

Interim report

JANUARY 1 - SEPTEMBER 30, 2018

Sollentuna Stinsen JV AB

CIN 559085-9954

Sollentuna Stinsen JV AB
559085-9954

INTERIM REPORT FOR JANUARY-SEPTEMBER 2018

Third Quarter

- Consolidated net sales amounted to 7 888 TSEK (15 063)
- Net operating income amounted to 276 TSEK (7 611)
- Operating profit amounted to -1 617 TSEK (5 995)
- Net profit for the period amounted to -8 404 TSEK (491)
- Earnings per share before and after dilution effects amounted to -16,81 SEK (0,98)

FINANCIAL PERIOD 1 JAN - 30 SEPT 2018

- Consolidated net sales amounted to 29 634 TSEK (47 183)
- Net operating income amounted to 7 646 TSEK (20 830)
- Operating profit amounted to -16 063 TSEK (14 101)
- Net profit for the period amounted to -32 171 TSEK (80 477)
- Earnings per share before and after dilution effects amounted to -64,34 SEK (301,79)
- Cash and cash equivalents at the end of the period on September 30, 2018 were 51 472 TSEK

Operational overview

The Parent Company was formed on November 18, 2016. It owns and manages properties indirectly through subsidiaries and engages in related activities.

In addition to the Parent Company, Sollentuna Stinsen JV AB, the Group also consists of the wholly owned subsidiary Sollentuna Stinsen Holding 1 AB. The subsidiary in turn owns all shares in Sollentuna Stinsen Property 1 AB, which owns and manages the property Stinsen 2 in Sollentuna. Sollentuna Stinsen Property 1 AB has objective of carrying out project work on its property. The financial objectives for the operations therefore consist of creating positive operating results and a higher market value for the property through long-term investment and by running planning process for primarily residential.

The Urban Planning Committee of municipality Sollentuna informed on the 29th of November, 2017 the property is being exhibited on consultations regarding future planned development of the property. The Group has chosen to classify the property as development and project property instead of investment property.

Significant events during the quarter

No significant events have occurred during the quarter.

Significant events during the period

On 7 June 2018, Sollentuna Stinsen JV AB applied to take up the bonds for trading on the corporate bond list at Nasdaq Stockholm. Nasdaq Stockholm decided to raise the bonds for trading on the corporate bond list on June 8, 2018.

An impairment loss of the property of TSEK -18 793 was made during the period.

Significant events after the periods end

No significant events have occurred after the end of the reporting period.

Financial performance during the period

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

Interim period 1 January - 30 September 2018

Net sales and earnings

Consolidated net sales decreased during the quarter by -37 % and amounted to TSEK 29 634 (47 183) and constituted rental income from leased premises. In accordance with the proposed plan, premises are emptied gradually to reduce future evacuation costs.

Operating costs for the period decreased by TSEK 4 558 or -17 % and amounted to TSEK -22 232 (-26 790) and an operating result of TSEK 7 646 (20 830), which is 63 % lower than the corresponding period last year.

Other external costs, Depreciation/amortization and Other costs amounted to TSEK -23 709 (-6 729). During the quarter a write-down of the property of TSEK -18 793 (0) has resulted in an operating profit/loss of TSEK -16 063 (14 101).

Unrealized changes in property amounted to TSEK 0 (126 331). Net financial items for the period amounted to TSEK -20 225 (-29 124).

Income tax for the period amounted to TSEK 4 118 (-30 831) , and loss for the period to TSEK -32 171 (80 477). On 14 June, the Swedish Parliament decided on the previously left council of legislation Legislative Resolution, "New Tax Rules for the Business Sector", which contains proposals for interest rate deductions in accordance with EU directives. The decision implies that deductions for interest expense are limited to 30 % of taxable EBITDA and a reduced corporate tax rate, introduced in two stages, 21.4 % from 2019 to 2021 to 20.6 %. Entry into force on January 1, 2019. The proposal is expected to have a limited effect on the Group's paid tax. The decision implies that deferred tax is expected to be effective January 1, 2019 and until December 31, 2020, based on the tax rate, 21.4 % and deferred tax is expected to be effective from January 1, 2021 and onwards, based on the tax rate, 20.6 % . The translation has had a negative effect on the period's tax by approximately SEK 48,000.

Financial position and cash flow

Consolidated borrowings amounted on September 30, 2018 to TSEK 580 625 (580 625).

Consolidated equity amounted on September 30, 2018 to TSEK 181 580 (213 750).

The equity/assets ratio on September 30, 2018 was 23 % (26).

Consolidated cash flow from operating activities amounted during the period to TSEK -8 128 (17 280)

Cashflow from investing activities for the period amounted to TSEK 0 (-700 413). The previous year's negative cash flow from investing primarily attributable to the acquisition of Stinsen 2 property in Sollentuna.

Cash flow from financing activities for the period amounted to TSEK 0 (781 125). The positive cash flow for the previous year is primarily attributable to shareholders' contributions received of 200 000 TSEK and borrowings of 584 000 TSEK.

Cash flow for the period was TSEK - 8 128 (97 992), and cash and cash equivalents on the balance sheet date amounted to TSEK 51 472 (59 600).

Parent Company January - September, 2018

- The Parent Company's income during the period amounted to TSEK 5 107 (0).
- Profit/Loss after financial items was TSEK 11 928 (3 895).
- Cash and bank balances at the end of the period were TSEK 35 008 (39 084)
- The Parent Company's equity amounted on September 30, 2018 to TSEK 212 625 (200 611).

Organization and employees

The Group had no employees, and no salaries or remuneration was paid.

Significant risks and uncertainty factors

The company's operations, performance and position are affected by a number of risk factors and are based on the company's indirect ownership of real estate companies. The risks that affect profit/loss and cash flow are therefore linked to the subsidiaries and are primarily attributable to credit risk and the change in rent levels, occupancy, general cost development, interest rate levels and liquidity on the real estate market. The most significant risk that affects the company is linked to the valuation of properties owned by the company's indirect holdings. Macroeconomic factors and other market factors have a significant impact on property value and thus contain an element of uncertainty.

Financial risk management

The Group is exposed to a number of financial risks. The overall objective is to have cost-efficient financing. The primary risks to which the Group is exposed are financing risk, interest rate risk and counterparty risk. The Parent Company's financial liabilities consist of a balanced portfolio of loans with fixed and variable interest rate, which limits the company's financing and interest rate risk. The subsidiaries' primary financial liabilities consist of intra-Group loans. The Group also has rent receivables, cash and cash equivalents and accounts payable that constitute financial instruments.

Risk management of capital

The company's capital structure shall be maintained at a level that makes it possible to conduct operations to create returns for shareholders and benefits for other stakeholders, while at the same time achieving an optimal structure to reduce capital costs.

In order to maintain or adapt its capital structure, the company, following approval from the shareholders where appropriate, may change the dividend to shareholders, reduce the share capital for payment to shareholders, issue new shares or sell assets to reduce the debt/equity ratio. The company analyzes on an ongoing basis the relationship between debt and equity, as well as the relationship between debt and equity including loans from shareholders, based on established targets.

The share and shareholders

The Parent Company is owned by Magnolia Projekt 36 AB (50 %), CIN 559040-7093, and Alecta Pensionsförsäkring (50 %), CIN 502014-6865.

Ownership, September 30, 2018

Shareholders	Number of ordinary shares	Percentage of share capital
Magnolia Projekt 36 AB	250 000	50%
Alecta pensionsförsäkring	250 000	50%
Total	500 000	100%

Sollentuna Stinsen JV AB
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GROUP**INCOME STATEMENT**

Amounts in TSEK

	07/01/2018 09/30/2018	07/01/2017 09/30/2017	01/01/2018 09/30/2018	01/01/2017 09/30/2017	01/01/2017 12/31/2017
Net sales	7 888	15 063	29 634	47 183	62 510
Other income	234	252	245	437	565
Total revenue	8 121	15 315	29 878	47 620	63 075
Operating costs	-7 845	-7 704	-22 232	-26 790	-35 930
Net operating income	276	7 611	7 646	20 830	27 145
Other external costs	-1 859	-1 576	-4 816	-6 367	-12 584
Depreciation/amortization	-33	-80	-100	-252	-280
Other costs	-	-	-	-110	-110
Impairment loss on properties	-	-	-18 793	-	-
Operating profit/loss	-1 617	5 955	-16 063	14 101	14 171
Unrealized changes in property value	-	-	-	126 332	38 888
Net financial items	-6 787	-4 526	-20 225	-29 124	-36 233
Profit/loss before tax	-8 404	1 429	-36 288	111 309	16 826
Income tax	-	-938	4 118	-30 831	-3 575
NET PROFIT/LOSS FOR THE PERIOD	-8 404	491	-32 171	80 477	13 250
Profit/loss attributable to					
Parent Company shareholders	-8 404	491	-32 171	80 477	13 250
Holdings without a controlling influence	-	-	-	-	-
Earnings per share (SEK)					
Before dilution effects	-16,81	0,98	-64,34	301,79	41,00
After dilution effects	-16,81	0,98	-64,34	301,79	41,00

CONSOLIDATED STATEMENT**OF COMPREHENSIVE INCOME**

Amounts in TSEK

	07/01/2018 09/30/2018	07/01/2017 09/30/2017	01/01/2018 09/30/2018	01/01/2017 09/30/2017	01/01/2017 12/31/2017
Net profit/loss for the period	-8 404	491	-32 171	80 477	13 250
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Total other comprehensive income	-8 404	491	-32 171	80 477	13 250
Comprehensive income attributable to					
Parent Company shareholders	-8 404	491	-32 171	80 477	13 250
Holdings without a controlling influence	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-8 404	491	-32 171	80 477	13 250

Sollentuna Stinsen JV AB
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**CONSOLIDATED
BALANCE SHEET**

Amounts in TSEK

09/30/2018 09/30/2017 12/31/2017

ASSETS

Investment properties	–	825 000	–
Machinery and equipment	33	162	134
Deferred tax receivable	801	–	–
Total non-current assets	834	825 162	134
Current assets			
Development and project properties	732 231	–	740 000
Other receivables	26	10 468	9 905
Prepaid expenses and accrued income	3 768	2 408	1 977
Cash and cash equivalents	51 472	97 992	59 600
Total current assets	787 497	110 868	811 482
TOTAL ASSETS	788 331	936 030	811 616

**CONSOLIDATED
BALANCE SHEET**

09/30/2018

09/30/2017

12/31/2017

Amounts in TSEK

EQUITY AND LIABILITIES
EQUITY

Share capital	500	500	500
Other capital contributed	200 000	200 000	200 000
Retained profits including profit/loss for the period	-18 920	80 477	13 250

Equity attributable to Parent Company shareholders	181 580	280 977	213 750
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Provisions

Deferred tax liability	–	30 800	3 287
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Total provisions	–	30 800	3 287
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Non-current liabilities

Borrowings	284 000	284 000	284 000
Bonds	296 625	296 625	296 625

Total non-current liabilities	580 625	580 625	580 625
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Current liabilities

Accounts payable	2 396	2 099	3 913
Income tax liabilities	109	416	361
Other current liabilities	14 262	1 289	1 030
Accrued expenses and deferred income	9 357	39 824	8 650

Total current liabilities	26 125	43 628	13 954
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TOTAL EQUITY AND LIABILITIES	788 331	936 030	811 616
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CHANGES IN CONSOLIDATED EQUITY

Amounts in TSEK

	Share capital	Other capital contributed	Retained earnings incl. net profit/loss for the period	Holdings without a controlling influence	Total equity
Opening equity 01/01/2017	–	–	–	–	–
Share capital when Group was formed	100	–	–	–	100
New share issue	400	–	–	–	400
Shareholders' contribution received	–	200 000	–	–	200 000
Net profit/loss for the period	–	–	80 477	–	80 477
Other comprehensive income	–	–	–	–	–
Closing equity 09/30/2017	500	200 000	80 477	–	280 977
Net profit/loss for the period	–	–	-67 227	–	-67 227
Other comprehensive income	–	–	–	–	–
Closing equity 31/12/2017	500	200 000	13 250	–	213 750
Opening equity 01/01/2018	500	200 000	13 250	–	213 750
Net profit/loss for the period	–	–	-32 171	–	-32 171
Other comprehensive income	–	–	–	–	–
Closing equity 09/30/2018	500	200 000	-18 920	–	181 580

Sollentuna Stinsen JV AB
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CONSOLIDATED

CASH FLOW STATEMENT

Amounts in TSEK

	07/01/2018 09/30/2018	07/01/2017 09/30/2017	01/01/2018 09/30/2018	01/01/2017 09/30/2018	01/01/2017 12/31/2017
Operating activities					
Operating profit/loss	-1 617	5 955	-16 063	14 101	14 171
Adjustments for non-cash items, etc.					
Depreciation and impairment of assets	33	80	100	252	280
Adjustment for items not included in cash flow	-	48	18 793	48	1 278
	-1 584	6 083	2 830	14 401	15 729
Received interest	-	3	-	3	3
Pain income tax	-	-1 722	-	-	-
Paid interest	-1 818	-	-5 280	-3 766	-5 527
Cash flow from operating activities before changes in working capital	-3 402	4 364	-2 450	10 638	10 205
Cash flow from changes in working capital					
Decrease(+)/increase(-) in current receivables	9 333	6 847	8 088	-12 793	-11 799
Decrease(+)/increase(-) in development and project properties	-2 231	-	-11 024	-	-3 790
Decrease(-)/increase(+) in current liabilities	-4 684	-7 240	-2 742	19 436	15 020
Cash flow from operating activities	-984	3 971	-8 128	17 280	9 636
Investing activities					
Investments in investment properties	-	-	-	-700 000	-700 000
Investments in machinery and equipment	-	-	-	-413	-413
Cash flow from investing activities	-	-	-	-700 413	-700 413
Financing activities					
Cash in the parent company at the Group's formation	-	-	-	100	100
New share issue	-	-	-	400	400
Shareholders' contributions received	-	-	-	200 000	200 000
Borrowings	-	-	-	580 625	880 625
Repayment of borrowings	-	-	-	-	-330 748
Cash flow from financing activities	-	-	-	781 125	750 377
Cash flow for the year	-984	3 971	-8 128	97 992	59 600
Cash and cash equivalents at beginning of the year	52 456	94 021	59 600	-	-
Cash and cash equivalents at end of the year	51 472	97 992	51 472	97 992	59 600

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**PARENT COMPANY'S
INCOME STATEMENT**

Amounts in TSEK	07/01/2018 17	07/01/2017	01/01/2018	01/01/2017	01/01/2017
	09/30/2018 17	09/30/2017	09/30/2018	09/30/2017	12/31/2017
Net sales	1 838	–	5 107	–	3 686
Gross profit/loss	1 838	–	5 107	–	3 686
Other external expenses	-1 978	-1 787	-5 713	-1 787	-5 969
Operating profit/loss	-140	-1 787	-606	-1 787	-2 283
Financial income	10 938	34 857	32 813	34 857	43 750
Financial expenses	-6 788	-6 581	-20 225	-29 175	-34 230
Profit/loss after financial items	4 010	26 489	11 982	3 895	7 237
Appropriations	–	–	–	–	-7 237
Profit/loss before tax	4 010	26 489	11 982	3 895	–
Income tax	–	–	32	–	–
NET PROFIT/LOSS FOR THE YEAR	4 010	26 489	12 013	3 895	–

Sollentuna Stinsen JV AB
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**PARENT COMPANY'S
BALANCE SHEET**

	09/30/2018	09/30/2017	12/31/2017
Amounts in TSEK			
ASSETS			
Shares and participations in Group companies	4 700	4 050	3 700
Receivables from Group companies	695 000	695 568	695 000
Total non-current assets	699 700	699 618	698 700
Current assets			
Current receivables			
Receivables from Group companies	74 204	–	45 937
Other receivables	114	–	395
Prepaid expenses and accrued income	1 315	35 000	1 644
Total current receivables	75 633	35 000	47 976
Cash and bank balances	35 008	79 605	39 084
Total current assets	110 641	114 605	87 060
TOTAL ASSETS	810 341	814 223	785 760
EQUITY AND LIABILITIES			
Equity	212 625	204 506	200 611
Non-current liabilities			
Bonds	296 625	296 625	296 625
Borrowings	284 000	284 000	284 000
Total non-current liabilities	580 625	580 625	580 625
Current liabilities			
Payables	1 704	–	1 813
Liabilities to Group companies	–	3 500	2 282
Income tax liabilities	–	32	32
Other current liabilities	14 911	150	–
Accrued expenses and deferred income	476	25 410	397
Total current liabilities	17 091	29 092	4 524
TOTAL EQUITY AND LIABILITIES	810 341	814 223	785 760

Sollentuna Stinsen JV AB
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PARENT COMPANY'S

CASH FLOW STATEMENT

	07/01/2018 09/30/2018	07/01/2017 09/30/2017	01/01/2018 09/30/2018	01/01/2017 09/30/2018	01/01/2017 12/31/2017
Amounts in TSEK					
Operating activities					
Operating profit/loss	-140	-1 787	-606	-1 787	-2 283
	-140	-1 787	-606	-1 787	-2 283
Paid interest	-1 818	-1 611	-5 280	-3 765	-5 527
Cash flow from operating activities before changes in working capital	-1 958	-3 398	-5 886	-5 552	-7 810
Cash flow from changes in working capital					
Decrease(+)/increase(-) in current receivables	-2 122	-	5 153	-	-2 039
Decrease(-)/increase(+) in current liabilities	-93	-	-2 343	-	-6 394
Cash flow from operating activities	-4 173	-3 398	-3 076	-5 552	-16 243
Investing activities					
Acquisition of subsidiaries	-	-	-	-450	-100
Shareholders' contributions given	-	-	-1 000	-	-
Cash flow from investing activities	-	-	-1 000	-450	-100
Financing activities					
Establishment of limited liability companies	-	-	-	-	-
Change in long-term loans, Group companies	-	-	-	-568	-
New share issue	-	-	-	400	400
Borrowings	-	-	-	296 625	296 625
Repayment of borrowings	-	-	-	-300 000	-330 748
Cash flow from financing activities	-	-	-	-3 543	-33 723
Cash flow for the year	-4 173	-3 398	-4 076	-9 545	-50 066
Cash and cash equivalents at beginning of the year	39 181	83 003	39 084	89 150	89 150
Cash and cash equivalents at end of the year	35 008	79 605	35 008	79 605	39 084

NOTES

Note 1 Accounting principles

Agreement with accounting standards and the law

This interim report was prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR1, Supplementary Accounting Rules for Corporate Groups, was also applied.

The Parent Company applies the same accounting principles as the Group except where deviations arise between the Parent Company and the Group as a result of limitations to the possibilities for applying IFRS in the Parent Company due to the Annual Accounts Act and in some cases applicable tax regulation.

The accounting principles agree with those used by the Group in the 2017 Annual Report, and the following accounting principles have been applied from January 1, 2018.

IFRS 9 FINANCIAL INSTRUMENTS

This standard will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard entails a decrease in the number of measurement categories for financial assets, which means that the main categories for reporting are cost (amortized cost), fair value through profit/loss and fair value through other comprehensive income. For some investments in equity instruments, it is possible to report at fair value in the balance sheet with the change in value reported directly against other comprehensive income, if no transfer occurs to the period's profit/loss at disposal. New rules have also been introduced for how changes in an own credit spread must be presented when liabilities are reported at fair value. Expected future losses must also be considered in the impairment model. Hedge accounting is based more on the internal risk management in order to reflect the company's risk management in the financial statements. Macro hedges have been moved to a separate project. The new standard shall be applied from 2018. The Group's assessment is that IFRS 9 could affect the valuation of certain receivables but the effect is not considered to be material.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers enters into force for financial years commencing on January 1, 2018 or later and replaces the previously issued standards and interpretations that relate to income. IFRS 15 contains a joint model for revenue recognition for customer contracts that are not covered by other standards (for example IFRS 4 or IFRS 9). The starting point of the standard is agreements for the sale of a good or service between two parties. A customer agreement is initially identified, which generates an asset for the seller (rights, a promise of receipt of payment) and a liability (commitment, a promise to transfer goods/services). According to the model, income must be reported when a commitment to deliver promised goods or services to the customer is discharged. The Group's revenues mainly refers to rental income which fall outside this standard, IFRS 15 is therefore deemed to have no material effect on Groups financial statement.

Upcoming accounting principles

IFRS 16 'Leasing Agreements' replaces IAS 17 from 1 January 2019. According to the new standard, most leased assets are reported in the balance sheet, which will lead to a higher balance sheet total and a lower equity/assets ratio. For the lessor, the new standard does not mean any major differences. The Group has begun an analysis of the effects of IFRS 16. The initial assessment is that the standard will have a limited effect on the Group's financial reports as Sollentuna Stinsen JV's leasing is limited, however, disclosure requirements will be extended.

Transactions with related parties

Group

Sollentuna Stinsen JV AB is 50 % owned by Magnolia Projekt 36 AB, org. no. 559040-7093, and 50 % by Alecta Pensionsförsäkring, org. no. 502014-6865.

During the period, the Group has conducted transactions with Magnolia Produktion AB, a related company to Mangolia Projekt 36 AB, amounting TSEK 600 (0) in respect of invoicing project management.

Scope and focus on related transactions have not changed significantly since the last annual report.

Sollentuna Stinsen JV AB

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Parent Company

At the end of the period on September 30, 2018, the Parent Company holds a debt to its owner, Alecta Pensionförsäkring, for a shareholder loan of 284 000 TSEK. The shareholder loan has an interest rate of 7 %, which is judged to be at market terms. In addition to related party transactions that are specified for the Group, the Parent Company has related party transactions that involve controlling influence over its subsidiary companies.

Definitions

Alternative KPIs not defined within IFRS

Equity/assets ratio (%)

Equity attributable to Parent Company shareholders as percentage of Total Assets

Equity/asset ratio is used to measure the Company's financial position. Equity/asset ratio exposes how much of the Company's assets are funded with own resources.

Statement and certification

The Board of Directors and CEO affirm that this interim report provides a true and fair view of the company's and the Group's operations, financial position and results, and describes significant risks and uncertainties faced by the company and its subsidiaries.

Stockholm, November 19, 2018

Fredrik Lidjan
Chairman

Fredrik Palm

Alexander Sundberg

Fredrik Westin

Rickard Langerfors
CEO

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

Sollentuna Stinsen JV AB
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FINANCIAL CALENDER

Future interim reports

Interim report Q4 2018
Financial Statement 2018

February 22, 2019
April 2019

ADDITIONAL INFORMATION

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Sollentuna Stinsen JV AB has bond for trading on the Corporate Bond list at Nasdaq Stockholm. For more information visit www.sollentunastinsenjvab.se

This report is published in two language versions: Swedish and English. In case of inconsistency or discrepancy between the two versions, the Swedish language version shall prevail.

The information Sollentuna Stinsen JV AB publishes in this report is required in accordance with the EU Market Abuse Regulation (EU) No 596/2014. The information was submitted for through the agency of the contact persons, on 19 November 2018 at. 07.00 a.m. CET.