



Interim report Q1 2019

January–March 2019

- Rental revenues totalled SEK 62.0 million (47.8), up 30% year-on-year.
- Net operating income was SEK 34.7 million (20.6), up 69%.
- Income from property management was SEK 11.5 million (5.1), corresponding to SEK 0.34 per share (0.17).
During the period, non-recurring costs of SEK 5.6 million linked to the planned stock exchange listing were recognised under income from property management.
- Earnings after tax for the period amounted to profit of SEK 16.3 million (profit: 64.3), corresponding to profit of SEK 0.48 per share (2.14).
- Cash flow from operating activities amounted to SEK 11.6 million (5.4) which was on a par with income from property management.
- Property value totalled SEK 6,099.1 million (4,918.0).
- Investments amounted to SEK 38.2 million (99.7).
- During the period, the company notified its intent to investigate the possibility of a stock exchange listing.
- Total upgrades were completed of 13 apartments during the period. In addition, a further 17 total upgrades have been started.
- The Annual General Meeting on 11 March 2019 resolved to conduct a three for one split of the company's shares. The key metrics per share have been restated according to the above.

John Mattson – Goals and strategies

John Mattson is Lidingö's largest property owner, with some 2,200 apartments located in Larsberg, Käppala, Baggeby and Dalénum. The business was founded in 1965 by master builder John Mattson and its core values – a long-term orientation, professionalism and commitment – are as strong today as they were then.

Business idea

Our business idea revolves around the long-term ownership, management and development of residential property and attractive local communities in the Stockholm region.

Offering

We make daily life easier for everyone by offering well-managed, attractive homes and safe neighbourhoods.

Financial targets

- An average annual growth in EPRA NAV per share of not less than 10%, including distributions to shareholders, 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 value of the Group's property holdings is to total at least SEK 10 billion by 2023.

Strategies

An overall and personal approach to management

We know our properties and understand our customers. We apply an overall approach taking responsibility for the buildings and activity in the outdoor areas. We maintain our properties based on a long-term lifecycle perspective, and by optimising rental revenues together with conducting efficient operations and management we ensure a high net operating income.

Adding value

We add value to our buildings by upgrading, extending and converting space to housing.

Infill development

We are increasing the housing density of our own properties and adjacent properties, and thereby adding new attributes to local communities and creating great neighbourhoods.

Acquisitions

We strive to acquire properties and building rights with development potential in attractive market locations in the Stockholm region, close to efficient infrastructure. Our acquisitions are based on a long-term approach.

Financing

We pursue a low risk approach to financing. In practice, this means that the long-term, net loan-to-value ratio should not exceed 50% and the long-term interest coverage ratio should not be less than 1.5.

Key metrics, January–March 2019

Key metrics	2019 Jan–Mar	2018 Jan–Mar	Rolling 12 months Apr 2018–Mar 2019	2018 Jan–Dec
Rental revenues, SEK m	62.0	47.8	232.5	218.3
Net operating income, SEK m	34.7	20.6	117.3	103.2
Income from property management, SEK m	11.5	5.1	30.2	23.7
Income from property management, SEK/share ¹⁾	0.34	0.17	0.92	0.74
Growth in income from property management, SEK/share, %	103.0	-39.8	10.8	-21.0
Adjusted growth in income from property management, SEK/share, % ²⁾	201.6	-39.8	103.2	44.1
Profit after tax, SEK/share ¹⁾	0.48	2.14	5.31	6.98
Property value at the end of the period, SEK m	6,099.1	4,918.0	6,099.1	6,039.5
Economic occupancy rate at the end of the period, %	95.8	94.0	95.8	96.5
LTV ratio at the end of the period, %	41.3	37.7	41.3	41.0
Interest coverage ratio during the period, multiple	2.0	1.5	1.7	1.6
EPRA NAV, SEK/share ¹⁾	105.20	99.92	105.20	104.23
Growth in EPRA NAV, SEK/share, %	5.3	2.91	5.3	7.3
EPRA NNAV, SEK/share ¹⁾	97.71	92.81	97.71	97.04

¹⁾ The key metrics per share have been restated to take into account the 3:1 share split resolved by the AGM on 11 March 2019 and the 10,000:1 share split decided in 2018.

²⁾ Income from property management has been adjusted for non-recurring costs linked to the planned stock exchange listing. An adjustment of SEK 5.6 million (0.0) was made to income from property management for the first quarter of 2019. In a corresponding manner, an adjustment of SEK 19.6 million was made for the full-year 2018. Accordingly, for the rolling 12 month period, an adjustment of SEK 25.2 million has been made to income from property management.

Definitions of key metrics are provided on pages 22–23.



5.3% growth in net asset value



SEK 6.1 billion property value



103.0% growth in income from property management

Sights set on listing

We concluded 2018 with the completion of the final base upgrades to our property portfolio in Larsberg. In the first quarter of 2019, our focus has been on starting upgrade initiatives in Käppala.

The first quarter of the year continued with unabated intensity for John Mattson. We have prioritised starting the upgrades and conversions of the portfolio we acquired in Käppala during 2018, and an agreement has now been signed with a contractor. This means that we will start the development of Käppala before the summer.

During the quarter we also announced our intention to gain a stock exchange listing for John Mattson. The process of transitioning from a family-owned company to a listed one is intensive and requires the investment of time and money.

However, the listing process is making us an even better and more professional company and the ongoing transition will benefit us for a long time to come.

Profit for the period

Rental revenues for the first quarter totalled SEK 62.0 million (47.8), up 30% year-on-year. Net operating income for the same period amounted to SEK 34.7 million (20.6), up 69% year-on-year. The increases were primarily attributable to the acquisition of Käppala, the completion of the Parkhusen property and the upgrades we carried out in 2018. Income from property management and cash flow also posted positive trends. Income from property management was SEK 11.5 million (5.1) for the first quarter. Non-recurring costs of SEK 5.6 million attributable to the stock exchange listing were recognised in income from property management. After adjustment for these costs, income from property management per share rose more than 200%, a development to which all elements of our strategy contributed.

Investments

The investments we make in our existing portfolio are a key component of John Mattson's operations. The Käppala acquisition means we have acquired a portfolio with substantial development potential in terms of operations, adding value and infill development. As 2018 ended, we completed the base upgrades of Larsberg and in the first quarter, we focused on starting the development of Käppala. Contractors have now been procured and we will start the base upgrades of the apartments, convert a smaller number of other premises to apartments and build loft apartments in two buildings, thereby adding 36 apartment units.

In parallel with the base upgrades at Käppala, total upgrades are being carried out both at Käppala and at Larsberg. Moving forward, the aim is to completely upgrade around 100 apartments each year.

The construction of U25, a building with 74 apartments for young adults in Larsberg, is progressing according to plan and rent negotiations with Hyresgästföreningen (Swedish Union of Tenants) for these apartments have been completed. Occupancy will take place as planned in the fourth quarter.

Our sustainability efforts

John Mattson's values are based on a long-term approach, and the sustainable perspective is a self-evident part of our business. We prioritise taking good care of properties as well as tenants to maintain stable and long-term relationships in a well-managed environment. Active sustainability efforts are conducted in all areas of operations. With new construction, we select solutions and material with long lifespans to ensure long-term rational and efficient management. Public spaces must be practical and functional, and constructed with robust materials; moreover, facade materials are to be sustainable for the long term and age well over time. We optimise the operation of properties with the aid of automated heating systems that regulate themselves based on the outdoor temperature. In some buildings, the residents can affect their housing costs through the measurement and separate invoicing of hot water. Digital temperature meters have been installed in a large portion of the apartments in Larsberg to enable better monitoring and control of heating when the temperature changes.



**We will start
the development of Käppala
before the summer.**

The societal sustainability focus area is based on our "Outdoor Areas" concept and aims to engage and create the preconditions for residents and visitors to meet at our areas through open events and activities. These contribute to the safety and well-being of residents; at the same time, we secure long-term business advantage by showcasing the attributes of the areas.

Future assessment

John Mattson continues to grow and deliver results in line with our goals and strategy. Our present portfolio provides us with the preconditions to continue developing the company in terms of its operation as well as through adding value and infill development. Moreover, as a company, we have a clear, albeit long-term, ambition to continue to develop outside of Lidingö, which we are already working on. We are highly confident in our continued development and growth moving forward.



Siv Malmgren
CEO, Siv Malmgren

John Mattson's property portfolio

John Mattson's property portfolio is concentrated in the south of Lidingö and mainly consists of residential property. The portfolio comprises 2,177 rental properties 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. The company 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 properties, located nearby in Baggeby, have received a total upgrade and comprise a total of 83 apartments. Since 2015, the company has owned and managed one property with 146 apartments in the neighbouring area of Dalénium. The Parkhusen property in Larsberg, totalling 80 apartments, were completed in June 2018 and 481 apartments were acquired in Käppala on Lidingö in 2018.

Adding value

Over the last few years, the buildings in Larsberg and Baggeby have undergone extensive upgrades to ensure their technical viability and to generate a higher net operating income primarily through higher rent levels.

Apartment renovations follow a two-step process: first, the initial base upgrade secures the building's technical viability through the replacement of electrical and plumbing systems, which also aims to meet the demands of existing tenants. Tenants can continue to reside in their apartments during a base upgrade. The following step, the total upgrade, brings the apartments up to modern standards, again to meet demand from tenants. This focuses on the remaining aspects of the apartment and the installation of new kitchen interiors and renovation of all surfaces. Apartments must be vacated for a total upgrade to be carried out.

In addition, and if possible in conjunction with the upgrades, existing sub-optimally used spaces with housing potential are converted. In the January to March period, 0 (71) apartments received a base upgrade and 13 (18) apartments received total upgrades. At the end of the period, base upgrades were ongoing for 0 (19) apartments and total upgrades for 17 (68) apartments. During the period, 0 (8) apartments were added in Larsberg when former commercial premises were converted to apartments.

The acquisition of 481 apartments in Käppala resulted in an increase in the percentage of unrenovated apartments in the company's portfolio. An agreement was signed with a contractor to carry out a base upgrade of these apartments shortly after the end of the reporting period. In conjunction with the base upgrades in Käppala, a smaller number of premises will be converted to apartments, as will the lofts of two buildings. A further 36 apartments will thus be added to the property portfolio. The aim is to conduct base upgrades in the 2019–2020 period of all apartments in Käppala and during the same period to carry out total upgrades of all 200 apartments in Käppala and Larsberg.

Acquisitions

Part of John Mattson's strategy includes continuously evaluating acquisition potential, including the acquisition of building rights and participation in competitions for land allocation projects in the Stockholm region. Through acquisitions, properties and apartments with development potential in attractive market locations are added. Acquisitions occur on the basis of long-term acceptance of responsibility, where a key factor is the possibility of managing and developing the portfolio in line with other features of John Mattson's business model and strategy. When assessing the attractiveness of an acquisition, such aspects as the opportunity to add value through upgrades and the area's infill development potential are analysed.

Property portfolio as per 31 March 2019

	Buildings/ Apartments		Property value		Lettable area sq m	No. of renovated apartments		Rental value		Economic occupancy rate %	Tenant turnover ¹⁾ %	January–March 2019		
	No.	No.	SEK/ sq m	SEK/ sq m		Base	New build	SEK/ sq m	SEK/ sq m			Rental revenues SEK m	Property expenses SEK m	Net opera- ting income SEK m
Housing														
Larsberg	22	1,467	4,137.6	36,110	114.6	900	567	164.92	1,439	97.9	15.7	40.1	17.7	22.4
Baggeby	2	83	237.2	41,563	5.7	–	83	9.1	1,591	98.5	8.7	2.3	0.8	1.5
Dalénium	1	146	468.0	50,759	9.2	–	146	21.5	2,330	97.8	20.5	5.3	1.5	3.9
Käppala	12	481	819.0	27,252	30.1	–	85	38.9	1,294	87.3	15.2	8.5	5.8	2.7
Total housing²⁾	37	2,177	5,661.8	35,483	159.6	900	881	234.3	1,468	96.2	–	56.2	25.7	30.4
Commercial and other premises														
Larsberg	3	–	284.2	35,708	8.0	–	–	20.1	2,522	96.4	–	5.4	1.5	3.9
Total investment properties	40	2,177	5,946.0	35,494	167.5	900	881	254.4	1,519	96.2	–	61.5	27.2	34.3
Ongoing projects	1	–	90.9	–	–	–	–	–	–	–	–	–	–	–
Development pro- jects for identified building rights and undeveloped land	1	–	62.2	40,627	1.5	–	–	3.0	1,961	65.8	–	0.5	0.1	0.4
Total	42	2,177	6,099.1		169.1	900	881	257.4		95.8	–	62.0	27.3	34.7

¹⁾ In the preceding twelve-month period. ²⁾ Residential property pertains to property that primarily consists of housing, but where a portion of the lettable area may also include other premises and garages.

Apartment structure and occupancy rate

As of 31 March 2019, the total number of apartments was 2,177 (1,610). Of these, 396 (139) were unrenovated, 900 (921) had undergone a base upgrade, 466 (240) had received a total upgrade and 415 (310) were newly built.

The economic occupancy rate at 31 March 2019 was 95.8% (94.0) and the occupancy rate for apartments was 97.4% (94.4). As of 31 March 2019, 64 apartments were vacant. Of these, 23 apartments were vacant in Larsberg, of which 17 were vacant due to ongoing total upgrades. In the area in Käppala acquired in 2018, 41 apartments were vacant at the end of the period. These were unrenovated apartments that required an upgrade before being let. A base upgrade at Käppala is planned for the 2019–2020 period, to be followed by a total upgrade.

Object	No.	Lettable area, thousand sq m	Rental value, SEK m
Unrenovated Apts.	396	24.1	26.9
Base upgrade, Apts.	900	71.3	87.7
Total upgrade, Apts.	466	33.7	51.9
New build Apts.	415	24.8	51.1
Garages and parking places	–	–	12.2
Premises and store rooms	–	15.1	27.6
Total	2,177	169.1	257.4

Vacancies and discounts	No.	Lettable area, thousand sq m	Rental value, SEK m
Vacant Apts.	64	4.1	5.0
Vacant garages and parking places	–	–	2.9
Vacant premises and store rooms	–	2.1	1.5
Discounts	–	–	1.3
Total	64	6.2	10.7

	No.	Let area, thousand sq m	Contract va- lue, SEK m
Total	2,113	162.8	246.6

The rental value pertains to contractual annual rents and assessed market rents for vacant space. The vacancy value comprises a snapshot at period end.

Infill development

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. Development is conducted in close collaboration with the municipality and local stakeholders.

Ongoing projects

The construction of the 74 apartments for young adults 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.

The detailed development plan and the construction permit process for U25 was conducted in an express project format in close collaboration with the municipality of Lidingö Stad and where the process was completed in less than one year.

During the quarter, an agreement was reached with Hyresgästföreningen (Swedish Union of Tenants) regarding

rents. This agreement results in a total annualised rental value of SEK 7.8 million.

Development projects

The planning process is underway for some 200 new homes in the Fyrtornet 5 property in Larsberg under the project name of Ekporten.

Project planning is ongoing for the conversion of premises and an attic extension at the Herkules 1 property in Käppala. During the period, construction permits were received for the conversion of premises and laundry rooms into 11 new apartments. In addition to the above, permits were already in place for the construction of 25 loft apartments. The project is planned to start before the summer in 2019.

The carrying amount for ongoing development projects was SEK 62.2 million (62.2).

A number of additional, potential infill development projects have been identified in Larsberg and in Käppala. In total, John Mattson's development portfolio encompasses around 1,000 apartments corresponding to a lettable area of 54,000–60,450 sq m.

List of ongoing projects at 31 March 2019

Property/Area	Category	No. of Apts.	Additional lettable area:	Carrying amount, SEK m	Total Inv. incl. land, SEK m	Of which, left to invest, SEK m	Estimated rental value SEK m ¹⁾	Completion
U25, Klockbojen 4/Larsberg	New builds	74	2,396	90.9	141.5	54.0	7.8	Q4 2019
Total ongoing projects		74	2,396	90.9	141.5	54.0	7.8	

List of development projects and identified building rights

Property/Area	Category	Number of Apts. ²⁾	Additional lettable area ²⁾	Carrying amount, SEK m	Possible construction start ³⁾	Project phase
Ekporten, Fyrtornet 5/Larsberg	New builds	200	approx. 11–12,000	–	2020	Ongoing planning process
Herkules 1/Käppala	Attic extension	25	800	–	2019	Construction permit in place
Käppala	Conversion of premises	20	900	–	2019	Detailed development plan in place
Juno 2 & 3/Käppala	Attic extension	50	1,750	–	2021	Inquiry under way
Total ongoing development projects		295	approx. 14–15,450	62.2		
Larsberg	New builds	approx. 500–600	approx. 30–35,000	–	after 2022	New detailed development plan needed
Käppala	New builds	approx. 150	approx. 10,000	–	after 2022	New detailed development plan needed
Total building rights identified		approx. 650–750	approx. 40–45,000	–		
Total development portfolio		approx. 945–1,045	approx. 54–60,450	62.2		

¹⁾ Pertains to the estimated rental value when the project has been completed and is fully let.

²⁾ The number of apartments and the area have been assessed by John Mattson and are therefore only preliminary. The figures could change during the course of the project.

³⁾ The possible construction start is an estimate of when the project could start if work on the detailed development plan progresses in line with the current assessment.

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.

Current earnings capacity is reported in conjunction with interim and year-end reports. The aim is to highlight the company's underlying earning capacity. It is important to note that the actual earnings capacity is not a forecast for the current year nor 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. Costs linked to the stock exchange listing are not included in the assessment of earning capacity. Rental revenues is based on contractual revenue on the balance-sheet date. Property expenses are based on LTM property expenses for properties owned for the entire period. Addi-

tions 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 rolling 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 March 2019
Rental value	257.4
Vacancies and discounts	-10.7
Rental revenues	246.6
Operating expenses	-56.3
Maintenance expenses	-19.7
Property administration	-14.3
Property tax	-4.4
Net operating income	152.0
Central administration costs	-22.4
Net financial items	-47.7
Income from property management	81.9

Condensed consolidated statement of comprehensive income

Amounts in SEK m	Note	Jan-Mar 2019	Jan-Mar 2018	Rolling 12 months Apr 2018-Mar 2019	Jan-Dec 2018
Rental revenues	2	62.0	47.8	232.5	218.3
Operating expenses	3	-17.3	-12.0	-52.2	-46.9
Maintenance	3	-5.4	-10.2	-38.5	-43.3
Property tax	3	-1.1	-0.9	-4.2	-4.0
Property administration	3	-3.6	-4.2	-20.3	-20.9
Net operating income		34.7	20.6	117.3	103.2
Central administration costs	4	-11.2	-3.7	-45.0	-37.4
Net financial items	5	-11.9	-11.8	-42.2	-42.1
Income from property management	1	11.5	5.1	30.2	23.7
Change in property values	6	21.4	79.7	150.6	208.9
Change in the value of interest-rate derivatives	6	-9.2	-0.2	-8.1	0.8
EBT		23.7	84.6	172.7	233.4
Current tax	7	-0.3	-	-0.3	0.0
Deferred tax	7	-7.1	-20.3	1.7	-11.1
Profit for the period		16.3	64.3	174.0	222.3
Other comprehensive income for the period					
Profit for the period		16.3	64.3	174.0	222.3
Other comprehensive income		-	-	-	-
Comprehensive income for the period		16.3	64.3	174.0	222.3
Average No. of shares, thousand ¹⁾		33,670	30,000	32,765	31,860
Earnings per share for the period		0.48	2.14	5.31	6.98

¹⁾ The average number of shares takes into account the 3:1 share split resolved by the AGM on 11 March 2019 and the 10,000:1 share split decided in 2018.

Profit for the period is attributable in full to the Parent Company's shareholders. No dilution effects apply.

January to March 2019 period

The comparative figures pertain to the year-earlier period. Some amounts have been rounded off, which means that tables and calculations do not always tally. The stated SEK per square metre figures pertain to rolling 12 month outcomes, whereby acquired properties and completed projects have been restated at the full-year rate.

Note 1: Income from property management

Income from property management – profit excluding value changes and tax for the January–March 2019 period – was SEK 11.5 million (5.1), corresponding to SEK 0.34 per share (0.17). Non-recurring central administration costs of SEK 5.6 million (0.0), linked to the planned stock exchange listing, were charged against income from property management. Adjusted for these costs, income from property management for the period amounted to SEK 17.1 million (5.1), corresponding to SEK 0.51 per share, which is equal to growth in income from property management per share of 201.6%. The increase was mainly due to acquired and newly built housing units in the second half of 2018.

Note 2: Revenue

The Group's revenue for the period amounted to SEK 62.0 million (47.8), corresponding to SEK 1,438 per sq m (1,413). The average economic occupancy rate over the period amounted to 95.6% (98.2) including discounts of SEK 0.3 million (0.2).

Revenue	Jan–Mar 2019, SEK m	31 Mar 2019 SEK/sq m	Jan–Mar 2018, SEK m	31 Mar 2018 SEK/sq m
Larsberg	45.9	1,454	41.3	1,360
Baggeby	2.3	1,397	1.4	1,103
Dalénium	5.3	2,338	5.1	2,290
Käppala	8.5	1,103	–	–
Total	62.0	1,438	47.8	1,413

Rental revenues for residential properties for the period totalled SEK 56.2 million (42.1), corresponding to SEK 1,384 per sq m (1,345). Rental revenues solely from housing totalled SEK 52.4 million (39.6), corresponding to SEK 1,341 per sq m (1,304). The average economic occupancy rate for apartments over the period amounted to 96.6% (98.8) including apartment vacancies of SEK 1.5 million (0.5) and apartment discounts of SEK 0.1 million (0.0). Käppala accounted for SEK 0.9 million of apartment vacancies.

The revenue increase of SEK 14.2 million was mainly attributable to acquired and newly built properties, which increased revenue by SEK 11.3 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 1.8 million (1.0). During the period, 13 (89) apartments received base and/or total upgrades. The general annual housing rent negotiations for 2019 are ongoing. For 2018, these negotiations resulted in increases of 1.2–1.6% from 1 April 2018, corresponding to an increase in revenue of SEK 0.5 million (0.3) for the period. The remaining part of the revenue increase was attributable to commercial premises, garages and parking places.

Note 3: Property expenses

Property expenses totalled SEK 27.3 million (27.3), corresponding to SEK 704 per sq m (852), which is a cost reduction of SEK 148 per sq m or 17%. Total property expenses have increased as a result of acquisitions in 2018, whereas maintenance expenses have decreased year-on-year.

Operating expenses amounted to SEK 17.3 million (12.0). The increase for the period was mainly due to additional operating expenses arising from acquired properties and new-build projects completed in 2018, which were taken into management in the first quarter of 2018. The largest cost item was tariff-based costs, which corresponded to around 40% of operating expenses.

Property expenses	Jan–Mar 2019, SEK m	31 Mar 2019 SEK/sq m	Jan–Mar 2018, SEK m	31 Mar 2018 SEK/sq m
Larsberg	19.3	658	24.2	867
Baggeby	0.8	900	1.8	1,090
Dalénium	1.5	555	1.2	510
Käppala	5.8	904	–	–
Total	27.3	704	27.3	852

Maintenance expenses amounted to SEK 5.4 million (10.2), of which SEK 0.0 million (6.8) was attributable to base and total upgrades carried out during the period. The SEK per square metre figures are based on rolling 12 month outcomes, where planning expenses of SEK 5.9 million for aborted projects were recognised for Käppala in 2018.

Property expenses/sq m	Larsberg	Baggeby	Dalénium	Käppala	Total
Operating expenses	298	287	380	465	332
Maintenance	223	453	64	265	230
<i>of which, upgrades</i>	<i>93</i>	<i>306</i>	<i>0</i>	<i>0</i>	<i>78</i>
Property tax	27	11	20	24	26
Property administration	109	149	92	150	117
Total	658	900	555	904	704

Note 4: Central administration costs

Central administration costs, which consist of costs for company management and central support functions, totalled SEK 11.2 million (3.7). During the period, non-recurring costs of SEK 5.6 million (0.0) linked to the planned stock exchange listing were recognised under central administration costs.

Note 5: Net financial items

Net financial items amounted to a negative SEK 11.9 million (negative: 11.8). Capitalised financial expenses for ongoing projects amounted to SEK 0.6 million (0.0). The average interest rate, including the effects of interest-rate derivatives, was 1.88% (2.13) at the end of the period. The main reason for the lower

level of interest rates was that borrowing terms were renegotiated in 2018 in connection with extension of the borrowing agreements. The average interest coverage ratio was a multiple of 2.0 (1.5) at the end of the period.

Note 6: Changes in value

During the period, the property market in general remained positive with stable prices. Unrealised changes in the value of properties amounted to SEK 21.4 million (79.7). Value changes were mainly attributable to an improved net operating income and ongoing projects during the period. The earnings impact of the changed yield requirement in the period was attributable to a single property as a result of a change in use. However, this value change resulted in a higher value as a result of a change in net operating income for this property. The net impact on the property value was SEK 4.0 million.

Unrealised changes in value	Jan–Mar 2019, SEK m	Jan–Mar 2018, SEK m
Change in net operating income	14.8	8.4
Ongoing projects/building rights	11.9	71.4
Yield requirement	-5.3	0.0
Acquired properties	-	-
Total	21.4	79.7
In relation to market value, OB, %	0.4	1.7

Unrealised value changes in interest derivatives amounted to a negative SEK 9.2 million (negative: 0.2), as a result of falling market interest rates, which resulted in increase in the interest-rate derivatives' deficit values in the period.

Note 7: Tax

Current tax for the period was SEK 0.3 million (expense: 0.0). Deferred tax amounted to SEK 7.1 million (expense: 20.3) and was impacted by unrealised changes in net property and derivative values of a negative SEK 2.6 million (negative: 17.5).

In conjunction with closing the books for the second quarter of 2018, a revaluation of deferred tax was carried out. The revaluation was 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 calculates deferred tax at the lower rate, since no significant amounts for any tax liabilities or assets are expected to be reversed in the period up to 2021.

The new tax rules also entail certain limits in terms of the tax deductibility of interest expenses. The Group will be subject to the new limitations on deducting interest expenses; the new rules could negatively affect the possibility of deducting the Group's interest expenses depending on, inter alia, the capital structure and EBIT moving forward.

SEK m	Tax base, current tax	Tax base, deferred tax
Income from property management	11.5	-
Tax deductible		
Depreciation	-9.5	9.5
New builds and redevelopments	-11.6	11.6
Other fiscal adjustments	12.1	-0.1
Taxable income from property management	2.5	21.0
Changes in property values	-	21.5
Changes in derivative values	-	-9.2
Taxable earnings before loss carryforwards	2.5	33.3
Loss carryforwards, opening balance	-500.9	500.9
Loss carryforwards, closing balance	499.6	-499.6
Taxable profit	1.2	34.6
Tax for the period	-0.3	-7.1
Tax recognised in profit or loss	-0.3	-7.1

The Group's loss carryforwards are estimated at SEK 499.6 million (500.9 at 31 December 2018), and comprise the basis for the Group's deferred tax assets. The deferred tax liability pertains primarily to temporary differences between the fair values and the fiscal residual values of properties. The properties' fair values exceed their fiscal values by SEK 4,498.4 million (SEK 4,455.9 million at 31 December 2018). The full nominal tax rate of 20.6% is recognised as deferred tax liabilities, less deferred tax pertaining to historical asset acquisitions.

SEK m	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	-4 498.4	-926.7	-269.9
Derivatives	82.7	17.0	15.7
Loss carryforwards	499.6	102.9	84.9
Untaxed reserves	-0.3	-0.1	-0.1
Total	-3 916.4	-806.8	-169.4
Property, asset acquisitions	581.8	119.9	-
According to balance sheet	-	-686.9	-

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.

Condensed consolidated balance sheet

Amounts in SEK m	Note	31 March 2019	31 March 2018	31 December 2018
ASSETS				
Investment properties	8	6,099.1	4,918.0	6,039.5
Other non-current assets		9.6	10.1	9.4
Total non-current assets		6,108.7	4,928.1	6,048.9
Current receivables		15.5	5.5	25.8
Cash and cash equivalents		20.5	4.3	2.8
Total current assets		36.0	9.8	28.7
TOTAL ASSETS		6,144.7	4,937.9	6,077.6
EQUITY AND LIABILITIES				
Equity	9	2,772.3	2,234.0	2,756.0
Provisions		0.6	0.7	0.6
Non-current interest-bearing liabilities	9	2,155.3	–	2,479.4
Deferred tax liabilities	7	686.9	689.0	679.8
Interest-rate derivatives	9	82.7	74.6	73.5
Total non-current liabilities		2,925.6	764.3	3,233.3
Current interest-bearing liabilities	9	384.2	1,857.4	–
Other current liabilities		62.6	82.2	88.3
Total current liabilities		446.8	1,939.6	88.3
Total liabilities		3,372.3	2,703.9	3,321.6
TOTAL EQUITY AND LIABILITIES		6,144.7	4,937.9	6,077.6

Condensed consolidated statement of changes in equity

Amounts in SEK m	Total shares outstanding, thousand ¹⁾	Share capital	Other contributed capital	Retained earnings	Total equity
Equity at 1 Jan 2018	30,000	10.0	–	2,159.7	2,169.7
Comprehensive income for the period	–	–	–	64.3	64.3
Equity at 31 Mar 2018	30,000	10.0	–	2,224.0	2,234.0
Comprehensive income for the period	–	–	–	158.1	158.1
Offset issue	3,670	1.2	362.8	–	364.0
Equity at 31 Dec 2018	33,670	11.2	362.8	2,382.0	2,756.0
Comprehensive income for the period	–	–	–	16.3	16.3
Equity at 31 Mar 2019	33,670	11.2	362.8	2,398.3	2,772.3

¹⁾ At 31 March 2019, the quotient value of the shares was SEK 0.33 per share (SEK 10,000). 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 of 2018. The Annual General Meeting on 11 March 2019 resolved to conduct a three for one split of the company's shares. In this report, restatements have been made after taking these splits into consideration.

Balance sheet at 31 March 2019

Note 8: Investment properties

John Mattson's property portfolio is concentrated to Lidingö in Stockholm and mainly consists of residential property located in the Larsberg, Baggeby, Dalénum and Käppala districts. At the end of the period, the property value was SEK 6,099.1 million (4,918.0) with a lettable area of 169,100 sq m (134,100), broken down as 91% apartments and 9% commercial premises, with an annual rental value of SEK 257.4 million (194.7). The portfolio comprises 2,177 apartments (1,610).

Investments

During the period, total investments amounted to SEK 38.2 million (99.7). Investments in new builds totalled SEK 26.4 million (34.6) and essentially pertained to the completion of U25 with 74 apartments for young adults. Investments in implemented base and total upgrades amounted to SEK 11.1 million (64.6) and encompassed 13 apartments (89). The number of ongoing base and/or total upgrades at the end of the period was 17 (87).

Change in property value	SEK m
Property value, opening balance at 1 Jan 2019	6,039.5
+ Acquisitions	-
+ Investments in new builds	26.4
+ Investments in base upgrades	1.1
+ Investments in total upgrades	10.0
+ Other investments	0.7
- Sales	-
+/- Unrealised changes in value	21.4
Property value, closing balance at 31 Mar 2019	6,099.1

Property value

The Group's properties are recognised at fair value in line with level 3 under IFRS 13. As of 31 March 2019, external valuations had been carried out for all of the Group's properties by Cushman & Wakefield. After being checked, the valuations were adopted by the Board. The valuations use a cash-flow model with an individual assessment for each property covering its future earnings potential and the market's yield requirement.

The estimates are normally conducted using a horizon of 9.75 years, the period from April 2019 to December 2028. 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 individual for each property and depend on the analysis of completed transactions and the property's market position.

Property-related key metrics	Jan-Mar 2019	Jan-Mar 2018
Rental value SEK/sq m	1,523	1,452
Economic occupancy rate, %	95.8	94.0
Property expenses, SEK/sq m	704	852
Net operating income, SEK/sq m	734	561
Property value, SEK/sq m	35,540	34,951
Number of buildings	42	30
Lettable area at the end of the period, thousand sq m	169.1	134.1
Average valuation yield	3.1	3.1

Financing

Note 9 Financing

John Mattson strives to keep financial risk low with a long-term LTV ratio that is not permitted to exceed 50% and a long-term interest coverage ratio of not less than 1.5.

Equity and net asset value

As of 31 March 2019, equity totalled SEK 2,772.3 million (2,234.0), which corresponds to SEK 82.34 (74.47) per share. During the period, equity increased with profit for the period of SEK 16.3 million (64.3).

EPRA NAV amounted to SEK 105.20 per share (99.92) and had increased 5.3% compared with 31 March 2018. EPRA NNNAV amounted to SEK 3,289.9 million (2,784.3) or SEK 97.71 per share (92.81) following deductions for the estimated actual deferred tax liability.

	31 March 2019		31 March 2018		31 December 2018	
	SEK m	SEK/share ¹⁾	SEK m	SEK/share ¹⁾	SEK m	SEK/share ¹⁾
Equity according to balance sheet	2,772.3	82.34	2,234.0	74.47	2,756.0	81.85
Add back:						
Derivatives according to balance sheet	82.7	2.46	74.6	2.49	73.5	2.18
Deferred tax liability in balance sheet	686.9	20.40	689.0	22.97	679.8	20.19
EPRA NAV	3,542.0	105.20	2,997.5	99.92	3,509.3	104.23
Less:						
Derivatives according to balance sheet	-82.7	-2.46	-74.6	-2.49	-73.5	-2.18
Estimated actual deferred tax liability	-169.4	-5.03	-138.7	-4.62	-168.3	-5.00
EPRA NNNAV	3,289.9	97.71	2,784.3	92.81	3,267.4	97.04

¹⁾ The comparative figures have been adjusted for the share split (10,000:1) completed in 2018 and the share split (3:1) decided by the AGM on 11 March 2019 and registered with the Swedish Companies Registration Office on 1 April 2019.

Interest-bearing liabilities

John Mattson conducts its borrowing through banks using mortgage deeds as collateral. At the end of the period, John Mattson had credit agreements for SEK 2,587.2 million (1,867.4). The loan volumes utilised at the end of the period amounted to SEK 2,539.5 million (1,857.4), of which SEK 2,155.3 million (0.0) was a non-current liability and SEK 384.2 million (1,857.4) was current.

Net interest-bearing liabilities amounted to SEK 2,519.1 million (1,853.1), corresponding to an LTV ratio of 41.3% (37.7).

New borrowing during the period amounted to SEK 62.4 million (72.5) to finance completed and ongoing new build projects and upgrades. Loan repayments during the period amounted to SEK 2.3 million (0.0).

The average loan-to-maturity was 3.0 years (0.6) at the end of the period.

Following the close of the period, disposable liquidity increased SEK 150 million in the form of additional credit facilities. Furthermore, for the purpose of securing the refinancing of existing credit agreements until 30 September 2020, agreements have been signed encompassing SEK 475 million.

Fixed-interest and loan-to-maturity periods at 31 March 2019

Maturity	Fixed-interest period			Loan-to-maturity			Interest-rate swaps	
	Volume (SEK m)	Average interest (%) ¹⁾	Share (%)	Credit agreement volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate(%) ²⁾
0–1 year	838	2.07	33	394	384	15	0	–
1–2 years	259	2.50	10	164	126	5	186	–
2–3 years	450	1.67	18	1,079	1,079	43	100	–
3–4 years	54	0.91	2	475	475	19	54	–
4–5 years	171	1.21	7	475	475	19	171	–
→ 5 years	768	1.82	30	0	0	0	768	–
Total	2,540	1.88	100	2,587	2,540	100	1,279	1.85

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

²⁾ Volume-weighted average interest for interest-rate derivatives.

Fixed interest and interest-rate derivatives

The interest-rate maturity structure is allocated over time to ensure the stability of net financial items. John Mattson utilises derivatives in the form of interest-rate swaps to limit risk for floating-rate loans. An interest-rate swap is an agreement between two parties to swap interest payments over a fixed period. By combining floating rate (Stibor) loans with interest-rate swaps, a predetermined interest rate can be secured for the duration of the swap. The agreement means that the company receives a floating interest rate (corresponding to the interest rate under the loan agreement) at the same time as a fixed interest rate (swap interest rate) is paid. None of the company's loan agreements include covenants that prevent the base rate (Stibor) declining to a negative rate when establishing the interest rates for the interest periods. Such covenants would entail rising interest expenses for the company in the case of negative base rates and would substantially limit the efficiency of interest-rate hedging. Therefore, only loan agreements without such terms are entered into.

In accordance with the accounting rules in IFRS 9, these derivatives must be marked to market. Irrespective of the credit margin, if the agreed interest rate for a derivative deviates from the market interest rate, a theoretical surplus or deficit value arises for the interest-rate derivative, and this non-cash item is recognised in profit or loss. On expiry, the derivative contract's market value dissolves entirely and, accordingly, the value change over time has had no impact on equity.

John Mattson has contracted interest-rate swaps to a nominal value of SEK 1,279.0 million (1,279.0), corresponding to 50.3% (68.9) of interest-bearing liabilities. The company has also contracted interest-rate swaps of SEK 400.0 million with a start date of 2020, which will become effective in conjunction with the expiry of derivative agreements of SEK 586 million. 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 82.7 million (negative: 74.6). The related reserve of SEK 82.7 million will be gradually reversed and recognised in profit or loss up to the end date of the derivatives, regardless of the interest-rate level. No hedge accounting is applied. The fair value of non-current interest-bearing liabilities does not deviate from their carrying amounts, since the discounting effect is not material.

John Mattson's average fixed-interest tenor, including interest-rate swaps, was 3.2 years (4.5) at the end of the period. The average interest rate for the Group's total interest-bearing liability, including the effect of interest-rate swaps, was 1.88% (2.13) at the end of the period.

Condensed consolidated cash-flow statement

Amounts in SEK m	Jan–Mar 2019	Jan–Mar 2018	Rolling 12 months Apr 2018–Mar 2019	Jan–Dec 2018
Operating activities				
EBT	23.7	84.6	172.6	233.4
<i>Adjustment for non-cash items</i>				
Change in property values	-21.4	-79.7	-150.6	-208.9
Change in value of interest-rate derivatives	9.2	0.2	8.1	-0.8
Depreciation and disposals	0.3	0.4	1.5	1.6
Other non-cash items	0.1	-0.1	0.0	-0.1
Taxes paid	-0.3	0.0	-0.3	0.0
Cash flow from operating activities before changes in working capital	11.6	5.4	31.4	25.2
<i>Cash flow from changes in working capital</i>				
Change in operating receivables	10.4	5.6	-10.0	-14.8
Change in operating liabilities	-25.8	10.8	-26.4	11.5
Cash flow from operating activities	-3.8	21.8	-5.0	21.9
<i>Investing activities</i>				
Investments in equipment	-0.4	0.0	-0.5	-0.1
Acquisition of investment properties ¹⁾	-	-	-5.6	-5.6
Investments in investment properties	-38.2	-99.7	-224.8	-287.5
Investments in financial assets	-	-	-	-
Cash flow from investing activities	-38.6	-99.7	-230.9	-293.2
<i>Financing activities</i>				
Borrowings	62.4	72.5	254.4	264.5
Repayments of borrowings	-2.3	-	-2.3	-
Cash flow from financing activities	60.1	72.5	252.1	264.5
Cash flow for the period	17.7	-5.3	16.2	-6.8
Opening balance, cash and cash equivalents	2.8	9.6	4.3	9.6
Closing balance, cash and cash equivalents	20.5	4.3	20.5	2.8
Additional cash-flow statement disclosures				
¹⁾ Acquisition of investment properties in corporate wrappers:				
Investment properties	-	-	804.5	804.5
Operating receivables	-	-	0.5	0.5
Cash and cash equivalents	-	-	2.1	2.1
Acquired borrowings	-	-	-430.0	-430.0
Operating liabilities	-	-	-5.4	-5.4
Net assets acquired	-	-	371.7	371.7
Offset issue	-	-	-364.0	-364.0
Purchase price paid	-	-	7.7	7.7
Less: Cash and cash equivalents in acquired operations	-	-	-2.1	-2.1
Net impact on cash and cash equivalents (positive = decrease)	-	-	5.6	5.6

Parent Company

The operations of the Parent Company, John Mattson Fastighetsföretagen AB with company registration number 556802-2858, primarily encompass shared Group services pertaining to strategy, communication, business development and accounting/finance.

Condensed Parent Company income statement

Amounts in SEK m	Jan–Mar 2019	Jan–Mar 2018	Jan–Dec 2018
Revenue	1.6	1.5	64.3
Central administration costs	-10.6	-5.0	-41.2
EBIT	-9.0	-3.6	23.1
Net interest	-1.3	-0.8	-2.9
Profit/loss after financial items	-10.3	-4.3	20.2
Appropriations	0.0	0.0	-28.8
EBT	-10.3	-4.3	-8.6
Tax	1.2	0.0	-2.4
Profit/loss for the period	-9.1	-4.3	-11.0

Condensed Parent Company balance sheet

Amounts in SEK m	31 Mar 2019	31 Mar 2018	31 Dec 2018
Assets			
Participations in Group companies	1,668.6	1,294.8	1,668.6
Deferred tax assets	1.2	2.4	0.0
Receivables from Group companies	90.0	74.3	97.1
Other current receivables	0.1	0.0	0.1
Cash and cash equivalents	20.2	4.1	2.5
Total assets	1,780.0	1,375.7	1,768.3
Equity and liabilities			
Equity	1,245.2	897.0	1,254.3
Liabilities to Group companies	528.8	475.7	492.9
Other current liabilities	6.0	3.6	21.1
Total equity and liabilities	1,780.0	1,375.7	1,768.3

Opportunities and risks in the Group and Parent Company

Opportunities and risks in cash flow

Of John Mattson's total rental revenues, 84% is generated by residential tenants. The vacancy rate is extremely low and rents are relatively secure and predictable. All of John Mattson's properties are located in Lidingö, in attractive areas with healthy demand.

The main operating expenses for John Mattson are for media, which include electricity, heat and water. Electricity and heating costs vary slightly from year to year due to municipal tariffs, prices and consumption.

Interest expenses are one of John Mattson's single largest expenses and are impacted by changes in market interest rates, whereby rising market interest rates over time are normally an effect of economic growth and rising inflation.

Accordingly, the interest-bearing borrowing means that John Mattson is exposed to interest-rate risk, among other risks.

Full-year effect, next 12 months, SEK m	Change +/-	Impact on income from property management
Rent level	SEK 100 per sq m	+/-16.9
Economic occupancy rate	1 percentage point	+/-2.6
Property expenses	5%	+/-4.7
Underlying market interest rate	1%	+/-8.4

Opportunities and risks with property values

John Mattson initially recognises its properties at fair value with changes in value recognised in profit or loss. This entails 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' values depend on their profitability, growth and yield requirements. A higher net operating income or lower yield requirement has a positive impact on the value. A lower net operating income or higher yield requirement has a negative impact on the value. How a percentage change in property value impacts the LTV ratio is illustrated below.

	-20%	-10%	0%	+10%	+20%
Change in value, SEK m	-1,220	-610	0	610	1,220
Loan-to-value (LTV) ratio, %	51.6	45.9	41.3	37.5	34.4

Financial risk

Access to funds is one of the largest risks that the company has to manage. This risk is kept in check through a low LTV ratio and a high level of disposable liquidity. At the end of the period, disposable liquidity amounted to SEK 68.1 million (14.3). The company's volume-weighted average loan-to-maturity increased and amounted to 3.0 years (0.6) at the end of the period. To limit the company's exposure to increasing interest rates, agreements concerning interest-rate swaps have been concluded with banks.

Key metrics

	Jan-Mar 2019	Jan-Mar 2018	Rolling 12 months Apr 2018-Mar 2019	Jan-Dec 2018
Property-related key metrics				
Surplus ratio during the period, %	55.9	43.0	50.5	47.3
Economic occupancy rate at the end of the period, %	95.8	94.0	95.8	96.5
Rental value at the end of the period, SEK m	257.4	194.7	257.4	257.4
Rental value, apartments, at the end of the period, SEK/sq m	1,413	1,350	1,413	1,411
Lettable area at the end of the period, thousand sq m	169.1	134.1	169.1	169.1
Investments in new builds, extensions and redevelopments, SEK m	38.2	99.7	226.0	287.5
Property value at the end of the period, SEK m	6,099.1	4,918.0	6,099.1	6,039.5
Property value, at the end of the period, SEK/sq m	35,540	34,951	35,540	35,339
Total number of apartments	2,177	1,610	2,177	2,177
No. of upgraded apartments during the period	13	89	299	375
No. of upgraded apartments at the end of the period	1,366	1,161	1,366	1,366
No. of unrenovated apartments at the end of the period	396	139	396	396
Key financial metrics				
Rental revenues, SEK m	62.0	47.8	232.5	218.3
Net operating income, SEK m	34.7	20.6	117.3	103.2
Income from property management, SEK m	11.5	5.1	30.2	23.7
Earnings after tax for the period	16.3	64.3	174.0	222.3
LTV ratio at the end of the period, %	41.3	37.7	41.3	41.0
Average interest rate at the end of the period, %	1.9	2.1	1.9	1.9
Interest coverage ratio during the period, multiple	2.0	1.5	1.7	1.6
Fixed-interest tenor at the end of the period, years	3.2	4.5	3.2	3.5
Loan-to-maturity at the end of the period, years	3.0	0.6	3.0	3.3
EPRA NAV, SEK m	3,542.0	2,997.5	3,542.0	3,509.3
EPRA NNNAV, SEK m	3,289.9	2,784.3	3,289.9	3,267.4
Share-related key metrics				
Income from property management, SEK/share ¹⁾	0.34	0.17	0.92	0.74
Growth in income from property management, SEK/share, %	103.0	-39.8	10.8	-21.0
Adjusted growth in income from property management, SEK/share, % ²⁾	201.6	-39.8	103.2	44.1
Profit after tax, SEK/share ¹⁾	0.48	2.14	5.31	6.98
EPRA NAV, SEK/share ¹⁾	105.20	99.92	105.20	104.23
Growth in EPRA NAV, SEK/share, %	5.3	2.9	5.3	7.3
EPRA NNNAV, SEK/share ¹⁾	97.71	92.81	97.71	97.04
Equity, SEK/share ¹⁾	82.34	74.47	82.34	81.85

¹⁾ The key metrics per share have been restated to take into account the 3:1 share split resolved by the AGM on 11 March 2019 and the 10,000:1 share split decided in 2018.

²⁾ Income from property management has been adjusted for non-recurring costs linked to the planned stock exchange listing. An adjustment of SEK 5.6 million (0.0) was made to income from property management for the first quarter of 2019. In a corresponding manner, an adjustment of SEK 19.6 million was made for the full-year 2018. Accordingly, for the rolling 12 month period, an adjustment of SEK 25.2 million has been made to income from property management.

Accounting policies

The condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting together with the appropriate provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has prepared in conformity with the Annual Accounts Act and the Recommendations of the Swedish Financial Reporting Board in 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.

The Group started to apply IFRS 16 – Leases in 2018, which otherwise entered force on 1 January 2019 for companies with financial years beginning on or after 1 January 2019. As a result of this advance application, there are no new or amended standards that took effect on 1 January 2019 that are adjudged to have an impact on John Mattson's financial statements for 2019. For further information on the accounting policies, please refer to the Group's 2018 Annual Report, which is available on John Mattson's website.

Lidingö, 26 April 2019

Anders Nylander
Chairman of the Board

Håkan Blixt
Board member

Ulrika Danielsson
Board member

Johan Ljungberg
Board member

Christer Olofsson
Board member

Anna Sander
Board member

Auditor's review report

To the Board of Directors of John Mattson Fastighetsföretagen AB (publ), Corp. Reg. No. 556802-2858

Introduction

I have reviewed the condensed interim financial information (interim report) of John Mattson Fastighetsföretagen AB (publ) as of 31 March 2019 and the three-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on this interim report based on my review.

Scope of review

I conducted my review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 26 April 2019

Jonas Svensson
Authorised Public Accountant

Events after the end of the period

The Annual General Meeting on 11 March 2019 resolved to conduct a three for one split of the company's shares, whereby each share was split into three new shares (3:1 split), such that the new number of shares outstanding in the company was 33,670,032. This split was registered with the Swedish Companies Registration Office on 1 April 2019.

The share

John Mattson Fastighetsföretagen AB is a privately-owned limited company with its registered office in Lidingö. At the end of the period, the Group's Parent Company had two major shareholders. These were AB Borudan Ett, which owns 88.96% of the shares, and Tagehus Holding AB with 10.90% of the shares. In the third quarter of 2018, the management group acquired shares corresponding to a total holding of 0.14%. The Board has decided to investigate the preconditions for listing the company's shares on the main list of Nasdaq Stockholm.

Year	Event	Changes in No. of shares	Total No. of shares	Change in share capital (SEK)	Share capital (SEK)	Quotient value (SEK)
2010	Founded	1,000	1,000	100,000	100,000	100
2011	Bonus issue	–	1,000	9,900,000	10,000,000	10,000
2018	Share split 10,000:1	9,999,000	10,000,000	–	10,000,000	1
2018	New share issue	1,223,344	11,223,344	1,223,344	11,223,344	1
2019*	Share split 3:1	22 446,688	33 670,032	–	11 223 344	0.33

* This split was registered with the Swedish Companies Registration Office on 1 April 2019. All key metrics per share have been restated to take into account the share split, since this was registered prior to the approval of this report.

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 NNNAV, 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 NNNAV, 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 John Mattson'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, SEK m	Profit excluding value changes and tax.	This metric facilitates increased understanding of John Mattson'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.
Net interest-bearing liabilities at the end of the period, SEK m	Interest-bearing liabilities less cash and cash equivalents at the end of the period.	Used to illustrate John Mattson's level of debt.
Interest coverage ratio during the period	Earnings before value changes with the addition of interest expenses in relation to 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

EPRA NNAV, SEK/share		Q1 2019	Q1 2018	Rolling 12 months	2018
A	EPRA NNAV at the end of the period, SEK m	3,289.9	2,784.3	3,289.9	3,267.4
B	Number of shares outstanding at the end of the period, thousand	33,670	30,000	33,670	33,670
A/B	EPRA NNAV, SEK/share	97.71	92.81	97.71	97.04

LTV ratio at the end of the period, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Interest-bearing debt at the end of the period according to balance sheet, SEK m	2,539.5	1,857.4	2,539.5	2,479.4
B	Cash and cash equivalents at the end of the period according to balance sheet, SEK m	20.5	4.3	20.5	2.8
C	Investment properties according to balance sheet at the end of the period, SEK m	6,099.1	4,918.0	6,099.1	6,039.5
(A-B)/C	LTV ratio at the end of the period, %	41.3	37.7	41.3	41.0

Equity, SEK/share		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Equity according to balance sheet at the end of the period, SEK m	2,772.3	2,234.0	2,772.3	2,756.0
B	Number of shares outstanding at the end of the period, thousand	33,670	30,000	33,670	33,670
A/B	Equity, SEK/share	82.34	74.47	82.34	81.85

Economic occupancy rate at the end of the period, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Annualised contract value at the end of the period, SEK m	246.6	183.1	246.6	248.5
B	Annualised vacancy value at the end of the period, SEK m	10.7	11.7	10.7	8.9
A/(A+B)	Economic occupancy rate during the period, %	95.8	94.0	95.8	96.5

Property value, at the end of the period, SEK/sq m		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Investment properties according to balance sheet at the end of the period, SEK m	6,099.1	4,918.0	6,099.1	6,039.5
B	Carrying amount of ongoing projects at the end of the period, SEK m	90.9	231.7	90.9	65.3
C	Lettable area at the end of the period, thousand sq m	169.1	134.1	169.1	169.1
(A-B)/C	Property value, at the end of the period, SEK/sq m	35,540	34,951	35,540	35,339

Income from property management, SEK/share		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Income from property management during the period, SEK m	11.5	5.1	30.2	23.7
B	Average number of shares outstanding during the period, thousand	33,670	30,000	32,765	31,860
A/B	Income from property management, SEK/share	0.34	0.17	0.92	0.74

Income from property management, SEK m		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Profit for the year	16.3	64.3	174.0	222.3
B	Current and deferred tax	7.5	20.3	-1.4	11.1
C	Change in value of investment properties and interest-rate derivatives	12.2	79.5	142.5	209.7
A+B-C	Income from property management, SEK m	11.5	5.1	30.2	23.7

Average economic occupancy rate, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Rental revenues during the period, SEK m	62.0	47.8	232.5	218.3
B	Gross rent during the period, SEK m	64.9	48.7	240.6	224.4
A/B	Average economic occupancy rate, %	95.6	98.2	96.6	97.3
Average economic occupancy rate, apartments, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Rental revenues during the period, apartments, SEK m	52.4	39.6	195.8	183.0
B	Gross rent during the period, apartments, SEK m	54.2	40.1	200.9	186.7
A/B	Average economic occupancy rate, apartments, %	96.6	98.8	97.5	98.0
Average interest rate at the end of the period, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Annualised interest expense at the end of the period, SEK m	47.8	39.6	47.8	46.6
B	Interest-bearing debt at the end of the period, SEK m	2,539.5	1,857.4	2,539.5	2,479.4
A/B	Average interest rate at the end of the period, %	1.9	2.1	1.9	1.9
Rental value at the end of the period, SEK m		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Annualised contract value at the end of the period, SEK m	246.6	183.1	246.6	248.5
B	Annualised vacancy value at the end of the period, SEK m	10.7	11.7	10.7	8.9
A+B	Rental value at the end of the period, SEK m	257.4	194.7	257.4	257.4
Rental value, apartments, at the end of the period, SEK/sq m		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Annualised contract value, apartments, at the end of the period, SEK m	212.0	153.0	212.0	213.5
B	Annualised vacancy value, apartments, at the end of the period, SEK m	5.6	9.1	5.6	3.7
C	Lettable area of apartments at the end of the period, thousand sq m	154.0	120.0	154.0	154.0
(A+B)/C	Rental value, apartments, at the end of the period, SEK/sq m	1,413	1,350	1,413	1,411
Adjusted income from property management, SEK/share		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Income from property management during the period, SEK m	11.5	5.1	30.2	23.7
B	Non-recurring costs pertaining to listing, SEK m	5.6	–	25.2	19.6
C	Average number of shares outstanding during the period, thousand	33,670	30,000	32,765	31,860
(A+B)/C	Adjusted income from property management, SEK/share, for the period	0.51	0.17	1.69	1.36
Adjusted growth in income from property management, SEK/share, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Adjusted income from property management, SEK/share during the period	0.51	0.17	1.69	1.36
B	Income from property management, SEK/share during the preceding period	0.17	0.28	0.83	0.94
A/B-1	Adjusted growth in income from property management, SEK/share, %	201.6	-39.8	103.2	44.1
EPRA NAV, SEK/share		Q1 2019	Q1 2018	Rolling 12 months	2018
A	EPRA NAV at the end of the period, SEK m	3,542.0	2,997.5	3,542.0	3,509.3
B	Number of shares outstanding at the end of the period, thousand	33,670	30,000	33,670	33,670
A/B	EPRA NAV, SEK/share	105.20	99.92	105.20	104.23

EPRA NAV and current EPRA NNAV, SEK m		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Equity according to balance sheet at the end of the period, SEK m	2,772.3	2,234.0	2,772.3	2,756.0
B	Derivatives according to the balance sheet at the end of the period, SEK m	82.7	74.6	82.7	73.5
C	Deferred tax liabilities according to the balance sheet at the end of the period, SEK m	686.9	689.0	686.9	679.8
A+B+C=D	EPRA NAV, SEK m	3,542.0	2,997.5	3,542.0	3,509.3
B	Derivatives according to the balance sheet at the end of the period, SEK m	-82.7	-74.6	-82.7	-73.5
E	Estimated actual deferred tax liability at the end of the period, SEK m	-169.4	-138.7	-169.4	-168.3
D-B-E	EPRA NNAV, SEK m	3,289.9	2,784.3	3,289.9	3,267.4

Net interest-bearing liabilities at the end of the period, SEK m		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Annualised interest-bearing liabilities at the end of the period, SEK m	2,539.5	1,857.4	2,539.5	2,479.4
B	Cash and cash equivalents at the end of the period, SEK m	20.5	4.3	20.5	2.8
A-B	Net interest-bearing liabilities at the end of the period, SEK m	2,519.1	1,853.1	2,519.1	2,476.6

Interest coverage ratio during the period, multiple		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Income from property management during the period according to income statement, SEK m	11.5	5.1	30.2	23.7
B	Financial expense during the period, SEK m	11.9	10.4	42.2	42.1
(A-B)/-B	Interest coverage ratio during the period, multiple	2.0	1.5	1.7	1.6

Growth in income from property management, SEK/share, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Income from property management, SEK/share during the period	0.34	0.17	0.92	0.74
B	Income from property management, SEK/share during the preceding period	0.17	0.28	0.83	0.94
A/B-1	Growth in income from property management, SEK/share, %	103.0	-39.8	10.8	-21.0

Growth in EPRA NAV, SEK/share, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	EPRA NAV at the end of the period, SEK/share	105.20	99.92	105.20	104.23
B	EPRA NAV at the end of preceding 12-month period, SEK/share	99.92	97.09	99.92	97.09
A/B-1	Growth in EPRA NAV, SEK/share, %	5.3	2.9	5.3	7.3

Surplus ratio during the period, %		Q1 2019	Q1 2018	Rolling 12 months	2018
A	Net operating income during the period according to income statement, SEK m	34.7	20.6	117.3	103.2
B	Rental revenues during the period according to income statement, SEK m	62.0	47.8	232.5	218.3
A/B	Surplus ratio during the period, %	55.9	43.0	50.5	47.3

Contact information, calendar

Financial calendar

Interim Report January–June 2019	23 August 2019
Interim report January–September 2019	7 November 2019
Year-end report 2019	February 2020

Information

You can download and subscribe to press releases and interim reports on John Mattson's website.

www.johnmattson.se

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