

Interim report

JANUARY 1 - JUNE 30, 2019

Sollentuna Stinsen JV AB

CIN 559085-9954

Sollentuna Stinsen JV AB
559085-9954

INTERIM REPORT FOR JANUARY - JUNE 2019

Second quarter

- Consolidated net sales amounted to 6 279 TSEK (9 498)
- Net operating income amounted to 1 666 TSEK (2 812)
- Operating profit amounted to -10 441 TSEK (-17 899)
- Net profit for the quarter amounted to -18 366 TSEK (-20 611)
- Earnings per share before and after dilution effects amounted to -36,73 SEK (-41,22)

JANUARY-JUNE 2019

- Consolidated net sales amounted to 11 473 TSEK (21 747)
- Net operating income amounted to -715 TSEK (7 370)
- Operating profit amounted to -15 947 TSEK (-14 447)
- Net profit for the period amounted to -31 675 TSEK (-23 767)
- Earnings per share before and after dilution effects amounted to -63,35 SEK (-47,53)

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. According to the project plan, premises are gradually vacated and rental income is expected to be lower. This is to reduce future evacuation costs. 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. This means that the property is no longer valued at fair value on a continuous basis, but that the property is instead valued at the lowest of the acquisition value and net sales value.

Work on the development of Stinsen 2 has taken longer than initially planned. Among other things there has been discussions with the municipality of Sollentuna about the ownership and operation of a school and sports hall, which is partly planned within the Stinsen 2 property, Sollentuna. These discussions are still ongoing. The original plan for the project was that the detailed plan should gain legal force during H1 2020. Due to the above, the detailed plan is instead expected to gain legal force during H1 2021. Additional costs due to a delayed schedule are mainly attributed to interest costs.

Significant events during the period

No significant events have occurred 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.

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Interim period 1 January - 30 June 2019**Net sales and earnings**

Consolidated net sales decreased during the period by 47 % and amounted to TSEK 11 473 (21 747) 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 441 or 3 % and amounted to TSEK -13 946 (-14 387) and an net operating income of TSEK -715 (7 370).

Other external costs, Depreciation/amortization and Other costs amounted to TSEK -15 233 (-21 817) which gives an operating result of TSEK -15 947 (-14 447).

Net financial items for the period amounted to TSEK -15 947 (-14 447).

Income tax for the period amounted to TSEK 0 (4 118) , and loss for the period to TSEK -31 675 (-23 766).

Financial position and cash flow

Consolidated borrowings amounted on June 30, 2019 to TSEK 630 625 (630 625).

Consolidated equity amounted on June 30, 2019 to TSEK 122 506 (154 181).

The equity/assets ratio on June 30, 2019 was 16% (19).

Consolidated cash flow from operating activities amounted during the period to TSEK -8 425 (-7 144)

Cashflow from investing activities for the period amounted to TSEK 0 (0).

Cash flow from financing activities for the period amounted to TSEK 0 (0).

Cash flow for the period was TSEK -8 425 (-7 144), and cash and cash equivalents on the balance sheet date amounted to TSEK 63 551 (71 997).

Parent Company 1 January - 30 June, 2019

- The Parent Company's income during the period amounted to TSEK 4 017 (3 269).
- Profit/Loss after financial items was TSEK 5 616 (7 972).
- Cash and bank balances at the end of the period were TSEK 45 306 (64 016)
- The Parent Company's equity amounted on June 30, 2019 to TSEK 162 159 (156 544).

Organization and employees

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

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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, June 30, 2019

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%

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GROUP

INCOME STATEMENT

Amounts in TSEK

	04/01/2019 06/30/2019	04/01/2018 06/30/2018	01/01/2019 06/30/2019	01/01/2018 06/30/2018	01/01/2018 12/31/2018
Net sales	6 279	9 498	11 473	21 747	37 406
Other income	795	-303	1 757	11	689
Total revenue	7 074	9 195	13 231	21 757	38 095
Operating costs	-5 408	-6 383	-13 946	-14 387	-29 878
Net operating income	1 666	2 812	-715	7 370	8 217
Other external costs	-2 574	-1 884	-5 699	-2 957	-6 745
Depreciation/amortization	–	-34	–	-67	-134
Impairment loss on properties	-9 533	-18 793	-9 533	-18 793	-37 126
Operating profit/loss	-10 441	-17 899	-15 947	-14 447	-35 788
Net financial items	-7 925	-6 798	-15 729	-13 438	-27 100
Profit/loss before tax	-18 366	-24 697	-31 675	-27 885	-62 888
Income tax	–	4 086	–	4 118	3 318
NET PROFIT/LOSS FOR THE PERIOD	-18 366	-20 611	-31 675	-23 767	-59 570
Profit/loss attributable to					
Parent Company shareholders	-18 366	-20 611	-31 675	-23 767	-59 570
Holdings without a controlling influence	–	–	–	–	–
Earnings per share (SEK)					
Before dilution effects	-36,73	-41,22	-63,35	-47,53	-119,14
After dilution effects	-36,73	-41,22	-63,35	-47,53	-119,14

CONSOLIDATED STATEMENT

OF COMPREHENSIVE INCOME

Amounts in TSEK

	04/01/2019 06/30/2019	04/01/2018 06/30/2018	01/01/2019 06/30/2019	01/01/2018 06/30/2018	01/01/2018 12/31/2018
Net profit/loss for the period	-18 366	-20 611	-31 675	-23 767	-59 570
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Total other comprehensive income	-18 366	-20 611	-31 675	-23 767	-59 570
Comprehensive income attributable to					
Parent Company shareholders	-18 366	-20 611	-31 675	-23 767	-59 570
Holdings without a controlling influence	–	–	–	–	–
COMPREHENSIVE INCOME FOR THE PERIOD	-18 366	-20 611	-31 675	-23 767	-59 570

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CONSOLIDATED BALANCE SHEET

Amounts in TSEK

	06/30/2019	06/30/2018	12/31/2018
ASSETS			
Non-current assets			
Machinery and equipment	–	67	–
Deferred tax receivable	–	801	–
Total non-current assets	–	867	–
Current assets			
Development and project properties	710 000	730 000	715 000
Tax assets	–	–	–
Other receivables	1 072	9 142	1 207
Prepaid expenses and accrued income	2 010	3 981	3 198
Cash and cash equivalents	63 551	52 456	71 976
Total current assets	776 633	795 578	791 381
TOTAL ASSETS	776 633	796 445	791 381

Sollentuna Stinsen JV AB
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CONSOLIDATED BALANCE SHEET

06/30/2019

06/30/2018

12/31/2018

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	-77 994	-10 516	-46 319

Equity attributable to Parent Company shareholders

122 506

189 984

154 181

Provisions

Deferred tax liability

-

-

-

Total provisions

-

-

-

Non-current liabilities

Borrowings

334 000

284 000

334 000

Bonds

296 625

296 625

296 625

Total non-current liabilities

630 625

580 625

630 625

Current liabilities

Accounts payable

1 466

4 906

354

Income tax liabilities

81

192

246

Other current liabilities

12 696

10 364

1 329

Accrued expenses and deferred income

9 259

10 375

4 648

Total current liabilities

23 502

25 836

6 576

TOTAL EQUITY AND LIABILITIES

776 633

796 445

791 381

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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 01/01/2018	500	200 000	13 250	–	213 750
Net profit/loss for the period	–	–	-23 766	–	-23 766
Other comprehensive income	–	–	–	–	–
Closing equity 06/30/2018	500	200 000	-10 516	–	189 984
Opening equity 07/01/2018	500	200 000	-10 516	–	189 984
Net profit/loss for the period	–	–	-35 804	–	-35 804
Other comprehensive income	–	–	–	–	–
Closing equity 12/31/2018	500	200 000	-46 319	–	154 181
Opening equity 01/01/2019	500	200 000	-46 319	–	154 181
Net profit/loss of the period	–	–	-31 675	–	-31 675
Other comprehensive income	–	–	–	–	0
Closing equity 06/30/2019	500	200 000	-77 994	–	122 506

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CONSOLIDATED

CASH FLOW STATEMENT

Amounts in TSEK

	04/01/2019 06/30/2019	04/01/2018 06/30/2018	01/01/2019 06/30/2019	01/01/2018 06/30/2018	01/01/2018 12/31/2018
Operating activities					
Operating profit/loss	-10442	-17899	-15 947	-14 447	-35 788
Adjustments for non-cash items, etc.					
Depreciation and impairment of assets	—	34	—	67	134
Impairment loss of property	9 533	18 793	9 533	18 793	37 126
	-909	928	-6 414	4 413	1 472
Pain income tax	—	—	—	—	—
Paid interest	-2080	-1827	-4 039	-3 462	-7 078
Cash flow from operating activities before changes in working capital	-2 989	-899	-10 453	951	-5 606
Cash flow from changes in working capital					
Decrease(+)/increase(-) in current receivables	1 898	578	1 323	-1 245	7 477
Decrease(+)/increase(-) in development and project properties	-3 301	-4 597	-4 531	-8 793	-12 126
Decrease(-)/increase(+) in current liabilities	-3 154	6 689	5 236	1 943	-7 382
Cash flow from operating activities	-7 545	1 771	-8 425	-7 144	-17 636
Financing activities					
Borrowings	—	—	—	—	50 000
Repayment of borrowings	—	—	—	—	-19 987
Cash flow from financing activities	—	—	—	—	30 013
Cash flow for the period	-7 545	1 771	-8 425	-7 144	12 377
Cash and cash equivalents at beginning of the year	71 096	50 685	71 976	59 600	59 600
Cash and cash equivalents at end of the period	63 551	52 456	63 551	52 456	71 977

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PARENT COMPANY'S

INCOME STATEMENT

Amounts in TSEK

	04/01/2019 06/01/2019	04/01/2018 06/01/2018	01/01/2019 06/30/2019	01/01/2018 06/30/2018	01/01/2018 12/31/2018
Net sales	1 892	1 646	4 017	3 269	7 255
Gross profit/loss	1 892	1 646	4 017	3 269	7 255
Other external expenses	-2 279	-1 898	-4 547	-3 735	-8 082
Operating profit/loss	-387	-252	-530	-466	-827
Result from shares	—	—	—	0	-44 100
Financial income	10 937	10 938	21 875	21 875	43 750
Financial expenses	-7 925	-6 797	-15 729	-13 437	-27 100
Profit/loss after financial items	2 625	3 889	5 616	7 972	-28 277
Appropriations	—	—	—	—	-15 823
Profit/loss before tax	2 625	3 889	5 616	7 972	-44 100
Income tax	—	—	—	32	32
NET PROFIT/LOSS FOR THE PERIOD	2 625	3 889	5 616	8 004	-44 068

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PARENT COMPANY'S BALANCE SHEET

Amounts in TSEK

	06/30/2019	06/30/2018	12/31/2018
ASSETS			
Non-current assets			
Shares and participations in Group companies	4 700	4 700	4 700
Receivables from Group companies	695 000	695 000	695 000
Total non-current assets	699 700	699 700	699 700
Current assets			
Current receivables			
Receivables from Group companies	115 054	61 259	23 849
Other receivables	—	—	—
Prepaid expenses and accrued income	8	1 315	982
Total current receivables	115 062	62 574	24 831
Cash and bank balances	45 306	39 181	64 016
Total current assets	160 369	101 755	88 847
TOTAL ASSETS	860 068	801 454	788 547
EQUITY AND LIABILITIES			
Equity	162 159	208 615	156 544
Non-current liabilities			
Bonds	296 625	296 625	296 625
Borrowings	334 000	284 000	334 000
Total non-current liabilities	630 625	580 625	630 625
Current liabilities			
Payables	6	1 644	19
Liabilities to Group companies	52 310	227	643
Other current liabilities	11 905	9 878	115
Accrued expenses and deferred income	3 062	465	602
Total current liabilities	67 283	12 214	1 379
TOTAL EQUITY AND LIABILITIES	860 068	801 454	788 547

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PARENT COMPANY'S

CASH FLOW STATEMENT

Amounts in TSEK

	04/01/2019 06/01/2019	04/01/2018 06/01/2018	01/01/2019 06/30/2019	01/01/2018 06/30/2018	01/01/2018 12/31/2018
Operating activities					
Operating profit/loss	-387	-252	-530	-466	-827
	-387	-252	-530	-466	-827
Paid interest	-2 080	-1 827	-4 039	-3 462	-7 077
Cash flow from operating activities before changes in working capital	-2 467	-2 079	-4 569	-3 928	-7 904
Cash flow from changes in working capital					
Decrease(+)/increase(-) in current receivables	-64 775	13 938	-69 330	7 275	66 891
Decrease(-)/increase(+) in current liabilities	53 132	-5 071	54 789	-2 250	-3 145
Cash flow from operating activities	-14 110	6 788	-19 110	1 097	55 842
Investing activities					
Shareholders' contributions given	-	-	-	-1 000	-1 000
Cash flow from investing activities	-	-	-	-1 000	-1 000
Financing activities					
Group Contribution	-	-	-	-	-15 823
Shareholders contributions given	-	-	-	-	-44 100
Borrowings	-	-	-	-	50 000
Repayment of borrowings	-	-	-	-	-19 987
Cash flow from financing activities	-	-	-	-	-29 510
Cash flow for the period	-14 110	6 788	-19 110	97	25 332
Cash and cash equivalents at beginning of the period	59 416	32 393	64 416	39 084	39 084
Cash and cash equivalents at end of the period	45 306	39 181	45 306	39 181	64 416

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 2018 Annual Report, and the following accounting principles have been applied from January 1, 2019.

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 made an analysis of the effects of IFRS 16. The assessment is that the standard have no effect on the Group's financial reports.

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 767 (200) in respect of invoicing project management.

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

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Parent Company

At the end of the period the Parent Company holds a debt to its owner, Alecta Pensionförsäkring, for a shareholder loan of 334 000 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, August 29, 2019

Fredrik Lidjan
Chairman

Fredrik Palm

Alexander Sundberg

Fredrik Westin

Thomas Persson
CEO

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

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FINANCIAL CALENDER

Future interim reports

Interim report Q3	15 november, 2019
Interim report Q4	15 january, 2020

ADDITIONAL INFORMATION

For additional information, please contact:

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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.sollentunastinsenjav.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 and the Securities Market Act. The information was submitted for through the agency of the contact persons, on 29 august 2019 at 12.00 p.m. CEST.