CEST on 7 July 2021

Call one of the following telephone numbers to participate:  
Sweden: +46 8 5664 27 06, UK: +44 33 3300 92 64

Listen to the teleconference at:  
<https://financialhearings.com/event/13973>

Presentation material will be available on the company's website no later than one hour before the start of the teleconference.  
<https://om.magnoliabostad.se/en/reports-presentations>

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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 7 July 2021 at 07.30 a.m. CEST.*

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

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