

An aerial photograph of a city waterfront. In the foreground, several multi-story residential apartment buildings with brick facades and balconies are visible, interspersed with green trees and a paved area. In the middle ground, a large body of water, likely a harbor or bay, is filled with numerous white cylindrical industrial storage tanks and various structures along the shoreline. In the background, a dense urban cityscape stretches across the horizon under a bright blue sky with scattered white clouds. A tall, thin tower is visible on the far left side of the city.

2018 Annual Report

John Mattson Fastighetsföretagen AB

Corp. Reg. No. 556802-2858

Financial year 1 Jan 2018–31 Dec 2018

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Administration Report

The Board of Directors of John Mattson Fastighetsföretagen AB (556802-2858) hereby presents the Annual Report for the Group and Parent Company for the 1 Jan 2018–31 Dec 2018 financial year. The registered office of the company is in the City of Lidingö, Stockholm, Sweden. The Annual Report is presented in Swedish krona (SEK). The comparative years are 2017 and 2016.

Information about the operations

The John Mattson companies have been active in property management and property development for more than 50 years. The Group's mission is to own, manage and develop residential and commercial properties. The commercial premises should complement the residential portfolio and primarily provide services to the residential tenants.

Property portfolio

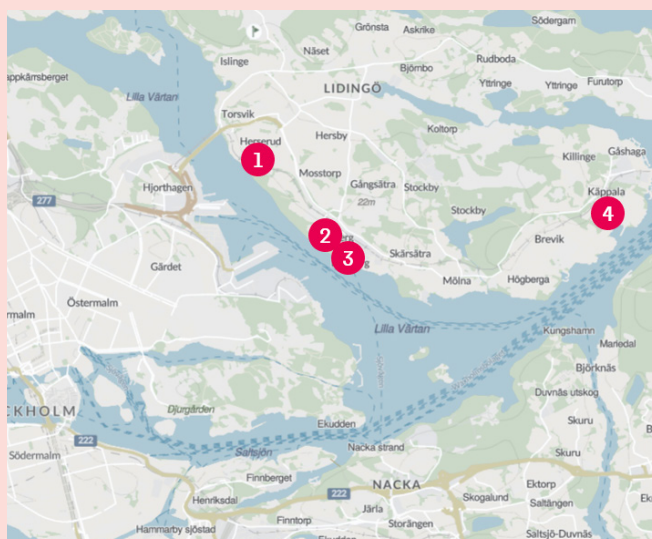
John Mattson's property portfolio is concentrated in the south of Lidingö and mainly consists of residential property. At the end of the financial year, the portfolio comprised 2,177 rental apartments with a lettable area of 169,000 sq m, broken down as 91% residential and 9% commercial premises.

Master Builder John Mattson constructed Larsberg toward the end of the 1960s. John Mattson owns most of the land in Larsberg and has increased the area's housing density in recent years by adding a number of housing blocks. Larsberg accounts for 67% of the total number of apartments. The Barkassen and Galeasen proper-

ties, located nearby in Baggeby, comprise a total of 83 apartments. The Parkhusen property in Larsberg, totalling 80 apartments, were completed in June 2018. One property with 146 apartments in the neighbouring area of Dalénium has also been owned since 2015.

In June 2018, 481 apartments in the area of Käppala, in southeast Lidingö, were also acquired.

Demand for John Mattson's apartments is considerable. As a result of the close-to-nature location, proximity to Stockholm inner city and the quality of housing offered by John Mattson, the vacancy rate in the portfolio is essentially non-existent. The demand is expected to remain high, not least in attractive locations such as Lidingö. John Mattson's apartment holdings consist of upgraded and new build apartments that will generate favourable returns for many years, as well as buildings that have yet to be upgraded and where the potential to add value is therefore substantial. Moving forward, the plans are to keep leveraging the existing potential to thereby continue to offer great neighbourhoods across generations in the future.



Our areas of Lidingö:

1. Baggeby
2. Larsberg
3. Dalénium
4. Käppala

John Mattson's goals & strategies

Financial targets

The Board of Directors of John Mattson has decided on the following financial targets:

- An average annual growth in EPRA NAV per share of not less than 10%, including value changes, over a business cycle.
- An average annual growth in income from property management per share of not less than 10% over a business cycle.
- To attain a property value corresponding to at least SEK 10 billion by 2023. As of 31 December 2018, the property value was SEK 6.0 billion.

Strategy

John Mattson's strategy for achieving these financial targets is based on the following four cornerstones:

- An overall and personal approach to property management.
- Adding value to properties through upgrades and conversions.
- Infill development on our own land and adjacent to our existing properties.
- Acquiring properties with development potential in terms of, for example, new development rights or other potential to add value in attractive market locations in the Stockholm region.

Property Management – Lidingö's largest residential property owner

Through in-depth knowledge of our properties and our tenants as well as proactive property management, we take overall responsibility for the buildings and activity in the outdoor areas. Proactive management means constant work with value-generating investments and streamlining the property portfolio. This results in higher standards for apartments, which both generates rent increases and leads to happier customers.

We also work continuously to optimise the cost of property management.

Adding value using the Larsberg model

John Mattson has developed a model for upgrading buildings and apartments, the Larsberg model, whereby apartments are upgraded in two stages – base upgrade and total upgrade. When implementing a base upgrade, plumbing and electrical systems are replaced, which from the tenant's perspective means that the bathroom is renovated in its entirety. For our portfolio of rental properties in Larsberg, a base upgrade has also entailed that the apartments have been equipped with high-security doors and that stairwells, lobbies, laundry rooms and outdoor areas around the buildings have been upgraded. During a base upgrade, all apartments in the building and parts of the shared spaces are upgraded. A total upgrade, which occurs in conjunction with an apartment becoming vacant, focuses on the remaining aspects of the apartment when new kitchen interiors are installed and all surfaces are renovated.

In the January to December 2018 period, 210 (418; 235) apartments received a base upgrade and 165 (51; 1) apartments received complete upgrades. As per 31 December 2018, 396 of our apartments were unrenovated, 913 had undergone a base upgrade, 453 had received a total upgrade and 415 were newly built. In addition to upgrades, John Mattson converts premises and spaces that previously had a different function into housing. This could involve conversions of former commercial premises, laundry rooms and attics. Such conversions are usually conducted in conjunction with the building undergoing a base upgrade.

Over the next two years, John Mattson expects to complete base upgrades of approximately 400 apartments in Käppala and, in con-

nection with these apartments being vacated, to implement complete upgrades of about a further 100 apartments. When an apartment that has not undergone a base upgrade is vacated, it is rented out on a short-term basis to facilitate implementation of a total upgrade as soon as the base upgrade has been conducted.

Infill development – primarily on our own land

Over the past ten years, John Mattson has completed several infill development projects, mainly in Larsberg. In 2008, 128 apartments in central Larsberg were completed. These apartments had been built around and on top of a parking garage that had been constructed in the 1960s. In 2009, a building was completed on the Bodals Gård 1 property, which is leased to Linköping University. In 2011, a building was completed on the Radiofyren 1 property, which is leased to ICA Sweden AB and a number of smaller tenants who operate pharmacies and other service outlets. In 2018, 80 apartments (Parkhusen) were completed in two high-rise apartment blocks between Larsberg Park and Larsberg city centre. Construction of U25, comprising 74 apartments for young adults, began in Larsberg in 2018.

John Mattson divides its project portfolio into three categories for infill development. The first category is ongoing projects where construction has already started. The second is development projects where either a planning process is ongoing, a detailed development plan is in place or a construction permit has been received. The third category is identified development rights. These are potential projects where infill development is possible but a planning process has yet to be initiated. As per 31 December 2018, the company had identified potential for the construction of approximately 1,000 apartments in the three categories.

Acquisitions

The strategy includes continuously evaluating acquisition potential, such as the acquisition of new development rights. Through acquisitions, John Mattson adds properties and apartments with development potential in attractive market locations in the Stockholm region. Acquisitions occur on the basis of long-term acceptance of responsibility, where a decisive factor is the possibility of managing and developing the portfolio in line with other features of our business model and strategy. When assessing the attractiveness of a potential acquisition, such aspects as the opportunity to add value through upgrades and the area's infill development potential are analysed.

Acquisitions and investments in the property portfolio

At the end of June 2018, John Mattson acquired 481 apartments at a cost of SEK 804.5 million in Käppala, Lidingö, from Tagehus Holding AB and Tagehus Fastigheter AB ("Tagehus"). In connection with the acquisition, Tagehus Holding AB became a part owner of John Mattson and Johan Ljungberg, one of the owners of Tagehus, became a member of the John Mattson Board. Consisting of buildings raised between 1958 and 1960, 82% of the apartments in the acquired property portfolio are unrenovated, 14% have had a total upgrade and 4% are newly built.

The investments in the buildings in Larsberg and Baggeby in recent years have been conducted to safeguard their technical viability and their ability to generate a higher net operating income primarily through higher rent levels. Investments in the properties have been implemented continuously and at an accelerating pace over the most recent five-year period. During the 2015–2018 period, about SEK 540 million was invested due to base and total upgrades of buildings and apartments. In these upgrades, all buildings in Larsberg had their plumbing renewed and new electric cabling installed, lobbies

and laundry rooms were upgraded, roofs were insulated and re-laid, control rooms were replaced, etc. Now that all of the buildings in Larsberg have had base upgrades, the potential for continued complete upgrades is considerable.

John Mattson works actively to identify undeveloped land where infill development is possible and appropriate for the existing built-up area. This work is mainly confined to our own land, and the aim is to generate growth through value adding construction that concurrently makes the area more attractive. Property development is conducted in close collaboration with the municipality and local stakeholders.

Financing strategy

Trends in financial markets are of considerable significance to John Mattson's business operations and earnings. For this reason, it is important to define financial risks, put them in relation to other business risks, assess the risks and secure appropriate management that supports the overall business objectives.

John Mattson takes a long-term approach to its ownership of properties, which requires access to capital to be able to develop the property portfolio. The financial operations should be conducted in such a way that the need for long-term and current financing is secured at as low a cost as possible given the risk mandate, and so that they safeguard the company's interest payment capacity over time. John Mattson's overall financial risk limitation is that the loan-to-value ratio should not persistently exceed 50%. Accordingly, the company has set a target that the interest coverage ratio should not persistently be below 1.5.

To limit fluctuations in net interest expense, John Mattson should have a mix of fixed-interest tenors for its loans and derivatives, while ensuring that the average fixed-interest tenor is in the range of one to five years and that a maximum of 50% is in the range of zero to one

year. To ensure the necessary loan-to-maturity period for the maturity structure, an even loan structure is sought and total borrowings should have an average loan-to-maturity that exceeds two years¹⁾.

Dividend policy

Over the long term, dividends are to amount to 50% of income from property management. Because John Mattson will prioritise value-creating investments in the property portfolio over the years ahead, future dividends may in the short term drop below the long-term target or may not even transpire.

Organisation

John Mattson's organisation consists of 24 employees, of whom 15 are women. The company's management group consists of five individuals and includes the Chief Executive Officer, Chief Financial Officer, Head of Property Management and Business Development, Communications Director and Head of Investor Relations. The organisation's primary area of operations is property management and project development, with accounting and communication as central support functions. Property managers, caretakers and customer service agents work within the management department. The project organisation also includes operations technicians and environmental caretakers. Management is geographically based in Larsberg on Lidingö and is essentially conducted by John Mattson's own personnel.

Property valuation

Quarterly external valuations of all of the Group's properties are conducted by Cushman & Wakefield.

¹⁾ Defined as volume-weighted average remaining term to maturity.

Property portfolio as per 31 December 2018

	Buildings/Apartments		Property value		Lettable area thousand sq m	No. of renovated apartments		Rental value		Economic occupancy rate %
	No.	No.	SEK m	SEK/sq m		Base	Total/ New build	SEK m	SEK/sq m	
Housing										
Larsberg	22	1,467	4,103.6	35,813	114.6	913	554	164.5	1,436	98.9
Baggeby	2	83	237.2	41,563	5.7	–	83	9.1	1,591	98.3
Dalénium	1	146	468.0	50,759	9.2	–	146	21.5	2,330	97.5
Käppala	12	481	819.0	27,252	30.1	–	85	38.9	1,293	88.0
Total housing¹⁾	37	2,177	5,627.8	35,270	159.6	913	868	233.9	1,466	97.0
Commercial and other premises										
Larsberg	3	–	284.2	35,708	8.0	–	–	20.4	2,567	95.8
Total investment properties	40	2,177	5,912.0	35,291	167.5	913	868	253.8	1,518	96.9
Ongoing projects	1	N.A.	65.3	N.A.	N.A.	–	–	–	–	–
Development projects for identified development rights and undeveloped land	1	–	62.2	40,627	1.5	–	–	3.0	1,961	69.6
Total	42	2,177	6,039.5		169.1	913	868	257.4		96.5

¹⁾ Residential property pertains to property that primarily consists of housing, but where a portion of the lettable area also includes other premises and garages.

Significant events in 2018

Käppala acquisition

In June 2018, 481 apartments in Käppala, in eastern Lidingö, were acquired at a cost of SEK 804.5 million. In conjunction with the acquisition, the company acquired a new part-owner in the form of Tagehus Holding AB. In conjunction with the acquisition, Johan Ljungberg became a member of John Mattson's Board of Directors.

Preparations for stock exchange listing of John Mattson

During the year, the Board decided to start preparing the company for a stock exchange listing, which is planned to be implemented in June 2019. The process entailed non-recurring costs of SEK 19.6 million in 2018.

Restructuring of the loan portfolio

The loan portfolio was restructured at the end of the year, which resulted in lower financing costs and a longer loan-to-maturity period.

Occupancy of Parkhusen

Construction of Parkhusen commenced in 2017 and the new households moved into the 80 apartments in July 2018. The two newly constructed buildings by Larsbergsparken comprise 4,898 sq m of lettable residential space and are constructed with a clear ambition to create attractive apartments with a high standard and that capitalise on their close-to-nature park location. Parkhusen was also constructed to be functional over time as customer needs change and Larsberg evolves. The buildings were therefore designed so that ground floor apartments can be converted into commercial premises and the apartments that are currently being let as three-bedroom units can relatively easily be converted to two- or four-bedroom units.

Construction permit and construction start of U25

During the year, construction permits were granted for and construction started on 74 apartments for young adults in Larsberg. The construction project in Larsberg, under the name U25, is progressing as planned with completion scheduled for the fourth quarter of 2019.

The U25 apartments mainly consist of space-efficient studio and one-bedroom apartments as well as three apartment shares.

Effect of transition to IFRS

As of 1 January 2018, John Mattson Fastighetsföretagen AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as well as those adopted by the European Union (EU). The effective date of the Group's transition to IFRS is 1 January 2016. The impact of the change in accounting policies is recognised directly against opening equity. More information on the transition to IFRS is presented in Note 26 of this annual report.

Changes in share capital and number of shares

An extraordinary general meeting (EGM) on 29 June 2018 resolved to conduct a share split that entailed each share being split into 10,000 new shares (split 10,000:1). The total number of shares after the share split was 10,000,000. Amounts for earnings per share for periods prior to the split have been restated in this report based on this number of shares.

Part of the consideration for the acquisition of the portfolio in Käppala was settled by issuing new shares in John Mattson Fastighetsföretagen AB.

The EGM resolved to carry out an offset issue resulting in an increase in equity of SEK 364,000,000, of which SEK 1,223,344 pertained to an increase in share capital and the remaining SEK 362,776,656 increased the Parent Company's share premium reserve. This new issue was registered with the Swedish Companies Registration Office on 8 August 2018. Following the new issue and the above split, the total number of shares outstanding is 11,223,344 allocated over a share capital of SEK 11,223,344.

Risks and uncertainties

John Mattson's reputation, earnings and cash flow are affected by changes in the external world and by the company's own actions. Risk management aims to clarify and analyse the risks that the company faces, and as far as possible to prevent or limit any negative effects. The primary tools for managing risk are the strategies that the company follows, which are made tangible in processes integrated in daily operations. Values are also an important part of managing risks in daily operations and in ensuring a high level of competence in the organisation.

Operational risks

As per 31 December 2018, John Mattson's property portfolio was located in its entirety in Lidingö, Stockholm. The concentration of residential property to one of the most attractive municipalities in Sweden entails a clear reduction of risk. The company's growth plans are concentrated to Lidingö and other parts of the Stockholm region.

Sensitivity analysis

John Mattson's earnings are impacted by a number of factors. The table below presents a theoretical effect on income from property management with John Mattson's current earning capacity as per 31 December 2018 as the starting point, given a change occurring on the basis of four parameters. Each variable in the table has been treated separately and assumes that other variables remain unchanged. The sensitivity analysis should be read together with the information on current earnings capacity in the section "Current earnings capacity".

	Change +/-	Earnings impact excluding value changes and tax, SEK m
Rent level	SEK 100 per sq m	+/-16.9
Vacancy	1 percentage point	+/-2.6
Property expenses	5%	+/-4.8
Interest expense	1%	+/-7.8

Revenue risks

Housing accounts for slightly more than 80% of John Mattson's revenue. Residential rents in the housing market are set according to the utility value system, which means that rents do not necessarily correspond to what the market rent for the same apartment would have been. Due to this factor, together with the fact that Lidingö is a highly attractive housing market, the risk of a loss of rent on housing units over the next few years is regarded as very low. Housing policy takes up a lot of space in today's political debate and the rent setting system is one of the issues that is discussed actively. One objective is that the rent level should reflect tenant demand in terms of service, standard and location to a much greater extent than today. A potential change in the utility value system is a possibility for the company to eventually increase revenue and improve earnings with an unchanged low risk of losing rental revenues.

The commercial properties are let to stable tenants with a sound lease structure with the aim of maintaining a low level of risk. The commercial premises should complement the residential portfolio and primarily provide services to the residential tenants. Commercial

premises in residential properties are converted to residential units when this is regarded as financially beneficial at times when demand for office premises is low.

Risks related to operating and maintenance expenditure

Running costs are largely tariff based and are impacted to a great extent by external factors such as climate and pricing. John Mattson works actively to optimise the properties' consumption and thereby reduce operating expenses. John Mattson's residential properties were predominantly built during the 1960s, which entails a need for upgrades and elevated standards. John Mattson works according to a long-term maintenance plan that is prepared for all properties. The replacement of plumbing and other upgrades are ongoing and it is estimated that all of the company's apartments will have had their plumbing replaced within the next few years, which means that the buildings' technical longevity has been secured for the next 30 to 50 years.

Risks linked to property development

John Mattson works actively with infill development and new-build projects in the areas where the company is already active. The risks associated with project development are connected to local rental market trends, and also to the design of the product and the implementation of the actual project. Lidingö is a highly attractive housing market and the company can build housing units on its own sites, which significantly reduces risk. Quality-assured internal processes and a high level of competency in the project organisation ensure efficient project implementation and that the product maintains a high quality and is suitable for long-term property management. A risk that arose some time ago in the construction market is that it is difficult to secure resources in the shape of contractors, consultants and own personnel. A tendency towards a weakening of economic activity will benefit the company in connection with future procurements. Long-term partnerships and strategic procurements are a priority in both booms and recessions.

Risks regarding new builds, extensions and redevelopments

One feature of John Mattson's operations is developing and investing in its existing property portfolio within the framework of projects, by upgrading, extending and converting spaces into housing units and pursuing new-build projects. To be able to use and develop John Mattson's properties, various permits and decisions are also required, such as detailed development plans, construction permits and various types of property formations, which are granted by municipalities and authorities. There is a risk that John Mattson will not be granted the permits or receive the decisions required for managing and developing properties in the desired manner, for example, if the decisions made do not encompass the volume of housing units and/or premises that the company had expected. There is also a risk that decisions may be appealed and that planned projects are therefore materially delayed, or that decision-making practices or the political will or focus may change in the future in a direction that is not favourable for John Mattson.

Property value risks

John Mattson initially recognises its properties at fair value with changes in value recognised in profit or loss. This may periodically entail increased volatility, primarily for earnings, but also for the financial position. The market value of properties is determined by market supply and demand. The properties' fundamental value depends on their profitability, growth and yield requirements. A higher net operating income or lower yield requirement has a positive impact on the property value. A lower net operating income or higher yield requirement has a negative impact on the property value. How a percentage change in property value impacts the LTV ratio is illustrated below.

Change Property value	-20%	-10%	0%	10%	20%
Change in value, SEK m	-1,208	-604	-	604	1,208
Loan-to-value (LTV) ratio, %	51.2	45.5	41.0	37.3	34.2

Financing risk

The company's financial policy specifies guidelines and regulations for how John Mattson's finance operations should be conducted. The financial policy is adopted annually by the Board of Directors and states how the various risks associated with finance operations should be limited and defines the risks that the company is permitted to take. The financial operations should be conducted in such a way that the need for current and long-term financing is secured at as low a cost as possible given the risk mandate, and so that the company's interest payment capacity is safeguarded over time. For this reason, it is important to define financial risks, put them in relation to other business risks, assess the risks and secure appropriate management that supports the overall business objectives. The Board of Directors has also appointed a specific audit and finance committee which, together with executive management, focuses on, among other things, preparing financing matters before they are addressed by the Board of Directors.

The company's overall financial risk limitation is that the loan-to-value ratio should not persistently exceed 50%. The company believes that having a positive cash flow in the business is important for achieving the company's long-term objectives. Accordingly, the company has set a target that the interest coverage ratio should not persistently be below 1.5. At the end of 2018, the loan-to-value ratio was 41.0% (37.5; 35.8) and the interest coverage ratio was 1.6 (1.7; 2.2).

Interest-rate risk is defined as the risk that changes in the level of interest rates will impact the company's cost of financing. Interest rate risk is attributable to the way current market interest rates develop. In order to limit the interest-rate risk, derivative agreements are entered into in the form of interest-rate swaps. To limit fluctuations in net interest expense, the company should have a mix of fixed-interest tenors for its loans and derivatives, while ensuring that the average fixed-interest tenor is in the range of one to five years and that a maximum of 50% is in the range of zero to one year. The volume-weighted average fixed-interest tenor was 3.5 years (4.5; 4.8) at the end of 2018.

The company's financing primarily consists of equity and interest-bearing liabilities. In order to limit refinancing risk, defined as the risk that refinancing of existing liabilities will not be possible on reasonable terms, John Mattson endeavours to have a long average remaining maturity for its interest-bearing liabilities. To ensure the necessary loan-to-maturity for the maturity structure, the company also strives to have an even loan maturity structure and that total borrowings should have an average loan-to-maturity (volume-weighted average remaining maturity) that exceeds two years. The volume-weighted average loan-to-maturity was 3.3 years (0.6; 0.7) at the end of 2018, following renegotiation of a large part of the company's loans during the year.

John Mattson has a positive cash flow from operating activities and limited refinancing needs in the next few years. At year end, the company also had unutilised overdraft facilities of SEK 110 million (10; 10) which contribute to limiting the company's liquidity risk.

Financial outcome 2018

Income statement

Revenue

The Group's revenue for the period amounted to SEK 218.3 million (187.6; 182.6), corresponding to SEK 1,417 per sq m (1,400; 1,352). The average economic occupancy rate during the period was 97.3% (98.0; 98.8). Housing rental revenues amounted to SEK 183.0 million (155.3; 151.3), corresponding to SEK 1,363 per sq m (1,298; 1,264). The average economic occupancy rate for apartments during the period was 98.0% (98.9; 99.7). The remaining rental revenues pertains to commercial premises, garages and parking places and amounted to SEK 35.3 million (32.3; 31.4) for the period.

The revenue increase of SEK 30.7 million was mainly attributable to acquired and newly built properties, which increased revenue by SEK 22.0 million (0; 0) for the period. The increase was also due to implemented base and total upgrades, which had an impact on revenue during the period of SEK 5.7 million (2.8; 3.1). During the period, 375 (469; 198) apartments received base or total upgrades. The general annual rent negotiations for housing in 2018 resulted in increases of 1.2–1.6% from 1 April 2018, corresponding to SEK 1.4 million (1.2; 1.1) of the revenue increase for the period.

Property expenses

Property expenses totalled SEK 115.1 million (104.6; 89.2), corresponding to SEK 736 per sq m (780; 660), which is a cost reduction of SEK 45 per sq m or 6%. Operating expenses amounted to SEK 46.9 million (38.2; 37.2). The increase for the period was mainly due to additional operating expenses arising from acquired properties and new-build projects completed during the year, which impacted earnings as of the third quarter of 2018. The largest cost item was tariff-based costs, which corresponded to around 40% of operating expenses.

Maintenance expenses amounted to SEK 43.3 million (48.3; 35.1), of which SEK 18.5 million (26.8; 23.7) was attributable to base and total upgrades carried out during the period.

Central administration

Central administration costs, which consist of costs for executive management and central support functions, totalled SEK 37.4 million (11.5; 11.4). During the period, central administration costs were charged with non-recurring costs of SEK 19.6 million (0; 0) linked to the planned stock exchange listing.

Changes in value

Properties

In 2018, the property market in general remained positive with stable prices. Unrealised changes in property values amounted to SEK 208.9 million (254.2; 418.9), which were mainly attributable to improved net operating income, primarily linked to measures to raise rents in the form of upgrades.

Derivatives

Altogether, John Mattson has concluded interest-rate swaps to a nominal value of SEK 1,679 million (1,579; 1,279). SEK 400 million of the contracted interest-rate swaps have a start date in 2020. The interest-rate swaps expire between 2020 and 2028. The market value of interest-rate derivatives at the end of the period was a negative SEK 73.5 million (negative: 74.4; negative: 90.8). Unrealised changes in derivative values resulted in a positive change in value of SEK 0.8 million (positive: 16.5; negative: 38.1), as a result of rising market interest rates, which led to a decline in the derivatives' deficit value.

Net financial items

Net financial items amounted to an expense of SEK 42.1 million (expense: 43.2; expense: 37.2). The average interest rate on outstanding credit facilities and derivative agreements was 1.88% (2.37; 2.70) at the end of the period.

Tax for the year

Current tax for the period was SEK 0.0 million (expense: 0.1; expense: 0.2). Deferred tax amounted to an expense of SEK 11.1 million (expense: 65.0; expense: 93.2) and was mainly impacted by negative changes in temporary differences on properties and derivatives of SEK 85.2 million (negative: 96.6; negative: 105.3) and changes in capitalised loss carryforwards amounting to a positive SEK 27.9 million (positive: 31.9; positive: 12.1) as well as by the effect of the lowered tax rate from 22.0% to 20.6% amounting to SEK 46.2 million (–; –).

Balance sheet

Investment properties

During the period, total investments amounted to SEK 1,091.9 million (319.2; 134.7), of which SEK 804.5 million (–; –) pertained to properties acquired through the acquisition of the Kåppala portfolio. Investments in new builds totalled SEK 115.0 million (121.8; 8.8) and essentially pertained to the completion of the Parkhusen property with 80 new apartments and the construction start of U25 with 74 apartments for young adults. Investments in implemented base and total upgrades amounted to SEK 170.1 million (191.9; 119.8) and encompassed 375 apartments (469; 236). The number of ongoing base and/or total upgrades at the end of the period was 0 (35; 0).

Parent Company

The operations of the Parent Company, John Mattson Fastighetsföretagen AB, primarily encompass shared Group services pertaining to strategy, communication, business development and accounting/finance.

Multi-year review

Group	2018	2017	2016	2015
Property-related key metrics				
Surplus ratio, %	47.3	44.2	51.2	50.5
Rental value at the end of the period, SEK m	257.4	193.7	185.4	178.2
Rental value, apartments, at the end of the period, SEK/sq m	1,411	1,346	1,285	1,252
Economic occupancy rate at the end of the period, %	96.5	97.4	98.6	98.3
Lettable area at the end of the period, thousand sq m	169.1	134.1	135.1	135.3
Investments in new builds, extensions and redevelopments, SEK m	287.5	319.2	134.7	75.8
Property value, at the end of the period, SEK/sq m	35,339	33,902	30,125	26,342
Total number of apartments at year end	2,177	1,602	1,602	1,601
No. of upgraded apartments during the period	375	469	236	38
No. of unrenovated apartments at the end of the period	396	210	627	861
No. of upgraded apartments at the end of the period	1,366	1,091	673	438
Key financial metrics				
Rental revenues, SEK m	218.3	187.6	182.6	158.5
Net operating income, SEK m	103.2	83.0	93.4	80.1
Income from property management, SEK m	23.7	28.3	44.8	39.8
EBT, SEK m	233.4	299.0	425.6	214.2
Profit for the year, SEK m	222.3	233.9	332.2	168.4
Cash flow from operating activities, SEK m	21.9	37.6	61.5	70.0
Equity, SEK m	2,756.0	2,169.7	1,935.8	1,869.4
Number of employees	25	25	23	22
LTV ratio at the end of the period, %	41.0	37.5	35.8	39.3
Average interest rate at the end of the period, %	1.9	2.4	2.7	2.6
Interest coverage multiple during the period	1.6	1.7	2.3	2.5
Fixed-interest tenor, at the end of the period, years	3.5	4.5	4.8	5.9
Credit maturity at the end of the period, years	3.3	0.6	0.7	0.7
EPRA NAV, SEK m	3,509.3	2,912.7	2,630.3	2,432.6
EPRA NNNNAV, SEK m	3,267.4	2,705.2	2,410.3	2,261.8
Share-related key metrics (in SEK)¹⁾				
Average number of shares	10,620,051	10,000,000	10,000,000	10,000,000
No. of shares outstanding at the end of period	11,223,344	10,000,000	10,000,000	10,000,000
Income from property management, SEK/share	2.23	2.83	4.48	3.98
Growth in income from property management, SEK/share, %	-21.0	-36.9	12.5	-29.4
Growth in adjusted income from property management, SEK/share, % ²⁾	44.1	-36.9	12.5	-29.4
Profit for the year, SEK/share	20.93	23.39	33.22	16.84
EPRA NAV, SEK/share	312.68	291.27	263.03	243.26
Growth in EPRA NAV, SEK/share, %	7.3	10.7	8.1	9.1
EPRA NNNNAV, SEK/share	291.13	270.52	241.03	226.18
Equity, SEK/share	245.56	216.97	193.58	186.94
Parent Company				
Net sales, SEK m	64.3	5.8	4.3	3.5
Equity, SEK m	1,254.3	901.3	901.4	1,167.3
Total assets, SEK m	1,768.3	1,384.9	1,396.3	1,686.5
Equity/assets ratio, %	70.9	65.1	64.6	69.2
Number of employees	0	0	0	0

¹⁾ A share split was implemented in 2018, whereby each share was split into 10,000 new shares (split 10,000:1). The total number of shares after the share split was 10,000,000. Amounts for earnings per share for periods prior to the split have been restated in this report based on this number of shares. The registered number of shares at the end of the financial year and the average number of shares was 1,000 for both 2017 and 2016.

²⁾ Adjusted income from property management pertains to income from property management adjusted for non-recurring costs linked to the planned stock exchange listing.

The financial information for all periods recognised in this multi-year review have been restated to comply with IFRS.

Proposed allocation of earnings

The following profit is at the disposal of the Annual General Meeting (SEK):

Share premium reserve	362,776,656
Retained earnings	891,298,647
Profit for the year	-10,965,291
	1,243,110,012
To be appropriated as follows:	
To be carried forward	1,243,110,012
	1,243,110,012

Consolidated income statement and statement of comprehensive income

Amounts in SEK m	Note	2018	2017	2016
Rental revenues	4	218.3	187.6	182.6
Operating expenses	5	-46.9	-38.2	-37.2
Maintenance	5	-43.3	-48.3	-35.1
Property tax		-4.0	-3.3	-3.0
Property administration	5, 22	-20.9	-14.8	-13.9
Net operating income		103.2	83.0	93.4
Central administration costs	5, 6, 7, 22	-37.4	-11.5	-11.4
Interest income		0.0	0.4	0.5
Interest expense	8	-42.1	-43.6	-37.8
Income from property management		23.7	28.3	44.8
Change in value of investment properties	11	208.9	254.2	418.9
Change in the value of interest-rate derivatives	12	0.8	16.5	-38.1
EBT		233.4	299.0	425.6
Current tax	9	0.0	-0.1	-0.2
Deferred tax	9	-11.1	-65.0	-93.2
Profit for the year		222.3	233.9	332.2
Consolidated statement of comprehensive income				
Profit for the year		222.3	233.9	332.2
Other comprehensive income		-	-	-
Comprehensive income for the year		222.3	233.9	332.2
Average No. of shares, thousand ¹⁾		10,620	10,000	10,000
Earnings per share (SEK)	15	20.93	23.39	33.22

¹⁾ A share split was implemented in 2018, whereby each share was split into 10,000 new shares (split 10,000:1). The total number of shares after the share split was 10,000,000.

Amounts for earnings per share for periods prior to the split have been restated in this report based on this number of shares.

The registered number of shares at the end of the financial year and the average number of shares was 1,000 for both 2017 and 2016.

Net profit for the year and comprehensive income for the year are attributable in full to the Parent Company's owners. No dilution effects apply.

Consolidated balance sheet

Amounts in SEK m	Note	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
ASSETS					
Non-current assets					
<i>Property, plant and equipment</i>					
Investment properties	11	6,039.5	4,738.6	4,165.2	3,611.6
Plant and equipment	10	1.7	3.2	4.0	5.4
<i>Financial assets</i>					
Other non-current receivables	12	7.6	7.1	6.7	6.5
Receivables from Group companies		–	–	–	288.2
Other non-current securities holdings	12	0.1	0.1	0.1	0.1
Total non-current assets		6,048.9	4,749.0	4,176.0	3,911.8
Current assets					
Rent receivables and accounts receivable	18	1.6	0.8	0.8	0.7
Other receivables		13.5	3.6	4.0	13.1
Prepaid expenses and accrued income		10.8	6.8	2.9	1.3
Cash and cash equivalents	13	2.8	9.6	14.6	18.2
Total current assets		28.7	20.8	22.2	33.2
TOTAL ASSETS		6,077.6	4,769.8	4,198.2	3,945.0
EQUITY AND LIABILITIES					
Equity					
Share capital	16	11.2	10.0	10.0	10.0
Other contributed capital		362.8	–	–	–
Retained earnings, including net profit for the year		2,382.0	2,159.7	1,925.8	1,859.4
Total equity attributable to Parent Company owners		2,756.0	2,169.7	1,935.8	1,869.4
Non-current liabilities					
Interest-bearing liabilities	17, 18	2,479.4	–	–	–
Provisions for pensions	7	0.6	0.7	0.8	1.0
Deferred tax liability	9	679.8	668.7	603.7	510.5
Derivatives	18	73.5	74.4	90.8	52.7
Total non-current liabilities		3,233.3	743.8	695.4	564.2
Current liabilities					
Interest-bearing liabilities	17, 18	–	1,784.9	1,507.4	1,437.4
Liabilities to Group companies		–	–	–	22.3
Accounts payable	12, 18	34.3	38.5	31.1	7.3
Other current liabilities	19	19.5	4.0	4.3	20.5
Accrued expenses and deferred income	20	34.4	28.8	24.2	23.9
Total current liabilities		88.3	1,856.3	1,567.0	1,511.4
TOTAL EQUITY AND LIABILITIES		6,077.6	4,769.8	4,198.2	3,945.0

Consolidated statement of changes in equity

Amounts in SEK m	Attributable to the Parent Company's owners			Total equity
	Share capital ¹	Other contributed capital	Retained earnings incl. net profit for the year	
Opening equity, 1 Jan 2016	10.0	0.0	1,859.4	1,869.4
Profit for the year	–	–	332.2	332.2
Other comprehensive income for the year	–	–	–	0.0
Comprehensive income for the year	0.0	0.0	332.2	332.2
Transactions with the Group's owners				
Dividend	–	–	–288.2	–288.2
Settlement – Shareholder loans	–	–	22.4	22.4
Total transactions with owners	0.0	0.0	–265.8	–265.8
Closing equity, 31 Dec 2017	10.0	0.0	1,925.8	1,935.8
Opening equity, 1 Jan 2017	10.0	0.0	1,925.8	1,935.8
Profit for the year	–	–	233.9	233.9
Other comprehensive income for the year	–	–	0.0	0.0
Comprehensive income for the year	0.0	0.0	233.9	233.9
Transactions with the Group's owners				
Dividend	–	–	0.0	0.0
Total transactions with owners	0.0	0.0	0.0	0.0
Closing equity, 31 Dec 2017	10.0	0.0	2,159.7	2,169.7
Opening equity, 1 Jan 2018	10.0	0.0	2,159.7	2,169.7
Profit for the year	–	–	222.3	222.3
Other comprehensive income for the year	–	–	0.0	0.0
Comprehensive income for the year	0.0	0.0	222.3	222.3
Transactions with the Group's owners				
New share issue	1.2	362.8	–	364.0
Dividend	–	–	0.0	0.0
Total transactions with owners	1.2	362.8	0.0	364.0
Closing equity, 31 Dec 2018	11.2	362.8	2,382.0	2,756.0

¹⁾ A share split was decided in 2018 that entailed each share being split into 10,000 new shares (split 10,000:1). The share split was completed in the second quarter. Dividend and earnings per share data for periods prior to the split have been restated in this report based on the number of shares after the split was completed. In conjunction with the acquisition of Käppala, where title was transferred on 29 June 2018, an issue offsetting debt was conducted of a further 1,223,344 shares, which were registered with the Swedish Companies Registration Office on 8 August 2018.

In the table, shares outstanding have been adjusted to take into account the offset issue and the split. The number of shares as per 31 December 2018 was 11,233,344.

Consolidated cash-flow statement

Amounts in SEK m	Note	2018	2017	2016
Operating activities				
EBT		233.4	299.0	425.6
<i>Adjustment for non-cash items</i>	21			
Change in value of investment properties		-208.9	-254.2	-418.9
Changes in derivative values		-0.8	-16.5	38.1
Depreciation and disposals		1.6	1.5	1.5
Other non-cash items, etc.		-0.1	0.1	0.2
Taxes paid	9	0.0	-0.1	-0.2
Cash flow from operating activities before changes in working capital		25.2	29.8	46.3
Cash flow from changes in working capital				
Change in operating receivables		-14.8	-3.9	7.2
Change in operating liabilities		11.5	11.8	8.0
Cash flow from operating activities		21.9	37.6	61.5
Investing activities				
Acquisition of investment properties, asset acquisitions ¹⁾		-5.6	-	-
Investments in equipment		-0.1	-0.7	0.0
Investments in investment properties, etc.		-287.5	-319.4	-135.0
Cash flow from investing activities		-293.2	-320.1	-135.0
Financing activities				
Borrowings		264.5	277.5	70.0
Repayments of borrowings		0.0	-	-
Dividend		-	-	-288.2
Change – Long-term loan from owner companies		0.0	0.0	288.2
Cash flow from financing activities		264.5	277.5	70.0
Cash flow for the year		-6.8	-5.0	-3.5
Opening balance, cash and cash equivalents		9.6	14.6	18.2
Closing balance, cash and cash equivalents	13	2.8	9.6	14.6
Additional cash flow statement disclosures				
Interest received		0.0	0.4	0.5
Interest paid		-41.0	-43.6	-35.0
¹⁾ Specification of acquisitions of investment properties, asset acquisitions				
Investment properties		804.5	-	-
Operating receivables		0.5	-	-
Cash and cash equivalents		2.1	-	-
Acquired borrowings		-430.0	-	-
Operating liabilities		-5.4	-	-
Net assets acquired		371.7	-	-
Offset issue		-364.0	-	-
Purchase price paid		7.7	-	-
Less: Cash and cash equivalents in acquired operations		-2.1	-	-
Net impact on cash and cash equivalents (positive = decrease)		5.6	-	-

The Group's notes

Unless otherwise stated, amounts are in SEK million (SEK m)

Note 1 Significant accounting policies

This annual report and these consolidated financial statements encompass the Swedish Parent Company, John Mattson Fastighetsföretagen AB, corporate registration number 556802-2858, and its subsidiaries.

The Group's main activity is to own, manage and develop residential and commercial properties. John Mattson's property portfolio is concentrated to Lidingö and mainly consists of residential properties.

The Parent Company is a limited liability company that is registered and has its headquarters in Lidingö Municipality, Sweden. The address to the Head Office is Larsbergsvägen 10, SE-181 10 Lidingö.

The Board of Directors approved this annual report and these consolidated financial statements on 25 February 2019 and they will be presented for adoption by the Annual General Meeting on 11 March 2019.

Applied rules and regulations

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as well as those adopted by the European Union (EU). The group also applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups.

Unless otherwise indicated, the following accounting policies have been applied consistently in all periods that are presented in the consolidated financial statements.

These are John Mattson's first financial statements that have been prepared in accordance with IFRS. John Mattson has applied IFRS 1 (First time adoption of IFRS) when preparing these financial statements. The transition to IFRS is described in greater detail in Note 26 Transition to IFRS.

Currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency of the Parent Company and the Group. All amounts are stated in SEK million (SEK m) unless otherwise stated.

Classification

Essentially all significant non-current assets and non-current liabilities consist of amounts expected to be recovered or paid more than 12 months after the balance-sheet date. Essentially all significant current assets and current liabilities in the Parent Company and Group consist of amounts expected to be recovered or paid within 12 months of the balance-sheet date.

Some amounts have been rounded off, which means that tables and calculations do not always tally.

Consolidation

Subsidiaries are companies over which John Mattson has a controlling influence. A "controlling influence" entails that John Mattson is exposed to variable returns from the subsidiary, and can also affect the returns by means of its influence. Initial recognition of subsidiaries in the consolidated financial statements complies with the acquisition method. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases. Intra-Group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from intra-Group transactions are eliminated in the preparation of the consolidated financial statements.

Acquisitions

In connection with acquisitions, an assessment is made of whether the acquisition is a business combination or an asset acquisition. A transaction qualifies as an asset acquisition if it pertains to properties, but excludes an organisation and the administrative processes required for property management. Other acquisitions are business combinations.

All of John Mattson's acquisitions of subsidiaries have been classified as asset acquisitions since the acquisition pertains to investment properties. For asset acquisitions, the purchase consideration, including acquisition costs for the individually acquired assets and liabilities, is based on the fair value at the acquisition date. Deferred tax is not recognised on initial temporary differences. Full deferred tax is recognised based on temporary differences arising after the acquisition. Acquired investment properties are recognised at the following balance-sheet date at fair value, which can deviate from cost.

Segment reporting

Operating segments are recognised in a manner that complies with the internal reporting submitted to the chief operating decision maker (CODM). The CODM is the function that is responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the Chief Executive Officer. An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs and for which separate financial information is available. John Mattson monitors the business as a single unit whose earnings in their entirety are reported to and evaluated by the CODM. Accordingly, the Group only reports one segment.

Revenue

Rental revenues

Rental contracts are classified in their entirety as operating leases. Rental revenues including surcharges is invoiced in advance and the rents are allocated straight line so that only the portion of the rents that falls due during the period is recognised as revenue. Where appropriate, recognised rental revenues has been reduced by the value of rent discounts granted. Should rental contracts grant a reduced rent over a specified period, this is allocated straight line over the particular contractual period. Surrender premia paid by tenants in conjunction with vacating leases prior to lease expiry are recognised as revenue when the agreement with the tenant expires and no commitments remain, which generally arises when the premises are vacated.

Rental revenues comprises invoiced rent including indexation, supplementary billing for investments and property tax and supplementary billing in the form of extra services such as heating, electricity, water, waste disposal and snow clearance. John Mattson has analysed this to determine whether the company acts as principal or agent for these services and has concluded that the Group, in its role as landlord, acts primarily as the principal and that any service revenue included in invoicing is immaterial.

Leases

The Group is a lessor in respect of leases for premises and rental contracts for housing units as well as garage and parking spaces. Leases are recognised as operating leases, which entails that revenues are recognised on a current account basis. Properties leased out under operating leases are included in the item investment properties.

The Group is a lessee in respect of a few leases concerning office equipment. In the leases where the Group is a lessee, all underlying assets have been classified as having a low value. Lease fees emanating from these leases are recognised as a cost on a straight-line basis over the lease term.

Central administration costs

Costs at a Group-wide level that are not directly related to property management, such as costs for Group management, business development, property development and financing, are classified as central administration costs.

Remuneration of employees

Remuneration of employees comprises salaries, paid holiday, paid sick leave and other benefits as well as pensions.

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations are secured through insurance with Alecta. For the 2018 financial year, the Group did not have access to information to enable it to recognise its proportional share of the plan. As a result, it was not possible to recognise it as a defined-benefit plan. Accordingly, the ITP 2 Pension Plan is recognised as a defined-contribution plan.

A defined-contribution plan is a pension plan under which the company pays fixed contributions into a separate legal entity, thereby discharging its obligation to the employee. Defined-contribution plans are recognised as costs in the period to which the premiums paid pertain.

Financial income and expenses

Calculations of interest income on receivables and interest expense on liabilities are based on the effective interest-rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts throughout the fixed-interest tenor to the carrying amount of the financial asset or financial liability. Financial income and expenses are recognised in the period to which the amounts pertain.

Taxes

The year's tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case, the related tax is also recognised in other comprehensive income or equity.

The current tax charge is calculated based on taxable profit for the period. Taxable income differs from recognised profit, in that it has been adjusted for non-taxable income and non-deductible items. Current tax is tax that is to be paid or received in the current year adjusted with current tax attributable to previous periods.

Deferred tax is recognised on the difference between carrying amounts and the tax values of assets and liabilities. Change in the recognised deferred tax assets or liabilities is recognised in profit or loss as a cost or revenue except when the tax pertains to items recognised in other comprehensive income or directly in equity.

Investment properties

Investment properties, which are properties held to generate rental revenues and capital appreciation, are initially recognised at cost, including directly attributable transaction costs. Following initial recognition, investment properties are recognised at fair value. Fair value is primarily based on yield-based valuations according to the cash-flow model, which entails that the future cash flows that the property is expected to generate are projected and discounted to present value.

For more information about the valuation of John Mattson's investment properties, see Note 11.

Unrealised changes in value are recognised in consolidated profit or loss on the row "Change in value of investment properties". The unrealised change in value is calculated on the basis of the period-end valuation compared with the valuation conducted at the beginning of the period, or alternatively, if the property was acquired during the period, at cost, taking investments during the period into account.

Additional expenditure is capitalised when it is probable that the Group will receive future financial benefits associated with the expenditure, which means that it is value enhancing, and the expenditure can be reliably determined. Other maintenance expenses and repair costs are expensed when incurred. In the case of major new builds, extensions or redevelopments, interest expense during the production period is capitalised.

The Group reclassifies a property from being an investment property only when its assigned use is changed. A change in assigned use occurs when the property fulfils or ceases to fulfil the definition of an investment property and there is evidence for the change in the assigned use.

Owner-occupied properties

Owner-occupied properties are properties held for production, storage or administrative purposes. For properties with a mixed use, when one part of the property is held to generate rental revenues or value appreciation and another is used in operations, John Mattson makes an assessment of whether the components can be sold separately. If this is the case, the property is divided into an investment property and an owner-occupied property. If it is concluded that the components cannot be sold separately, John Mattson classifies the property as an investment property if the part used in operations accounts for no more than 20% of the total property; otherwise, the entire property is classified as an owner-occupied property. John Mattson's property portfolio is classified in its entirety as investment properties.

Borrowing costs

In the consolidated financial statements, John Mattson capitalises borrowing costs connected to major conversions or extensions insofar as they have arisen during the construction period. In other cases, borrowing costs are expensed in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are recognised in the consolidated financial statements at cost less accumulated depreciation and impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition.

The carrying amount of an asset is derecognised from the balance sheet on disposal through scrapping or divestment, or when no future financial benefits are expected from the use or scrapping/divestment of the asset. Gains or losses arising on the divestment or disposal of an asset comprise the difference between the sale price and the carrying amount of the asset, less direct selling expenses. Profit and loss are recognised as other operating income/expense.

Additional expenditure

Additional costs are added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost can be calculated reliably. All other additional costs are expensed in the period in which they arise. Repairs are expensed on a current account basis.

Depreciation policies

Depreciation is applied straight-line over the asset's estimated useful life. The estimated periods of use are:

Plant and equipment 3–5 years

The depreciation methods used, residual values and useful lives are re-tested at every year end.

Impairment of non-financial assets

An impairment loss is determined in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. When determining impairment requirements, assets are grouped down to the lowest level where separate identifiable cash flows (cash-generating units/CGUs) exist. When an impairment requirement has been identified for a CGU (group of CGUs), the impairment amount is allocated. Proportional impairment losses on the other assets included in the unit are subsequently recognised (group of CGUs).

Previously recognised impairment losses are reversed if the recoverable amount is deemed to exceed the carrying amount. However, the reversal must never exceed what the carrying amount would have been had no impairment been recognised in previous periods.

Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability in another company. Recognition differs depending on how the financial instruments have been classified.

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party under the contractual terms and conditions for the instrument. Transactions involving financial assets are recognised on the trade date, which is the date on which the Group undertakes to acquire or divest the assets. Accounts receivable are recognised when invoices have been sent. Liabilities are recognised when the counterparty has executed its part of the agreement and there is a contractual obligation to pay. A financial asset is derecognised from the balance sheet (fully or partly) when the rights in the agreement have been realised or expire or when the company no longer has control over it. A financial liability is derecognised from the balance sheet (fully or partly) when the obligation in the contract is met or extinguished in another manner. A financial asset and a financial liability are recognised net in the balance sheet when a legal right exists to offset the recognised amounts and the intention is either to settle the item in a net amount or simultaneously realise the asset and settle the liability. Gains and losses resulting from derecognition from the balance sheet, as well as modification, are recognised in profit or loss.

Classification and measurement

Financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the character of the asset's contractual cash flows. The Group's instruments are classified at amortised cost.

Financial assets classified at amortised cost are held according to the business model of collecting contractual cash flows that only comprise payments of principal and interest payments on the principal outstanding. The cash flows from the financial assets only comprise interest payments on the principal outstanding. Financial assets that are classified at amortised cost are initially measured at fair value plus any transaction costs. Following initial recognition, the assets are measured according to the effective interest-rate method. The assets are covered by a loss allowance for expected credit losses.

Financial liabilities

Financial liabilities, with the exception of derivatives, are classified at amortised cost. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. Follow-

ing initial recognition, they are measured according to the effective interest-rate method.

Derivatives are recognised at fair value and the change is recognised in profit or loss. No hedge accounting is applied.

Impairment of financial assets

Financial assets, apart from those classified at fair value through profit or loss, are subject to impairment for expected credit losses. The impairment also encompasses lease receivables and contract assets that are not measured at fair value through profit or loss. Impairment of loan losses according to IFRS 9 is forward looking and a reserve for losses is posted when there is exposure to credit risk, normally on initial recognition of an asset or receivable. Expected credit losses reflect the present value of all deficits in cash flow attributable to default either for the forthcoming 12 months or for the expected remaining maturity of the financial instrument, depending on asset class and on credit deterioration since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome taking several scenarios into account and based on reasonable and verifiable forecasts.

The modified retrospective approach is applied for receivables, contract assets and lease receivables. Using the modified retrospective approach, a loss allowance is recognised for the expected remaining maturity of the receivable or asset. A three-stage impairment model is applied for other items subject to expected credit losses. Initially, and at every balance-sheet date, a loss allowance is recognised for the forthcoming 12 months, alternatively for a shorter period depending on remaining maturity (stage 1). If there has been a material increase in credit risk since initial recognition, a loss allowance is recognised for the asset's remaining maturity (stage 2). For assets regarded as credit impaired, reserves continue to be posted for expected credit losses for the remaining maturity (stage 3). For credit-impaired assets and receivables, the calculation is based on interest income on the asset's carrying amount, net of loss allowances, in contrast to the gross amount used in the preceding stages.

The valuation of expected credit losses is based on different methods for different credit-risk exposures. The method for accounts receivable and contract assets is based on a historical loan loss percentage combined with forward looking factors. Other receivables and assets are impaired according to a rating-based method by means of an external credit rating. Expected credit losses are measured at the product of the probability of default, loss given default and exposure at default. Credit-impaired assets and receivables are assessed individually, whereby historical, current and forward-looking information is taken into account. The valuation of expected credit losses takes into account any collateral and other credit enhancement in the form of guarantees.

Financial assets are recognised at amortised cost in the balance sheet; i.e. net of gross value and loss allowances. Changes in the loss allowance are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances at banks and equivalent institutions, as well as short-term liquid investments with a term of less than three months from the time of acquisition.

Provisions

A provision is recognised in the balance sheet when the company has an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the

amount can be made. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability. Provisions are tested at each reporting date.

Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the tax values used when calculating taxable profit. Deferred tax is recognised in accordance with the so-called balance sheet liability method. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax assets are recognised for deductible temporary differences insofar as it is probable that the amounts can be utilised to offset future taxable surpluses. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of assets or liabilities in an asset acquisition. Deferred income tax is calculated based on statutory tax rates at the balance-sheet date that have been enacted or are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Cash flow

The cash-flow statement was compiled in accordance with the indirect method. This means that profit is adjusted for non-cash transactions as well as any revenue or expenses associated with investing and/or financing activities.

Note 2 Disclosures on forthcoming standards

IFRS 16 – Leases will be applied in advance by the Group; this standard would otherwise take effect for financial years beginning on or after 1 January 2019. The transition to IFRS 16 has not had any effect on the Group's profit and position. As a result of this advance application, there are no new or amended standards that take effect on 1 January 2019 or later that are adjudged to have an impact on John Mattson's financial statements.

Note 3 Significant estimates and assessments

The preparation of financial statements requires that the management and the Board make judgements and assumptions that affect the amounts recognised for assets, liabilities, revenue and expenses, as well as other information disclosed. These judgements are based on experience and the various assumptions that are considered reasonable by the management and the Board in view of the prevailing circumstances. The actual results may subsequently deviate from these assessments and other conditions may arise. The following assessments are those deemed most significant in preparing the company's financial reports.

The financial statements are particularly sensitive to assessments that provide the basis for the valuation of the investment properties. Investment properties are recognised at fair value, which is determined by executive management based on the properties' market values. Significant estimates have thus be made concerning such items as the cost of capital and yield requirement that are based on the appraisers' experience-based assessments of market return requirements for comparable properties. Cash flow projections for operating, maintenance and administration costs are based on actual costs but also on experience from comparable properties. Future investments have been assessed based on actual requirements.

For more information about the input data and judgements made in the valuation of John Mattson's investment properties, see Note 11.

The Group measures expected credit losses for financial assets classified at amortised cost, including accounts receivable, lease receivables and contract assets. Expected credit losses comprise an assessment reflecting an objective, probability-weighted outcome based on reasonable and verifiable projections. During the year, the Group conducted an analysis of loss allowances for cash and cash equivalents. In view of the short maturity and the counterparties' high credit ratings, the loss allowance for cash and cash equivalents has been considered to represent an immaterial portion. The Group continuously monitors changed market conditions that would change the current assessment.

More information is available in the section "Credit risk" in Note 18.

In connection with company acquisitions, an assessment is made of whether the acquisition should be classified as an asset acquisition or a business combination. A transaction qualifies as an asset acquisition if it pertains to properties, but excludes an organisation and the administrative processes required for property management. Other acquisitions are business combinations. When property transactions are conducted, an assessment is made of when the transfer of risks and benefits will occur. This assessment is used as guidance when the transaction is to be recognised. For every single acquisition or sale, executive management makes an assessment of whether the transaction should be recognised as a business combination or an asset acquisition, and when it should be recognised.

Another matter of judgment in the financial statements pertains to the measurement of deferred tax. Taking into account the accounting regulations, deferred tax is recognised in nominal amounts without discounting. Current tax has been calculated based on a nominal tax rate of 22%. With respect to deferred tax, the full nominal tax rate of 20.6% is recognised, less deferred tax pertaining to historical asset acquisitions. The revaluation of deferred tax is due to a decision taken to lower corporation tax in Sweden in two stages, from 2019 to 21.4% and from 2021 to 20.6%. John Mattson has elected to calculate deferred tax at the lower rate, since no tax liabilities or assets are expected to be reversed to any significant extent up to 2021. When valuing loss carryforwards, an assessment is made of the likelihood that the deficit can be utilised to offset future profits.

Note 4 Rental revenues

All rental contracts are classified as operating leases.

Rental revenues	2018	2017	2016
Housing	183.0	155.3	151.3
Premises, garages	33.6	31.8	30.8
Other revenue	1.7	0.5	0.6
Rental revenues as per income statement	218.3	187.6	182.6

The maturity structure of all leases pertaining to non-cancellable operating leases is presented in the table below.

Contractual future rental revenues from commercial premises	2018	2017	2016
Contractual rental revenues within 1 year	20.2	18.8	16.2
Contractual rental revenues between 1 and 5 years	60.0	42.6	47.3
Contractual rental revenues later than 5 years	19.3	24.3	32.6
Total premises	99.5	85.7	96.1

Contractual future rental revenues from housing and parking, estimated annual rent ¹⁾	2018	2017	2016
Housing	53.4	30.6	29.5
Parking	2.4	10.7	10.5
Total housing and parking	55.8	41.3	40.0

¹⁾ Contracts regarding residential units and parking are normally subject to a period of notice of three months. The table above includes estimated annual rent deriving from these agreements.

Rental revenues	2018	2017	2016
SEK m			
Larsberg	173.0	160.0	154.6
Baggeby	7.1	6.5	7.0
Dalénum	21.3	21.1	21.0
Käppala	16.9	–	–
Total rental revenues	218.3	187.6	182.6

SEK/sq m ¹⁾	2018	2017	2016
Larsberg	1,440	1,343	1,286
Baggeby	1,244	1,145	1,226
Dalénum	2,314	2,283	2,283
Käppala	1,083	–	–
Total	1,417	1,400	1,352

¹⁾ The stated SEK/sq m figures pertain to the properties owned by John Mattson at the close of the period, whereby acquired properties and completed projects have been restated at the full-year rate.

Note 5 Expenses by type of cost

Operating expenses	2018	2017	2016
Tariff-based operating expenses	17.8	15.3	15.1
Property upkeep	8.6	6.4	6.0
Other	20.4	16.4	16.1
Total	46.9	38.2	37.2

Property administration	2018	2017	2016
Personnel costs	8.7	6.9	7.4
Office-related expenses	3.5	2.3	2.3
Other	8.8	5.6	4.2
Total	20.9	14.8	13.9

Central administration costs	2018	2017	2016
Personnel costs	11.0	7.2	5.1
Advisory services	3.6	3.1	2.9
Audit costs	1.2	0.6	0.6
Other expenses ¹⁾	21.6	0.6	2.8
Total	37.4	11.5	11.4

¹⁾ Other costs for 2018 include non-recurring expenses of SEK 19.6 million linked to the forthcoming stock exchange listing.

Property expenses	2018	2017	2016
SEK m			
Larsberg	86.2	94.2	82.4
Baggeby	6.2	5.6	2.6
Dalénum	4.9	4.9	4.2
Käppala	17.9	–	–
Total property expenses	115.1	104.6	89.2

Maintenance	2018	2017	2016
SEK m			
Upgraded apartments	11.2	17.5	14.8
Upgrades of buildings	7.3	9.6	9.0
Regular maintenance and repairs	18.9	12.5	11.4
Other maintenance expenses	5.9	8.6	–
Total maintenance	43.3	48.3	35.1

SEK/sq m ¹⁾	Larsberg			Baggeby			Dalénum			Käppala		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Operating expenses	295	271	263	283	366	359	370	410	377	453	–	–
Maintenance	263	382	286	600	457	63	50	25	44	250	–	–
- of which, upgrades	127	271	193	487	420	31	–	–	–	–	–	–
Property tax	27	26	23	15	15	15	20	20	20	24	–	–
Property administration	118	112	106	181	138	81	88	75	81	146	–	–
Total	702	791	678	1,078	976	519	528	529	521	874	–	–

¹⁾ The stated SEK/sq m figures pertain to the properties owned by John Mattson at the close of the period, whereby acquired properties and completed projects have been restated at the full-year rate.

Note 6 Fees for auditors

Ernst & Young AB	2018	2017	2016
Auditing assignment	1.2	0.6	0.6
Other auditing activities	0.0	0.0	0.0
Tax advice	0.0	0.0	0.0
Other services	0.0	0.0	0.0
Total	1.2	0.6	0.6

Note 7 Employees and personnel costs

Average number of employees	2018		2017		2016	
	Average number of employees	Of whom men, %	Average number of employees	Of whom men, %	Average number of employees	Of whom men, %
Parent Company	0	0	0	0	0	0
Subsidiaries	24	41	25	44	23	48
Total in Group	24	41	25	44	23	48

Gender distribution, Board of Directors and senior executives	2018		2017		2016	
	No. on the balance-sheet date	Of whom men, %	No. on the balance-sheet date	Of whom men, %	No. on the balance-sheet date	Of whom men, %
Board Members	6	67	5	80	5	80
Chief Executive Officer	1	0	1	0	1	0
Other senior executives	4	50	4	50	4	50
Total in Group	11	55	10	60	10	60

	2018	2017	2016
Board of Directors and other senior executives			
Salaries and other remuneration	-9.2	-6.8	-6.1
Social security contributions	-5.7	-4.6	-4.1
(of which, pension costs)	-2.2	-2.0	-1.8
Total	-14.9	-11.4	-10.2
Other employees			
Salaries and other remuneration	-10.8	-7.6	-6.9
Social security contributions	-4.5	-3.6	-3.0
(of which, pension costs)	-1.1	-0.8	-0.5
Total	-15.3	-11.2	-20.1
Total in Group	-30.2	-22.6	-20.1

Salaried employees are secured through the ITP1 plan's defined-contribution plan. A number of salaried employees are secured through the ITP2 plan's defined-benefit pension plan. According to a statement from the Swedish Financial reporting Board, UFR10 Recognition of ITP2 Pension Plan financed through insurance in Alecta, this constitutes a multi-employer defined-benefit plan. For the 2018 financial year, the company did not have access to information to enable it to recognise its proportional share of the plan's commitments, plan assets and costs. As a result, the company was unable to recognise it as a defined-benefit plan. The ITP2 Pension Plan secured via insurance with Alecta is recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously vested pension entitlement and estimated remaining period of employment. During 2018, the cost of defined-contribution pensions amounted to SEK 3.3 million (2.8; 2.3).

1 Jan 2018 –31 Dec 2018	Basic salary, Director fees	Variable remuneration	Pension costs	Other remuneration	Total
Chairman of the Board					
Anders Nylander	0.2	-	-	-	0.2
Board Member					
Anna Sander	0.1	-	-	-	0.1
Håkan Blixt	0.1	-	-	-	0.1
Christer Olofsson	0.1	-	-	-	0.1
Ulrika Danielsson	0.1	-	-	-	0.1
Johan Ljungberg	0.1	-	-	-	0.1
Chief Executive Officer					
Siv Malmgren	1.8	1.0	0.9	-	3.7
Other senior executives (4)	3.7	2.0	1.3	-	7.0
Total	6.2	2.9	2.2	-	11.4

1 Jan 2017 –31 Dec 2017	Basic salary, Director fees	Variable remuneration	Pension costs	Other remuneration	Total
Chairman of the Board					
Anders Nylander	0.4	-	-	-	0.4
Board Member					
Anna Sander	0.2	-	-	-	0.2
Håkan Blixt	0.2 ¹⁾	-	-	-	0.2
Christer Olofsson	0.2 ²⁾	-	-	-	0.2
Christer Jansson	0.2	-	-	-	0.2
Chief Executive Officer					
Siv Malmgren	1.7	0.2	0.9	-	2.8
Other senior executives (4)	3.4	0.5	1.1	-	5.0
Total	6.2	0.7	2.0	-	8.9

1 Jan 2016 –31 Dec 2016	Basic salary, Director fees	Variable remuneration	Pension costs	Other remuneration	Total
Chairman of the Board					
Anders Nylander	0.3	-	-	-	0.3
Board Member					
Anna Sander	0.1	-	-	-	0.1
Håkan Blixt	0.2 ¹⁾	-	-	-	0.2
Christer Olofsson	0.2 ²⁾	-	-	-	0.2
Christer Jansson	0.1	-	-	-	0.1
Bo Ennerberg	0.1	-	-	-	0.1
Chief Executive Officer					
Siv Malmgren	1.6	0.2	0.9	-	2.6
Other senior executives (4)	3.0	0.4	1.0	-	4.3
Total	5.7	0.5	1.8	-	8.0

¹⁾ The fee was invoiced, which explains why it has been adjusted upwards for social security fees.

²⁾ The fee was invoiced, which explains why it has been adjusted upwards for social security fees. The amounts include remuneration of SEK 60 thousand in respect of fees for membership of the Group's Project Council in 2016 and 2017.

Remuneration and terms and conditions for senior executives

The Chief Executive Officer has a retirement age of 65 and a defined-contribution pension based on a fixed premium until further notice. In other respects, the terms of employment entail a period of notice of

six months if notice is served by the CEO and of six months combined with 12 month' severance pay subject to deduction against earnings from other employment, if notice is served by the company. The CEO has an agreement concerning a direct pension that will be paid under special circumstances. Since the judgment is that these circumstances will not arise, the pension obligation has not been expensed. It is entered instead as a contingent liability in an amount of SEK 5.0 million. For the company's preceding CEO, there is an agreement signed in 2004 concerning a direct pension that started to be paid in 2010.

Remuneration of the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration, pension benefits and other benefits such as a company car. The term "other senior executives" refers to the individuals who, in addition to the CEO, constitute Group management.

Note 8 Financial expenses

	2018	2017	2016
Interest expense Parent Company	0.0	0.0	-0.2
Interest expense, external creditors	-42.1	-40.0	-36.2
Other financial expenses	0.0	-3.6	-1.4
Total	-42.1	-43.6	-37.8

The interest rate used for the borrowing costs that are to be capitalised is the weighted average interest rate that applies to the company's general borrowing during the financial year: 1.9% (2.4; 2.4).

Note 9 Tax

Tax recognised in profit or loss

	2018	2017	2016
Current tax			
Current tax on profit for the year	0.0	0.0	-0.2
Adjustments regarding prior years	0.0	-0.1	0.0
	0.0	-0.1	-0.2
Deferred tax			
Deferred tax relating to temporary differences	-85.2	-96.9	-105.3
Deferred tax on loss carryforwards	27.9	31.9	12.1
Revaluation, tax rate	46.2	0.0	0.0
	-11.1	-65.1	-93.2
Tax recognised in profit or loss	-11.1	-65.1	-93.4

No tax has been recognised directly against equity and the Group has no tax items that are recognised in other comprehensive income.

Effective tax

Reconciliation of effective tax rate	2018	2017	2016
EBT	233.4	299.0	425.6
Tax according to the Parent Company's current tax rate (22%)	-51.3	-65.8	-93.6
Tax effect of:			
Non-taxable revenue	0.1	0.1	0.1
Non-deductible costs	-4.4	-0.1	-0.2
Revaluation of tax rate to 20.6%	46.2	0.0	0.0
Tax attributable to preceding periods	0.0	-0.1	0.0
Other	-1.7	0.8	0.3
Recognised tax	-11.1	-65.1	-93.4
Effective tax rate, %	4.6	21.8	21.9

In June 2018, the Riksdag decided to enact a reduction of corporate tax from 22% in two steps. The corporate tax rate will initially be reduced from 22% to 21.4% and this applies to financial years commencing on 1 January 2019 or later. As step two, the corporate tax rate will be reduced to 20.6% commencing on 1 January 2021. John Mattson has made an assessment of the period in which deferred tax will be settled and has used the tax rate that applies during that period. In all material respects, settlement is adjudged to take place in 2021 or thereafter, which is why a tax rate of 20.6% has been used when calculating deferred tax.

Disclosures about deferred tax assets and liabilities

The tax effects of temporary differences are specified in the tables below:

Deferred tax assets/ Deferred tax liabilities	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Loss carryforwards	103.2	82.3	50.4	38.3
Derivatives	15.2	16.4	20.7	13.0
Investment properties	-798.1	-767.3	-674.3	-561.4
Untaxed reserves	-0.1	-0.1	-0.5	-0.4
Carrying amount	-679.8	-668.7	-603.7	-510.5

	Investment proper- ties	Untaxed reserves	Loss carryfor- wards	Deriva- tives	Total
Gross changes					
Opening carrying amount, 1 Jan 2018	-767.3	-0.1	82.3	16.4	-668.7
Recognised:					
The year's change in profit or loss according to applicable tax rates	-85.0	0.0	27.9	-0.2	-57.3
Revaluation of tax rate	54.2	0.0	-7.0	-1.0	46.2
Closing carrying amount, 31 Dec 2018	-798.1	-0.1	103.2	15.2	-679.8
Opening carrying amount, 1 Jan 2017	-674.3	-0.5	50.4	20.7	-603.7
Recognised:	-	-	-	-	0.0
In profit or loss	-93.0	0.4	31.9	-4.3	-65.0
Closing carrying amount, 31 Dec 2017	-767.3	-0.1	82.3	16.4	-668.7
Opening carrying amount, 1 Jan 2016	-561.4	-0.4	38.3	13.0	-510.5
Recognised:	-	-	-	-	0.0
In profit or loss	-112.9	-0.1	12.1	7.7	-93.2
Closing carrying amount, 31 Dec 2016	-674.3	-0.5	50.4	20.7	-603.7

cont. Note 9

Tax calculation for the Group	31 Dec 2018		31 Dec 2017		31 Dec 2016	
	Tax base, current tax	Tax base, deferred tax	Tax base, current tax	Tax base, deferred tax	Tax base, current tax	Tax base, deferred tax
Income from property management	23.7		28.3		44.8	
Tax deductible						
depreciation	-32.5	32.5	-24.9	24.9	-24.4	24.4
new builds and redevelopments	-144.4	144.4	-144.0	144.0	-57.8	57.8
Other fiscal adjustments	26.2	0.8	-3.8	0.8	-1.6	0.5
Taxable income from property management	-126.9	177.6	-144.5	169.7	-39.0	82.7
Changes in property values		208.8		254.2		418.9
Changes in derivative values		0.8		16.5		-38.1
Taxable earnings before loss carryforwards	-126.9	387.2	-144.5	440.5	-39.0	463.4
Loss carryforwards, opening balance	-374.0	374.0	-229.0	229.0	-189.1	189.1
Loss carryforwards, closing balance	500.9	-500.9	374.0	-374.0	229.0	-229.0
Taxable profit	0.0	260.3	0.5	295.5	0.9	423.6
Tax for the period, 22%	0.0	-57.3	-0.1	-65.0	-0.2	-93.2
Revaluation of deferred tax (2018: 20.6%)	0.0	46.2	0.0	0.0	0.0	0.0
Tax recognised in profit or loss	0.0	-11.1	-0.1	-65.0	-0.2	-93.2

The Group's accumulated loss carryforwards are estimated at SEK 500.9 million (374.0; 229.0), and comprise the basis for the Group's deferred tax assets. Of these, SEK 162.7 million is encompassed by the block on Group contributions related to historical acquisitions, which expires in 2021. The deferred tax liability pertains primarily to temporary differences between the fair values and the fiscal residual values of properties. The properties' fair value exceeds their fiscal value by SEK 4,455.9 million (3,512.6; 3,089.9). The full nominal tax rate of 20.6% (22.0; 22.0) is recognised as deferred tax liabilities, less deferred tax pertaining to historical asset acquisitions.

Nominal and estimated deferred tax liabilities

31 Dec 2018

	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	-4,455.9	-917.9	-267.4
Derivatives	73.5	15.1	14.0
Loss carryforwards	500.9	103.2	85.2
Untaxed reserves	-0.3	-0.1	-0.1
Total	-3,881.8	-799.7	-168.3
Property, asset acquisitions ¹⁾	581.8	119.9	-
According to balance sheet		-679.8	

31 Dec 2017

	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	-3,512.6	-772.8	-210.8
Derivatives	74.4	16.4	14.0
Loss carryforwards	374.0	82.3	63.7
Untaxed reserves	-0.4	-0.1	0.0
Total	-3,064.6	-674.2	-133.1
Property, asset acquisitions ¹⁾	25.0	5.5	-
According to balance sheet		-668.7	

31 Dec 2016

	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	-3,089.9	-679.8	-185.4
Derivatives	90.8	20.7	17.3
Loss carryforwards	229.0	50.4	39.0
Untaxed reserves	-2.3	-0.5	-0.1
Total	-2,772.4	-609.2	-129.2
Property, asset acquisitions ¹⁾	25.0	5.5	-
According to balance sheet		-603.7	

¹⁾ Amounts in the table above in respect of Property, asset acquisitions refer to the temporary difference that prevailed at the acquisition date and is thus not recognised as deferred tax.

A tax rate of 6% has been assumed for the estimated, actual deferred tax on the Group's properties, based on a discount interest rate of 3%. This estimation was conducted with regard to the applicable tax legislation, which means that properties can be sold in a corporate wrapper with no tax consequences. The assumption underlying this assessment is that the properties will be divested on an ongoing basis over a 50-year period and where 90% of the properties will be sold using a corporate wrapper and 10% will be divested through direct property transfers. Tax deductions for the indirect transactions have been estimated at 5.5%. In respect of loss carryforwards and derivatives, the estimated actual tax liability was calculated based on a discount interest rate of 3%, whereby the assessment is that the loss carryforwards will be realised over a ten-year period and the derivatives will be realised over a five-year period. This means that the estimated actual tax is 17% for loss carryforwards and 19% for derivatives.

Note 10 Property, plant and equipment

Plant and equipment	2018	2017	2016
Opening balance, cost	10.8	10.6	10.6
Purchases during the year	0.2	1.0	0.0
Sales and disposals	-0.3	-0.8	-0.1
Closing balance, cost	10.6	10.8	10.6
Opening balance, accumulated depreciation	-7.5	-6.6	-5.2
Depreciation for the year	-1.5	-1.5	-1.5
Sales and disposals	0.0	0.6	0.1
Closing balance, accumulated depreciation	-9.1	-7.5	-6.6
Closing carrying amount	1.5	3.2	4.0

Note 11 Investment properties

All of the Group's properties are held to generate rental revenues and capital appreciation, and are therefore classified as investment properties. Investment properties are recognised at fair value; i.e. estimated market value on the balance-sheet date. Valuations are performed by external appraisers, who establish a fair value by assessing the market value of each individual object. Cushman & Wakefield was commissioned as the external appraiser for the three recognised years. The property portfolio is valued according to valuation hierarchy 3, which means that the input data used in the valuation is not observable. After being checked, the valuations were adopted by the Board.

Values are yield based according to the cash-flow model, which is based on estimates of a property's yield capacity. This method entails an analysis of expected future payment streams that management of the property is assumed to generate. As part of the cash flow calculation, a present value calculation is performed of payment streams that the property holdings are expected to generate. Every assumption about a property is assessed individually on the basis of the knowledge that is available concerning the property and the external appraisers' market information and experience-based assessments.

The calculations are normally conducted using a calculation period of ten years. For an assessment of residual value at the end of the calculation horizon, net operating income for 2029 has been calculated. A couple of the valuation objects comprise new build projects that are not liable for property tax for a period of 15 years from completion. For these properties, the calculation horizon has been extended to take this into account. In addition to assumed inflation of 2.0%, the assessment of a property's future earnings capacity has also taken into consideration any changes in rent levels, occupancy rates and property expenses. Yield requirements are set individually for each property and depend on analyses of completed transactions and the property's market position.

Change in property value	2018	2017	2016
Property value at the beginning of the period	4,738.6	4,165.2	3,611.6
+ Acquisitions	804.5		
+ Investments in new builds	115.0	121.8	8.8
+ Investments in base upgrades	93.5	171.9	119.1
+ Investments in total upgrades	76.6	20.0	0.7
+ Other investments in existing property	2.3	5.5	6.1
+/- Unrealised changes in value	208.9	254.2	418.9
Closing balance, property value	6,039.5	4,738.6	4,165.2

Specification of unrealised changes in value	2018	2017	2016
Change in net operating income	131.9	73.0	116.7
Ongoing projects/development rights	68.4	169.3	252.5
Yield requirement	0.0	12.0	49.7
Acquired properties	8.5	-	-
Total	208.9	254.2	418.9
In relation to market value, OB, %	4.4	6.1	11.6

The unrealised change in the value of investment properties held on the balance-sheet date of 31 December 2018 was SEK 2,305.4 million (2,037.3; 1,736.5). The year's changes in this respect are recognised in profit or loss on the row "Changes in value of investment properties".

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Tax assessment value, investment properties	2,147.0	2,146.9	2,146.3	1,991.7
Fiscal residual value	1,583.5	1,221.4	1,075.3	1,034.8

Valuation model

- + Rent payments
- Operating and maintenance payments
- = Net operating income
- Deductions for investments
- = The property's cash flow

Rent payments

Rental inflows have been calculated based on existing rental contracts until the end of the contract. After this date, an assessment has been made of market terms and conditions concerning rent level and index clauses. The property leases that are assessed as being on market terms have been used as the basis for the value assessment throughout the calculation horizon; i.e. they have been assumed to be extended on unchanged terms and conditions after expiration of the current lease term. For other contracts, rent has been adjusted to the currently estimated future market rent.

Operating and maintenance payments

The assessment of disbursements for operation, administration and maintenance has been made with historically outcomes as the starting point. The external assessment is also based on statistics, in addition to experience of comparable objects. The assessment has taken into account the properties' usage, age and maintenance status. It is estimated that disbursements for operation, administration and maintenance will increase in line with assumed inflation.

Investment requirements

John Mattson informs the external appraiser about ongoing and planned investments.

cont. Note 11

Valuation assumptions, weighted average	31 Dec 2018
Calculation period, number of years	10–15
Annual inflation, %	2.0
Rent trend, % per year	1.8
Cost of capital, %	4.5–8.3
Required yield, residual value, %	
Housing, %	2.5–3.9
Commercial, %	5.5–6.3
Long-term vacancy rate, %	
Housing, %	0.0–2.8
Commercial, %	1.9–5.0

Cost of capital

The cost of capital comprises a nominal interest requirement based on total capital before tax. The interest requirement is based on experience-based assessments of market return requirements for similar properties. The cost of capital is used to discount the properties' residual value to present value.

Residual value

Residual value is the property's market value at the end of the calculation period less any remaining capital liability. The market value is essentially based on the property's yield capacity and value performance after the calculation period has ended and has been assessed on the basis of forecast net operating income for the first year after the calculation period has ended.

Note 12 Financial instruments

Measurement of financial assets and liabilities as per 31 Dec 2018

Rent receivables, accounts payable and similar balance sheet items have a maximum maturity of six months. These items are therefore recognised at amortised cost less any impairment; as a result, the fair value is considered to match the carrying amount.

Non-current interest-bearing liabilities are mainly subject to a short fixed-interest tenor, meaning that fair value does not materially deviate from nominal amounts.

This means that recognised amortised cost favourably matches fair value.

Fair value measurement

The financial instruments that are measured at fair value pertain to derivatives, and the fair value of financial assets in the form of endowment policies. These fair value measurements are performed on the basis of level 2 under IFRS 13.

Sensitivity analysis, fair value SEK m		31 Dec 2018
Market rent	+/- 1%	82.6
Property expenses	+/- SEK 50 sq m	301.3
Long-term vacancy rate	+/- 2%	165.2
Yield requirement, exit	-0.1%	213.8
Yield requirement, exit	+0.1%	-199.2

There is no limitation on the right to sell any investment property or to dispose of rental revenues and the consideration received on divestment.

John Mattson has no contractual obligations to buy, construct or develop any investment property or to conduct repairs, maintenance or improvements.

For information regarding fixed assets placed as collateral, see Note 23.

Note 13 Cash and cash equivalents

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Short-term investments	0.0	0.0	0.0	0.0
Cash at bank and in hand	2.8	9.6	14.6	18.2
Carrying amount	2.8	9.6	14.6	18.2

Note 14 Group companies

The Parent Company's, John Mattson Fastighetsföretagen AB, holdings in direct and indirect subsidiaries that are included in the consolidated financial statements are shown in the table below:

Company	Principal activity	Percentage			
		31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
John Mattson Fastighetsföretagen AB	Parent Company of the Group		Parent Com-pany	Parent Com-pany	Parent Com-pany
John Mattson Fastighets AB	Letting and management	100%	100%	100%	100%
John Mattson Tomt AB	Dormant companies	Indirectly wholly owned	Indirectly wholly owned	Indirectly wholly owned	Indirectly wholly owned
John Mattson Projekt AB	Dormant companies	Indirectly wholly owned	Indirectly wholly owned	Indirectly wholly owned	Indirectly wholly owned
John Mattson Skolfastigheter AB	Letting of commercial premises	100%	100%	100%	100%
John Mattson Butiksfastigheter AB	Letting of commercial premises	100%	100%	100%	100%
John Mattson Parkering AB	Letting, parking spaces	100%	100%	100%	100%
John Mattson Dalénum AB	Letting, housing	100%	100%	100%	100%
John Mattson Käppala AB	Main partner in limited partnerships	100%	-	-	-
John Mattson Juno Herkules KB	Letting of housing and property management	0.1% ¹⁾	-	-	-

¹⁾ John Mattson Fastighetsföretagen AB is a limited partner in John Mattson Juno Herkules KB with a share of 0.1%. The wholly owned subsidiary John Mattson Käppala AB is a main partner with a share of 99.9%.

Note 15 Earnings per share

An EGM in 2018 resolved to conduct a share split that entailed each share being split into 10,000 new shares (split 10,000:1). The share split was completed in the second quarter. On 29 June, an EGM resolved to carry out an offset issue resulting in an increase in equity of SEK 364,000,000, of which SEK 1,223,344 pertained to an increase in share capital and the remaining SEK 362,776,656 increased the Parent Company's share premium reserve. This new issue was registered with the Swedish Companies Registration Office on 8 August 2018. As per 31 December 2018, the company's registered share capital encompassed 11,223,344 shares (1,000 shares) with a quotient value of SEK 1.0 (10,000; 10,000). The calculation of earnings per share has been based on net profit for the year attributable to the Parent Company's shareholders, totalling SEK 222.3 million (233.9; 332.2). This is divided by the weighted average number of shares at the time, namely 10,620,051 shares (10,000,000 shares). No dilution occurs when calculating earnings per share; nor are there any non-controlling interests in the Group.

Earnings per share before and after dilution	31 Dec 2018	31 Dec 2017	31 Dec 2016
Profit for the year/Comprehensive income for the year	222.3	233.9	332.2
Average number of shares outstanding	10,620,051	10,000,000	10,000,000
Earnings per share (SEK)	20.93	23.39	33.22

A share split was implemented in 2018, whereby each share was split into 10,000 new shares (split 10,000:1). The total number of shares after the share split was 10,000,000. Amounts for earnings per share for periods prior to the split have been restated in this report based on this number of shares. Accordingly, the number of shares in this Note has also been adjusted upwards in a similar manner. The registered number of shares at the end of the financial year and the average number of shares was 1,000 for both 2017 and 2016.

Net profit for the year is attributable in full to the Parent Company's owners. There are no non-controlling interests in the Group and no dilution effects apply.

Note 16 Equity

Share capital

As per 31 December 2018, the registered share capital amounted to 11,223,344 common shares (1,000; 1,000). Holders of common shares are entitled to receive dividends that will be determined in the future and the shareholding entitles the holder to one vote per share at general meetings. All shares carry the same rights to John Mattson's remaining net assets. All shares are fully paid up and no shares are reserved for transfer. No shares are held by the company itself or by its subsidiaries. The quotient value of the shares is SEK 1 per share (10,000; 10,000).

	2018	2017	2016
No. of shares outstanding at the beginning of the year	1,000	1,000	1,000
New share issue	1,223,344	0	0
Share split	9,999,000	0	0
No. of shares outstanding at year end	11,223,344	1,000	1,000

A share split was implemented in 2018, whereby each share was split into 10,000 new shares (split 10,000:1). The total number of shares after the share split was 10,000,000. Amounts for earnings per share for periods prior to the split have been restated in this report based on this number of shares. The registered number of shares at the end of the financial year and the average number of shares was 1,000 for both 2017 and 2016.

John Mattson Juno Herkules KB was acquired effective 29 June 2018. The consideration for the acquisition, which is classified as an asset acquisition, took the form of 1,223,344 newly issued John Mattson shares, which affected the number of shares outstanding.

Other contributed capital

Other contributed capital comprises capital contributed by John Mattson's owners in the form of the share premium reserve of SEK 362.8 million, which arose in conjunction with the offset issue implemented in conjunction with the acquisition of John Mattson Juno Herkules KB.

Note 17 Borrowing

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Non-current				
Liabilities to credit institutions	2,479.4	–	–	–
Carrying amount	2,479.4	–	–	–
Current				
Liabilities to credit institutions	–	1,784.9	1,507.4	1,437.4
Carrying amount	–	1,784.9	1,507.4	1,437.4
Total borrowing	2,479.4	1,784.9	1,507.4	1,437.4

The same borrowing includes liabilities to credit institutions and other borrowing against collateral of SEK 2,479.4 million (1,784.9; 1,507.4). Collateral for bank loans consisted of property deeds on the Group's investment properties.

Note 18 Financial risks

John Mattson aims for a low financial risk in its business. However, the company's earnings and cash flow are affected by changes in the external world as well as the company's own actions. Risk management aims to clarify and analyse the risks that the company faces, and as far as possible to prevent or limit any negative effects.

The Group is exposed through its own operations to various types of financial risks; credit risk, market risk (interest-rate risk and other price risk) as well as liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results.

The Group's financial transactions and risks are managed in accordance with the financial policy adopted by the Board of Directors. The Group's overall objective for financial risks is to manage them within the framework of low risk, cost-effective borrowing and by securing the company's interest payment capacity over time.

Credit risk

Credit risk is the risk that the Group's counterparty is unable to meet its obligations and thus results in a financial loss for the Group. The Group's rent receivables and accounts receivable all pertain to properties in Lidingö. The Group's cash and cash equivalents are deposited with Swedish banks with a high credit rating.

Reserve for expected credit losses

The Group uses various methods for expected credit losses depending on the financial instrument. The Group defines default as when it is highly probable that the debtor will be unable to pay amounts owed. The Group writes off receivables when it is no longer adjudged possible that any funds will be obtained from debt-collection attempts.

The financial assets reserved by the Group for expected credit losses are shown below: In addition to the assets below, the Group also monitors provision requirements for other financial instruments, such as cash and cash equivalents. Should amounts not be regarded as immaterial, a reserve is also posted for expected credit losses for these financial instruments.

Rent receivables and accounts receivable

Expected credit losses for rent receivables and accounts receivable are calculated in accordance with the simplified approach. The Group uses due dates to assess whether the credit risk associated with rent receivables and accounts receivable has increased significantly since initial recognition. Receivables that are more than 90 days past due are regarded as credit impaired, and reserves for expected credit losses are posted following individual assessment. For other receivables, expected credit losses are based on the historical rate of loan losses combined with forward-looking factors.

Expected credit losses for rent receivables and accounts receivable are calculated in accordance with the simplified approach, and using a loss percentage model. Input data used is financial data for John Mattson for the preceding year. The forward-looking perspective also takes into account information regarding macroeconomic development. Finally, an individual assessment is made of whether receivables are considered to be credit impaired.

Maturity structure of rent receivables and accounts receivable (gross amounts before impairment for expected credit losses)

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Not past-due accounts receivable	1.0	0.4	0.5	0.2
Past-due accounts receivable 1–30 days	0.2	0.1	0.1	0.1
Past-due accounts receivable 31–90 days	0.2	0.1	0.1	0.1
Past due accounts receivable >90 days	0.3	0.3	0.2	0.3
Carrying amount	1.6	0.8	0.8	0.7

Reserve for expected credit losses

	2018	2017	2016
Opening carrying amount	0.2	0.3	0.4
Write-offs for the year	0.4	–0.2	–0.1
Year's other changes	–	0.0	0.0
Closing carrying amount	0.6	0.2	0.3

The year's confirmed credit losses amounted to SEK 0.0 million (0.0; 0.0).

Market risk

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. The market risks affecting the Group primarily consist of interest-rate risks. The Group has no items in foreign currency.

Interest-rate risk

Interest-rate risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market interest rates. A significant factor affecting the interest-rate risk is the fixed-interest tenor. The Group is primarily exposed to interest-rate risk in respect of the Group's loans to credit institutions.

The interest-rate maturity structure is allocated over time to ensure the stability of net financial items. Interest-rate derivatives in the form of interest-rate swaps are used to attain the desired interest-maturity structure.

The Group uses interest-rate derivatives in the form of swaps to be able to manage interest-rate risk and convert floating interest rates to fixed rates. The contractual cash flows arise at intervals of between three and six months to match interest expenses. See maturity tables below for an analysis of interest rate movements. Since interest-rate derivatives have been agreed with institutions that

have good creditworthiness, credit exposure towards institutions is regarded as limited.

Altogether, John Mattson has concluded interest-rate swaps to a nominal value of SEK 1,679 million (1,579; 1,279). SEK 400 million (300; 0) of the contractual interest-rate swaps have a start date in 2020.

Fixed-interest and loan-to-maturity, 31 December 2018

Maturity	Fixed-interest		Credit maturity			Derivatives		
	Volume (SEK m)	Average interest rate (%) ¹⁾	Share (%)	Credit agreements volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate (%) ²⁾
0-1 year	775	2.08	31	110	0	0	0	-
1-2 years	259	2.50	10	448	448	18	186	-
2-3 years	0	0.00	0	554	554	22	0	-
3-4 years	506	1.59	20	527	527	21	154	-
4-5 years	171	1.21	7	475	475	19	171	-
> 5 years	768	1.82	31	475	475	19	768	-
Total	2,479	1.88	100	2,589	2,479	100	1,279	2.10

Fixed-interest and loan-to-maturity, 31 December 2017

Maturity	Fixed-interest		Credit maturity			Derivatives		
	Volume (SEK m)	Average interest rate (%) ¹⁾	Share (%)	Credit agreements volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate (%) ²⁾
0-1 year	506	3.83	28	1,795	1,785	100	0	0.00
1-2 years	0	0.00	0	0	0	0	0	0.00
2-3 years	286	2.55	16	0	0	0	286	2.15
3-4 years	0	0.00	0	0	0	0	0	0.00
4-5 years	154	0.90	9	0	0	0	154	0.90
> 5 years	839	1.70	47	0	0	0	839	1.70
Total	1,785	2.37	100	1,795	1,785	100	1,279	1.92

Fixed-interest and loan-to-maturity, 31 December 2016

Maturity	Fixed-interest		Credit maturity			Derivatives		
	Volume (SEK m)	Average interest rate (%) ¹⁾	Share (%)	Credit agreements volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate (%) ²⁾
0-1 year	229	7.72	15	1,517	1,507	86	0	0.00
1-2 years	0	0.00	0	0	0	14	0	0.00
2-3 years	0	0.00	0	0	0	0	0	0.00
3-4 years	586	2.15	39	0	0	0	586	2.15
4-5 years	0	0.00	0	0	0	0	0	0.00
> 5 years	693	1.50	46	0	0	0	693	1.50
Total	1,507	2.70	100	1,517	1,507	100	1,279	2.38

¹⁾ Average interest rate at the end of the period, including derivatives.

²⁾ Average interest rate including costs for the variable components of the derivatives.

Based on the interest-bearing assets and liabilities that existed on the balance-sheet date, the table below shows the impact of an increase/decline in interest rates on earnings before tax.

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Market interest rate +1%	7.8	5.1	2.3
Market interest rate -1%	-7.8	-5.1	-2.3

The impact on profit of a change in the value of interest-rate derivatives following an increase/decline in interest rates is shown in the lower table.

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Market interest rate +1%	67.8	74.7	69.0
Market interest rate -1%	-73.1	-81.1	-74.3

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in fulfilling its obligations associated with financial liabilities. This risk is managed through overdraft facilities totalling SEK 110 million (10), of which SEK 0 million (0) had been utilised at the end of 2018.

cont. Note 18

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. For financial instruments carrying variable interest rates, the interest rate on the balance-sheet date has been used. Liabilities have been included in the earliest period when repayment can be demanded.

31 Dec 2018

Analysis of tenors	<6 months	6–12 months				Total
		1–3 years	3–5 years	>5 years		
Accounts payable	34.3	–	–	–	–	34.3
Interest-bearing liabilities	23.3	23.3	1,095.4	1,057.9	483.6	2,683.5
Other current liabilities	23.9	–	–	–	–	23.9
Accrued costs	34.4	–	–	–	–	34.4
Derivatives	–	–	21.7	3.5	50.5	75.7
Total	115.9	23.3	1,117.1	1,061.4	534.1	2,851.8

31 Dec 2017

Analysis of tenors	<6 months	6–12 months				Total
		1–3 years	3–5 years	>5 years		
Accounts payable	38.5	–	–	–	–	38.5
Interest-bearing liabilities	855.3	972.0	–	–	–	1,827.3
Other current liabilities	4.0	–	–	–	–	4.0
Accrued costs	17.9	–	–	–	–	17.9
Derivatives	–	–	34.3	3.8	36.3	74.4
Total	915.8	972.0	34.3	3.8	36.3	1,962.1

31 Dec 2016

Analysis of tenors	<6 months	6–12 months				Total
		1–3 years	3–5 years	>5 years		
Accounts payable	31.1	–	–	–	–	31.1
Interest-bearing liabilities	511.4	1,036.7	–	–	–	1,548.1
Other current liabilities	4.3	–	–	–	–	4.3
Accrued costs	24.2	–	–	–	–	24.2
Derivatives	–	–	0.0	46.9	43.9	90.8
Total	571.0	1,036.7	0.0	46.9	43.9	1,698.6

Since future interest payments are included in the tables of maturities, total amounts according to these tables exceed the balance sheet amount.

Financing risk

Financing risk entails difficulties in securing financing, or that financing is only available at highly unfavourable terms at a given point in time. To ensure requirements of financing and liquidity, John Mattson endeavours to continuously renegotiate credits and, where required, add new credits. As collateral for borrowings, John Mattson provides property deeds. Risk is also managed by having a low loan-to-value ratio, which amounted to 41.0% at year end (37.5; 35.8). The company's stable cash flow contributes to a secure interest coverage level.

Credit agreements/frameworks that John Mattson has entered into are shown below.

	Amount, 31 Dec 2018	Utilised, 31 Dec 2018	Amount, 31 Dec 2017	Utilised 31 Dec 2017
Binding loan agreements with banks	2,479.4	2,479.4	1,784.9	1,784.9
Overdraft facilities	110.0	0.0	10.0	0.0
Total	2,589.4	2,479.4	1,794.9	1,784.9

	Amount, 31 Dec 2016	Utilised, 31 Dec 2016	Amount, 1 Jan 2016	Utilised, 1 Jan 2016
Binding loan agreements with banks	1,507.4	1,507.4	1,437.4	1,437.4
Overdraft facilities	10.0	0.0	20.0	0.0
Total	1,517.4	1,507.4	1,457.4	1,437.4

Capital management

The aim of the Group's strategy is to generate a healthy return to the shareholders under financial stability. The strategy is reflected in the financial targets, which were as follows in 2018:

- An average annual growth in EPRA NAV per share of not less than 10%, including value changes, over a business cycle.
- An average annual growth in income from property management per share of not less than 10% over a business cycle.
- The aim is for the property value to reach at least SEK 10 billion by 2023.

Note 19 Other liabilities

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Employee withholding taxes and social security expenses	4.5	2.1	1.8	1.6
VAT	14.8	1.7	1.4	0.0
Liability for acquisition of Dalénum	0.0	0.0	0.0	17.5
Other items	0.1	0.2	1.1	1.5
Carrying amount	19.4	4.0	4.3	20.5

Note 20 Accrued expenses and deferred income

	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Prepaid rental revenues	16.8	10.9	14.3	15.3
Accrued interest expense	3.9	2.8	2.8	2.6
Accrued salaries, holiday pay and social security expenses	3.0	2.8	2.4	2.2
Accrued project expenses	0.8	4.7	2.2	1.1
Other accrued expenses and deferred income	9.9	7.7	2.5	2.7
Carrying amount	34.4	28.8	24.2	23.9

Note 21 Cash-flow statement

Adjustment for non-cash items	2018	2017	2016
Depreciation	1.5	1.5	1.5
Unrealised change in value of investment properties	-208.9	-254.2	-418.9
Unrealised changes in derivative values	-0.8	-16.5	38.1
Gain on sales of non-current assets	0.0	0.2	0.3
Provisions for pensions	-0.1	-0.1	-0.1
Carrying amount	208.2	-269.1	-379.1

Change in liabilities attributable to financing activities	31 Dec 2017	Cash flow for the period		31 Dec 2018
		Changes in items impacting cash flow	Acquisitions	
Current interest-bearing liabilities	1,784.9	-1,794.0	9.0	0.0
Non-current interest-bearing liabilities	0.0	2,058.5	420.9	2,479.4
Total	1,784.9	264.5	430.0	2,479.4

Change in liabilities attributable to financing activities	31 Dec 2016	Cash flow for the period		31 Dec 2017
		Changes in items impacting cash flow	Acquisitions	
Current interest-bearing liabilities	1,507.4	277.5	0.0	1,784.9
Non-current interest-bearing liabilities	0.0	0.0	0.0	0.0
Total	1,507.4	277.5	0.0	1,784.9

Change in liabilities attributable to financing activities	1 Jan 2016	Cash flow for the period		31 Dec 2016
		Changes in items impacting cash flow	Acquisitions	
Current interest-bearing liabilities	1,437.4	70.0	0.0	1,507.4
Non-current interest-bearing liabilities	0.0	0.0	0.0	0.0
Total	1,437.4	70.0	0.0	1,507.4

Note 22 Leases

The Group is a lessee for office equipment. For all leases where the Group is a lessee, the underlying assets have been classified as having a low value and these are expensed on a straight-line basis over the lease term. The year's lease payments for these amounted to SEK 1.4 million (1.3; 1.3).

Note 23 Pledged assets and contingent liabilities

Pledged assets	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Property deeds	2,491.0	1,795.7	1,518.2	1,448.2
Chattel mortgages	0.0	0.0	0.0	0.0
Endowment policies to secure pensions	7.6	7.1	6.7	6.5
Total	2,498.6	1,802.8	1,525.0	1,454.7

Contingent liabilities	31 Dec 2018	31 Dec 2017	31 Dec 2016	1 Jan 2016
Contingent liabilities, pensions	5.0	5.0	5.0	5.0
Total	5.0	5.0	5.0	5.0

Note 24 Transactions with related parties

The Group's related parties include all Board Members and members of executive management as well as individuals and companies related to these parties.

All related-party transactions are conducted on commercial terms.

Board Member Johan Ljungberg is a part-owner of John Mattson Fastighetsföretagen AB via Tagehus Holding AB. Tagehus Holding AB owns the construction consultancy Credentia AB, from which John Mattson purchased services during the year for SEK 1.1 million. All of the transactions were conducted on normal market terms.

For information on remuneration of senior executives, refer to Note 7. Apart from the amounts shown in Note 7, there were no other related-party transactions.

Note 25 Events after the balance-sheet date

No significant events have taken place after the end of the year.

Note 26 Effect of transition to IFRS

As of 1 January 2018, John Mattson Fastighetsföretagen AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as well as those adopted by the European Union (EU). The effective date of the Group's transition to IFRS is 1 January 2016. Through the 2017 financial year, the Group prepared its consolidated financial statements in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3). The transition to IFRS is reported in accordance with IFRS 1, "First-time application of International Financial Reporting Standards".

The impact of the change in accounting policies is recognised directly against opening equity. The previously published financial information for the 2016 and 2017 financial years, prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3) has been restated according to IFRS. Financial information in respect of financial years earlier than 2016 has not been recalculated. The general requirement is that all applicable IFRSs and IASs that have entered force and been adopted by the EU must be applied retroactively. On the transition to IFRS, John Mattson has not applied any voluntary relief in respect of this.

The following table presents the effects of the above applications on the consolidated income statement for 2016 and 2017 and on the balance sheet as per 1 January 2016, 31 December 2016 and 31 December 2017. The transition from the former accounting policies has also entailed a different structure and classification compared with those used earlier. The transition to IFRS has not had any effect on the Group's carrying amounts.

Consolidated balance sheet as per 1 Jan 2016

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
<i>Property, plant and equipment</i>				
Investment properties	A	2,273.0	1,338.6	3,611.6
Ongoing projects	A	58.8	-58.8	-
Plant and equipment		5.4	-	5.4
<i>Financial assets</i>				
Other non-current receivables	C	7.2	-0.7	6.5
Receivables from Group companies		288.2	-	288.2
Other non-current securities holdings		0.1	-	0.1
Total non-current assets		2,632.7	1,279.1	3,911.8
Current assets				
Rent receivables and accounts receivable		0.7	-	0.7
Other receivables		13.1	-	13.1
Prepaid expenses and accrued income	D	7.9	-6.6	1.3
Cash and cash equivalents		18.2	-	18.2
Total current assets		39.8	-6.6	33.2
TOTAL ASSETS		2,672.5	1,272.5	3,945.0
EQUITY AND LIABILITIES				
Equity				
Share capital		10.0	-	10.0
Other contributed capital		-	-	-
Retained earnings, including net profit for the year		1,024.3	835.1	1,859.4
Total equity		1,034.3	835.1	1,869.4
Non-current liabilities				
Interest-bearing liabilities		-	-	-
Provisions for pensions	C	2.7	-1.7	1.0
Deferred tax liabilities	B	124.1	386.4	510.5
Derivatives	D	0.0	52.7	52.7
Total non-current liabilities		126.8	437.4	564.2
Current liabilities				
Accounts payable		7.3	-	7.3
Liabilities to Parent Company		22.3	-	22.3
Interest-bearing liabilities		1,437.4	-	1,437.4
Other current liabilities		20.5	-	20.5
Accrued expenses and deferred income		23.9	-	23.9
Total current liabilities		1,511.4	0.0	1,511.4
TOTAL EQUITY AND LIABILITIES		2,672.5	1,272.5	3,945.0

Consolidated balance sheet as per 31 Dec 2016

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
<i>Property, plant and equipment</i>				
Investment properties	A	2,353.8	1,811.4	4,165.2
Ongoing projects	A	74.9	-74.9	-
Plant and equipment		4.0	-	4.0
<i>Financial assets</i>				
Other non-current receivables		6.7	-	6.7
Other non-current securities holdings		0.1	-	0.1
Total non-current assets		2,439.5	1,736.5	4,176.0
Current assets				
Rent receivables and accounts receivable		0.8	-	0.8
Other receivables		4.0	-	4.0
Prepaid expenses and accrued income	D	6.1	-3.3	2.9
Cash and cash equivalents		14.6	-	14.6
Total current assets		25.5	-3.3	22.2
TOTAL ASSETS		2,465.0	1,733.2	4,198.2
EQUITY AND LIABILITIES				
Equity				
Share capital		10.0	-	10.0
Other contributed capital		-	-	-
Retained earnings, including net profit for the year		760.1	1,165.6	1,925.8
Total equity		770.1	1,165.6	1,935.8
Non-current liabilities				
Interest-bearing liabilities		-	-	-
Provisions for pensions	C	2.1	-1.3	0.8
Deferred tax liabilities	B	125.7	478.0	603.7
Derivatives	D	0.0	90.8	90.8
Total non-current liabilities		127.8	567.5	695.4
Current liabilities				
Accounts payable		31.1	-	31.1
Interest-bearing liabilities		1,507.4	-	1,507.4
Other current liabilities		4.3	-	4.3
Accrued expenses and deferred income		24.2	-	24.2
Total current liabilities		1,567.0	0.0	1,567.0
TOTAL EQUITY AND LIABILITIES		2,465.0	1,733.2	4,198.2

Consolidated balance sheet as per 31 Dec 2017

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
<i>Property, plant and equipment</i>				
Investment properties	A	2,501.9	2,236.7	4,738.6
Ongoing projects	A	199.4	-199.4	-
Plant and equipment		3.2	-	3.2
<i>Financial assets</i>				
Other non-current receivables	C	6.5	0.6	7.1
Other non-current securities holdings		0.1	-	0.1
Total non-current assets		2,711.1	2,037.9	4,749.0
Current assets				
Rent receivables and accounts receivable		0.8	-	0.8
Other receivables		3.5	-	3.5
Prepaid expenses and accrued income		6.8	-	6.8
Cash and cash equivalents		9.6	-	9.6
Total current assets		20.7	0.0	20.7
TOTAL ASSETS		2,731.9	2,037.9	4,769.7
EQUITY AND LIABILITIES				
Equity				
Share capital		10.0	-	10.0
Other contributed capital		-	-	-
Retained earnings, including net profit for the year		742.4	1,417.3	2,159.7
Total equity		752.4	1,417.3	2,169.7
Non-current liabilities				
Interest-bearing liabilities		-	-	-
Provisions for pensions	C	1.9	-1.1	0.7
Deferred tax liabilities	B	121.3	547.4	668.7
Derivatives	D	0.0	74.4	74.4
Total non-current liabilities		123.2	620.6	743.8
Current liabilities				
Accounts payable		38.5	-	38.5
Interest-bearing liabilities		1,784.9	-	1,784.9
Other current liabilities		4.0	-	4.0
Accrued expenses and deferred income		28.8	-	28.8
Total current liabilities		1,856.3	0.0	1,856.3
TOTAL EQUITY AND LIABILITIES		2,731.9	2,037.9	4,769.7

cont. Note 26

Consolidated income statement as per 1 Jan 2016–31 Dec 2016

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
Rental revenues		182.6	–	182.6
Operating expenses		–37.2	–	–37.2
Repairs, maintenance and projects		–35.1	–	–35.1
Property tax		–3.0	–	–3.0
Property administration		–13.9	–	–13.9
Net operating income		93.4	0.0	93.4
Central administration costs	A, C	–49.4	38.0	–11.4
Interest income		0.5	–	0.5
Interest expense	D	–41.1	3.3	–37.8
Income from property management		3.5	41.3	44.8
Change in value of investment properties	A	0.0	418.9	418.9
Change in the value of interest-rate derivatives	D	0.0	–38.1	–38.1
EBT		3.5	422.1	425.6
Deferred tax	B	–1.6	–91.6	–93.2
Tax on profit for the year		–0.2	–	–0.2
Profit for the year		1.7	330.5	332.2

Consolidated statement of comprehensive income as per 1 Jan 2016–31 Dec 2016

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
Profit for the year		1.7	330.5	332.2
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>		–	–	–
Other comprehensive income for the year		0.0	0.0	0.0
Total comprehensive income for the year		1.7	330.5	332.2

Consolidated income statement as per 1 Jan 2017–31 Dec 2017

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
Rental revenues		187.6	–	187.6
Operating expenses		–38.2	–	–38.2
Repairs, maintenance and projects		–48.3	–	–48.3
Property tax		–3.3	–	–3.3
Property administration		–14.8	–	–14.8
Net operating income		83.0	–	83.0
Central administration costs		–58.5	47.0	–11.5
Interest income		0.4	–	0.4
Interest expense		–46.9	3.3	–43.6
Income from property management		–22.0	50.3	28.3
Change in value of investment properties		0.0	254.2	254.2
Change in the value of interest-rate derivatives		0.0	16.5	16.5
EBT		–22.0	321.0	299.0
Deferred tax		4.4	–69.4	–65.0
Tax on profit for the year		–0.1	–	–0.1
Profit for the year		–17.7	251.6	233.9

Consolidated statement of comprehensive income as per 1 Jan 2017–31 Dec 2017

Amounts in SEK m	Note	According to former policies	IFRS adjustments	According to IFRS
Profit for the year		–17.7	251.6	233.9
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>		–	–	–
Other comprehensive income for the year		0.0	0.0	0.0
Total comprehensive income for the year		–17.7	251.6	233.9

Notes

Note A – Recognition of investment properties
According to John Mattson's previous accounting policies, investment properties were recognised in the financial statements at cost less accumulated depreciation, impairment losses and reversed impairment losses.

Planned depreciation, impairment losses and reversed impairment losses impacted profit or loss.

In conjunction with the transition to IFRS, the Group's investment properties were recognised throughout at fair value. The effect on opening equity at 1 Jan 2016 and the carrying amounts of investment properties due to the amended valuation principle amounted to SEK 1,279.8 million before tax. The amended accounting policies result in the estimated changes in the Group's property portfolio being recognised in profit or loss and thus influence EBIT. The 2016 change in fair value had a positive impact on profit of SEK 418.9 million. This also means that depreciation and impairment losses as well as reversed impairment losses were reversed in the 2016 income statement according to IFRS, which had a positive influence on profit of SEK 37.8 million. The earlier definition and classification of investment properties in relation to owner-occupied/warehouse properties was not impacted by the transition.

Note B – Deferred tax

Deferred tax is to be recognised on changes in the value of investment properties and for financial derivatives based on the temporary difference that these unrealised changes in value entail.

Remeasurement is also required for historical acquisitions, which according to the previous regulations were recognised after the agreed deduction for deferred taxes. Since these temporary differences should not be recognised in accordance with IFRS, their acquisition analyses have been adjusted. In conjunction with the transition, all deferred tax has been measured at the tax rate prevailing at the particular point in time, which was 22%.

In line with this, deferred tax has been adjusted in accordance with this rate on the transition to IFRS.

Note C – Remuneration of employees, Endowment policies

The CEO and two formerly employed key individuals had contracts containing individual pension solutions in the form of endowment policies, with associated direct pensions that were pledged for the benefit of the individual. These were previously recognised as a provision in the Group, with the associated pledged collateral and contingent liabilities.

In conjunction with the transition to IFRS, these are recognised as a defined-benefit plan in the financial statements. This means that gross accounting is applied, whereby the endowment insurance is recognised at market value and the associated obligation is recognised as a provision together with associated special employer's contributions.

Note D – Recognition of derivatives

The recognition of derivatives was changed in conjunction with the transition. Financial derivatives were previously not recognised in the balance sheet. The transition to IFRS entails that the main measurement rule is that financial assets and all derivatives are recognised at fair value while all financial liabilities are recognised at amortised cost. Hedge accounting may only be applied when specific requirements have been fulfilled according to defined hedging methods. The Group did not apply any hedge accounting in conjunction with the transition.

Parent Company income statement

Amounts in SEK m	Note	2018	2017	2016
Revenue		64.3	5.8	4.3
Central administration and marketing costs		-41.2	-16.7	-14.9
EBIT		23.1	-10.9	-10.6
Interest income	9	0.5	1.2	1.6
Interest expense	10	-3.4	-7.6	-7.6
Profit/loss after financial items		20.2	-17.3	-16.7
Appropriations	11	-28.8	17.2	16.7
EBT		-8.6	-0.1	0.0
Deferred tax	12	-2.4	0.0	0.0
Profit for the year		-11.0	-0.1	0.0

Parent Company statement of comprehensive income

Amounts in SEK m	Note	2018	2017	2016
Profit for the year		-11.0	-0.1	0.0
Other comprehensive income		0.0	0.0	0.0
Comprehensive income for the year		-11.0	-0.1	0.0

Parent Company balance sheet

Amounts in SEK m	Note	31 Dec 2018	31 Dec 2017	31 Dec 2016
ASSETS				
Property, plant and equipment				
Ongoing projects		0.0	0.0	0.1
Financial assets				
Participations in Group companies	3	1,668.6	1,294.8	1,294.1
Deferred tax assets	4	–	2.4	2.4
Total non-current assets		1,668.6	1,297.3	1,296.7
Current assets				
Receivables from Group companies	5	97.1	77.3	84.5
Other receivables	7	0.0	1.0	0.8
Prepaid expenses and accrued income	7	0.1	0.1	0.1
Cash and cash equivalents	6	2.5	9.3	14.3
Total current assets		99.7	87.7	99.7
TOTAL ASSETS		1,768.3	1,384.9	1,396.3
EQUITY AND LIABILITIES				
Equity				
<i>Restricted equity</i>				
Share capital		11.2	10.0	10.0
<i>Non-restricted equity</i>				
Share premium reserve		362.8	0.0	0.0
Retained earnings		891.3	891.4	891.4
Profit for the year		–11.0	–0.1	0.0
Total equity	13	1,254.3	901.3	901.4
Current liabilities				
Accounts payable	7	2.9	1.0	0.8
Liabilities to Group companies	7	492.9	482.0	493.7
Other current liabilities	7	13.8	0.5	0.5
Accrued expenses and deferred income	7	4.4	0.1	0.1
Total current liabilities		514.0	483.6	494.9
TOTAL EQUITY AND LIABILITIES		1,768.3	1,384.9	1,396.3

Parent Company statement of changes in equity

Amounts in SEK m	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings	Profit for the year	
Opening equity, 1 Jan 2016	10.0	–	1,153.1	4.1	1,167.3
Transfer, preceding year's earnings	–	–	4.1	–4.1	–
Profit for the year	–	–	–	0.0	0.0
Other comprehensive income for the year	–	–	–	–	–
Comprehensive income for the year	–	–	–	0.0	0.0
Transactions with owners					
Dividend	–	–	–288.2	–	–288.2
Settlement of shareholder loans	–	–	22.3	–	22.3
Total	–	–	–265.9	–	–265.9
Closing shareholders' equity, 31 Dec 2016	10.0	–	891.4	0.0	901.4
Opening equity, 1 Jan 2017	10.0	–	891.4	0.0	901.4
Transfer, preceding year's earnings	–	–	0.0	0.0	–
Profit for the year	–	–	–	–0.1	–0.1
Other comprehensive income for the year	–	–	–	–	–
Comprehensive income for the year	–	–	–	–0.1	–0.1
Transactions with owners					
Dividend	–	–	–	–	–
Total	–	–	–	–	–
Closing equity, 31 Dec 2017	10.0	–	891.4	–0.1	901.3
Opening equity, 1 Jan 2018	10.0	–	891.4	–0.1	901.3
Transfer, preceding year's earnings	–	–	–0.1	0.1	–
Profit for the year	–	–	–	–11.0	–11.0
Other comprehensive income for the year	–	–	–	–	–
Comprehensive income for the year	–	–	–	–11.0	–11.0
Transactions with owners					
Dividend	–	–	–	–	–
New share issue	1.2	362.8	–	–	364.0
Total	1.2	362.8	–	–	364.0
Closing equity, 31 Dec 2018	11.2	362.8	891.3	–11.0	1,254.3

Parent Company cash-flow statement

Amounts in SEK m	Note	2018	2017	2016
Operating activities				
EBT		-8.6	-0.1	0.0
Adjustment for non-cash items		0.0	0.0	0.1
Taxes paid		0.0	0.0	0.0
Cash flow from operating activities before changes in working capital		-8.6	-0.1	0.1
Cash flow from changes in working capital				
Change in operating receivables		-36.1	-9.6	-24.7
Change in operating liabilities		30.5	-11.0	-3.0
Cash flow from operating activities		-14.2	-20.7	-27.6
Investing activities				
Investments in properties		0.0	0.0	-0.1
Acquisition of subsidiaries		-7.8	0.0	0.0
Cash flow from investing activities		-7.8	0.0	-0.1
Financing activities				
Borrowings		0.0	0.0	0.0
Change in long-term loan, owner companies		0.0	0.0	288.2
Repayments of borrowings		0.0	0.0	0.0
Dividend		0.0	0.0	-288.2
Shareholder contributions paid		-2.0	-1.0	0.0
Group contributions received/paid		17.2	16.7	24.3
Cash flow from financing activities		15.2	15.7	24.3
Cash flow for the year		-6.8	-5.1	-3.4
Opening balance, cash and cash equivalents		9.3	14.3	17.7
Closing balance, cash and cash equivalents		2.5	9.3	14.3
Additional cash flow statement disclosures				
Interest received		0.5	1.2	1.6
Interest paid		-3.4	-7.6	-7.6

Parent Company's notes

Note 1 Significant accounting policies

The Parent Company prepares its annual financial statements in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Parent Company applies the same accounting policies as the Group with the exceptions and supplements stipulated in RFR 2. This means that the IFRS are applied together with the deviations presented below.

Participations in subsidiaries

Shares in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction charges are included in the carrying amount of the holding. Carrying amounts are tested each quarter against the companies' equity. Where the carrying amount is less than the companies' consolidated fair value, an impairment loss is charged to profit or loss. Where an earlier impairment is no longer justified, it is reversed.

For calculating future cash flows, assumptions are made about future conditions that determine the recoverable amount. The recoverable amount is compared with the carrying amount of these assets and forms the foundation for any impairment losses or reversals. The assumptions that impact the recoverable amount the most are future earnings performance, discount interest rate and period of use. If changes occur in the future operating environment or in other conditions, assumptions may be impacted so that carrying amounts for the Parent Company's assets have to be amended.

Group and shareholder contributions

The Parent Company recognises Group contributions received and granted as appropriations. Shareholder contributions granted by the Parent Company are entered directly in the recipient's shareholders' equity and are recognised in shares and participations in the Parent Company. Shareholder contributions received are recognised as an increase in non-restricted equity.

Revenue

The company's revenue refers primarily to service income for invoicing of intra-Group services to subsidiaries. Revenue from this is recognised as the services are performed.

Dividends are recognised when the entitlement to receive payment is considered certain. Revenue from the sale of subsidiaries is recognised when control of the subsidiary has transferred to the buyer.

Leases

The Parent Company has chosen to use the relief rules permitted in RFR 2 for the recognition of leases in legal entities and thereby recognises all leases as operating leases.

Financial instruments

Due to the correlation between recognition and taxation, the rules concerning financial instruments according to IFRS 9 are not applied in the Parent Company as a legal entity; instead the Parent Company applies the rules in accordance with the Annual Accounts Act's cost method. The Parent Company measures financial assets at cost and financial current assets according to the lowest value principle reduced by impairment for expected credit losses.

Impairment of financial assets

Financial assets, including intra-Group receivables, are impaired to account for expected credit losses. For the method used in respect of impairment of expected credit losses, see the Group's Note 1. Expected credit losses on intra-Group receivables are estimated by assessing the counterparty's creditworthiness.

Taxes

In the Parent Company, deferred tax liabilities attributable to untaxed reserves are recognised in gross amounts in the balance sheet. Appropriations are recognised in gross amounts in profit or loss.

Note 2 Significant estimates and assessments

The Parent Company's principal asset item is the value of shares in Group companies. The subsidiaries representing major values include properties with a material surplus value. No impairment requirement has been identified.

Note 3 Participations in Group companies

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Opening balance, cost	1,294.8	1,294.1	1,293.1
Shareholders' contributions	2.0	0.7	1.0
Acquisitions	371.8	0.0	0.0
Closing balance, cost	1,668.6	1,294.8	1,294.1

Company	Corp. Reg. No.	Registered office	Principal activity	Owned percentage	31 Dec 2018	31 Dec 2017	31 Dec 2016
John Mattson Fastighets AB	556056-6977	Lidingö	Letting and management	100%	1,262.0	1,262.0	1,262.0
John Mattson Skolfastigheter AB	556703-0357	Lidingö	Letting of commercial premises	100%	1.6	1.6	1.6
John Mattson Butiksfastigheter AB	556792-8568	Lidingö	Letting of commercial premises	100%	4.7	2.7	2.0
John Mattson Parkering AB	556902-1206	Lidingö	Letting, parking spaces	100%	0.1	0.1	0.1
John Mattson Dalénum AB	556909-1472	Lidingö	Letting, housing	100%	28.5	28.5	28.5
John Mattson Käppala AB	559161-7500	Lidingö	Main partner in limited partnerships	100%	371.3	–	–
John Mattson Juno Herkules KB ¹⁾	969646-6946	Lidingö	Letting of housing and property management	0.1%	0.5	–	–
					1,668.6	1,294.8	1,294.1

¹⁾ John Mattson Fastighetsföretagen AB is a limited partner in John Mattson Juno Herkules KB with a share of 0.1%. The wholly owned subsidiary John Mattson Käppala AB is a main partner with a share of 99.9%.

Note 4 Deferred tax assets and tax liabilities

31 Dec 2018	Assets	Liabilities	Net
Loss carryforwards	0.0	0.0	0.0
Total	0.0	0.0	0.0

31 Dec 2017	Assets	Liabilities	Net
Loss carryforwards	2.4	0.0	2.4
Total	2.4	0.0	2.4

31 Dec 2016	Assets	Liabilities	Net
Loss carryforwards	2.4	0.0	2.4
Total	2.4	0.0	2.4

Reconciliation of net change in deferred tax	31 Dec 2018	31 Dec 2017	31 Dec 2016
On 1 January	2.4	2.4	2.4
Recognised in profit or loss	-2.4	0.0	0.0
Recognised in other comprehensive income	0.0	0.0	0.0
At year end	0.0	2.4	2.4

Note 5 Receivables from Group companies

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Opening balance, cost	77.3	84.5	372.4
Additional receivables	19.8	0.0	0.0
Receivables removed	0.0	-7.2	-287.9
Closing balance, accumulated cost	97.1	77.3	84.5
Closing carrying amount	97.1	77.3	84.5

Note 6 Cash and cash equivalents

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Short-term investments	0.0	0.0	0.0
Cash at bank and in hand	2.5	9.3	14.3
Carrying amount	2.5	9.3	14.3

Note 7 Financial instruments

Fair value estimation

Interest-bearing receivables and liabilities

For information purposes, fair value is calculated for interest-bearing receivables and liabilities by discounting principals from future cash flows and by discounting interest payments to the current market interest rate. Since these are mainly subject to a short fixed-interest tenor, the fair value does not materially deviate from nominal amounts.

Current receivables and liabilities

For current receivables and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, which are expected to be settled within 12 months, the carrying amount is considered to be an approximation of the fair value.

Fair value measurement

The Parent Company does not have any financial instruments that are measured at fair value.

Reserve for expected credit losses

The Parent Company uses various methods for expected credit losses depending on the financial instrument. The Group defines default as when it is highly probable that the debtor will be unable to pay amounts owed. Receivables predominantly comprise receivables from Group companies for which no expected credit losses have been identified. The company monitors any provision requirements for all financial instruments, such as cash and cash equivalents. Should amounts not be regarded as immaterial, a reserve is posted for expected credit losses for these financial instruments.

Note 8 Employees and personnel costs

For salary and remuneration paid to employees and senior executives, as well as information on the number of employees, see the Group's Note 7.

Note 9 Interest income and similar profit/loss items

	2018	2017	2016
Interest income from subsidiaries	0.4	1.1	1.1
Interest income from Group companies	0.1	0.1	0.1
Other interest income	0.0	0.0	0.3
Total	0.5	1.2	1.6

Note 10 Interest expense and similar profit/loss items

	2018	2017	2016
Interest expense to subsidiaries	-3.3	-7.5	-7.4
Interest expense to Group companies	0.0	0.0	0.0
Other interest expenses	-0.1	-0.1	-0.2
Other financial expenses	0.0	0.0	0.0
Total	-3.4	-7.6	-7.6

Note 11 Appropriations

	2018	2017	2016
Group contributions paid	-28.8	0.0	0.0
Group contributions received	0.0	17.2	16.7
Total	-28.8	17.2	16.7

Note 12 Tax

	2018	2017	2016
Current tax	0.0	0.0	0.0
Change in deferred tax relating to temporary differences	-2.4	0.0	0.0
Recognised tax	-2.4	0.0	0.0

Reconciliation of effective tax rate	2018	2017	2016
EBT	-8.6	-0.1	0.0
Tax according to the Parent Company's current tax rate (22%)	1.9	0.0	0.0
Tax effect of:			
Non-taxable revenue	0.0	0.0	0.0
Non-deductible costs	-4.3	0.0	0.0
Other	0.0	0.0	0.0
Recognised tax	-2.4	0.0	0.0

Note 13 Equity

As per 31 December 2018, the share capital consisted of 11,223,344 shares with a quotient value of SEK 1 each. Also refer to disclosures in Note 16 to the consolidated financial statements, Equity.

Note 14 Transactions with related companies

A list of the Group's subsidiaries, which are also companies that are closely related to the Parent Company, is presented in Note 14 to the consolidated financial statements.

Transactions from the Parent Company to subsidiary Group companies consist solely of management fees, whereby Group-wide costs (rent, administration, etc.) are allocated from the Parent Company to the various subsidiaries. These are allocated on normal market terms. Related-party transactions other than management fees do not exist.

	Sales of goods/ services	Purchases of goods/ services	Other	Receivables on the balance-sheet date	Liability on the balance-sheet date
Group companies					
2018	64.3	0.0	-2.9	97.1	492.9
2017	5.8	-16.7	-6.4	77.3	482.0
2016	4.3	-14.9	-6.1	84.5	493.7
	74.4	-31.7	-15.4	258.9	1,468.6

Note 15 Fees for auditors

Ernst & Young AB	31 Dec 2018	31 Dec 2017	31 Dec 2016
Auditing assignment	0.3	0.1	0.2
Other auditing activities	0.0	0.0	0.0
Tax advice	0.0	0.0	0.0
Other services	0.0	0.0	0.0
Total	0.3	0.1	0.2

Note 16 Events after the balance-sheet date

No significant events have taken place after the end of the year.

Note 17 Proposed allocation of earnings

The following profit is at the disposal of the Annual General Meeting (SEK):

Share premium reserve	362,776,656
Retained earnings	891,298,647
Profit for the year	-10,965,291
	1,243,110,012

The Board proposes that the earnings be appropriated as follows:

To be carried forward	1,243,110,012
	1,243,110,012

Note 18 Transition to RFR 2

These financial statements for the Parent Company are the first to be prepared in accordance with RFR 2. The previously prepared annual accounts for the Parent Company were recognised in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements.

The accounting policies found in Note 1 were applied when the annual accounts were prepared as per 31 December 2018, and for the comparable information presented as per 31 December 2017 and 31 December 2016 and when preparing the statement of the period's opening financial position as per 1 January 2016. The estimates made as per 1 January 2016 comply with the estimates made according to the previously applied accounting policies.

Effects on the income statement and balance sheet

The transition from previous accounting policies had no impact on the Parent Company's income statement or statement of comprehensive income for 2017 or 2016; nor did it have any impact on the Parent Company's balance sheet as per 1 January 2016, 31 December 2016 or 31 December 2017. The transition to RFR 2 has not had any effect on the Parent Company's cash flow. For the comparative years, expected credit losses have not been taken into account for intra-Group receivables that have been settled.

Assurance of the Board

To the best of the Board of Directors' knowledge, this annual report has been prepared in accordance with generally accepted accounting policies. The annual report provides a true and fair account of the Group's and Parent Company's financial position and the Administration Report provides a true and fair overall account of the development of the Group's business, financial position and earnings and describes the significant risks and uncertainties facing the Group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The consolidated financial statements provide a true and fair account of the Group's financial position and the Administration Report for the Group provides a true and fair overall account of the development of the Group's business, financial position and earnings and describes significant risks and uncertainties facing the Group.

City of Lidingö, 25 February 2019

Anders Nylander
Chairman of the Board

Johan Ljungberg
Board Member

Anna Sander
Board Member

Håkan Blixt
Board Member

Christer Olofsson
Board Member

Ulrika Danielsson
Board Member

Siv Malmgren
Chief Executive Officer

My Auditor's Report was submitted on 11 March 2019
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Auditor's report

To the general shareholders' meeting of John Mattson fastighetsföretagen AB, Corp. Reg. No. 556802-2858

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of John Mattson Fastighetsföretagen AB for the financial year 2018.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2018 and of its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

I therefore recommend that the general meeting of shareholders adopts the income statement, the statement of comprehensive income and the balance sheet for the Parent Company and the Group.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern assumption as the accounting basis in preparing the annual accounts and consolidated accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the Group audit. I am solely responsible for my opinions.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that I identified.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated financial statements, I have examined the administration of the Board of Directors and the CEO of John Mattson Fastighetsföretagen AB for the 2018 financial year and the proposed appropriations of the company's profit or loss.

I recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

I have performed the audit in accordance with Generally Accepted Auditing Standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way, has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby my opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is mainly based on the audit of the financial accounts. Additional audit procedures performed are based on my professional judgment with a starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As basis for my opinion on the Board of Directors proposed appropriations of the company's profit or loss I examined whether the proposal is in accordance with the Companies Act.

Stockholm, 11 March 2019

Jonas Svensson
Authorised Public Accountant

Current earnings capacity

The table illustrates John Mattson's current annualised earnings capacity, after taking the entire property portfolio on the balance-sheet date into consideration. The properties acquired and the projects completed during the period have been restated on an annualised basis.

It is important to note that the current earnings capacity is not the same as a projection for the current year or for the forthcoming 12 months. The earnings capacity does not include assessments of rental, vacancy or interest-rate changes. Moreover, John Mattson's earnings are impacted by changes in the values of properties and derivatives. None of the above was taken into consideration when assessing current earnings capacity. Nor have costs linked to the stock exchange listing been taken into account in the earnings capacity.

Rental revenues is based on contractual revenue on the balance-sheet date. Property expenses consist of LTM property expenses for properties owned for the entire period. Additions are made for completed new builds, extensions and redevelopment projects and for

implemented acquisitions calculated at an annualised rate. Deductions are made for any disposals.

Maintenance expenses attributable to completed upgrade projects over the most recent 12-month period have been excluded and estimated maintenance expenses for upgrade projects over the next 12 months have been added. Property administration costs are based on estimated costs on a 12-month basis using the scope and extent of property administration on the balance-sheet date.

Central administration costs are based on estimated costs on a rolling 12-month basis using the scope and extent of central administration at the balance-sheet date.

Net financial items have been calculated based on net interest-bearing debt on the balance-sheet date. Any interest on cash and cash equivalents has not been taken into account and the interest on interest-bearing liabilities has been calculated using the current average interest rate at the balance-sheet date.

SEK m	31 Dec 2018
Rental value	257.4
Vacancies and discounts	-8.9
Rental revenues	248.5
Operating expenses	-55.7
Maintenance expenses	-22.0
Property administration	-18.3
Property tax	-4.3
Net operating income	148.1
Central administration costs	-21.8
Net financial items	-46.6
Income from property management	79.7

Table of objects

Apartment structure and occupancy rate

The total number of apartments as per 31 December 2018 was 2,177. Of these, 396 (210) were unrenovated, 913 (868) had undergone a base upgrade, 453 (222) had received a total upgrade and 415 (302) were newly built.

The economic occupancy rate at 31 December 2018 was 96.5% (97.4) and the occupancy rate for apartments was 98.3% (98.4). As per 31 December 2018, 47 apartments were vacant, of which 37 were attributable to the portfolio acquired in Käppala.

Object categories

	Number of apartments	Lettable area, thousand sq m	Rental value, SEK m
Unrenovated apartments	396	24.1	26.9
Base upgrades, apartments	913	72.3	88.9
Total upgrades, apartments	453	32.7	50.4
Newly built apartments	415	24.8	51.1
Garages and parking places	N.A.	–	12.2
Premises	N.A.	15.1	28.0
Total	2,177	169.1	257.4

	Number of apartments	Lettable area, thousand sq m	Vacancy value
Vacant apartments	47	3.1	3.6
Vacant garages and parking places	–	–	2.7
Vacant premises	–	2.1	1.5
Discounts	–	–	1.0
Total	47	5.2	8.9

	No. of Apts.	Lettable area, thousand sq m	Lease value
Total	2,130	163.9	248.5

The above compilation encompasses the properties owned by John Mattson at the close of the period. The rental value pertains to contractual annual rents and assessed market rents for vacant space. The vacancy value comprises a snapshot at period end that is restated on an annualised basis.

Property listing

Property holdings 31 Dec 2018

Property designation	Street address	Site area sq m	Year built/ redeveloped	Number of apartments	Lettable area (sq m)		
					Living area, sq m	Area of premises sq m	Total area sq m
Larsberg							
Bodals gård 1	Larsbergsv. 8	8,292	1934/2009	–	–	2,886	2,886
Fyrskellet 1	Larsbergsv. 9	3,009	1966/2015	62	4,570	–	4,570
Sjömärket 1	Larsbergsv. 11–13	6,951	1966/2017	122	9,134	–	9,134
Sjömärket 2	Larsbergsv. 15–17	5,011	1967/2017	124	9,132	–	9,132
Sjöjungfrun 2	Larsbergsv. 10–30	17,131	1967/2017	150	14,276	1,545	15,821
Fyrbåken 1	Larsbergsv. 19–21	6,915	1967	124	9,225	244	9,469
Farleden 2	Larsbergsv. 32–42	7,170	1967/2017	93	9,106	29	9,135
Fyrtornet 1	Larsbergsv. 23	3,831	1968/2016	63	4,681	117	4,798
Fyrtornet 2	Larsbergsv. 25	2,581	1968/2017	63	4,681	129	4,810
Fyrtornet 6	Larsbergsv. 27	3,290	1968/2017	64	4,768	33	4,801
Fyren 1	Larsbergsv. 44	2,872	1968/2016	59	4,418	165	4,583
Fyren 2	Larsbergsv. 46	3,061	1968/2016	52	3,925	30	3,955
Fyren 3	Larsbergsv. 48	3,754	1968/2015	52	3,925	86	4,011
Fyren 4	Larsbergsv. 50	3,901	1969/2016	61	4,542	30	4,572
Fyrmästaren 1	Larsbergs parkv 1–7	5,144	1967/2008	114	7,551	–	7,551
Fyrtornet 5, P3	Larsbergsv. 29	4,025	1968	–	–	1,531	1,531
Fyrmästaren 2	Larsbergstorg 4–6	724	1968/2015	34	1,813	905	2,718
Radiofyren 1	Agavägen 1	14,387	2011	–	–	3,698	3,698
Klockbojen 4	Larsbergstorg 7–9, Agavägen 14–34	11,558	1969/2014	150	10,332	1,671	12,003
Klockbojen 2	Agavägen 36–38	3,203	2018	80	4,898	–	4,898
Total		116,808		1,467	110,977	13,097	124,074
Baggeby							
Barkassen 1	Barkassvägen 5–15	3,334	1956/2018	56	3,448	132	3,580
Galeasen 2	Farkostvägen 6	2,574	1955/2013	27	2,107	20	2,127
Total		5,908		83	5,555	152	5,707
Dalénum							
Tryckregulatorn 1	Perioskopvägen 1–9, Ackumuletorv.12–14, Agavägen 60–64	5,200	2015	146	8,770	450	9,220
Total		5,200		146	8,770	450	9,220
Käppala							
Herkules 1	Merkuriusvägen 1–31	14,138	1958/2017	178	9,826	456	10,282
Juno 2 & 3	Jupitervägen 29–45, 30–70	31,158	1960	303	18,836	935	19,771
Total		45,296		481	28,662	1,391	30,053
Höganäs, Skåne							
Tjöröd 7:103	Nordhemvägen 14	1,023		–	–	–	–
Total		1,023		–	–	–	–
Total		174,235		2,177	153,964	15,090	169,054

Definitions

John Mattson Fastighetsföretagen AB applies the European Securities and Markets Authority's (ESMA) Guidelines on Alternative Performance Measures (APMs). Under these Guidelines, an APM is a financial measure of historic or projected earnings trends, financial

position, financial performance or cash flows that are neither defined nor specified in applicable rules for financial reporting, such as IFRS and the Swedish Annual Accounts Act.

Key metrics	Definition	Objective
EPRA NNAV, SEK/share	EPRA NAV (European Public Real Estate Association (EPRA) excluding interest-rate derivatives and estimated actual tax liability at period-end divided by shares outstanding on the balance-sheet date.	Used to illustrate John Mattson's current net asset value per share in a manner compatible with other listed companies.
EPRA NNAV, SEK m	EPRA NAV excluding interest-rate derivatives and estimated actual tax liability at the end of the period.	An established metric for the Group's net asset value that facilitates analyses and comparison.
LTV ratio at the end of the period, %	Interest-bearing liabilities less cash and cash equivalents as a percentage of the carrying amount for the properties at the end of the period.	Used to illustrate John Mattson's financial risk and shows how large a share of the operations is mortgaged with interest-bearing liabilities. This metric facilitates comparability with other property companies.
Equity, SEK/share	Recognised equity divided by the number of shares outstanding on the balance-sheet date.	This metric shows how large a share of the company's recognised shareholders' equity that each share represents.
Economic occupancy rate at the end of the period, %	Annualised contracted rents in relation to contracted rents plus annualised discounts and vacancies at the end of the period.	This metric facilitates assessment of John Mattson's efficiency at using the floor area in its investment properties.
Property expenses, SEK m	This item includes direct property expenses, such as costs for operations, maintenance and property taxes, as well as indirect property expenses in the form of lettings and property administration.	Not an alternative performance measure.
Property value, at the end of the period, SEK/sq m	The fair value of properties excluding ongoing projects divided by lettable area for properties owned at the end of the period.	Used to illustrate John Mattson's average property value per sq m.
Income from property management	Profit excluding value changes and tax.	This metric facilitates increased understanding of the company's profit generation.
Income from property management, SEK/share	Earnings excluding value changes and tax divided by the average number of shares outstanding during the period.	This metric facilitates increased understanding of the trend in income from property management taking shares outstanding into account.
Average economic occupancy rate, %	Rental revenues for the period in relation to the period's gross rents.	This metric is used to measure John Mattson's efficiency during the period at using the floor area in its investment properties.
Average economic occupancy rate, apartments, %	Residential rental revenues for the period in relation to gross rents during the period.	This metric is used to measure John Mattson's efficiency during the period at using the residential floor area in its investment properties.
Average interest rate at the end of the period, %	Weighted average contractual interest rate for all credits in the debt portfolio, including interest-rate derivatives.	Used to illustrate John Mattson's financial risk.
Rental value, apartments, at the end of the period, SEK/sq m	Annualised contractual residential floor area plus the value of vacancies and discounts at period-end divided by lettable residential floor area for properties owned at the end of the period.	Used to illustrate John Mattson's revenue potential in respect of housing, per square metre.
Rental value at the end of the period, SEK m	Annualised contractual rent plus the annualised value of vacancies and discounts at the end of the period.	Used to illustrate John Mattson's revenue potential.
Contract value at the end of the period, SEK m	This item pertains to contracted annual rents for properties owned at the end of the period.	Not an alternative performance measure.
EPRA NAV, SEK m	Recognised equity, adding back interest-rate derivatives and deferred tax. EPRA NAV is a metric that has been defined by the European Public Real Estate Association.	An established metric for the Group's net asset value that facilitates analyses and comparison.
EPRA NAV, SEK/share	Recognised equity, adding back interest-rate derivatives and deferred tax, and divided by the number of shares outstanding on the balance-sheet date.	Used to illustrate John Mattson's long-term net asset value per share in a manner compatible with other listed companies.
Interest coverage ratio during the period, multiple	Earnings before value changes with the addition of interest expenses divided by interest expenses.	This metric is used to illustrate how sensitive John Mattson's earnings are to changes in interest rates; i.e. it shows how many times the company could pay the interest it incurs using profit from business operations.
Surplus ratio, %	Net operating income for the period as a percentage of recognised rental revenues.	Used to illustrate the proportion of John Mattson's revenue that remains after deducting property expenses. This metric is an efficiency ratio that is comparable over time and also between property companies.

Reconciliation tables

Reconciliation tables

EPRA NNNNAV, SEK/share		2018	2017	2016
A	EPRA NNNNAV at the end of the period, SEK m	3,267.4	2,705.2	2,410.3
B	Number of shares outstanding at the end of the period, thousand	11,223	10,000	10,000
A/B	EPRA NNNNAV, SEK/share	291.13	270.52	241.03
LTV ratio at the end of the period, %		2018	2017	2016
A	Interest-bearing debt at the end of the period according to balance sheet, SEK m	2,479.4	1,784.9	1,507.4
B	Cash and cash equivalents at the end of the period according to balance sheet, SEK m	2.8	9.6	14.6
C	Investment properties according to balance sheet at the end of the period, SEK m	6,039.5	4,738.6	4,165.2
(A-B)/C	LTV ratio at the end of the period, %	41.0	37.5	35.8
Equity, SEK/share		2018	2017	2016
A	Equity according to balance sheet at the end of the period, SEK m	2,756.0	2,169.7	1,935.8
B	Number of shares outstanding at the end of the period, thousand	11,223	10,000	10,000
A/B	Equity, SEK/share	245.56	216.97	193.58
Economic occupancy rate at the end of the period, %		2018	2017	2016
A	Annualised contract value at the end of the period, SEK m	248.5	188.7	182.9
B	Annualised vacancy value at the end of the period, SEK m	8.9	5.0	2.5
A/(A+B)	Economic occupancy rate during the period, %	96.5	97.4	98.6
Property value, at the end of the period, SEK/sq m		2018	2017	2016
A	Investment properties according to balance sheet at the end of the period, SEK m	6,039.5	4,738.6	4,165.2
B	Carrying amount of ongoing projects at the end of the period, SEK m	65.3	194.0	96.0
C	Lettable area at the end of the period, thousand sq m	169.1	134.1	135.1
(A-B)/C	Property value, at the end of the period, SEK/sq m	35,339	33,902	30,125
Income from property management, SEK/share		2018	2017	2016
A	Income from property management during the period, SEK m	23.7	28.3	44.8
B	Average number of shares outstanding during the period, thousand	10,620	10,000	10,000
A/B	Income from property management, SEK/share	2.23	2.83	4.48
Income from property management, SEK m		2018	2017	2016
A	Profit for the year, SEK m	222.3	233.9	332.2
B	Current and deferred tax, SEK m	11.1	65.1	93.4
C	Change in value of investment properties and interest-rate derivatives, SEK m	209.7	270.7	380.8
A+B-C	Income from property management, SEK m	23.7	28.3	44.8
Average economic occupancy rate, %		2018	2017	2016
A	Rental revenues during the period, SEK m	218.3	187.6	182.6
B	Gross rent during the period, SEK m	224.4	191.4	184.8
A/B	Average economic occupancy rate, %	97.3	98.0	98.8
Average economic occupancy rate, apartments, %		2018	2017	2016
A	Rental revenues during the period, apartments, SEK m	183.0	155.2	151.2
B	Gross rent during the period, apartments, SEK m	186.7	156.9	151.7
A/B	Average economic occupancy rate, apartments, %	98.0	98.9	99.7
Average interest rate at the end of the period, %		2018	2017	2016
A	Annualised interest expense at the end of the period, SEK m	46.6	42.2	40.6
B	Interest-bearing debt at the end of the period, SEK m	2,479.4	1,784.9	1,507.4
A/B	Average interest rate at the end of the period, %	1.9	2.4	2.7

Reconciliation tables

Property value at the end of the period, SEK m		2018	2017	2016
A	Annualised contract value at the end of the period, SEK m	248.5	188.7	182.9
B	Annualised vacancy value at the end of the period, SEK m	8.9	5.0	2.5
A+B	Rental value at the end of the period, SEK m	257.4	193.7	185.4
Rental value, apartments, at the end of the period, SEK/sq m		2018	2017	2016
A	Annualised contract value of apartments at the end of the period, SEK m	213.5	158.5	153.6
B	Annualised vacancy value of apartments at the end of the period, SEK m	3.7	2.5	0.2
C	Lettable area of apartments at the end of the period, thousand sq m	154.0	119.6	119.6
(A+B)/C	Rental value, apartments, at the end of the period, SEK/sq m	1,411	1,346	1,285
Adjusted growth in income from property management, SEK/share, %		2018	2017	2016
A	Adjusted income from property management, SEK/share during the period	4.08	2.83	4.48
B	Income from property management during the preceding period, SEK/share	2.83	4.48	3.98
A/B-1	Adjusted growth in income from property management, SEK/share, %	44.1	-36.9	12.5
EPRA NAV, SEK/share		2018	2017	2016
A	EPRA NAV at the end of the period, SEK m	3,509.3	2,912.7	2,630.3
B	Number of shares outstanding at the end of the period, thousand	11,223	10,000	10,000
A/B	EPRA NAV, SEK/share	312.68	291.27	263.03
EPRA NAV and current EPRA NNAV, SEK m		2018	2017	2016
A	Equity according to balance sheet at the end of the period, SEK m	2,756.0	2,169.7	1,935.8
B	Derivatives according to the balance sheet at the end of the period, SEK m	73.5	74.4	90.8
C	Deferred tax liabilities according to the balance sheet at the end of the period, SEK m	679.8	668.7	603.72
A+B+C=D	EPRA NAV, SEK m	3,509.3	2,912.7	2,630.3
B	Derivatives according to the balance sheet at the end of the period, SEK m	-73.5	-74.4	-90.8
E	Estimated actual deferred tax liability at the end of the period, SEK m	-168.3	-133.2	-129.2
D-B-E	EPRA NNAV, SEK m	3,267.4	2,705.2	2,410.3
Interest coverage ratio during the period, multiple		2018	2017	2016
A	Income from property management during the period according to income statement, SEK m	23.7	28.3	44.8
B	Financial expense during the period, SEK m	42.1	39.5	35.8
(A-B)/-B	Interest coverage ratio during the period, multiple	1.6	1.7	2.3
Growth in income from property management, SEK/share, %		2018	2017	2016
A	Income from property management, SEK/share during the period	2.23	2.83	4.48
B	Income from property management during the preceding period, SEK/share	2.83	4.48	3.98
A/B-1	Growth in income from property management, SEK/share, %	-21.0	-36.9	12.5
Growth in EPRA NAV, SEK/share, %		2018	2017	2016
A	EPRA NAV at the end of the period, SEK/share	312.68	291.27	263.03
B	EPRA NAV at the end of preceding 12-month period, SEK/share	291.27	263.03	243.26
A/B-1	Growth in EPRA NAV, SEK/share, %	7.3	10.7	8.1
Surplus ratio, %		2018	2017	2016
A	Net operating income during the period according to income statement, SEK m	103.2	83.0	93.4
B	Rental revenues during the period according to income statement, SEK m	218.3	187.6	182.6
A/B	Surplus ratio, %	47.3	44.2	51.2

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