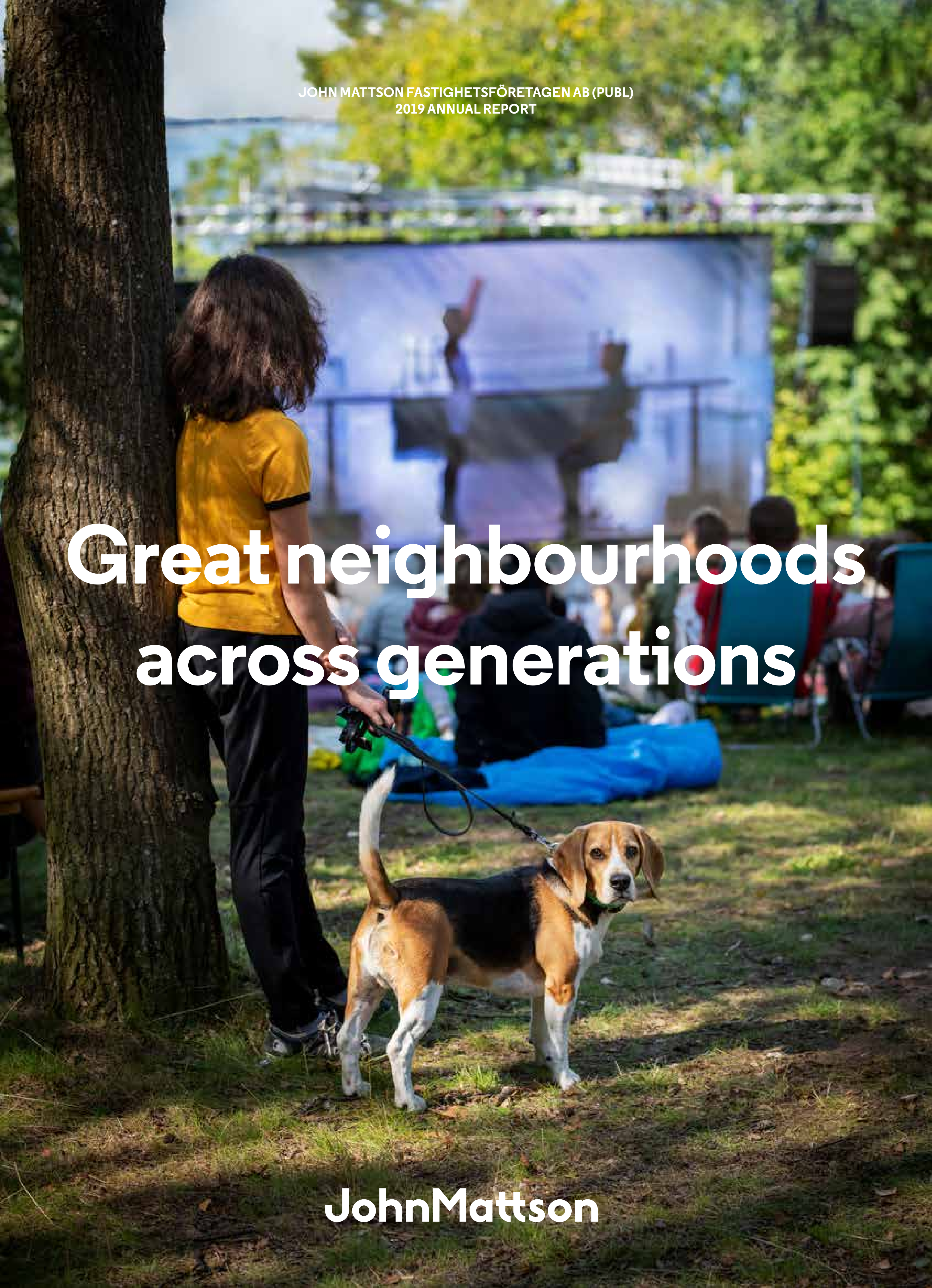
JOHN MATTSON FASTIGHETSFÖRETAGEN AB (PUBL)
2019 ANNUAL REPORT

Great neighbourhoods across generations



JohnMattson

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About this report

John Mattson reports the Group's financial and non-financial information together in one report. The statutory annual report includes the administration report and financial statements on pages 36–68.

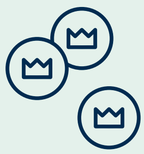
This is a translation of the Swedish language original. Inthe events of any differences between this translation and the Swedish original, the latter shall prevail.

2019 in brief

- In June, John Mattson was listed on Nasdaq Stockholm, Mid Cap.
- U25, a building in Larsberg with 74 apartments for young adults, was completed in September with lettings starting in the fourth quarter.
- A base upgrade project began in Käppala. In total, 400 apartments will be upgraded by 2021.
- An agreement to acquire 541 apartments in Sollentuna was signed in December. We take possession in May 2020.

27 properties

valued at



6.4 SEK billion

KEY FINANCIAL METRICS	2019	2018
Rental revenues, SEK m	253.0	218.3
Net operating income, SEK m	152.8	103.2
Income from property management, SEK m	64.9	23.7
Income from property management, SEK/share	1.93	0.74
Growth in income from property management, SEK/share, %	159.0	–21.0
Profit after tax, SEK/share	5.31	6.98
Property value at the end of the period, SEK m	6,365	6,040
Economic occupancy rate at the end of the period, %	94.9	96.5
LTV ratio at the end of the period, %	40.7	41.0
Interest coverage ratio, multiple	2.3	1.6
EPRA NAV, SEK/share	111.07	104.23
Growth in EPRA NAV, SEK/share, %	6.6	7.3
EPRA NNNAV, SEK/share	103.36	97.04

74

Tenants have taken up residence at our 74 apartments for young adults in U25 during the fourth quarter.

Our goal

Great neighbourhoods across generations.

Our offering

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

59

artworks at our properties in Larsberg, Baggeby and Dalénum.

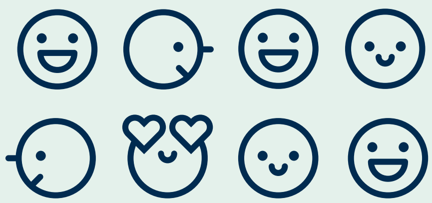
2,251

rental properties

Own, manage and develop properties in the Stockholm region.

25

employees



An intense and exciting year

We concluded an intense year at John Mattson with a sense of pride. We completed a successful listing of the company on Nasdaq Stockholm Mid Cap and have delivered favourable results in line with our strategies.

The listing of John Mattson in June 2019 met strong interest from both the general public and institutional investors, something that we are extremely pleased about. For John Mattson, the step of becoming listed has resulted in further professionalisation of an already well-run and long-term thinking family business. The listing also increases awareness of the company and affords us with additional avenues for growth. This strengthens our long-term work to create great neighbourhoods across generations and I am convinced that the listing benefits not only the company but also our tenants and partners.

Ongoing upgrade projects

During the year, John Mattson has taken important steps to develop its operations within our four strategy areas – property management, adding value, densification and acquisitions. We have begun a major upgrade project in Käppala, whereby some 400 apartments are receiving a base upgrade, which will run until the summer of 2021. In connection with this base upgrade, a number of apartments will receive total upgrades. The conversion of non-functional premises into housing and attic extensions is also included in the development of the Käppala area.

In Larsberg, the entire portfolio from the 1960s has already received a base upgrade, and we are carrying out total upgrades in line with the apartments becoming vacated. As we have negotiated rent levels for the totally upgraded apartments in Larsberg with Hyresgästföreningen in advance, we can also offer current residents the opportunity to have their apartment totally upgraded.

Occupancy of U25

In October, it was time to move in to U25, a building with 74 apartments for young adults between the ages of 18 and 25. The demand for apartments in the building has been significant, and many young adults now have their first homes of their own there. The project has been run efficiently and in close collaboration with the municipality of Lidingö Stad, where the planning process, construction permit and construction process took two and a half years to complete. U25 clearly shows the value that is created by having infill development projects on our own land. Here, 20 parking spaces were converted into 74 homes. More life and activity have been created in Larsberg, thereby boosting the area's attraction for those living there. Another exciting aspect of U25 is that we have created three apartment shares in the building. The apartments are leased in collaboration with the company Colive, who also provide the residents with access to shared facilities as well as events and activities.

We work continuously to investigate opportunities for additional value creating infill development. Of the possible locations we have identified so far, Fyrtornet 5 in Larsberg has progressed the furthest. Here, we intend to build homes on the site of an existing garage. The planning process for the property is currently ongoing with the municipality of Lidingö Stad.

Acquisition in Sollentuna

In December, an agreement was signed for the acquisition of 29 properties in Rotebro and Rotsunda in the municipality of Sollentuna. This was an ideal acquisition for us in many ways. The portfolio with over 500 apartments fits with our strategy of in-house property management and we see a long-term potential to develop the area through adding value and infill development. This also meets our ambition to establish ourselves outside Lidingö, and it is especially positive that this can take place in such a growing municipality as Sollentuna. The acquisition was carried out with other players, which we view as proof that John Mattson has a strong offering for the municipalities who are looking for responsible and long-term owners of their property portfolios. We will be taking possession of the properties in May 2020, and are looking forward to, together with the tenants, the municipality of Sollentuna, and other local stakeholders, contributing to the continuance of great neighbourhoods in the areas.

Strong growth in income from property management

For 2019, income from property management was SEK 64.9 million (23.7), amounting to SEK 1.93 per share (0.74) and corresponding to growth of 159%. The sharp increase compared to 2018 is a result of the acquisition of Käppala and the completion of Parkhusen in Larsberg, which provided a net operating income effect from the summer of 2018.

In December, an agreement was signed for the acquisition of 29 properties in Rotebro and Rotsunda in the municipality of Sollentuna.

The long-term EPRA NAV per share amounted to SEK 111.1 (104.2) at 31 December, an increase of 6.6% since 2018. The aim is to achieve average growth in net asset value per share of no less than 10% over a business cycle, which requires continued focus on upgrades and the conversion of our own portfolio and the construction of our own land.

The property value was SEK 6.4 billion at the end of 2019. By taking possession of the acquired areas in the municipality of Sollentuna in May 2020, we are taking an additional step toward achieving our goal of SEK 10 billion in property value by the end of 2023.

Societal sustainability as a priority

A long-term perspective and sustainability have always been at the core of John Mattson's operations. In 2019, we have simplified our focus in terms of our future work with matters of sustainability. This has developed into an updated sustainability strategy that will be implemented throughout our operations in 2020.

Societal sustainability is an area that we prioritise highly. Our concept of "Outdoor areas" has the aim of creating a great neighbourhood in which people thrive and feel safe. This has such aims as increasing the possibility of meetings between the residents in our areas. Together with selected partners and the municipality, we arrange activities such as flea markets, basketball tournaments, outdoor movies and barbecue evenings for tenants and others who live and operate in our areas.

The collaboration with other local community players is meaningful in this work. In Larsberg, we collaborate with schools, municipalities and the local police to collectively create the necessary conditions for a good environment, and activities for young people in the area.

Well-positioned to develop John Mattson

I would like to conclude by taking the opportunity to thank my professional and devoted colleagues. Their commitment and positive attitude have been crucial for everything we have accomplished in this intense and exciting year.

We enter 2020 well-positioned to continue to develop John Mattson. We are looking forward to assuming control of ownership and the administration of the acquired areas in Sollentuna. In addition to ongoing efforts with adding value, mainly with the Käppala and Larsberg portfolios, we are also continuing to focus on potential acquisitions in line with the company's growth strategy.

At the time of writing, the world is strongly impacted by the outbreak of the COVID-19 virus. We are monitoring developments and have the preparedness to act in the company when it is so required. We will most likely, like everyone else, be impacted by this extraordinary occurrence. Our current assessment is that we as a company are not affected more than other companies in the same industry. ■

Siv Malmgren, CEO
John Mattson Fastighetsföretagen AB

Financial targets and strategic direction

John Mattson's business idea revolves around the long-term ownership, management and development of residential property and attractive local communities in the Stockholm region. The business was founded in 1965 by master builder John Mattson and its core values — a long-term perspective, professionalism and commitment — are as strong today as they were then.

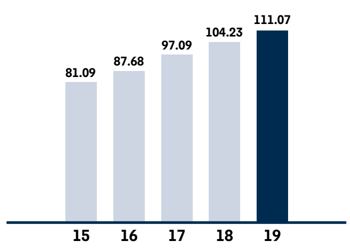
John Mattson's financial targets

+10
PERCENT

An average annual growth in EPRA NAV per share of no less than 10%, including distributions to shareholders, over a business cycle.

In 2019, growth in net asset value amounted to 6.6% per share.

EPRA NAV
PER SHARE, SEK

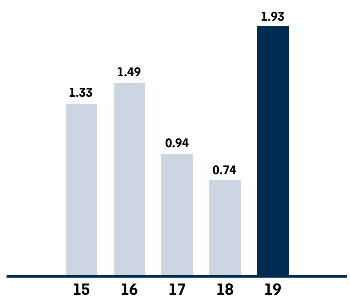


+10
PERCENT

An average annual growth in income from property management per share of no less than 10% over a business cycle.

In 2019, growth in income from property management amounted to 159% per share.

INCOME FROM PROPERTY MANAGEMENT
PER SHARE, SEK

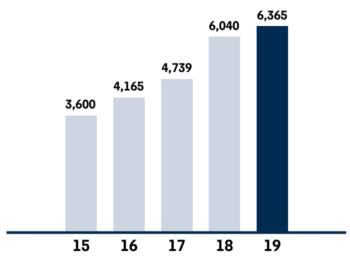


10
SEK BILLION

The value of the Group's property holdings is to total at least SEK 10 billion by 2023.

The property value amounted to SEK 6.4 billion at 31 December 2019.

PROPERTY VALUE,
SEK M



Financial risk mitigation

John Mattson aims for low financial risk. 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.

Dividend policy

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

Our strategies for long-term value creation

Property management

John Mattson knows its properties and its customers. The company applies an overall approach taking responsibility for the portfolio and activity in the outdoor areas. The property portfolio is maintained based on a long-term lifecycle perspective. Efficient operations and management optimise the use of resources and ensure low costs.

READ MORE ON PAGES 12–15

Infill development

John Mattson carries out infill development on the company's own land and adjacent to its existing properties. In this way, John Mattson adds new attributes to local communities and contributes towards great neighbourhoods.

READ MORE ON PAGES 18–19

Adding value

John Mattson adds value to its buildings by upgrading, extending and converting space to housing.

READ MORE ON PAGES 16–17

Acquisitions

John Mattson strives to acquire properties and development rights with development potential in attractive market locations in the Stockholm region close to efficient infrastructure. Acquisitions are made based on a long-term approach.

READ MORE ON PAGES 20–21

Areas of prioritised sustainability

John Mattson's values are based on a long-term approach, and the sustainable perspective is a self-evident and central part of the company's business. John Mattson has high ambitions and actively works with its long-term sustainability agenda in all areas of operation. In 2019, a strategy was prepared for further advancement of the company's sustainability agenda. The company's significant areas of influence are currently being mapped throughout the entire John Mattson organisation. These efforts will form the foundation for prioritising measures to significantly reduce our environmental impact.

The following areas of priority have been defined:

- Energy efficient and fossil-free solutions.
- Responsible material and waste management.
- Lively and safe local communities.

In 2020, John Mattson will continue to implement sustainability strategies in all parts of the organisation and action plans and targets for each respective prioritised sustainability area will be developed.

A value-creating operation

OUR RESOURCES

Financial

- Equity and interest-bearing liabilities.

Properties

- Buildings and land in connected areas with the potential to add value and operate infill development.

Brand

- Strong brand with a history of over 50 years.

Employees and structural capital

- Process oriented organisation with in-house administration.

Relationships

- Long-term relationships with customers, suppliers, the finance market, municipalities and other stakeholders.

Energy and the environment

- Energy, water, material and equipment for the administration and development of properties.

OUR OPERATIONS

Business idea

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

Strategies

Property management with an overall perspective and close customer relationships.

Adding value to properties through upgrades and conversions.

Infill development on the company's own land and adjacent to its existing properties.

Acquisitions of properties and development rights with development potential in attractive market locations in the Stockholm region.

OUR CREATION IN 2019

326 SEK M
Increase in property value.

166 SEK M
Change in property value.

74
Construction of 74 apartments for young adults.

65
Totally upgraded apartments.

6
Events and activities for tenants.

541
Signed agreement to acquire 541 apartments in Sollentuna.

VALUE FOR STAKEHOLDERS

For the owners

- Share price up 56% since being listed. The corresponding increase for Nasdaq OMX Real Estate PI was 31%.
- Increase of EPRA NAV per share of SEK 6.84, corresponding to 6.6%

For the owners

- Attractive homes in safe environments that are close to nature, transport and urban life.
- Satisfied tenants as per the annual customer survey: 84.3% for 2019.

For employees

- Attractive workplace, employee satisfaction and the chance to make favourable recruitments.

For society at large

- Attractive housing and local communities in the Stockholm region.
- Good relationships with politicians and personnel.
- Initiatives and events to increase social sustainability in local communities.

For the environment

- Efficient use of resources: District heating, 93 kWh per sq m and Electricity, 28 kWh per sq m.
- Recycled food waste converted to biogas, 67 tonnes.
- U25 meets the requirements under the national certification system for "Miljöbyggnad Silver".

Considerable demand for rental properties

John Mattson's operations are concentrated to the greater Stockholm area. The region is characterised by both economic growth and a rapidly increasing population. The demand for rental properties throughout the Stockholm region is high, and vacancies are non-existent.

PHOTO: PIXPROVIDER

JOHN MATTSON'S primary market is in the Stockholm region. The company aims to establish itself in growth municipalities, and where there is a political desire to grow, through such measures as development plans and supplementary land allocations.

Strong development in the Stockholm region will affect future demand for housing. Until 2020, the demand amounted to approximately 90,000 new homes per year, and the demand is projected to increase for the period up to 2025 with approximately 67,000 new homes per year, according to the National Board of Housing, Building and Planning. Despite the high demand for homes, the construction rate has slowed in Sweden over the past few years. In the Stockholm region, construction started of barely 13,000 homes in 2019, as compared to nearly 18,900 in 2017.

Rental properties a comfortable option

John Mattson believes in rental properties. Rental properties are flexible and comfortable and come with many attractive qualities, making them an important part of a well-balanced housing market. The tenant does not need to tie up capital in the home, and receives a high level of service since the landlord is responsible for both internal and external maintenance. Since the rent is set by the utility value system, the rent level is typically lower than the general market price, particularly for older rental properties.

To meet demand from different categories of tenants, homes in different price ranges are needed. The current mortgage repayment requirements and the bank's disposable income requirements mean that many households do not have the means to buy their own homes. More households are therefore prioritising the rental market to solve their housing needs. Younger households rarely have the queue time required to obtain a first-hand contract for an apartment in the Stockholm region. Newly built rental properties, with higher rent levels but shorter queuing times as a result, can make it easier to enter the housing market.

High demand for rental properties

The demand for rental properties is very high in the Stockholm region. Statistics from the Stockholm Housing Agency show that slightly more than 15,000 homes were brokered in 2019. At the same time, queue numbers grew, which is in line the trend of the last few years. By the end of the year, almost 675,000 people were in the Stockholm Housing Agency's queue. From these, 13% were considered to be actively searching, defined as individuals who notify interest five or more times per year. In Larsberg, where John Mattson has most of its property portfolio, tenants who received apartments in 2019 had an average queuing time of 9.6 years.

Largest property rental company in Lidingö

John Mattson is the largest owner of residential rental properties in Lidingö, and possesses a portfolio with properties in attractive locations with low vacancies. Our ambition is to broaden our presence

John Mattson is the largest owner of residential rental properties in Lidingö, with the majority of its properties in Larsberg. At the start of May, the portfolio was expanded to include a further municipality with the acquisition of 541 rental properties in Rotebro and Rotsunda.

and expand to other inner suburbs in greater Stockholm. The acquisition of two areas in the municipality of Sollentuna is in line with this ambition.

The largest property owner in the Stockholm region is Stockholm Municipality via the companies Stockholmshem, Familjebostäder and Svenska Bostäder. Together, these companies have around 70,000 apartments. Private sector property owners account for approximately 51% of the rental property market. The largest companies in this category are Hembla, Rikshem and Stena Fastigheter. John Mattson is currently the tenth largest private sector owner of residential rental properties in the region.

> John Mattson is the largest owner of residential rental properties in Lidingö.

Competition for takeover candidates

Competition for the acquisition of existing property portfolios with the potential for development and infill development is fierce. Competitors comprise other property companies including private companies with institutional owners, like Rikshem and Willhem. Foreign property companies, for example the German company Vonovia, have also shown interest in the Swedish property rental market.

John Mattson is competing for the acquisition of land for new builds with municipal and private property companies. ■

Integrated and near-at-hand property management

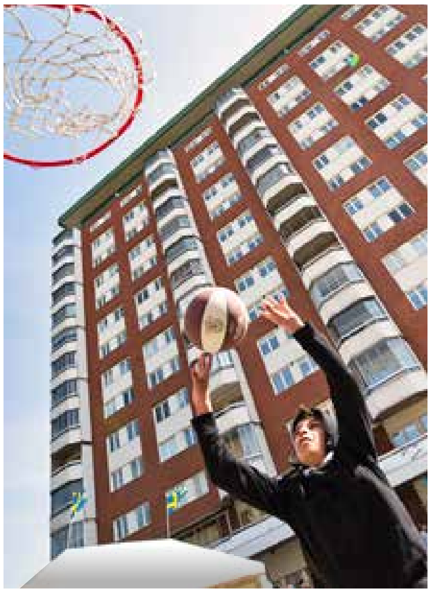
John Mattson creates attractive and safe neighbourhoods with well-maintained buildings and outside areas as well as high levels of service and engagement in the local community.

John Mattson's property management is based on the company's goal: to create great neighbourhoods across generations. With a long-term perspective and a focus on attractiveness and safety, John Mattson takes a holistic approach to neighbourhoods.

John Mattson's homes and premises are constructed to be sustainable, functional and attractive over time. With high standards and well-maintained entrances, shared spaces and outside areas, these neighbourhoods are well taken care of, which in turn contributes to the wellbeing and safety of residents.

John Mattson's properties

John Mattson's property portfolio is concentrated to Lidingö. At the end of 2019, the portfolio consisted of 42 buildings containing over 2,250 apartments and a total lettable area of 171,500 sq m. 91% of the lettable area comprises housing, and 9% commercial premises. Around 12% of the buildings have been constructed in the last ten years. The property value was SEK 6.4 billion at the end of 2019. In December 2019, John Mattson agreed to acquire 541 apartments with approximately 37,200 sq m of lettable area in Rotebro and Rotsunda in the municipality of Sollentuna. The properties were acquired from Sollentuna Stadshus AB and possession will be taken in May 2020.



Every year, John Mattson arranges the basketball tournament "3x3 Basket Challenge" where mainly young residents are invited to play street basketball.

Professional property management with a local presence

Integration is a keyword for John Mattson's management. All of our management is conducted in-house with a professional organisation in place in the areas. John Mattson has established a property management organisation with local offices in Käppala where over 480 apartments were acquired in 2018. In conjunction with John Mattson's acquisition of the properties in Rotebro and Rotsunda, the company will have local management in place in the area.

Ongoing tenant dialogues are a prerequisite for the company's development and for continually improving operations. Clarity and sensitivity with communication serve therefore as a guideline for our daily management. Digitalisation is creating new opportunities for John Mattson to simplify communication and increase the level of service for tenants. The company works continuously to develop service content and communication via digital channels, such as the company's website and on social media.

An important aspect of the dialogue is the yearly customer survey. This is a valuable tool for identifying areas to improve, and is the basis for action plans in the short and the long term. The 2019 customer survey was conducted in Larsberg, where base upgrades have been carried out in the last few years. The results show a clear increase in customer satisfaction now that the renovation period has concluded, and tenants can fully appreciate their upgraded homes. The number of satisfied tenants grew to 84%. Since we first started measuring this

Property holdings 31 Dec 2019

	Buildings	Apartments	Property value	Lettable area	No. of renovated apartments		Rental value
	No.	**No.**	**SEK m**	**thousand sq m**	**Base**	**Total/New Build**	**SEK m**
Housing							
Larsberg	23	1,541	4,426.3	117.0	848	693	179.3
Baggeby	2	83	238.6	5.7	–	83	9.3
Dalénum	1	146	468.0	9.2	–	146	21.8
Käppala	12	481	861.0	30.1	–	85	39.5
Commercial and other premises							
Larsberg	3	–	309.1	8.0	–	–	21.9
Development projects for identified development rights and undeveloped land	1	–	62.2	1.5	–	–	3.3
Total	**42**	**2,251**	**6,365.2**	**171.5**	**848**	**1,007**	**275.1**

more than 20 years ago, John Mattson has consistently achieved scores over 80% for satisfied residential tenants.

Efficient management strengthens net operating income

John Mattson's largest property portfolio is in Larsberg on Lidingö. The entire portfolio from the 1960s in Larsberg has undergone base upgrades that were completed at the end of 2018. In 2019, John Mattson has worked to realise possible management efficiency gains that have been created by replacing such items as the electricity, water and sewage systems. The company's employees possess extensive knowledge of the properties which, combined with high maintenance levels, helps to reduce maintenance needs.

The largest cost item for property management is energy consumption in the form of district heating, electricity and water. This is also one of the areas where John Mattson can contribute from a sustainability perspective. Keeping down consumption and the costs of district heating, electricity and water is a priority, and John Mattson works continuously to optimise system operations at its properties to reduce both operating expenses and the strain on the environment. Heating is controlled automatically at the properties, adapting to the weather conditions. John Mattson only uses ecolabelled electricity from hydropower at its properties, and operates motion-detecting LED lighting throughout stairwells, garages and most shared spaces.

Energy consumption related to heating and warm water amounted to 93 kWh per sq m in 2019. This can be compared with 135 kWh which was the average for apartment buildings in Sweden in 2016. Net operating income was SEK 152.8 million in 2019, up 48% compared with 2018.

Societal sustainability is the priority. John Mattson works actively and long-term to create meeting places and engage children, young people and adults.

The annual outdoor cinema in Larsberg runs for two summer days and is packed with movies suitable for children, young people and adults alike.

Flea markets in Larsberg that take place every spring attract many visitors, and have quickly become an appreciated meeting place for residents and visitors alike. The events are a good example of John Mattson's work with societal and environmental sustainability.

Societal sustainability is cultivated in outdoor areas

Societal sustainability is a prioritized area of sustainability for John Mattson. The company works actively with the concept "Outdoor Areas". The aim is to promote positive development in the housing areas so that these areas become more attractive for current and future tenants. Simply to contribute to sustainable local communities where people are happy, and feel safe and a sense of community, across different generations and cultural backgrounds.

An important aspect of this is to make it easier for people to have contact with each other, to create natural meeting places and good social coherence for tenants. Every year, a number of activities are held such as flea markets, outdoor movies and basketball tournaments alongside selected partners. Further examples are barbecue evenings, communal cleaning days and residential activities in conjunction with the distribution of the customer survey.

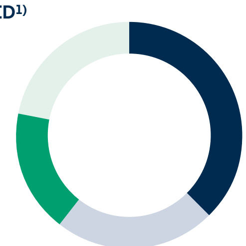
Young adults are a particular priority. On Lidingö, John Mattson is participating in a liaison group together with the municipality of Lidingö Stad, local schools, the police, the fire department, non-profit organisations and local businesses. The aim is mainly to organise meaningful activities for young adults. A result of this liaison group are the youth activities that the municipality of Lidingö Stad put on at Larsberg's community premises and which John Mattson supports financially.

An environmentally adapted daily life

Another of John Mattson's prioritised sustainability areas is making it easier for those tenants who aim to live more climate smart. In the new builds, hot water is billed individually, which reduces consumption and gives tenants the opportunity to affect their own living costs. In 2019, John Mattson has continued to extend access to charging points for electric vehicles, which has been in demand from the tenants. A well-structured system for the recycling of waste such as plastic, paper, glass and metal is complemented in the housing areas by the ability to also compost food waste. The total weight of all food waste that was composted by the tenants in 2019 amounted to 67 tonnes. The waste was converted into biogas and biodiesel. ■

NUMBER OF APARTMENTS PER AREA[1)]

NUMBER OF APARTMENTS THAT HAVE BEEN UPGRADED[1)]



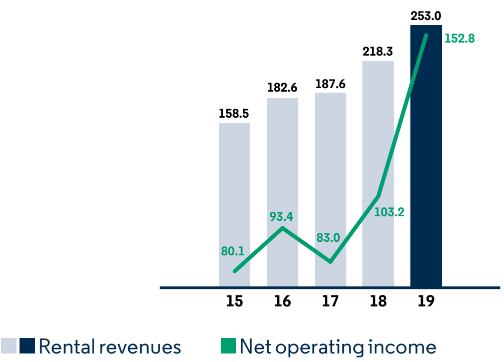
[1)] In December, John Mattson signed an agreement to acquire 541 apartments in Sollentuna. Possession will be taken in May 2020 and these are not included in the diagram.

Art – part of John Mattson

Master builder John Mattson was an avid art enthusiast and saw art as a way to create positive values for the company and for tenants. This tradition has been passed on within John Mattson and is an important ingredient of the residential areas. The planning for proposed art installations takes place at the project planning stage of new builds and artwork exists today inside and outside most of the buildings' entrances.

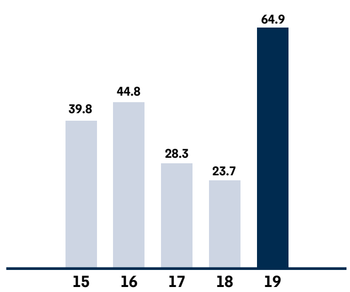
The wooden sculpture "Ek-o" was installed in the courtyard of John Mattson's building in Dalénum in 2015.

RENTAL REVENUES AND NET OPERATING INCOME, SEK M



Comments: John Mattson's rental revenues have increased 59.6% from 2015–2019. The increase is a result of acquisitions, adding value and new construction of apartments.

INCOME FROM PROPERTY MANAGEMENT, SEK M



Comments: For 2019, income from property management was SEK 64.9 million (23.7), amounting to SEK 1.93 (0.74) per share and corresponding to growth of 159%.

Apartment with a total upgrade in Baggeby.

A safe and modern home

John Mattson adds to its property portfolio in part by upgrading existing apartments. With this, tenants receive an attractive home that meets modern requirements for safety, functionality and sustainability.

ADDING VALUE to existing properties is a cornerstone of John Mattson's strategy and business model. With these upgrades, the apartments meet today's requirements for safety, functionality and sustainability. A favourable technical status of the properties also provides increased efficiency for management. This contributes to increased tenant satisfaction with increased rental revenues, lower operating expenses and an increased property value.

John Mattson strives for optimum utilisation of its properties. In conjunction with the upgrades, the company has identified unused premises that can be converted into apartments. Conditions can thereby be created to increase rental revenues and property values.

The Larsberg model

John Mattson has a well-established and successful strategy named "the Larsberg model" for conducting upgrades of the portfolio. The Larsberg model dictates conducting upgrades in two stages: a base stage and a total upgrade.

The base upgrade meets the demands of existing tenants for an upgraded home where increases in rents are limited. In the vast majority of cases, tenants are able to remain living in their apartments during the renovation.

> **John Mattson has a goal of carrying out total renovations on an average of 100 apartments per year.**

The base upgrade involves such measures as a building services overhaul, where water pipes, drains and electrical installations are replaced. The bathroom is completely renovated. When a base upgrade takes place, all apartments at the property are renovated. A base upgrade also includes parts of the shared spaces like entrances, laundry rooms and outside spaces, and is based on need. This can mean offering improved access in the entrances and installing energy saving lighting in shared spaces. John Mattson's employees maintain close contact with the tenants so that the upgrades can take place as smoothly as possible.

Total upgrades are usually carried out when an apartment is vacant. These result in higher rental adjustments than base upgraded apartments and meet the requirements of, in particular, new tenants. A total upgrade can also be made upon the wishes of an existing tenant.

With a total upgrade, all equipment is modernised to the latest standard, and the apartment is fitted with new surfaces.

John Mattson's investments in base upgrades amount to approximately SEK 5,000 sq m. An additional SEK 5,000 sq m is invested in total upgrades. There is a positive impact on net operating income as a result of the upgrades. Net operating income improves approximately SEK 200 sq m after a base upgrade and SEK 400 sq m after a total upgrade.

Rental adjustments negotiated in advance

The adjusted rent levels that result from both base and total upgrades in Larsberg have been negotiated with the Hyresgästföreningen (Swedish Union of Tenants) in advance. This provides many benefits. The residents are provided with a security that contributes to favourable relations with the tenants and the Hyresgästföreningen. It also eliminates the risk of later rent tribunals. Finally, this makes it possible for John Mattson to offer those who live in base upgraded apartments the possibility of receiving a total upgrade to their apartment. A total upgrade would otherwise only have been possible when an apartment is vacated.

Upgrades in Käppala

In 2018, John Mattson acquired 481 apartments in Käppala, Lidingö, from Tagehus Holding AB. The acquired apartments were constructed at the end of the 1950s and the start of the 1960s in a pleasant neighbourhood close to water and areas of nature as well as public transportation. Most of the apartments are unrenovated and several are in need of renovation. During the year, John Mattson has commenced extensive upgrades in Käppala in accordance with the Larsberg model. 400 apartments will be supplied with base upgrades up to the summer of 2021. In Käppala, there is a number of short-term rental and vacant apartments. In connection with this base upgrade, these will receive total upgrades. Improvements will also be made to the outside areas. The feedback from the tenants has been extremely positive.

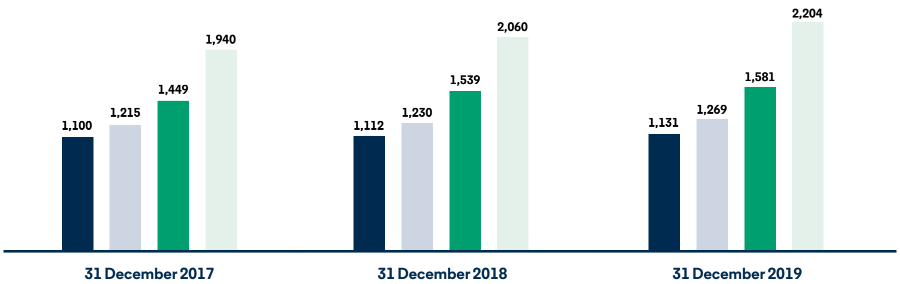
John Mattson has begun the work of converting unused premises in Käppala, and thereby creating 11 new apartments. In the first stage, 26 new apartments will be created by means of attic extensions, and John Mattson sees potential for around 50 more apartments to be created in the same way in Käppala.

Total upgrades in Larsberg

John Mattson has a goal of carrying out total upgrades on an average of 100 apartments per year. In Larsberg, the entire portfolio has already received a base upgrade. Here, the focus is on total upgrades of apartments that are vacated, and 65 apartments underwent a total upgrade in 2019. Including that figure, John Mattson plans to achieve its goal of 100 totally upgraded apartments per year over a two-year period.

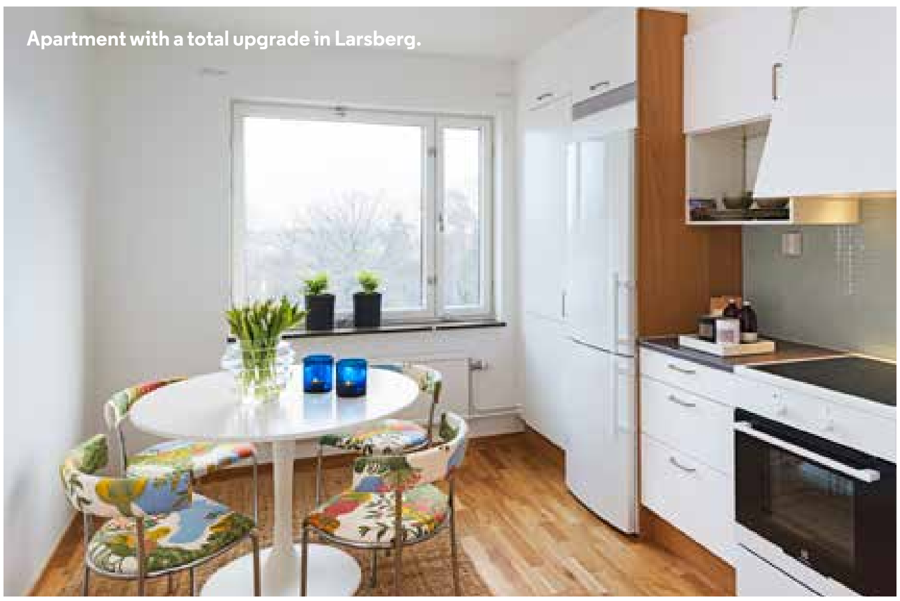
John Mattson is actively creating attractive offers to residents in base upgraded apartments to thereby increase the share of apartments that can be totally renovated. An important aspect of this is being able to offer tenants better suited accommodation. With such things as queue priority, those who currently live in cramped conditions can be offered a larger totally upgraded apartment. Individuals who live alone in a larger apartment can instead receive a totally upgraded smaller apartment at a lower cost or the same cost. ■

RENTAL VALUE PER SQ M PER CATEGORY, SEK



- Unrenovated Apts.
- Base upgrade, Apts.
- Total upgrade, Apts.
- New build Apts.

Comments: In conjunction with the base and total upgrades, the net operating income per sq m increases by approximately SEK 200 and SEK 400 respectively.



Apartment with a total upgrade in Larsberg.

New builds develop the local community

With new builds, John Mattson aims to contribute to the development of attractive residential areas. Infill and other development is conducted in part through new builds on our own land. This contributes to a lively local community and more people receiving the opportunity to live in a rental property in greater Stockholm.

John Mattson's strategy for infill development goes hand in hand with the company's work to promote an attractive and sustainable local community. With new builds, the company aims to increase the range of apartments available in regard to both standards and rent levels. John Mattson can thereby meet the needs and wishes of a wide range of tenants. This also means that tenants are able to remain living in the same area when their situations change. Diversity in the area also creates a more varied foundation for retail and service, which in turn attracts a varied service offering.

New builds on our own land and through land allocation

John Mattson's work with infill development consists of two parts. Firstly, it is about identifying the potential for new builds on our own land, and secondly, it is about maintaining a dialogue with selected municipalities in the Stockholm region for the direct allocation of land. The company has experience of constructing quality rental properties and managing and further developing long-term attractive residential areas. In other words, John Mattson has the required implementation capacity to be an attractive partner for municipalities and other actors in their work with residential and area development.

Occupancy of U25

With new builds, John Mattson works in broad collaboration with important stakeholders, in particular the municipality, the residents and local businesses. An example of this is the construction of U25, an apartment building with 74 apartments for young adults that was built on a space previously used as a car park for 20 cars. The project has been run together with the municipality of Lidingö Stad with the aim of giving young people aged 18 to 25 the chance to enter the housing market. Thanks to a good collaboration with the municipality of Lidingö Stad, the project could be carried out in lightning speed. Altogether, the planning process and the construction permit process for the building took about 2.5 years. The building consists of well-planned apartments with sustainable materials that are able to cope with a higher turnover given that the tenants of U25 are permitted to live there for a maximum of four years. The majority of the apartments are either studios or one bedroom apartments, and the building also contains three apartment shares, each being for four tenants with a shared kitchen and living room. In the fourth quarter of 2019, tenants took up residence in U25.

> **The aim of U25 is to give young people aged 18 to 25 the chance to enter the housing market.**

Commercial properties

Proximity to retail and services are important aspects to strengthen an area's appeal. Because of this, new builds can also consist of commercial and socially useful properties. An example of this is that John Mattson has constructed a shopping centre in Larsberg city centre that is now home to some of

U25 was constructed on what was previously a car park for 20 cars and is now home to 74 households where young adults aged 18 to 25 can live for a maximum of four years.

PHOTO: MIA ODEH

There are apartment shares in U25 that are let through the company Colive. With this community concept, residents receive access to shared services as well as different activities and social events.

Lidingö's most visited and well-stocked food shops, chemists, cafés, florists and other services. A further example is that John Mattson has constructed customised premises in Larsberg for Sweden's leading course provider in furniture design – Malmstens Linköping University.

Transformation of parking spaces

When Larsberg was built in the 1960s, the area was designed with a consideration for the importance of the car to each household. Larsberg was designed to have space for 1.2 cars per household. This resulted in large parking garages and car parks. Today, the demand for parking is more limited; only 40% of households own a car. This means that land previously used for parking can be used to build homes without any major impact on natural areas. John Mattson has assessed that there is potential to change detailed development plans and allow for new builds in these areas. For example, 200 new apartments are planned for the Fyrtornet 5 property in Larsberg that is currently home to a parking garage. The planned housing blocks have been given the name 'Ekporten' and an important element of the project is the aim to connect the residential areas of Larsberg and Dalénum. The new apartments will offer attractive housing in close vicinity to nature, park areas and transportation. Planning processes are ongoing with close dialogue with the municipality of Lidingö Stad.

John Mattson assesses that the potential for new builds on our own land, primarily in Larsberg and Käppala, can preliminarily amount to around 1,000 apartments.

Demand for sustainable new builds

Quality and a long-term perspective have been cornerstones for John Mattson since the company was founded. This means high building and management quality together with sustainable material that is easy to maintain without compromising aesthetically. The choice of material for new builds is based on life cycle analyses that take account of both economic and environmental aspects. This creates benefits from both a total cost and a sustainability perspective. John Mattson has the ambition for all of its newly produced properties to at the very least fulfil the criteria of the national certification system "Miljöbyggnad Silver".

John Mattson strives to only construct new builds on already paved land. This means that no new land is used and that green areas are not affected. ■

Creating value through acquisitions

John Mattson works to create long-term value through the acquisition of properties and development rights. The company focuses on acquiring properties with development potential in attractive market locations in the Stockholm region. In December 2019, John Mattson entered into an agreement to acquire 541 apartments in Sollentuna.

Part of John Mattson's strategy is to evaluate and carry out acquisitions of properties and development rights. An important criterion upon the evaluation is that John Mattson is able to apply its own strategies. This means that prerequisites need to be in place for efficient management, preferably the opportunity to create value through added value as per the Larsberg model, conversions and the potential for infill development with new builds.

The acquisition of 481 apartments in Käppala in Lidingö in 2018 is a good example of John Mattson's work with acquisitions. By means of in-house management, John Mattson provides an increased quality of living for its tenants. The majority of the apartments were unrenovated, and John Mattson has, since the start of 2020, begun to upgrade its portfolio, providing tenants with an attractive home while creating financial value for John Mattson and ensuring the future viability of the properties. Additional value is created with the opportunity to create new apartments by converting premises and building attic extensions.

Acquisition in Sollentuna

At the end of 2019, John Mattson signed an agreement to acquire 541 apartments in Rotebro and Rotsunda in the municipality of Sollentuna. The acquisition comprises 29 properties, situated close to Rotebro city centre and Rotsunda Torg, close to the commuter train station and the E18 and E4 motorways. The properties were acquired from Sollentuna Stadshus AB and possession will be taken in May 2020. Rotebro and Rotsunda are growing parts of the municipality of Sollentuna with positive population growth and a high demand for housing. The property portfolio fits well with John Mattson's management model of which long-term in-house management is a cornerstone.

Rotsunda was built in the 1950s and Rotebro in the 1970s, which means that large parts of the portfolio have the potential for upgrades.

John Mattson is looking forward to collaborating with the municipality of Sollentuna and other local stakeholders to develop the local community around the acquired properties. Sollentuna continues to be a municipality of interest for further growth through property acquisitions and land allocations.

Dialogue with prioritised municipalities

John Mattson's ambition is to establish itself in more municipalities in the Stockholm region. The company maintains close contact and engages in discussions with a number of other prioritised growth municipalities in the Stockholm region. John Mattson sees the benefit of acquiring a coherent portfolio. This provides the prerequisites for high quality, local property management, an aspect that characterises John Mattson's homes.

John Mattson possesses a strong offering for selling parties. The company is a long-term supplier of rental properties that are managed with high quality. John Mattson strives to maintain a close collaboration with municipalities and other stakeholders to contribute to creating attractive local communities through the company's societal sustainability efforts as well as through new builds. ■

Agreement to acquire

541

apartments in the municipality of Sollentuna

John Mattson is taking possession of 541 rental properties in Rotsunda and Rotebro from the beginning of May 2020. Rotsunda (on the left) and Rotebro (below) were built in the 1950s and 1970s respectively and are well-maintained areas but also have the potential for upgrades.

PHOTO: BJÖRN MALMBERG HUSFOTO AB

The foundations of John Mattson's corporate culture exist in the company's core values that are based on taking professional and engaged long-term actions.

Committed employees in a strong corporate culture

John Mattson's goal is to maintain an efficient organisation, well rooted in a strong corporate culture that promotes commitment among its employees and with it, favourable results.

John Mattson has an efficient and committed organisation. The primary area of operations is management and projects, with finance and communication as central support functions. In 2019, the company had 25 employees. These employees represent John Mattson's image and many of them maintain daily contact with the company's tenants. Employee commitment and competence is crucial to John Mattson's ability to develop successfully and offer customer service and management of the highest quality.

Corporate culture in focus

The foundations of John Mattson's corporate culture exist in the company's core values that are based on taking professional and engaged long-term actions. This value permeates the company's entire operations and is well-integrated in both the company's overall goals and the individual expectations that are placed on all employees. For many years, the opinions of the employees have been collected with employee surveys, and John Mattson carried out a cultural assessment in 2019 that gave a reflection of how employees perceive the corporate culture and what they would like to see more of in order to perform to the best of their abilities. The results of the survey form the basis of the continuous and ongoing development of the John Mattson business.

Tried and tested model for feedback and development

John Mattson has a tried and tested model to support its employees in their development. Performance appraisals are given annually which provide constructive feedback and establish clear targets. Alongside acquisitions and an increase of new builds, John Mattson's customer categories are changing. This means that the organisation is met with changing requirements, which can concern communication through digital channels, service and options. John Mattson is continuously developing the roles within the organisation and supporting its employees with training in both customer service and the usage of digital work tools.

> **John Mattson has a healthy balance of both men and women in its organisation.**

A company with equality

Today, John Mattson has a healthy balance of both men and women in its organisation. In 2019, the percentage of women in the company as a whole was approximately 60%. The percentage of women in senior positions amounted to 60% with 30% on the Board of Directors. When the Allbright Foundation presented its report on equality and diversity in listed companies in October 2019, John Mattson received a place on their "green list" of gender-balanced companies.

Safe and secure work environment

John Mattson's operations have been characterised by a familiar environment of care for our employees since the very beginning. Workplace welfare bolsters employee commitment, increases productivity and produces results. John Mattson supplies a safe and healthy working environment, not just from care of its employees but also because this is reflected in our financial earnings. The company runs a systematic and structured system of working with environmental issues based on the belief that accidents, incidents and work-related ill-health can be prevented.

The foundation of this work is the company's environmentally related policies that cover the physical and mental work environment as well as equality and the prevention of discrimination. Absenteeism was 4.0% (2.7) in 2019.

No cases of discrimination were reported during the year. ■

The John Mattson share

John Mattson's share has been listed on Nasdaq Stockholm, Mid Cap since 5 June 2019, and is traded under the symbol (ticker) "JOMA." John Mattson had a market capitalisation of SEK 4,727.3 m at the end of the year.

Class of shares
John Mattson has one class of shares, common shares, and each share entitles the holder to one vote. The share capital amounted to SEK 11,223,344 and the number of shares totalled 33,670,032.

Share price performance
The issue price for the listing of John Mattson was SEK 90 per share. On 31 December 2019, the price stood at SEK 140.40 per share, corresponding to an increase of 56.0%. The corresponding return for OMXS Real Estate PI, comprised of the listed property companies on Nasdaq Stockholm, was 31.4%. The year's highest price for the John Mattson share was SEK 144.20 (27 Dec 2019) and the year's lowest price was SEK 99.0 (5 Jun 2019).

Trading and turnover
Since the listing, stock turnover has amounted to 9.6 million shares with a total value of SEK 1,060 million. Of these, 76.7% were traded on Nasdaq Stockholm and the rest on other marketplaces.

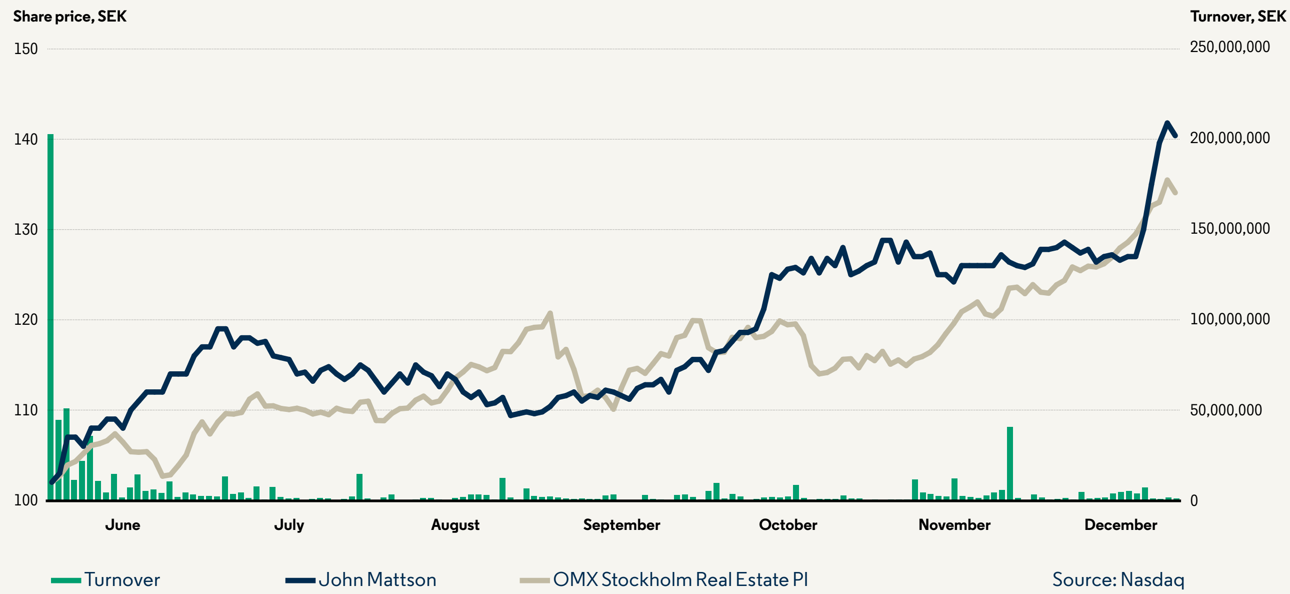
Shareholder structure
By the end of the year, there were 2,280 known shareholders of John Mattson shares. The three largest shareholders are AB Borudan Ett, Tagehus Holding AB and Länsförsäkringar Fonder AB, who collectively own 59.1% of the John Mattson shares. Foreign ownership of John Mattson shares amounted to 7.0% by the end of the year.

Net asset value
By the end of the year, EPRA NAV amounted to SEK 111.07 per share (104.23). EPRA NAV increased 6.6% during the year. EPRA NNNAV amounted to SEK 3,480.2 million (3,267.4) or SEK 103.36 per share (97.04) following deductions for the estimated actual deferred tax liability.

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

Information for the stock market
John Mattson's primary information channel is the company's website, corporate.johnmattson.se/en/. All press releases and financial reports are published here. Meetings are regularly arranged for analysts, shareholders, potential investors and financiers. ■

SHARE PRICE PERFORMANCE 5 JUNE–31 DECEMBER 2019



Shareholders 31 Dec 2019

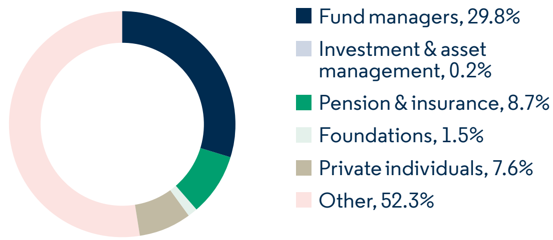
	No. of shares	Percentage
AB Borudan Ett	12,277,055	36.5%
Tagehus Holding AB	4,336,698	12.9%
Länsförsäkringar Fonder	3,300,368	9.8%
Första AP-fonden (AP1)	2,777,777	8.2%
Carnegie Fonder	2,000,609	6.5%
Prior & Nilsson Fonder	1,778,243	5.3%
Fidelity Investments (FMR)	1,037,503	3.1%
Other shareholders	5,961,779	17.7%
Total	**33,670,032**	**100.0%**
Of which, foreign shareholders	2,341,046	7.0%

Shareholder structure 31 Dec 2019

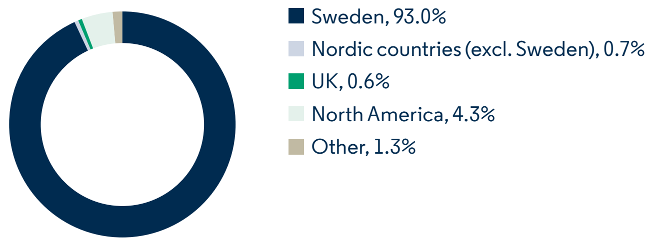
Size class	No. of shares	Capital/ votes	No. of known shareholders	Share of known shareholders
1–1,000	280,509	0.8%	2,039	89.4%
1,001–10,000	551,512	1.6%	144	6.3%
10,001–100,000	2,360,979	7.0%	77	3.4%
100,001–2,000,000	5,384,605	16.0%	15	0.7%
2,000,001–4,000,000	8,278,754	24.6%	3	0.1%
4,000,001–	16,613,753	49.3%	2	0.1%
Anonymous shareholding	199,920	0.6%		
Total	**33,670,032**	**100.0%**	**2,280**	**100.0%**

Source: Monitor of Modular Finance AB. Consolidated and compiled data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millistream.

SHAREHOLDER CATEGORIES, 31 DEC 2019



SHAREHOLDING PER REGION 31 DEC 2019



Source: Monitor of Modular Finance AB. Consolidated and compiled data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millistream.

Analysts that monitor John Mattson

Analysts	
Carnegie Investment Bank	Erik Granström & Fredric Cyon
Handelsbanken	Johan Edberg & David Flemmich

Development of share capital

Year	Event	Change in No. of shares	Total No. of shares	Change in share capital (SEK)	Change in 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	1,223,344	1,223,344	11,223,344	1
2019	Share split 3:1	22,446,688	33,670,032	–	11,223,344	0.33

Share-related key metrics

	2019	2018
Income from property management, SEK/share[1]	1.93	0.74
Growth in income from property management, SEK/share, %	159.0	–21.0
Adjusted growth in income from property management, SEK/share, %[2]	63.6	44.1
Profit after tax, SEK/share[1]	5.31	6.98
EPRA NAV, SEK/share[1]	111.07	104.23
Growth in EPRA NAV, SEK/share, %	6.6	7.3
EPRA NNNAV, SEK/share[1]	103.36	97.04
Equity, SEK/share[1]	87.16	81.85
Market capitalisation (SEK/share)/EPRA NAV, SEK/share	1.26	–

[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 completed stock exchange listing. An adjustment of SEK 9.9 million (19.6) was made to income from property management for the year.

Net asset value

	31 Dec 2019		31 Dec 2018	
	SEK m	SEK/share[1]	SEK m	SEK/share[1]
Equity according to balance sheet	2,934.8	87.16	2,756.0	81.85
Add back:				
Derivatives according to balance sheet	68.9	2.05	73.5	2.18
Deferred tax liability in balance sheet	735.9	21.86	679.8	20.19
EPRA NAV	**3,739.6**	**111.07**	**3,509.3**	**104.23**
Less:				
Derivatives according to balance sheet	–68.9	–2.05	–73.5	–2.18
Estimated actual deferred tax liability	–190.5	–5.66	–168.3	–5.00
EPRA NNNAV	**3,480.2**	**103.36**	**3,267.4**	**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.

Art in Dalénum – Roger Metto

Corporate Governance Report 2019

Introduction

The corporate governance of John Mattson refers to ensuring that rights and responsibilities are distributed between the company's governance bodies in accordance with applicable laws, rules and processes. Efficient and transparent corporate governance provides the owners with the ability to uphold their interests concerning company management while clarifying the division of responsibility between management and the Board of Directors, but also throughout the company. This also leads to efficient decision making which makes it possible for John Mattson to act quickly when new business opportunities arise.

John Mattson is a Swedish public limited liability company that was listed on Nasdaq Stockholm, Mid Cap as of 5 June 2019. The company's corporate governance is based on Swedish law, in particular the Swedish Companies Act (2005:551), the Swedish Corporate Governance Code (the "Code"), the company's Articles of Association, internal regulations (instructions and policies) as well as Nasdaq Stockholm's Rule Book for Issuers. Additional information about John Mattson's corporate governance is available on the company website.

The Code applies to all Swedish companies whose shares are listed in a regulated market in Sweden. Companies are not required to comply with all of the regulations in the Code, companies can instead choose alternative solutions that they believe to be more appropriate for the company's specific circumstances under the condition that the company reports the deviation/s, describes the alternative solution and explains the reasons behind the deviation/s in the corporate governance report (the so-called "comply or explain approach"). John Mattson has applied the Code with no deviations since its listing on 5 June 2019.

Shareholders

For information about the ownership structure, see pages 24–25 of this annual report.

Voting rights

There is only one class of share and all shares carry the same number of votes: one vote per share.

General meeting

In accordance with the Swedish Companies Act, the general meeting is the company's highest decision-making body, and shareholders exercise their voting rights in key issues, for example the adoption of the income statement and balance sheet, appropriation of the company's profits, discharging the Board of Directors and the CEO from liability, election of members of the Board and auditors as well as their remuneration.

The Annual General Meeting (AGM) must be held within six months of the end of the financial year. In addition to the AGM, official notice can be issued for extraordinary general meetings. According to the Articles of Association, notice for general meetings is to be issued in the form of an advertisement in Post- och Inrikes Tidningar and by making the notice available on the company's website. An advertisement that notification of the meeting has been issued is to simultaneously be made in Svenska Dagbladet. The Company's financial year runs from 1 January to 31 December.

Right to participate

To be able to participate in decisions, it is necessary for the shareholder to be present at the meeting, either in person or through a proxy. Further, it is necessary for the shareholder to be entered in the share register by a certain date before the meeting and that the application for participation is made to the company in a certain manner.

Shareholder initiatives

Shareholders who wish to have a particular matter addressed at the AGM are typically able to request this in good time before the meeting to John Mattson's Board of Directors at a separate address that is published on the company website.

2019 Annual General Meeting

At John Mattson's 2019 AGM, decisions were made about such matters as the change of company category from a privately-owned limited liability company to a public limited liability company in light of the company's listing. Decisions were made to conduct a split of the company's shares, whereby each share was split into three new shares, such that the new number of shares outstanding in the company was 33,670,032. The Board of Directors and auditors were elected in their entirety and guidelines for remuneration of senior executives were approved. A decision was also made to not issue any dividends for the 2018 financial year. The minutes from the AGM are available on John Mattson's website.

2020 Annual General Meeting

John Mattson's 2020 Annual General Meeting will take place at 3:00 p.m. CEST in Lidingö, 21 April 2020. The application to attend the AGM will be available on the company's website.

Nomination Committee

John Mattson's Annual General Meeting on 11 March 2019 resolved to appoint a new Nomination Committee ahead of John Mattson's 2020 AGM as follows.

The Nomination Committee is appointed ahead of the AGM and comprises representatives for the three largest shareholders in terms of voting rights in the company as registered in the shareholders' register maintained by Euroclear, or otherwise known shareholders on the last day of trading in August each year, and the Chairman of the Board, who is also to convene the Nomination Committee to its first meeting. The representatives are appointed by the three largest shareholders in terms of voting rights in the company but represent all shareholders in the company.

The Nomination Committee must perform its assignment in accordance with the instructions decided on at the AGM, the Code and other applicable rules. The assignment includes submitting proposals for the Chairman of the meeting, the number of Board members, the election of the Chairman and other elected members of the Board, fees and other remuneration of each of the AGM-elected Board members and members of the Board's committees, election of auditors and auditors' fees. In as far as it is considered necessary, the Nomination Committee is to submit proposals for changes to the applicable rules for the Nomination Committee. The Nomination Committee must pay particular attention to the requirements of the Code regarding diversity and breadth on the Board of Directors and to strive for equal gender distribution.

No fees are to be paid to the members of the Nomination Committee. However, the company will defray reasonable costs associated with the work of the Nomination Committee.

The Nomination Committee ahead of the 2020 AGM

The Nomination Committee has held four minuted meetings. Two in the autumn of 2019 and two in 2020. John Mattson's Nomination Committee meets the requirements for independence in relation to the company. The Board members on the Nomination Committee and which owners appointed them is displayed in the table below. John Mattson's Nomination Committee can be contacted by email at valberedningen@johnmattson.se.

The Nomination Committee ahead of the 2020 AGM

- Jan-Erik Lindstedt, appointed by AB Borudan Ett (Chairman of the Nomination Committee)
- Johan Ljungberg, appointed by Tagehus Holding AB
- Magnus Strömer, appointed by Länsförsäkringar Fondförvaltning AB (publ)
- Anders Nylander, Chairman of the Board of John Mattson Fastighetsföretagen AB (publ)

Board of Directors

The Board of Directors is the company's next highest decision-making body after the general meeting. John Mattson's Board of Directors is to, in accordance with the Articles of Association, consist of no less than three and no more than seven members, with no deputy members. At the AGM on 11 March 2019, it was decided to re-elect Anders Nylander, Ulrika Danielsson, Håkan Blixt, Anna Sander, Johan Ljungberg and Christer Olofsson as Board members. For more information on the Board members and their assignments outside the Group as well as their shareholding in John Mattson, see the section "The Board of Directors and auditors", page 32.

Responsibility and work

The Board of Directors' tasks are regulated by the Swedish Companies Act, John Mattson's Articles of Association and the Code. The Board of Directors' work is also regulated by the rules of procedure that are adopted annually by the Board. The rules of procedure regulate the work distribution between the Board of Directors, the Chairman of the Board and the CEO. The Board of Directors also adopts instructions for the Board's committees and instructions for the CEO (including the instruction concerning the CEO's financial reporting).

The Board of Directors is responsible for John Mattson's organisation and administration of the company's internal affairs, which includes assuming responsibility for the preparation of overall long-term strategies and targets, budgets and business plans, the adoption of guidelines to ensure that John Mattson's operations create long-term value, evaluation and approval of financial statements, making decisions in matters concerning investments and sales, capital structure and dividend policy, the development and adoption of the company's essential policies, ensuring that a control system is in place for monitoring compliance with policies and guidelines, ensuring systems are in place for monitoring and controlling the company's operations and risks, significant changes in the company's organisation and operation, the appointment of the company's CEO and the establishment of salaries and other remuneration to the CEO and other senior executives in accordance with the guidelines for remuneration of senior executives that have been adopted by the General Meeting.

The Chairman of the Board is responsible for, inter alia, ensuring that Board members receive all the necessary documents and the information that they require to monitor John Mattson's position, performance, liquidity, financial planning and other development. It is the duty of the Chairman to complete assignments given by the AGM concerning the establishment of the Nomination Committee and to participate in these efforts. The Chairman of the Board must, in close collaboration with the CEO, monitor the company's financial performance and prepare Board meetings and act as Chairman at said meetings. The Chairman of the Board is also responsible for making sure that the Board evaluates its work and the work of the CEO on a yearly basis.

The Board of Directors meets in accordance with an annually prepared timetable. Asides from these meetings, Board members can be called to extraordinary Board meetings to manage issues that cannot be postponed until the next scheduled Board meeting.

Work of the Board in 2019

In 2019, John Mattson's Board of Directors held 18 meetings, of which one was statutory. The relatively large number of meetings during the year is primarily a result of John Mattson's listing.

Evaluation of the work of the Board

The Chairman of the Board initiates an evaluation of the work of the Board once per year in accordance with the Board's rules

		Meeting participation			
Board Member	**Fee (SEK thousand)**	**Board**	**Audit and Finance Committee**	**Remuneration Committee**	**Independent**
Anders Nylander	380	18/18	10/10	4/4	Yes
Håkan Blixt	180	18/18	10/10	4/4	Yes
Ulrika Danielsson	205	18/18	10/10	4/4	Yes
Johan Ljungberg	155	17/18	–	–	No[1]
Christer Olofsson	155	18/18	–	–	Yes
Anna Sander	155	14/18	–	–	Yes

[1] Independent in relation to the company and its senior executives. Not independent in relation to the company's major shareholders.

of procedure. The 2019 evaluation has been carried out with each Board member giving responses to a questionnaire. In addition, the Chairman of the Board has had some individual contact with particular Board members. The purpose of the evaluation is to gain an insight into the opinions of the Board members concerning how the work of the Board is run and which measures that can be implemented to make the work of the Board more efficient. The aim is also to gain an insight into what type of issues that the Board believe should be given more attention, and in which areas there may be a requirement for additional experience and competence on the Board. The results of the evaluation have been reported within the Board and have been submitted to the Nomination Committee by the Board of Directors.

Remuneration Committee

In accordance with the Code, the Chairman of the Board can also act as the Chairman of the Committee. Other members elected at the general meeting should be independent in relation to the company and company management. The Board's Remuneration Committee continually evaluates the remuneration conditions of leading executives against the background of applicable market conditions. The Committee prepares items within these areas to be decided on by the Board. The Remuneration Committee currently consists of three Board members: Anders Nylander (Chairman), Håkan Blixt and Ulrika Danielsson, who are all considered independent in relation to the company and its senior executives. The committee's members are appointed by the Board once per year. The Remuneration Committee's primary tasks are to, inter alia, prepare the Board's decisions on matters pertaining to remuneration principles, remuneration and other terms of employment for the company management. Additionally, the committee is tasked with monitoring and evaluating ongoing and concluded variable remuneration programmes for the company's management and following and evaluating the application of the guidelines for remuneration of senior executives that the Annual General Meeting is legally obliged to resolve on, as well as the current remuneration structures and levels in the company. The Remuneration Committee is to meet at least twice a year.

In 2019, the Remuneration Committee held four meetings. Members of the committee were present at all of the meetings. Issues addressed at the meetings included the company's guidelines for remuneration of senior executives and remuneration levels to the CEO and other senior executives as well as the company's incentive programmes for all employees, including the adjustments made to the criteria during the year.

Audit and Finance Committee

In accordance with the Swedish Companies Act, the Board will have an Audit Committee that consists of at least two members. The committee's members may not be employed by John Mattson, and at least one of the members must possess accounting or auditing competence.

The Audit and Finance Committee currently consists of three Board members: Ulrika Danielsson (Chairman), who is considered to meet the requirement for accounting or auditing competence, Håkan Blixt and Anders Nylander. The committee's members and their Chairman are appointed by the Board once per year. The Audit and Finance Committee's tasks include monitoring John Mattson's financial reporting and submitting recommendations and proposals to ensure the reliability of the reporting, monitoring the efficiency of the company's internal controls and risk management in relation to the financial reporting, keeping themselves informed about the audit of the annual report and the consolidated financial statements as well as the conclusions of the Swedish Inspectorate of Auditor's quality control, informing the Board of the audit results and how the audit contributed to the reliability of the financial reporting as well as the function that the committee has had, reviewing and monitoring the statutory auditor's impartiality and autonomy, particularly if the statutory auditor provides other services for the company than auditing, and assisting the Nomination Committee with the preparation of proposals for resolution by the general meeting regarding the choice of auditors.

The Audit and Finance Committee meets at least four times a year.

In 2019, the Audit and Finance Committee held ten meetings. Members of the committee were present at all of the meetings. Issues addressed at the meetings included the company's interim reports, the focus of the external audit and the company's internal controls concerning financial reporting.

Remuneration of Board members and the Board's committees

On 11 March 2019, the AGM set Board fees at SEK 355,000 for the Chairman of the Board and SEK 155,000 to each of the other members for the period up to the close of the 2020 Annual General Meeting, allocated according to the table on the previous page. At the same AGM, it was resolved to set fees at SEK 50,000 to the Chairman and SEK 25,000 to other members of the Board's Audit and Finance Committee. No fees are paid to the Chairman or members of the Board's Remuneration Committee.

The CEO and other senior executives

The CEO is subordinate to the Board of Directors and responsible for John Mattson's ongoing administration and the daily operations of the company. The distribution of work between the Board of Directors and the CEO can be seen in the rules of procedure for the Board of Directors and the instruction for the CEO.

The CEO is responsible for leading operations in accordance with the Board of Directors' guidelines and instructions and ensuring that the Board of Directors is supplied with the necessary information and decision-data. The CEO leads the work in Group management and makes decisions based on consultation with its members. Additionally, the CEO presents items at the Board's meetings, and ensures that Board members are continually provided with the necessary information in order to monitor the financial position, performance, liquidity and development of the company and the Group.

The CEO and other senior executives are more closely presented on page 33.

Guidelines for remuneration of the CEO and other senior executives

The Annual General Meeting on 11 March 2019 resolved to apply the following guidelines for the remuneration of senior executives in the company for the period until the 2020 AGM.

The company offers remuneration and other terms of employment that enable John Mattson to recruit, motivate and retain senior executives with the skills John Mattson needs to implement its strategy and achieve the goals of its operations. Conformity to market conditions and competitiveness are general principles for remuneration of senior executives of the company. Remuneration paid to senior executives can comprise a fixed base salary, variable cash remuneration, long-term share-based incentive programmes (which in some cases can contain certain salary compensation, pension and other customary remuneration and benefits).

Senior executives means the CEO and executives who report direct to the CEO and who are part of the Group management. At present, the company's senior executives are the CEO, the CFO, the Head of Property Management, the Head of Business Development, the Head of Investor Relations and the Communications Director.

Principles for fixed remuneration

Fixed salaries are based on the competence, responsibilities and performance of the senior executive, and must be market-based and competitive. Fixed salaries are evaluated on an annual basis by the Remuneration Committee.

Principles for variable remuneration

Variable remuneration is based on pre-determined individual and Group-wide objectives and can, for example, be a combination of revenue, cash-flow and activity goals. The goals are established on a yearly basis by the Remuneration Committee, with the intent that they will align with John Mattson's business strategy and financial targets. Variable cash remuneration for the CEO may not exceed twelve months' salary (calculated on the fixed monthly salary). Variable remuneration for the other senior executives may not exceed four months' salary (calculated on the fixed monthly salary).

The general meeting of shareholders resolves on whether variable remuneration will be payable in the form of a long-term share-based incentive programme. Incentive programmes of this type must be designed for the purpose of promoting long-term value creation and of achieving an expanded community of interest between the interests of the participating senior executives and the interests of the shareholders. The vesting period under this type of incentive programme, or the period from the time the agreement is signed until the shares can be acquired, may not be less than three years. Incentive programmes that entail acquisition of shares must also be designed to promote own shareholdings in the company.

Each year, the Board of Directors evaluates whether or not a long-term share-based incentive programme should be proposed to the general meeting of shareholders.

During the 2019 financial year, remuneration for the CEO and other senior executives has been distributed in accordance with the table in Note 7.

Pension

The senior executives are offered pension conditions and pension levels in line with market rates.

Other benefits

Other customary benefits, for example a company car and healthcare insurance, must be in line with market conditions.

Notice period and severance pay

Between the company and the CEO, a notice period of 18 months will apply to termination by the company and six months upon resignation by the CEO. The CEO is entitled to a severance package equivalent to twelve months' fixed salary with deductions. For the other senior executives, a notice period of six months will apply.

Departures from the guidelines

The Board of Directors has the right to depart from these guidelines in an individual case, if there are particular reasons to do so. Should such a departure be made, information about and the reason for the departure will be reported at the next Annual General Meeting.

Incentive programme and bonus programme

All of John Mattson's permanent employees (including senior executives) participate in a bonus programme within which they have the opportunity to receive an annual performance-based bonus no higher than one month's fixed salary. The outcome of the bonus depends on the employee having met certain criteria in relation to improvement of the Group's net operating income and a service index measured from the perspective of customer satisfaction. Comparisons are made partly with previous years and partly in relation to industry averages. Senior executives have the chance of an additional bonus of two months' fixed salary per year, where one month's salary is paid on the condition that individual change and improvement targets have been met, and one month's salary is paid on the condition of a certain increase of net asset value and income from property management per share. Senior executives can therefore each be granted a maximum bonus of three months' fixed salary.

Audit

The auditor will examine the company's annual report and reporting as well as the administration of the Board and the CEO. Auditing of the company's financial reports and accounts as well as the administration of the Board and the CEO is carried out in accordance with Swedish accepted auditing standards.

According to John Mattson's Articles of Association, the company is to appoint one or two auditors with or without deputies or one or two registered auditing companies. At the AGM on 11 March 2019, Authorised Public Accountant Jonas Svensson was appointed as auditor and Authorised Public Accountant Ingemar Rindstig as deputy auditor for the period until the 2020 AGM.

After every financial year, the auditor is to submit an auditor's report and consolidated financial statements to the AGM. During one of the meetings of the Board and the auditor, no members of executive management should be present. The Audit and Finance Committee review and supervise the auditor's impartiality and autonomy. The auditors receive remuneration for their work in accordance with the resolution of the AGM. For the 2019 financial year, total remuneration to the company's auditor amounted to SEK 3.5 million.

Internal control over financial reporting and risk management

John Mattson's internal control regarding the financial reporting is designed to manage risks and ensure a high level of reliability in the processes around the preparation of the financial reports and to ensure compliance with the applicable reporting requirements and other requirements for John Mattson as a listed company. The Board of Directors is, in accordance with the Swedish Companies Act and the Code, responsible for the internal control of the company regarding financial reporting. John Mattson follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for evaluating a company's internal control over financial reporting, "Internal Control – Integrated Framework", that consists of monitoring five components: control environment, risk assessment, control activities, information and communication, as well as monitoring.

John Mattson runs an operative, decentralised and transparent organisation in which the financial department is centralised as a support function. This means that the company has resources in place, in the form of employees and systems, to establish standardised and efficient administrative procedures and processes. Processes are continuously evaluated in line with compliance.

Follow-ups of earnings and balances are made monthly. Clear documentation via policies and instructions together with recurrent follow-ups and regular discussions with the auditors ensure continuous efforts to improve these processes.

Management and reporting are examined by the company's auditors twice per year and reported to both the Audit and Finance Committee and the Board of Directors. Based on the above, no requirements for internal auditing and deemed necessary.

Control environment

The internal control is based on divisions of responsibility and work through the Board's rules of procedure, instructions for the committees, the CEO and the financial reporting and policies. Compliance with these is followed up on and evaluated continuously by the individual responsible. The overall control environment also means that a Group-wide risk assessment is carried out where risks are identified and examined. The management team is responsible for managing risks in a satisfactory manner.

Risk management

Identifying, assessing and managing risks connected to accounting and financial reporting must be built-in to John Mattson's essential processes. Using process mapping, processes including identified risks and controls are documented.

Control activities

For every identified risk, controls are implemented until the risk is deemed to be eliminated or reduced to an acceptable level. Control activities must be documented so that the methods taken are traceable.

Information and communication

Relevant information is to be communicated in the right manner, to the right individuals and at the right time. Communicating relevant information, both upwards and downwards in the hierarchy of an organisation as well as to external parties is an important part of maintaining healthy internal control. Meetings of the management team should be used as a forum for communication and the spread of information. Process managers must have sufficient knowledge of the significant risks and related control activities in the specific process.

Follow-up

The system of internal control and risk management is to be continuously followed up for the purpose of ensuring that the system is enforced, that changes are made when necessary and to examine changes in the working methods. The management team evaluate the Group-wide risk assessment and its management as well as whether or not the specific control activities that are carried out in respective essential processes remain relevant for managing the material risks that John Mattson faces.

Deviations in relation to the Code

John Mattson applies the Code. The Code is based on the "comply or explain" approach. This means that a company that applies the Code can deviate from specific regulations, but only if an explanation is given reporting the reasons for this deviation.

John Mattson has followed the Code with no deviations since its listing on 5 June 2019.

The auditor's examination of the corporate governance statement

To the General Meeting of John Mattson Fastighetsföretagen AB (publ), corporate identity 556802-2858

Responsibilities of the Board of Directors

The Board of Directors is responsible for that the corporate governance statement on pages 27–31 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Conclusion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 25th of March 2020

Jonas Svensson
Authorized Public Accountant

Board

From the left: Johan Ljungberg, Anna Sander, Anders Nylander, Christer Olofsson, Ulrika Danielsson and Håkan Blixt.

ANDERS NYLANDER
Chairman of the Board since 2014.
Chairman of the Remuneration Committee and Board member
of the Audit and Finance Committee.
Born: 1952.
Training and education: Master of Science in Civil Engineering,
KTH Royal Institute of Technology
Other current assignments: Board member of Dieng Nylander & Co AB and Sveafastigheter Bostad AB.
Shareholding in the Company (including any shareholding of related parties): –
Independence status: Independent in relation to the company, its senior executives and major shareholders.

ANNA SANDER
Member of the Board since 2016.
Born: 1967.
Training and education: Master of Science in Surveying and Degree of Licentiate, KTH Royal Institute of Technology
Other current assignments: Head of Project Management for Uppsala municipality.
Shareholding in the Company (including any shareholding of related parties): –
Independence status: Independent in relation to the company, its senior executives and major shareholders.

CHRISTER OLOFSSON
Member of the Board since 2015.
Born: 1951.
Training and education: Master of Science in Civil Engineering, KTH Royal Institute of Technology
Other current assignments: Member of the Board and CEO of Olofsson & Partners AB.
Shareholding in the Company (including any shareholding of related parties): –
Independence status: Independent in relation to the company, its senior executives and major shareholders.

HÅKAN BLIXT
Member of the Board since 2012.
Member of the Remuneration Committee and the Audit and
Finance Committee
Born: 1957.
Training and education: Master of Science in Geodesy and Geoinformatics,
KTH Royal Institute of Technology
Other current assignments: Senior Asset Manager at Scius Partners AB Member of the Board at SveaReal Holding AB (and its subsidiaries), Håkan Blixt Ensemble AB and NHP Trav AB.
Shareholding in the Company (including any shareholding of related parties): –
Independence status: Independent in relation to the company, its senior executives and major shareholders.

JOHAN LJUNGBERG
Member of the Board since 2018.
Born: 1972.
Training and education: Civil Engineering, KTH Royal Technical Institute and Tufts University.
Other current assignments: Chairman of the Board of Tagehus Holding AB (and committees at its current and previous subsidiaries) and Atrium Ljungberg AB. Member of the Board of Eastnine AB (publ), K2A Knaust & Andersson Fastigheter AB (publ), Jaminsk Holding AB (including its subsidiaries), JohTo AB (including its subsidiaries), Karikal AB, FPG Media AB, Johlj AB, Näsängen Projektutveckling AB, Näsängen Utveckling AB and Näsängen Handelsfastigheter AB. Deputy member of the Board at Karikal Holding AB.
Shareholding in the Company (including any shareholding of related parties): 4,336,698 shares as the majority shareholder in Tagehus Holding AB.
Independence status: Independent in relation to the company and its senior executives. Not independent in relation to the company's major shareholders.

ULRIKA DANIELSSON
Member of the Board since 2018.
Chairman of the Audit and Finance Committee and Board member of the Remuneration Committee.
Born: 1972.
Training and education: Master of Science in Business Administration from the Gothenburg School of Business, Economics and Law
Other current assignments: CFO at Castellum Aktiebolag (and committees at its subsidiaries) Member of the Board and Chairman of the Audit Committee of Alligator Bioscience AB and Member of the Board
of Slättö Förvaltning AB.
Shareholding in the Company (including any shareholding of related parties): –
Independence status: Independent in relation to the company, its senior executives and major shareholders.

Group Management

SIV MALMGREN
Chief Executive Officer
Senior executive since 1996.
Born: 1959.
Training and education: Behavioural Science and MBA,
Stockholm University
Other current assignments: –
Shareholding in the Company: 18,390 shares.

MARIA SIDÉN
CFO
Senior executive since 2014.
Born: 1976.
Training and education: Master of Science in Economics,
Stockholm University.
Other current assignments: –
Shareholding in the Company: 12,546 shares.

ANNA BELLANDER
Head of Communications.
Senior executive since 2017.
Born: 1971.
Training and education: Master of Arts in Media, Communication and Journalism Studies, Uppsala University
Other current assignments: –
Shareholding in the Company: 7,485 shares.

DANIEL FORNBRANDT
Head of Business Development.
Senior executive since 2020.
Born: 1979.
Training and education: Master of Science in Business and Economics, Uppsala University.
Other current assignments: –
Shareholding in the Company: –

CHRISTINA HANSSON
Head of Property Management.
Senior executive since 2019.
Born: 1972.
Training and education: Master of Science in Surveying,
Lund University.
Other current assignments: –
Shareholding in the Company: 330 shares.

ERIK KRONQVIST
Head of Investor Relations.
Senior executive since 2018.
Born: 1980.
Training and education: University education in Business Administration at both Lund University and Stockholm University.
Other current assignments: Consultant at Springtime-Intellecta AB.
Shareholding in the Company: 330 shares.

In 2019, John Mattson's Group management has also included Jonas Hermansson (Head of Business Development) and Christian Herold (Head of Project Development).

Art in Baggeby – Anna Tedestam

Contents

Administration Report

The Board of Directors of John Mattson Fastighetsföretagen AB (publ) (556802-2858) hereby presents the Annual Report for the Group and Parent Company for the 1 Jan 2019–31 Dec 2019 financial year. The registered office of the company is in the municipality of Lidingö Stad, Stockholm, Sweden. The Annual Report is presented in Swedish krona (SEK). The comparative year is 2018.

Information about the operations

John Mattson has 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 provide services to the residential tenants.

Property portfolio

John Mattson's property portfolio is concentrated to Lidingö and mainly consists of residential properties. At the end of the financial year, the portfolio comprised 2,251 rental apartments with a lettable area of 171,500 sq m (169.1), 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 68% of the total number of apartments. The Barkassen 1 and Galeasen 2 properties, located nearby in Baggeby, comprise a total of 83 apartments. In September 2019, the U25 building in Larsberg with 74 apartments for young adults, was completed with occupancy in the fourth quarter. The Parkhusen blocks in Larsberg, totalling 80 apartments, were completed in June 2018. One property with 146 apartments in the neighbouring area of Dalénum has also been owned since 2015. In the area of Käppala, in southeast Lidingö, 481 apartments were acquired and taken possession of in June 2018. In December 2019, an agreement was entered into to acquire 541 apartments in the municipality of Sollentuna, with completion set for May 2020. Refer to pages 20–21 for more information about the Sollentuna acquisition.

Demand for John Mattson's apartments is considerable. The close-to-nature location, and proximity to public transport by rail and Stockholm's inner city in combination with the quality of housing offered by John Mattson means the occupancy rate in the portfolio is very high. Demand is expected to remain high. 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.

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 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.
- To attain a property value corresponding to at least SEK 10 billion by 2023. As of 31 December 2019, the property value was SEK 6.4 billion (6.0).

Strategies

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 buildings.
- 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.

John Mattson's strategies are presented in greater detail on pages 6–7.

Investments in the property portfolio

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. Renovations using the Larsberg model follow a two-step process: first, the initial base upgrade secures the building's technical status through the replacement of electrical and plumbing systems as well as bathrooms.

The following step, the total upgrade, brings the apartments up to contemporary standards, to meet demand from existing and new tenants. This focuses on the remaining aspects of the apartment and the installation of new kitchen interiors and renovation of all surfaces. Total upgrades are carried out when apartments are vacant or where tenants so wish. In conjunction with the upgrades, where possible, unused spaces are converted to housing.

In Larsberg, where the entire portfolio from the 1960s has already received a base upgrade, total upgrades are being carried out for apartments that were vacated or when the tenants have requested it. The objective is to totally upgrade an average of 100 apartments each year.

The acquisition of 481 apartments in Käppala resulted in an increase in the percentage of unrenovated apartments in the company's portfolio. Some 400 apartments are expected to have base upgrades completed by summer 2021.

John Mattson works actively to identify undeveloped land where infill development is possible and appropriate for the existing built-up area. 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. During the year, total investments amounted to SEK 160.1 million (1,091.9), of which SEK 0.0 million (804.5) pertained to acquisitions. Investments in new builds totalled SEK 95.7 million (115.0) and essentially pertained to the completion of U25 with 74 apartments for young adults and investments in ongoing conversions of premises and attic extensions. Investments in implemented base and total upgrades amounted to SEK 43.1 million (170.1) and encompassed 65 apartments with total upgrades (375).

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 years.

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 25 (24) employees, of whom 14 (15) are women. At 31 December 2019, the company's management group consisted of the Chief Executive Officer, Chief Financial Officer, Head of Business Development, Head of Project Management, Head of Property Management, 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 property management department. In 2019, the project organisation also encompassed operations technicians and environmental caretakers. Management is geographically based in Larsberg in Lidingö and is essentially conducted by John Mattson's own personnel. Further information on employees, salaries and benefits is provided in Note 7 to the consolidated financial statements.

Property valuation
Quarterly external valuations of all of the Group's properties are conducted by Cushman & Wakefield. More information about John Mattson's investment properties can be found in Note 11.

Significant events
- The Annual General Meeting on 11 March resolved to conduct a three for one split of the company's shares.
- On 5 June, John Mattson was listed on Nasdaq Stockholm, Mid Cap.
- Completion and occupancy of U25.
- Agreement signed to acquire 541 apartments in Sollentuna. With possession in May 2020.

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 2019, 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 (current earning capacity should not be seen as a forecast) as per 31 December 2019 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 published in the company's interim reports.

	Change +/-	Impact on income from property management
Rent level	SEK 100 per sq m	+/–17.1
Economic occupancy rate	1 percentage point	+/–2.8
Property expenses	5%	+/–5.0
Underlying market interest rate	1%	–8.7/+7.6

Revenue risks
Housing accounts for slightly more than 85% 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 revenue.

The norm for new housing production is to negotiate presumption rents with the Hyresgästföreningen (Swedish Union of Tenants). Where no agreement can be reached on presumption rents, John Mattson can set the rent level itself. Tenants can apply to the Regional Rent Tribunal to challenge the rent level, and if it deviates from the utility value principle, the rent could be lowered. John Mattson has set the rents for around 4% of the apartments.

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 supplement 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.

In addition to the above, the company also faces the risk of unforeseen events of a force majeure nature arising that could impact the capacity to generate revenue.

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. Those buildings that have yet to be upgraded require modernisation 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 new builds, extensions and redevelopments
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 can be difficult to secure resources in the shape of contractors, consultants and own personnel. Proactive efforts are required given the intense competition to acquire properties in attractive locations. 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 linked to property development
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.

Risked linked to property value
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.

The impact of a percentage change in property value on the LTV ratio is illustrated below.

Change in property value	–20%	–10%	0%	10%	20%
Change in value, SEK m	–1,273	–637	0	673	1,273
Loan-to-value (LTV) ratio, %	50.9	45.2	40.7	37.0	33.9

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 separate 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 2019, the loan-to-value ratio was 40.7% (41.0) and the interest coverage ratio was 2.3 (1.6).

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 3.2 years (3.5) at the end of 2019.

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 as well as several lenders. 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 2.4 years (3.3) at the end of 2019.

John Mattson has a positive cash flow from operating activities in line with income from property management. 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 160 million (110), of which SEK 31.3 million (0) had been utilised at the end of 2019.

Sustainability
John Mattson has high ambitions and actively works with its long-term sustainability agenda in all areas of operation. Refer to pages 7–9 and page 19 for information on the company's sustainability areas.

Guidelines for remuneration of senior executives
The Board of Directors is responsible for the company having a formal and transparent process in place for establishing principles, remuneration and other terms of employment for the company management.

John Mattson's Remuneration Committee prepares proposals for guidelines for remuneration and other terms of employment for the CEO and other senior executives as well as evaluates the application of the guidelines as resolved by the AGM. The members of the Remuneration Committee comprise three Board Members appointed by the Board of Directors.

The Board prepares proposed guidelines for resolution by the AGM, at least every fourth year. Ahead of the 2020 AGM, the Board intends to propose for resolution by the AGM, guidelines for remuneration and other terms of employment for senior executives at John Mattson to apply for the period until the end of the 2024 AGM.

John Mattson offers market-based and competitive remuneration proportionate to responsibilities and authorities. Remuneration comprises fixed salaries, any variable remuneration, pension benefits and other benefits. Conformity to market conditions and competitiveness apply as general principles for remuneration of senior executives. Salaries, benefits and pension premiums for 2019 are disclosed in Note 7. Variable cash remuneration for the CEO may not exceed six months' salary (calculated on the fixed monthly salary). Variable remuneration for the other senior executives may not exceed four months' salary (calculated on the fixed monthly salary) and is based on the outcomes relative to pre-set targets. Pension benefits to senior executives are either defined-contribution or defined-benefit, unless the individual in question is encompassed by a defined-benefit pension in accordance with the provisions of a collective bargaining agreement. Variable remuneration is only pensionable to the extent it is required pursuant to the applicable provisions of collective bargaining agreements. For each senior executive, pension premiums may not exceed 50 per cent of the fixed base salary unless a higher provision is applicable according to the relevant collectively agreed pension plan.

Premiums and other costs pertaining to other benefits, such as health insurance and company car, may not total more than 5% of the total fixed annual salary of the respective senior executive.

In accordance with Chapter 8 Section 53 of the Swedish Companies Act, the Board of Directors has the right to depart from these guidelines in an individual case, if there are particular reasons to do so.

For the complete proposal regarding the proposed guidelines for senior executives, refer to John Mattson's website corporate.johnmattson.se/en/.

Refer to the Corporate Governance Report on pages 29–30 for more information on the guidelines for remuneration of senior executives.

FINANCIAL OUTCOME

Income statement

Revenue

The Group's revenue amounted to SEK 253.0 million (218.3), corresponding to SEK 1,509 per sq m (1,417). The average economic occupancy rate during the period was 95.3% (97.3). Housing rental revenues amounted to SEK 214.8 million (183.0), corresponding to SEK 1,411 per sq m (1,319). The average economic occupancy rate for apartments during the period was 96.5% (98.0). The remaining rental revenues pertained primarily to commercial premises, garages and parking places and amounted to SEK 38.2 million (35.3) for the period.

The revenue increase of SEK 34.7 was mainly attributable to acquired and newly built properties, which increased revenue by SEK 23.6 million 22.0) for the period. Moreover, the increase was also due to implemented base and total upgrades, which had an impact on revenue during the period of SEK 6.4 million (5.7). The general annual rent negotiations for housing in 2019 resulted in increases of 1.8–2.1% from 1 July 2019, corresponding to SEK 2.7 million (1.4) of the revenue increase for the period.

Property expenses

Property expenses totalled SEK 100.1 million (115.1), corresponding to SEK 589 per sq m (736), which is a cost reduction of SEK 147 per sq m or 20%. Operating expenses amounted to SEK 57.4 million (46.9). 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 at the end of the first half of 2018. The largest cost item was tariff-based costs, which corresponded to around 40% of operating expenses.

Maintenance expenses amounted to SEK 19.4 million (43.3), of which SEK 0.0 million (18.5) was attributable to base and total upgrades carried out during the period.

Central administration

Central administration costs, which consist of costs for company management and central support functions, totalled SEK 38.0 million (37.4). During the period, non-recurring costs of SEK 9.9 million (19.6) connected to the company's stock exchange listing were recognised under central administration costs.

Changes in value

Properties

In 2019, the property market in general remained positive with stable prices. Unrealised changes in property values amounted to SEK 165.6 million (208.9), 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 1,279 million (1,279.0). 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 68.9 million (negative: 73.5). Unrealised changes in derivative values resulted in a positive change in value of SEK 4.6 million (positive: 0.8), as a result of rising long-term 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 49.8 million (expense: 42.1). The weighted-average interest rate on outstanding credit facilities and derivative agreements was 1.87% (1.88) at the end of the period.

Tax for the year

Current tax for the period was an expense of SEK 0.4 million (expense: 0.0). Deferred tax amounted to an expense of SEK 56.0 million (expense: 11.1) and was mainly impacted by negative changes in temporary differences on properties and derivatives of SEK 35.1 million (negative: 46.1) and changes in capitalised loss carryforwards amounting to a negative SEK 9.6 million (negative: 27.9). In the previous year, deferred tax was impacted by a non-recurring effect of SEK 46.2 million due to the lowering of the tax rate from 22.0% to 20.6%.

Balance sheet

Investment properties

During the period, total investments amounted to SEK 160.1 million (1,091.9), of which SEK 0.0 million (804.5) pertained to properties acquired through the acquisition of the Käppala portfolio. Investments in new builds totalled SEK 95.7 million (115.0) and essentially pertained to the completion of U25 with 74 apartments for young adults and investments in ongoing conversions of premises and attic extensions. Investments in implemented base and total upgrades amounted to SEK 43.1 million (170.1) and encompassed 65 apartments (375).

Parent Company

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

Parent Company revenue amounted to SEK 8.4 million (64.3). The significantly higher revenue level for the preceding year was attributable to a supplementary invoice for the financial management of properties and administrative services on behalf of subsidiaries from 2013–2017. Costs for central administration and marketing amounted to SEK 35.6 million (41.2) and were charged with non-recurring costs linked to the completed stock exchange listing of SEK 9.9 million (19.6) during the year. The loss before appropriations and tax amounted SEK 30.1 million (profit: 20.2).

Outlook for 2020

- Focus remains on potential acquisitions in the Stockholm region and discussions are being pursued with prioritised growth municipalities.
- Continued work on base upgrades and conversions of premises in Käppala.
- Total upgrades in Käppala and Larsberg.
- Continued work on detailed development plans for infill development projects in Larsberg and Käppala.
- Possession will be taken of the acquired properties in the municipality of Sollentuna in May 2020.

Multi-year review

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

Group, SEK million	2019	2018	2017	2016
Property-related key metrics				
Surplus ratio, %	60.4	47.3	44.2	51.2
Rental value at the end of the period, SEK m	275.1	257.4	193.7	185.4
Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,411	1,346	1285
Economic occupancy rate at the end of the period, %	94.9	96.5	97.4	98.6
Lettable area at the end of the period, thousand sq m	171.5	169.1	134.1	135.1
Investments in new builds, extensions and redevelopments, SEK m	160.1	287.5	319.2	134.7
Property value, at the end of the period, SEK/sq m	37,124	35,339	33,902	30,125
Total number of apartments at the end of the period	2,251	2,177	1,602	1,602
No. of upgraded apartments during the period	65	375	469	236
No. of unrenovated apartments at the end of the period	396	396	210	627
No. of upgraded apartments at the end of the period	1,366	1,366	1,091	673
Key financial metrics				
Rental revenues, SEK m	253.0	218.3	187.6	182.6
Net operating income, SEK m	152.8	103.2	83.0	93.4
Income from property management, SEK m	64.9	23.7	28.3	44.8
EBT, SEK m	235.2	233.4	299.0	425.6
Profit for the year, SEK m	178.8	222.3	233.9	332.2
Cash flow from operating activities, SEK m	46.2	21.9	37.6	61.5
Equity, SEK m	2,934.8	2,756.0	2,169.7	1,935.8
No. of employees	25	24	25	23
LTV ratio at the end of the period, %	40.7	41.0	37.5	35.8
Average interest rate at the end of the period, %	1.9	1.9	2.4	2.7
Interest coverage ratio during the period, multiple	2.3	1.6	1.7	2.3
Fixed-interest tenor, at the end of the period, years	3.2	3.5	4.5	4.8
Loan-to-maturity at the end of the period, years	2.4	3.3	0.6	0.7
EPRA NAV, SEK m	3,739.6	3,509.3	2,912.7	2,630.3
EPRA NNNAV, SEK m	3,480.2	3,267.4	2,705.2	2,410.3
Share-related key metrics (in SEK)[1)]				
Average No. of shares	33,670,032	31,860,153	30,000,000	30,000,000
No. of shares outstanding at the end of period	33,670,032	33,670,032	30,000,000	30,000,000
Income from property management, SEK/share	1.93	0.74	0.94	1.49
Growth in income from property management, SEK/share, %	159.0	–21.0	–36.9	12.5
Adjusted growth in income from property management, SEK/share, % [2)]	63.6	44.1	–36.9	12.5
Profit for the year, SEK/share	5.31	6.98	7.80	11.07
EPRA NAV, SEK/share	111.07	104.23	97.09	87.68
Growth in EPRA NAV, SEK/share, %	6.6	7.3	10.7	8.1
EPRA NNNAV, SEK/share	103.36	97.04	90.17	80.34
Equity, SEK/share	87.16	81.85	72.32	64.53

Parent Company		2018	2017	2016
Net sales, SEK m	8.4	64.3	5.8	4.3
Equity, SEK m	1,245.3	1,254.3	901.3	901.4
Total assets, SEK m	1,807.2	1,768.3	1,384.9	1,396.3
Equity/assets ratio, %	68.9	70.9	65.1	64.6
No. of employees	5	0	0	0

1) At the AGM on 11 March 2019, a share split was resolved, whereby each existing share was divided into three new shares (split 3:1). 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. A share split was implemented in 2018, whereby each existing share was divided into 10,000 new shares (split 10,000:1), together with an offset issue, which entailed a total 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. The number of shares as per 31 December 2019 was 33,670,032.

2) Income from property management has been adjusted for non-recurring costs linked to the completed stock exchange listing. An adjustment of SEK 9.9 million (19.6) was made to income from property management for the year.

Proposed appropriation of profits

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

Share premium reserve	362,776,656
Retained earnings	880,322,652
Loss for the year	–9,023,966
	1,234,075,343
To be appropriated as follows:	
To be carried forward	1,234,075,343
	1,234,075,343

Consolidated income statement

Amounts in SEK m	Note	2019	2018
Rental revenues	4	253.0	218.3
Operating expenses	5	–57.4	–46.9
Maintenance	5	–19.4	–43.3
Property tax		–4.5	–4.0
Property administration	5, 22	–18.8	–20.9
Net operating income		**152.8**	**103.2**
Central administration costs	5, 6, 7, 22	–38.0	–37.4
Interest income			0.0
Interest expense	8	–49.8	–42.1
Income from property management		**64.9**	**23.7**
Change in property values	11	165.6	208.9
Change in the value of interest-rate derivatives	12	4.6	0.8
EBT		**235.2**	**233.4**
Current tax	9	–0.4	0.0
Deferred tax	9	–56.0	–11.1
Profit/loss for the year		**178.8**	**222.3**

Consolidated statement of comprehensive income

Amounts in SEK m	Note	2019	2018
Profit for the year		178.8	222.3
Other comprehensive income			–
Comprehensive income for the year		**178.8**	**222.3**
Average No. of shares, thousand[1)]		33,670	31,860
Earnings per share (SEK)	15	5.31	6.98

[1)] A share split was implemented in 2019, whereby each existing share was divided into three new shares (split 3:1), moreover, a share split was conducted in 2018, whereby each existing share was divided into 10,000 new shares (split 10,000:1). The total number of shares after the share split was 33,670,032. Amounts for earnings per share for previous periods have been restated in this report taking into consideration the share splits carried out in 2019 and 2018.

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 2019	31 Dec 2018
ASSETS			
Non-current assets			
Property, plant and equipment			
Investment properties	11	6,365.2	6,039.5
Plant and equipment	10	1.9	1.7
Financial assets			
Other non-current receivables	12	4.9	7.6
Other non-current securities holdings	12	0.1	0.1
Total non-current assets		**6,372.2**	**6,048.9**
Current assets			
Rent receivables and accounts receivable	18	1.7	1.6
Other receivables		6.8	13.5
Prepaid expenses and accrued income		8.5	10.8
Cash and cash equivalents	13	9.8	2.8
Total current assets		**26.7**	**28.7**
TOTAL ASSETS		**6,398.9**	**6,077.6**
EQUITY AND LIABILITIES			
Equity	16		
Share capital		11.2	11.2
Other contributed capital		362.8	362.8
Retained earnings, including net profit for the year		2,560.8	2,382.0
Total equity attributable to Parent Company owners		**2,934.8**	**2,756.0**
Non-current liabilities			
Interest-bearing liabilities	17, 18	2,046.2	2,479.4
Provisions for pensions	7	0.5	0.6
Deferred tax liability	9	735.9	679.8
Derivatives	18	68.9	73.5
Total non-current liabilities		**2,851.5**	**3,233.3**
Current liabilities			
Interest-bearing liabilities	17, 18	555.4	–
Accounts payable	12, 18	17.3	34.3
Other current liabilities	19	4.2	19.5
Accrued expenses and deferred income	20	35.6	34.4
Total current liabilities		**612.5**	**88.3**
TOTAL EQUITY AND LIABILITIES		**6,398.9**	**6,077.6**

Consolidated statement of changes in equity

Amounts in SEK m	Share capital[1]	Other contributed capital	Retained earnings incl. net profit for the year	Total equity
	Attributable to the Parent Company's owners			
Opening equity, 1 Jan 2018	**10.0**	**–**	**2,159.7**	**2,169.7**
Profit for the year	–	–	222.3	222.3
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	**–**	**–**	**222.3**	**222.3**
Transactions with the Group's owners				
Offset issue	1.2	362.8	–	364.0
Total transactions with owners	**1.2**	**362.8**	**–**	**364.0**
Closing equity, 31 Dec 2018	**11.2**	**362.8**	**2,382.0**	**2,756.0**
Opening equity, 1 Jan 2019	**11.2**	**362.8**	**2,382.0**	**2,756.0**
Profit for the year	–	–	178.8	178.8
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	**–**	**–**	**178.8**	**178.8**
Transactions with the Group's owners	**–**	**–**	**–**	**–**
Closing equity, 31 Dec 2019	**11.2**	**362.8**	**2,560.8**	**2,934.8**

[1] At the AGM on 11 March 2019, a share split was resolved, whereby each existing share was divided into three new shares (split 3:1). A share split was implemented in 2018, whereby each existing share was divided into 10,000 new shares (split 10,000:1), together with an offset issue, which entailed a total 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. 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. The number of shares as per 31 December 2019 was 33,670,032.

Consolidated cash-flow statement

Amounts in SEK m	Note	2019	2018
Operating activities			
EBT		235.2	233.4
Adjustment for non-cash items	21		
Change in value of investment properties		–165.6	–208.9
Changes in derivative values		–4.6	–0.8
Depreciation and disposals		1.2	1.5
Other non-cash items, etc.		0.1	–0.1
Taxes paid	9	–0.4	0.0
Cash flow from operating activities before changes in working capital		**65.9**	**25.2**
Cash flow from changes in working capital			
Change in operating receivables		11.6	–14.8
Change in operating liabilities		–31.2	11.5
Cash flow from operating activities		**46.2**	**21.9**
Investing activities			
Acquisition of investment properties, asset acquisitions[1]		–	–5.6
Investments in equipment		–1.5	–0.1
Investments in investment properties, etc.		–160.1	–287.5
Cash flow from investing activities		**–161.5**	**–293.2**
Financing activities			
Borrowings		131.4	269.0
Repayments of borrowings		–9.2	–4.6
Cash flow from financing activities		**122.3**	**264.5**
Cash flow for the year		**7.0**	**–6.8**
Opening balance, cash and cash equivalents		2.8	9.6
Closing balance, cash and cash equivalents	13	**9.8**	**2.8**
Additional cash-flow statement disclosures			
Interest received		0.0	0.0
Interest paid		–48.4	–42.1
[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**

Notes to the consolidated financial statements

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 (publ), corporate identification 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 public limited liability company listed on Nasdaq, Mid Cap and has its headquarters in Lidingö Municipality, Sweden. The address to the Head Office is Larsbergsvägen 10, SE-181 10 Lidingö, Sweden.

The Board of Directors approved this annual report and these consolidated financial statements on 25 March 2020 and they will be presented for adoption by the Annual General Meeting on 21 April 2020.

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.

Currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation 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 are invoiced in advance and the rents are allocated straight line so that only the portion of the rents that fall due during the period is recognised as revenue. Where appropriate, recognised rental revenues have 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 comprise 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, snow clearance, etc. 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 2019 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 Investment properties.

Unrealised changes in value are recognised in the Statement of comprehensive income on the row Change in property values. 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 revenue 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. Accordingly, no properties are currently classified as owner-occupied 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 for Plant and equipment are 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 and the company has discharged its undertaking. 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 debt 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. Following initial recognition, they are measured at amortised cost using the effective interest-rate method.

Derivatives
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

The new or amended standards that take effect on 1 January 2020 or later are assessed as having no 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 the Board based on the properties' market values. Significant estimates have thus been made concerning such items as the cost of capital and yield requirement that are based on the external 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 investment properties, see Note 11 Investment properties.

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 judgement 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 21.4%. 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 reduce 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 reduced 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 where the Group is the lessor are classified as operating leases.

Rental revenues	2019	2018
Housing	214.8	183.0
Premises, garages	36.3	33.6
Other revenue	1.8	1.7
Rental revenues as per income statement	**253.0**	**218.3**

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	2019	2018
Contractual rental revenues within 1 year	21.7	20.2
Contractual rental revenues within 2 years	22.3	13.2
Contractual rental revenues within 3 years	16.2	18.0
Contractual rental revenues within 4 years	14.2	16.2
Contractual rental revenues within 5 years	13.7	12.6
Contractual rental revenues later than 5 years	13.0	19.3
Total premises	**101.1**	**99.5**

Contractual future rental revenues from housing and parking, estimated annual rent [1]	2019	2018
Housing	56.0	53.4
Parking	2.6	2.4
Total housing and parking	**58.6**	**55.8**

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

Rental revenues

	2019	2018
Larsberg	189.5	173.0
Baggeby	9.3	7.1
Dalénum	21.7	21.3
Käppala	32.4	16.9
Total rental revenues	**253.0**	**218.3**

SEK/sq m [1]	2019	2018
Larsberg	1,543	1,440
Baggeby	1,635	1,244
Dalénum	2,352	2,314
Käppala	1,079	1,083
Total	**1,509**	**1,417**

[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	2019	2018
Tariff-based operating expenses	21.6	17.8
Property upkeep	10.9	8.6
Other	24.9	20.4
Total	**57.4**	**46.9**
Property administration		
Personnel costs	8.3	8.7
Office-related expenses	2.6	3.5
Other	7.9	8.8
Total	**18.8**	**20.9**
Central administration costs		
Personnel costs	14.6	11.0
Advisory services	3.9	3.6
Audit costs	1.1	1.2
Other expenses [1]	18.3	21.6
Total	**38.0**	**37.4**

[1] Other costs for 2019 include non-recurring costs of SEK 9.9 million (19.6) connected to the stock exchange listing.

Property expenses

	2019	2018
Larsberg	71.2	86.2
Baggeby	3.2	6.2
Dalénum	5.5	4.9
Käppala	20.3	17.9
Total property expenses	**100.1**	**115.1**

Maintenance

	2019	2018
Upgraded apartments	–	11.2
Upgrades of buildings	–	7.3
Regular maintenance and repairs	19.4	18.9
Other maintenance expenses	–	5.9
Total maintenance	**19.4**	**43.3**

	Larsberg		Baggeby		Dalénum		Käppala		Total	
SEK/sq m [1]	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Operating expenses	314	295	359	283	402	370	424	453	339	327
Maintenance	122	263	88	600	64	50	99	250	113	260
– of which, upgrades	–	*127*	–	*487*	–	–	–	–	–	*110*
Property tax	28	27	3	15	16	20	27	24	26	26
Property administration	106	118	103	181	110	88	126	146	110	123
Total	**569**	**702**	**554**	**1,078**	**592**	**528**	**675**	**874**	**589**	**736**

[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. Auditors' fees

Ernst & Young AB	2019	2018
Auditing assignment	1.1	1.2
Other auditing activities	–	–
Tax advice	–	–
Other services	2.4	4.1
Total	**3.5**	**5.3**

Note 7. Employees and personnel costs

	2019		2018	
Avg. No. of employees	**Avg. No. of employees**	**Of whom men, %**	**Avg. No. of employees**	**Of whom men, %**
Parent Company	5	32	–	–
Subsidiaries	20	43	24	41
Total in Group	**25**	**41**	**24**	**41**

	2019		2018	
Gender distribution, Board of Directors and senior executives	**No. on balance-sheet date**	**Of whom men, %**	**No. on balance-sheet date**	**Of whom men, %**
Board Members	6	67	6	67
Chief Executive Officer	1	–	1	–
Other senior executives	6	50	4	50
Total in Group	**13**	**54**	**11**	**55**

	2019	2018
Board of Directors, the CEO and other senior executives		
Salaries and other remuneration	–8.8	–9.2
Social security contributions	–5.6	–5.7
(of which, pension costs)	–2.4	–2.2
Total	**–14.4**	**–14.9**
Other employees		
Salaries and other remuneration	–10.7	–10.8
Social security contributions	–4.7	–4.5
(of which, pension costs)	*–1.0*	*–1.1*
Total	**–15.4**	**–15.3**
Total in Group	**–29.8**	**–30.2**

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 2019 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 2019, the cost of defined-contribution pensions amounted to SEK 3.4 million (3.3).

2019	Base salary, Director fees	Variable remunera-tion	Pension costs	Other remunera-tion	Total
Chairman of the Board					
Anders Nylander	0.4	–	–	–	0.4
Board Member					
Anna Sander	0.2	–	–	–	0.2
Håkan Blixt	0.2	–	–	–	0.2
Christer Olofsson	0.2	–	–	–	0.2
Ulrika Danielsson	0.2	–	–	–	0.2
Johan Ljungberg	0.2	–	–	–	0.2
Chief Executive Officer					
Siv Malmgren	1.9	0.1	0.9	–	3.0
Other senior executives (4)	**4.9**	**0.5**	**1.5**	**–**	**6.9**
Total	**8.2**	**0.6**	**2.4**	**–**	**11.2**

2018	Base salary, Director fees	Variable remunera-tion	Pension costs	Other remunera-tion	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**

Remuneration and terms and conditions for senior executives

Remuneration and benefits to Group management are prepared by the Remuneration Committee and decided by the Board. Remuneration comprises a base salary and variable remuneration under an incentive programme. Variable remuneration is based on pre-determined individual and Group-wide objectives and can, for example, be a combination of revenue, cash-flow and activity goals. The goals are established on a yearly basis by the Remuneration Committee, with the intent that they will align with the company's business strategy and financial targets. Variable cash remuneration for the CEO may not exceed six months' salary (calculated on the fixed monthly salary). Variable remuneration for the other senior executives may not exceed four months' salary (calculated on the fixed monthly salary).

The general meeting of shareholders resolves on whether variable remuneration will be payable in the form of a long-term share-based incentive programme. Incentive programmes of this type must be designed for the purpose of promoting long-term value creation and of achieving an expanded community of interest between the interests of the participating senior executives and the interests of the shareholders. The vesting period under this type of incentive programme, or the period from the time the agreement is signed until the shares can be acquired, may not be less than three years. Incentive programmes that entail acquisition of shares must also be designed to promote own shareholdings in the company.

Each year, the Board of Directors evaluates whether or not a long-term share-based incentive programme should be proposed to the general meeting of shareholders.

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. For the other senior executives, a notice period of six months will apply. The CEO has an agreement concerning a direct pension that will be paid under special circumstances from November 2021. This has been recognised as a contingent liability in an amount of SEK 4.8 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 base 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

	2019	2018
Interest expense, external creditors	–48.7	–42.1
Other financial expenses	–1.1	0.0
Total	**–49.8**	**–42.1**

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 borrowings during the financial year: 1.87% (1.88).

Note 9. Tax

Tax recognised in profit or loss

Current tax	2019	2018
Current tax on profit for the year	0.0	0.0
Adjustments regarding prior years	–0.3	–
	–0.4	**0.0**
Deferred tax		
Deferred tax relating to temporary differences	–46.5	–85.2
Deferred tax on loss carryforwards	–9.6	27.9
Revaluation, tax rate	–	46.2
	–56.0	**–11.1**
Tax recognised in profit or loss	**–56.4**	**–11.1**

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	2019	2018
EBT	235.2	233.4
Tax according to the Parent Company's current tax rate 21.4% (22%)	–50.3	–51.3
Tax effect of:		
Non-taxable revenue	0.1	0.1
Non-deductible interest expenses	–7.0	–
Non-deductible costs	–1.5	–4.4
Revaluation of tax rate to 20.6%	2.2	46.2
Tax attributable to preceding periods	–0.3	–
Other	0.6	–1.7
Recognised tax	–56.4	–11.1
Effective tax rate, %	24.0%	4.6%

In 2018, a revaluation of deferred tax was carried out. The revaluation was due to a decision taken to reduce corporation tax in Sweden in two stages, to 21.4% from 2019 and to 20.6% from 2021. John Mattson calculates deferred tax at the reduced rate, since no significant amounts for any tax liabilities or assets are expected to be reversed in the period up to 2021.

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 2019	31 Dec 2018
Loss carryforwards	93.6	103.2
Derivatives	14.2	15.2
Investment properties	–843.6	–798.1
Untaxed reserves	–0.1	–0.1
Carrying amount	**–735.9**	**–679.8**

Gross changes	Investment properties	Untaxed reserves	Loss carryforwards	Derivatives	Total
Opening carrying amount, 1 Jan 2019	**–798.1**	**–0.1**	**103.2**	**15.2**	**–679.8**
Recognised:					
The year's change in profit or loss according to the applicable tax rate, 21.4%	–47.3		–10.0	–1.0	–58.3
Revaluation of tax rate to 20.6%	1.8		0.4	0.0	2.2
Closing carrying amount, 31 Dec 2019	**–843.6**	**–0.1**	**93.6**	**14.2**	**–735.9**
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 the applicable tax rate, 22.0%	–85.0	0.0	27.9	–0.2	–57.3
Revaluation of tax rate to 20.6%	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**

All fiscal loss carryforwards have been recognised in the balance sheet as deferred tax assets. Total loss carryforwards amounted to SEK 454.4 million (500.9).

Cont. Note 9

Tax calculation for the Group	2019 Tax base, current tax	2019 Tax base, deferred tax	2018 Tax base, current tax	2018 Tax base, deferred tax
Income from property management	64.9		23.7	
Tax deductible				
depreciation	–36.3	36.3	–32.5	32.5
new builds and redevelopments	–24.8	24.8	–144.4	144.4
Other fiscal adjustments	44.4	–5.9	26.2	0.8
Taxable income from property management	**48.2**	**55.2**	**–126.9**	**177.6**
Changes in property values	–	165.6	–	208.9
Changes in derivative values	–	4.6	–	0.8
Taxable earnings before loss carryforwards	**48.2**	**225.5**	**–126.9**	**387.3**
Loss carryforwards, opening balance	–500.9	500.9	–374.0	374.0
Loss carryforwards, closing balance	454.4	–454.4	500.9	–500.9
Taxable profit	**1.8**	**271.9**	**0.0**	**260.4**
Tax on profit for the year	–0.4	–56.0	0.0	–57.3
Revaluation of deferred tax 2018	–	–	–	46.2
Tax recognised in profit or loss	**–0.4**	**–56.0**	**0.0**	**–11.1**

The Group's accumulated loss carryforwards are estimated at SEK 454.4 million (500.9), and comprise the basis for the Group's deferred tax assets. Of these, SEK 361.2 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 values exceed their fiscal values by SEK 4,679.8 million (4,455.9). The full nominal tax rate of 20.6% (20.6) is recognised as deferred tax liabilities, less deferred tax pertaining to historical asset acquisitions. The new tax rules also entail certain limits in terms of the tax deductibility of interest expenses. Other fiscal adjustments of SEK 44.4 million for 2019 are not included in non-deductible interest expenses of SEK 32.8 million, for which the tax value has not been capitalised.

Nominal and estimated deferred tax liabilities
31 Dec 2019

	Tax base	Nominal tax liability	Actual tax liability/asset
Properties	–4,679.8	–964.0	–280.8
Derivatives	68.9	14.2	13.1
Loss carryforwards	454.4	93.6	77.3
Untaxed reserves	–0.3	–0.1	–0.1
Total	**–4,156.8**	**–856.3**	**–190.5**
Property, asset acquisitions [1]	584.6	120.4	
According to balance sheet		**–735.9**	

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**	

[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	31 Dec 2019	31 Dec 2018
Opening balance, cost	**10.6**	**10.8**
Purchases during the year	1.5	0.2
Sales and disposals	–	–0.3
Closing balance, cost	**12.1**	**10.6**
Opening balance, accumulated depreciation	**–8.9**	**–7.5**
Depreciation for the year	–1.2	–1.3
Closing balance, accumulated depreciation	**–10.1**	**–8.9**
Closing carrying amount	**1.9**	**1.7**

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. External valuations have been applied for the entire property portfolio as per 31 December 2019. As for last year, the valuation was conducted by Cushman & Wakefield. The property portfolio is valued according to valuation hierarchy 3, which means that the input data used in the valuation is not observable.

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 prepared using a calculation period of ten years. For an assessment of residual value at the end of the calculation horizon, net operating income for 2030 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.

Change in property value	31 Dec 2019	31 Dec 2018
Property value at the beginning of the period	**6,039.5**	**4,738.6**
+ Acquisitions	–	804.5
+ Investments in new builds	95.7	115.0
+ Investments in base upgrades	18.1	93.5
+ Investments in total upgrades	25.1	76.6
+ Other investments in existing property	21.3	2.3
+/– Unrealised changes in value	165.6	208.9
Closing balance, property value	**6,365.2**	**6,039.5**

Specification of unrealised changes in value	31 Dec 2019	31 Dec 2018
Change in net operating income	49.7	131.9
Ongoing projects/development rights	44.8	68.4
Yield requirement	71.1	–
Acquired properties	–	8.5
Total	**165.6**	**208.9**
Change in %	**2.7**	**4.4**

The unrealised change in the value of investment properties held on the balance-sheet date of 31 December 2019 was SEK 2,545.7 million (2,305.4). The year's changes in this respect are recognised in profit or loss on the row "Change in value of investment properties".

	31 Dec 2019	31 Dec 2018
Tax assessment value, investment properties	3,530.8	2,147.0
Fiscal residual value	1,685.4	1,583.5

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 level.

Operating and maintenance payments

The assessment of disbursements for operation, administration and maintenance has been made with historical 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	31 Dec 2019	31 Dec 2018
Calculation period, number of years	10–15	10–15
Annual inflation, %	2.0	2.0
Cost of capital, %	4.5–8.3	4.5–8.3
Required yield, residual value, %		
Housing, %	2.4–4.1	2.5–3.9
Commercial, %	5.4–6.3	5.5–6.3
Long-term vacancy rate, %		
Housing, %	0.0–3.3	0.0–2.8
Commercial, %	1.9–6.0	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.

Sensitivity analysis, fair value SEK m		31 Dec 2019	31 Dec 2018
Market rent	+/–1%	86.2	82.6
Property expenses	+/– SEK 50 sq m	300.8	301.3
Long-term vacancy rate	+/–2%	172.5	165.2
Yield requirement, exit	–0.1%	227.1	213.8
Yield requirement, exit	+0.1%	–211.6	–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 non-current assets pledged as collateral, see Note 23.

Note 12. Financial instruments

Measurement of financial assets and liabilities as per 31 Dec 2019

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.

Note 13. Cash and cash equivalents

	31 Dec 2019	31 Dec 2018
Cash at bank and in hand	9.8	2.8
Carrying amount	**9.8**	**2.8**

Note 14. Group companies

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

Company	Principal activity	31 Dec 2019	31 Dec 2018
John Mattson Fastighetsföretagen AB (publ.)	Parent Company of the Group	Parent Company	Parent Company
John Mattson Fastighets AB	Letting and management	100%	100%
John Mattson Tomt AB	Dormant company	Indirectly wholly owned	Indirectly wholly owned
John Mattson Projekt AB	Dormant company	Indirectly wholly owned	Indirectly wholly owned
John Mattson Skolfastigheter AB	Letting of commercial premises	100%	100%
John Mattson Butiksfastigheter AB	Letting of commercial premises	100%	100%
John Mattson Parkering AB	Letting, parking spaces	100%	100%
John Mattson Dalenum AB	Letting, housing	100%	100%
John Mattson Käppala AB	Main partner in limited partnerships	100%	100%
John Mattson Juno Herkules KB	Letting of housing and property management	0.1%[1)]	0.1%[1)]
John Mattson Sollentuna Holding AB	Dormant company	100%	–

[1)] John Mattson Fastighetsföretagen AB (publ) 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

At the AGM on 11 March 2019, a share split was resolved, whereby each existing share was divided into three new shares (split 3:1). A share split was implemented in 2018, whereby each existing share was divided into 10,000 new shares (split 10,000:1), together with an offset issue, which entailed a total 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. As per 31 December 2019, the company's registered share capital encompassed 33,670,032 shares (11,223,344 shares) with a quotient value of SEK 0.33 (1). The calculation of earnings per share has been based on net profit for the year attributable to the Parent Company's shareholders, totalling SEK 178.8 million (222.3). This is divided by the weighted average number of shares at the time, namely 33,670,032 shares (10,620,051). 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. No dilution occurs when calculating earnings per share; nor are there any non-controlling interests in the Group.

Earnings per share	31 Dec 2019	31 Dec 2018
Profit for the year/Comprehensive income for the year, SEK m	178.8	222.3
Average number of shares outstanding	33,670,032	31,860,153
Earnings per share (SEK)	**5.31**	**6.98**

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 2019, the registered share capital amounted to 33,670,032 common shares (11,223,344). 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 0.33 per share (1).

	2019	2018
No. of shares outstanding at the beginning of the year	**11,223,344**	**1,000**
New share issue		1,223,344
Share split	22,446,688	9,999,000
No. of shares outstanding at year end	**33,670,032**	**11,223,344**

The number of shares outstanding at year end takes into consideration the 3:1 share split decided in 2019 and the 10,000:1 share split decided in 2018. The total number of shares following the decided share splits in 2019 and 2018 amounted to 33,670,032. Amounts for earnings per share for periods prior to the split have been restated in this report based on this number of shares. At the end of the 2018 financial year, the number of registered shares amounted to 11,223,344 and the average number of shares was 10,620,051.

John Mattson Juno Herkules KB was acquired in 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. Borrowings

	31 Dec 2019	31 Dec 2018
Non-current		
Liabilities to credit institutions	2,046.2	2,479.4
Carrying amount	**2,046.2**	**2,479.4**
Current		
Liabilities to credit institutions	555.4	–
Carrying amount	**555.4**	**–**
Total borrowings	**2,601.6**	**2,479.4**

Total borrowings includes liabilities to credit institutions and other borrowing against collateral of SEK 2,601.6 million (2,479.4). 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 2019	31 Dec 2018
Not past-due accounts receivable	0.7	1.0
Past-due accounts receivable 1–30 days	0.0	0.2
Past-due accounts receivable 31–90 days	0.1	0.2
Past due accounts receivable >90 days	0.8	0.3
Carrying amount	**1.7**	**1.6**

Reserve for expected credit losses

	2019	2018
Opening carrying amount	**0.6**	**0.2**
Write-offs for the year	0.3	0.4
Year's other changes	–0.1	–
Closing carrying amount	**0.8**	**0.6**

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

Cont. Note 18

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 1,879 million (1,679). SEK 600.0 million (400; 0) of the contractual interest-rate swaps have a start date in 2020.

Fixed-interest and loan-to-maturity, 31 December 2019

	Fixed-interest period		Credit maturity			Derivatives		
Maturity	**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	964	2.53	37	1,805	555	21	–14	–
1–2 years	0	0.00	0	695	577	22	0	–
2–3 years	499	1.59	19	520	520	20	154	–
3–4 years	171	1.21	7	475	475	18	171	–
4–5 years	0	0.00	0	475	475	18	0	–
> 5 years	968	1.48	37	0	0	0	968	–
Total	**2,602**	**1.87**	**100**	**3,970**	**2,602**	**100**	**1,279**	**1.77**

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

	Fixed-interest period		Credit maturity			Derivatives		
Maturity	**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**

[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 2019	**31 Dec 2018**
Market interest rate +1%, SEK m	9.6	7.8
Market interest rate +1%, SEK m	–9.6	–7.8

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 table below.

	31 Dec 2019	**31 Dec 2018**
Market interest rate +1%, SEK m	69.2	67.8
Market interest rate +1%, SEK m	–74.5	–73.1

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 160 million (110), of which SEK 31.3 million (0) had been utilised at the end of 2019.

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 2019

Analysis of tenors	<6 months	6–12 months	1–3 years	3–5 years	>5 years	Total
Accounts payable	17.3	–	–	–	–	17.3
Interest-bearing liabilities	302.0	302.0	1,193.5	985.5	0.0	2,783.1
Other current liabilities	2.1	2.1	–	–	–	4.2
Accrued costs	35.6	–	–	–	–	35.6
Derivatives	–	–	8.6	8.6	53.4	70.6
Total	**357.0**	**304.1**	**1,202.1**	**994.1**	**53.4**	**2,910.8**

31 Dec 2018

Analysis of tenors	<6 months	6–12 months	1–3 years	3–5 years	>5 years	Total
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**

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 40.7% at year end (41.0). 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 2019	Utilised, 31 Dec 2019	Amount, 31 Dec 2018	Utilised, 31 Dec 2018
Binding loan agreements with banks	2,570.3	2,570.3	2,479.4	2,479.4
Credit commitments and overdraft facilities	1,400.0	31.3	110.0	0.0
Total	**3,970.3**	**2,601.6**	**2,589.4**	**2,479.4**

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 2019:

- 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 value of the Group's property holdings is to total at least SEK 10 billion by 2023.

Note 19. Other liabilities

	31 Dec 2019	31 Dec 2018
Employee withholding taxes and social security expenses	1.5	4.5
VAT	0.6	14.8
Other items	2.2	0.1
Carrying amount	**4.2**	**19.4**

Note 20. Accrued expenses and deferred income

	31 Dec 2019	31 Dec 2018
Prepaid rental revenues	21.8	16.8
Accrued interest expense	3.6	3.9
Accrued salaries, holiday pay and social security expenses	3.8	3.0
Accrued project expenses	1.5	0.8
Other accrued expenses and deferred income	4.8	9.9
Carrying amount	**35.6**	**34.4**

Note 21. Cash-flow statement

Adjustment for non-cash items	2019	2018
Depreciation	1.2	1.3
Unrealised change in value of investment properties	–165.6	–208.9
Unrealised changes in derivative values	–4.6	–0.8
Gain on sales of non-current assets		0.0
Provisions for pensions	0.1	–0.1
Carrying amount	**–168.9**	**–208.2**

		Changes in items impacting cash flow	Changes in non-cash items	
Change in liabilities attributable to financing activities	**31 Dec 2018**	**Cash flow for the period**	**Acquisitions**	**31 Dec 2019**
Current interest-bearing liabilities	–	555.4	–	555.4
Non-current interest-bearing liabilities	2,479.4	–433.2	–	2,046.2
Total	**2,479.4**	**122.2**	**0.0**	**2,601.6**

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

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 1.2 million (1,4).

Note 23. Pledged assets and contingent liabilities

Pledged assets	31 Dec 2019	31 Dec 2018
Property deeds	2,741.0	2,491.0
Chattel mortgages		–
Endowment policies to secure pensions	4.9	7.6
Total	**2,745.9**	**2,498.6**

Contingent liabilities	31 Dec 2019	31 Dec 2018
Contingent liabilities, pensions	4.8	5.0
Total	**4.8**	**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 transactions with related parties 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 period from 1 January to 31 December 2019 for SEK 0 million (1.1). All transactions were conducted on normal market terms.

The former member of the Group management, Thomas Enmark, owns 100% of Thomas Enmark AB from which John Mattson purchases contracted services. All transactions are conducted on normal market terms. During the period from 1 January to 31 December 2019, services were purchased for a total of SEK 1.9 million including VAT.

For information on remuneration of senior executives, refer to Note 7, Employees and personnel costs.

Apart from the amounts shown in Note 7, there were no other transactions with related parties.

Note 25. Events after the balance-sheet date

At the time of writing, the world is strongly impacted by the outbreak of the COVID-19 virus. The company is monitoring developments and have the preparedness to act if so required.

John Mattson will most likely be impacted by this extraordinary occurrence. The current assessment is that, as a company, John Mattson is not affected more than other companies in the same industry.

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

Parent Company income statement

Amounts in SEK m	Note	2019	2018
Revenue		8.4	64.3
Central administration and marketing costs	9	–35.6	–41.2
EBIT		**–27.2**	**23.1**
Interest income	10	0.5	0.5
Interest expense	11	–3.3	–3.4
Profit/loss after financial items		**–30.1**	**20.2**
Appropriations	12	21.0	–28.8
EBT		**–9.1**	**–8.6**
Deferred tax	13	0.1	–2.4
Profit/loss for the year		**–9.0**	**–11.0**

Parent Company statement of comprehensive income

Amounts in SEK m	Note	2019	2018
Profit/loss for the year		–9.0	–11.0
Other comprehensive income		–	–
Comprehensive income for the year		**–9.0**	**–11.0**

Parent Company balance sheet

Amounts in SEK m	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Property, plant and equipment			
Plant and equipment	3	0.3	–
Financial assets			
Participations in Group companies	4	1,668.7	1,668.6
Other non-current receivables	8	3.0	–
Deferred tax assets	5	0.1	–
Total non-current assets		**1,672.0**	**1,668.6**
Current assets			
Receivables from Group companies	6	123.2	97.1
Other receivables	8	0.4	0.0
Prepaid expenses and accrued income	8	2.1	0.1
Cash and cash equivalents	7	9.5	2.5
Total current assets		**135.2**	**99.7**
TOTAL ASSETS		**1,807.2**	**1,768.3**
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		11.2	11.2
Non-restricted equity			
Share premium reserve		362.8	362.8
Retained earnings		880.3	891.3
Profit/loss for the year		–9.0	–11.0
Total equity		**1,245.3**	**1,254.3**
Current liabilities			
Accounts payable	8	3.4	2.9
Liabilities to Group companies	8	553.1	492.9
Other current liabilities	8	1.4	13.8
Accrued expenses and deferred income	8	4.0	4.4
Total current liabilities		**561.9**	**514.0**
TOTAL EQUITY AND LIABILITIES		**1,807.2**	**1,768.3**

Parent Company statement of changes in equity

	Restricted equity	Non-restricted equity			
Amounts in SEK m	**Share capital**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening equity, 1 Jan 2018	**10.0**	**–**	**891.4**	**–0.1**	**901.3**
Transfer, preceding year's earnings	–	–	–0.1	0.1	0.0
Profit/loss 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					
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**
Opening equity, 1 Jan 2019	**11.2**	**362.8**	**891.3**	**–11.0**	**1,254.3**
Transfer, preceding year's earnings	–	–	–11.0	11.0	0.0
Profit/loss for the year	–	–	–	–9.0	–9.0
Other comprehensive income for the year	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–9.0**	**–9.0**
Transactions with owners	**–**	**–**	**–**	**–**	**–**
Closing equity, 31 Dec 2019	**11.2**	**362.8**	**880.3**	**–9.0**	**1,245.3**

Parent Company cash-flow statement

Amounts in SEK m	Note	31 Dec 2019	31 Dec 2018
Operating activities			
EBT		–9.1	–8.6
Adjustment for non-cash items			
Depreciation and disposals		0.0	–
Taxes paid		–	–
Cash flow from operating activities before changes in working capital		**–9.0**	**–8.6**
Cash flow from changes in working capital			
Change in operating receivables		–52.5	–36.1
Change in operating liabilities		47.9	30.5
Cash flow from operating activities		**–13.6**	**–14.2**
Investing activities			
Acquisition of subsidiaries		–0.0	–7.8
Investments in equipment		–0.3	0.0
Cash flow from investing activities		**–0.4**	**–7.8**
Financing activities			
Shareholder contributions paid		–	–2.0
Group contributions received/paid		21.0	17.2
Cash flow from financing activities		**21.0**	**15.2**
Cash flow for the year		**7.0**	**–6.8**
Opening balance, cash and cash equivalents		2.5	9.3
Closing balance, cash and cash equivalents	**7**	**9.5**	**2.5**
Additional cash-flow statement disclosures			
Interest received		0.5	0.5
Interest paid		–3.3	–3.4

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 historical cost convention as contained in the Annual Accounts Act. Accordingly, 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 Note 1 to the consolidated financial statements. 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. Property, plant and equipment

	2019	2018
Opening balance, cost	**–**	**–**
Purchases during the year	0.3	–
Sales and disposals	–	–
Closing balance, cost	**0.3**	**–**
Opening balance, accumulated depreciation	**–**	**–**
Depreciation for the year	0.0	–
Sales and disposals	–	–
Closing balance, accumulated depreciation	**0.0**	**–**

Note 4. Participations in Group companies

	2019	2018
Opening balance, cost	1,668.6	1,294.8
Shareholders' contributions	–	2.0
Acquisitions	0.0	371.8
Closing balance, cost	**1,668.7**	**1,668.6**

No impairment was carried out for Participations in Group companies.

Cont. Note 4

Company	Corp. Reg. No.	Registered office	Principal activity	Owned percent-age	31 Dec 2019	31 Dec 2018
John Mattson Fastighets AB	556056-6977	Lidingö	Letting and management	100%	1,262.0	1,262.0
John Mattson Skolfastigheter AB	556703-0357	Lidingö	Letting of commercial premises	100%	1.6	1.6
John Mattson Butiksfastigheter AB	556792-8568	Lidingö	Letting of commercial premises	100%	4.7	4.7
John Mattson Parkering AB	556902-1206	Lidingö	Letting, parking spaces	100%	0.1	0.1
John Mattson Dalenum AB	556909-1472	Lidingö	Letting, housing	100%	28.5	28.5
John Mattson Käppala AB	559161-7500	Lidingö	Main partner in limited partnerships	100%	371.3	371.3
John Mattson Juno Herkules KB[1)]	969646-6946	Lidingö	Letting of housing and property management	0.1%	0.5	0.5
John Mattson Sollentuna Holding AB	559229-6619	Lidingö	Dormant company	100%	0.0	–
					1,668.7	**1,668.6**

[1)] John Mattson Fastighetsföretagen AB (publ) 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 5. Deferred tax assets and tax liabilities

31 Dec 2019	Assets	Liabilities	Net
Loss carryforwards	0.1	–	0.1
Total	**0.1**	**–**	**0.1**

31 Dec 2018	Assets	Liabilities	Net
Loss carryforwards	–	–	–
Total	**–**	**–**	**–**

Reconciliation of net change in deferred tax	31 Dec 2019	31 Dec 2018
On 1 January	0.0	2.4
Recognised in profit or loss	0.1	–2.4
Recognised in other comprehensive income	–	–
At year end	**0.1**	**–**

Note 6. Receivables from Group companies

	31 Dec 2019	31 Dec 2018
Opening balance, cost	97.1	77.3
Additional receivables	26.1	19.8
Closing balance, accumulated cost	**123.2**	**97.1**
Closing carrying amount	**123.2**	**97.1**

Note 7. Cash and cash equivalents

	31 Dec 2019	31 Dec 2018
Cash at bank and in hand	9.5	2.5
Carrying amount	**9.5**	**2.5**

Note 8. 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 9. Employees and personnel costs

	2019	2018
Board of Directors and other senior executives		
Salaries and other remuneration	–8.8	–9.2
Social security contributions	–5.6	–5.7
(of which, pension costs)	–2.4	–2.2
Total	**–14.4**	**–14.9**

Since 1 January 2019, members of the management group are employed in the Parent Company. During the year, the average number of employees in the Parent Company amounted to five of whom 32% were men.

For salary and remuneration paid to employees and senior executives, as well as information on the number of employees, see Note 7 to the consolidated financial statements.

Note 10. Interest income and similar profit/loss items

	2019	2018
Interest income from subsidiaries	0.4	0.4
Interest income from Group companies	0.0	0.1
Other interest income	0.0	0.0
Total	**0.5**	**0.5**

Note 11. Interest expense and similar profit/loss items

	2019	2018
Interest expense to subsidiaries	–2.6	–3.3
Interest expense to Group companies	0.0	0.0
Other interest expenses	–0.8	–0.1
Other financial expenses	0.0	0.0
Total	**–3.3**	**–3.4**

Note 12. Appropriations

	2019	2018
Group contributions paid	–	–28.8
Group contributions received	21.0	–
Total	**21.0**	**–28.8**

Note 13. Tax

	2019	2018
Current tax	–	–
Change in deferred tax relating to temporary differences	0.1	–2.4
Recognised tax	**0.1**	**–2.4**

Reconciliation of effective tax rate	**2019**	**2018**
EBT	**–9.1**	**–8.6**
Tax according to the Parent Company's current tax rate (21.4%)	2.0	1.9
Tax effect of:		
Non-deductible costs	–1.9	–4.3
Recognised tax	**0.1**	**–2.4**

Note 14. Equity

As per 31 December 2019, the registered share capital amounted to 33,670,032 common shares (11,223,344). 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 0.33 per share (1).

Note 15. Transactions with related parties

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	Interest	Receivables on the balance-sheet date	Liability on the balance-sheet date
Group companies					
2019	8.4	–7.3	–2.1	123.2	553.1
2018	64.3	–22.8	–2.9	97.1	492.9

Note 16. Auditors' fees

Ernst &Young AB	**31 Dec 2019**	**31 Dec 2018**
Auditing assignment	0.2	0.3
Other auditing activities	–	–
Tax advice	–	–
Other services	2.4	4.1
Total	**2.6**	**4.4**

Note 17. Events after the balance-sheet date

At the time of writing, the world is strongly impacted by the outbreak of the COVID-19 virus. The company is monitoring developments and have the preparedness to act if so required.

John Mattson will most likely be impacted by this extraordinary occurrence. The current assessment is that, as a company, John Mattson is not affected more than other companies in the same industry.

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

Note 18. Proposed appropriation of profits

The following profit is at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	362,776,656
Retained earnings	880,322,652
Profit/loss for the year	–9,023,965
	1,234,075,343

The Board proposes that the earnings be appropriated as follows:	
To be carried forward	1,234,075,343
	1,234,075,343

Assurance of the Board

John Mattson Fastighetsföretagen AB (publ.)
556802-2858

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.

Lidingö, 25 March 2020

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

Siv Malmgren
Chief Executive Officer

My Auditor's Report was submitted on 25 March 2020
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of John Mattson Fastighetsföretagen AB, corporate identity number 556802-2858

Report on the annual accounts and consolidated accounts

Opinions

I have audited the annual accounts and consolidated accounts of John Mattson Fastighetsföretagen AB (publ) except for the corporate governance statement on pages 27–31 for the financial year 2019. The annual accounts and consolidated accounts of the company are included on pages 35–69 in this document.

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 2019 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 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. My opinions do not cover the corporate governance statement on pages 27–31. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

My opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of my knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in my professional judgment, were of most significance in my audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of my audit of, and in forming my opinion thereon, the annual accounts and consolidated accounts as a whole, but I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Valuation of investerment properties

Description

The fair value of the Groups investment properties amounted to SEK 6 365 million on 31 December 2019. As at 31 December 2019, all the properties in the portfolio have been valued by external valuation experts. The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property´s unique risk profile and observable transactions in the market for properties with a similar nature. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, I assess this area to be a key audit matter in my audit. A description of the valuation of the property portfolio is stated in note 1 "Accounting principles" and in note 11 "Investment properties".

How my audit addressed this key audit matter

In my audit I have evaluated the company´s process for property valuation by evaluating the valuation methodology, and input data in the externally prepared valuations. I have evaluated the skills and objectivity of the external experts.

I have made comparisons to known market information. With support from internal valuation specialists I have reviewed the valuation model used. With support from internal valuation specialists I have also reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs. For a sample of investment properties, I have tested input in the valuation model regarding rental income and operating costs and checked the calculations that are the basis for the valuation. I have reviewed the disclosures provided in the annual accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–26, 32–35 and 72–78. The Board of Directors and the Managing Director are responsible for this other information.

My opinion on the annual accounts and consolidated accounts does not cover this other information and I do not express any form of assurance conclusion regarding this other information.

In connection with my audit of the annual accounts and consolidated accounts, my responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure I also take into account my knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If I, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting 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 and a group to cease to continue as a going concern.
- 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 remain 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 my audit, including any significant deficiencies in internal control that I identified.

I must also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, I determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions
In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the Board of Directors and the Managing Director of John Mattson Fastighetsföretagen AB (publ) for the financial year 2019 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 Managing Director be discharged from liability for the financial year.

Basis for opinions
I conducted 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 opinions.

Responsibilities of the Board of Directors and the Managing Director
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 organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s and the group’s financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director 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 Managing Director 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 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 based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with 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 my opinion concerning discharge from liability. As a 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.

The auditor’s examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 27–31 has been prepared in accordance with the Annual Accounts Act.

My examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that my examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. I believe that the examination has provided me with sufficient basis for my opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Jonas Svensson was appointed auditor of John Mattson Fastighetsföretagen AB (publ) by the general meeting of the shareholders on the 11 March 2019 and has been the company’s auditor since year 2014.

Stockholm March 25, 2020

Jonas Svensson
Authorized Public Accountant

Property listing

John Mattson Fastighetsföretagen AB (publ)
556802-2858

Property holdings 31 Dec 2019

Property designation	Street address	Site area sq m	Year built/ redeveloped	No. of Apts.	Lettable area (sq m): Living area, sq m	Area of premises sq m	Total area sq m
Larsberg							
Bodals gård 1	Larsbergsvägen 8	8,292 m²	1934/2009	–	–	2,886 m²	2,886 m²
Fyrskeppet 1	Larsbergsvägen 9	3,009 m²	1966/2018	62	4,570 m²	–	4,570 m²
Sjömärket 1	Larsbergsvägen 11–13	6,951 m²	1966/2015	122	9,134 m²	–	9,134 m²
Sjömärket 2	Larsbergsvägen 15–17	5,011 m²	1967/2015	124	9,132 m²	–	9,132 m²
Sjöjungfrun 2	Larsbergsvägen 10–30	17,131 m²	1967/2015	150	14,276 m²	1,545 m²	15,821 m²
Fyrbåken 1	Larsbergsvägen 19–21	6,915 m²	1967/2018	124	9,231 m²	244 m²	9,475 m²
Farleden 2	Larsbergsvägen 32–42	7,170 m²	1967/2018	93	9,106 m²	29 m²	9,135 m²
Fyrtornet 1	Larsbergsvägen 23	3,831 m²	1968/2018	63	4,681 m²	117 m²	4,798 m²
Fyrtornet 2	Larsbergsvägen 25	2,581 m²	1968/2015	63	4,681 m²	129 m²	4,810 m²
Fyrtornet 6	Larsbergsvägen 27	3,290 m²	1968/2015	64	4,768 m²	33 m²	4,801 m²
Fyren 1	Larsbergsvägen 44	2,872 m²	1968/2018	59	4,418 m²	165 m²	4,583 m²
Fyren 2	Larsbergsvägen 46	3,061 m²	1968/2015	52	3,925 m²	30 m²	3,955 m²
Fyren 3	Larsbergsvägen 48	3,754 m²	1968/2018	52	3,925 m²	86 m²	4,011 m²
Fyren 4	Larsbergsvägen 50	3,901 m²	1969/2018	61	4,542 m²	30 m²	4,572 m²
Fyrmästaren 1	Larsbergs parkväg 1–7	5,144 m²	1967/2015	114	7,551 m²	–	7,551 m²
Fyrtornet 5, P3	Larsbergsvägen 29	4,025 m²	1968	–	–	1,531 m²	1,531 m²
Fyrmästaren 2	Larsbergstorget 4–6	724 m²	1968/2016	34	1,813 m²	905 m²	2,718 m²
Radiofyren 1	Agavägen 1	14,387 m²	2011/2015	–	–	3,698 m²	3,698 m²
Klockbojen 4	Larsbergstorget 7–9 Agavägen 40 Agavägen 14–34	11,558 m²	1969/2019	224	12,623 m²	1,778 m²	14,401 m²
Klockbojen 2	Agavägen 36–38	3,203 m²	2018/2019	80	4,898 m²	–	4,898 m²
Total		**116,808 m²**		**1,541**	**113,274 m²**	**13,205 m²**	**126,479 m²**
Baggeby							
Barkassen 1	Barkassvägen 5–15	3,334 m²	1956/2018	56	3,448 m²	132 m²	3,580 m²
Galeasen 2	Farkostvägen 6	2,574 m²	1954/2013	27	2,107 m²	20 m²	2,127 m²
Total		**5,908 m²**		**83**	**5,555 m²**	**152 m²**	**5,707 m²**
Dalénum							
Tryckregulatorn 1	Perioskopvägen 1–9 Ackumulatorv. 12–14 Agavägen 60–64	5,200 m²	2015	146	8,770 m²	450 m²	9,220 m²
Total		**5,200 m²**		**146**	**8,770 m²**	**450 m²**	**9,220 m²**
Käppala							
Herkules 1	Merkuriusvägen 1–31	14,138 m²	1958/2018	178	9,826 m²	456 m²	10,282 m²
Juno 2 & 3	Jupitervägen 29–45, 30–70	31,158 m²	1961	303	18,836 m²	935 m²	19,771 m²
Total		**45,296 m²**		**481**	**28,662 m²**	**1,391 m²**	**30,053 m²**
Häganäs							
Tjörröd 7:103	Nordhemvägen 14	1,023 m²		–	–	–	–
Total		**1,023 m²**		**–**	**–**	**–**	**–**
Total		**174,235 m²**		**2,251**	**156,261 m²**	**15,198 m²**	**171,459 m²**

Reconciliation tables

Reconciliation tables		2019	2018
EPRA NNNAV, SEK/share			
A	EPRA NNNAV at the end of the period, SEK m	3,480.2	3,267.4
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670
A/B	**EPRA NNNAV, SEK/share**	**103.36**	**97.04**
LTV ratio at the end of the period, %			
A	Interest-bearing debt at the end of the period according to balance sheet, SEK m	2,601.6	2,479.4
B	Cash and cash equivalents at the end of the period according to balance sheet, SEK m	9.8	2.8
C	Investment properties according to balance sheet at the end of the period, SEK m	6,365.2	6,039.5
(A-B)/C	**LTV ratio at the end of the period, %**	**40.7**	**41.0**
Equity, SEK/share			
A	Equity according to balance sheet at the end of the period, SEK m	2,934.8	2,756.0
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670
A/B	**Equity, SEK/share**	**87.16**	**81.85**
Economic occupancy rate at the end of the period, %			
A	Annualised contract value at the end of the period, SEK m	261.2	248.5
B	Annualised vacancy value at the end of the period, SEK m	13.9	8.9
A/(A+B)	**Economic occupancy rate during the period, %**	**94.9**	**96.5**
Property value, at the end of the period, SEK/sq m			
A	Investment properties according to balance sheet at the end of the period, SEK m	6,365.2	6,039.5
B	Carrying amount of ongoing projects at the end of the period, SEK m	–	65.3
C	Lettable area at the end of the period, thousand sq m	171.5	169.1
(A-B)/C	**Property value, at the end of the period, SEK/sq m**	**37,124**	**35,339**
Income from property management, SEK/share			
A	Income from property management during the period, SEK m	64.9	23.7
B	Average number of shares outstanding during the period, thousand	33,670	31,860
A/B	**Income from property management, SEK/share**	**1.93**	**0.74**
Income from property management, SEK m			
A	Profit for the year	178.8	222.3
B	Current and deferred tax	56.4	11.1
C	Change in value of investment properties and interest-rate derivatives	170.3	209.7
A+B-C	**Income from property management, SEK m**	**64.9**	**23.7**
Average economic occupancy rate, %			
A	Rental revenues during the period, SEK m	253.0	218.3
B	Gross rent during the period, SEK m	265.5	224.4
A/B	**Average economic occupancy rate, %**	**95.3**	**97.3**
Average economic occupancy rate, apartments, %			
A	Rental revenues during the period, apartments, SEK m	214.8	183.0
B	Gross rent during the period, apartments, SEK m	222.7	186.7
A/B	**Average economic occupancy rate, apartments, %**	**96.5**	**98.0**
Average interest rate at the end of the period, %			
A	Annualised interest expense at the end of the period, SEK m	48.5	46.6
B	Interest-bearing debt at the end of the period, SEK m	2,601.6	2,479.4
A/B	**Average interest rate at the end of the period, %**	**1.9**	**1.9**
Rental value at the end of the period, SEK m			
A	Annualised contract value at the end of the period, SEK m	261.2	248.5
B	Annualised vacancy value at the end of the period, SEK m	13.9	8.9
A+B	**Rental value at the end of the period, SEK m**	**275.1**	**257.4**

Reconciliation tables

Reconciliation tables		2019	2018
Rental value, apartments, at the end of the period, SEK/sq m			
A	Annualised contract value, apartments, at the end of the period, SEK m	224.0	213.5
B	Annualised vacancy value, apartments, at the end of the period, SEK m	8.1	3.7
C	Lettable area of apartments at the end of the period, thousand sq m	156.3	154.0
(A+B)/C	**Rental value, apartments, at the end of the period, SEK/sq m**	**1,485**	**1,411**
Adjusted income from property management, SEK/share			
A	Income from property management during the period, SEK m	64.9	23.7
B	Non-recurring costs pertaining to listing, SEK m	9.9	19.6
C	Average number of shares outstanding during the period, thousand	33,670	31,860
(A+B)/C	**Adjusted income from property management, SEK/share, for the period**	**2.22**	**1.36**
Adjusted growth in income from property management, SEK/share, %			
A	Adjusted income from property management, SEK/share during the period	2.22	1.36
B	Income from property management, SEK/share during the preceding period	1.36	0.94
A/B–1	**Adjusted growth in income from property management, SEK/share, %**	**63.6**	**44.1**
EPRA NAV, SEK/share			
A	EPRA NAV at the end of the period, SEK m	3,739.6	3,509.3
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670
A/B	**EPRA NAV, SEK/share**	**111.07**	**104.23**
EPRA NAV and EPRA NNNAV, SEK m			
A	Equity according to balance sheet at the end of the period, SEK m	2,934.8	2,756.0
B	Derivatives according to the balance sheet at the end of the period, SEK m	68.9	73.5
C	Deferred tax liabilities according to the balance sheet at the end of the period, SEK m	735.9	679.8
A+B+C=D	**EPRA NAV, SEK m**	**3,739.6**	**3,509.3**
B	Derivatives according to the balance sheet at the end of the period, SEK m	–68.9	–73.5
E	Estimated actual deferred tax liability at the end of the period, SEK m	–190.5	–168.3
D–B–E	**EPRA NNNAV, SEK m**	**3,480.2**	**3,267.4**
Net interest-bearing liabilities at the end of the period, SEK m			
A	Annualised interest-bearing liabilities at the end of the period, SEK m	2,601.6	2,479.4
B	Cash and cash equivalents at the end of the period, SEK m	9.8	2.8
A-B	**Net interest-bearing liabilities at the end of the period, SEK m**	**2,591.9**	**2,476.6**
Interest coverage ratio during the period, multiple			
A	Income from property management during the period according to income statement, SEK m	64.9	23.7
B	Financial expense during the period, SEK m	49.8	42.1
(A–B)/–B	**Interest coverage ratio during the period, multiple**	**2.3**	**1.6**
Growth in income from property management, SEK/share, %			
A	Income from property management, SEK/share during the period	1.93	0.74
B	Income from property management, SEK/share during the preceding period	0.74	0.94
A/B–1	**Growth in income from property management, SEK/share, %**	**159.0**	**–21.0**
Growth in EPRA NAV, SEK/share, %			
A	EPRA NAV at the end of the period, SEK/share	111.07	104.23
B	EPRA NAV at the end of preceding 12-month period, SEK/share	104.23	97.09
A/B–1	**Growth in EPRA NAV, SEK/share, %**	**6.6**	**7.3**
Surplus ratio during the period, %			
A	Net operating income during the period according to income statement, SEK m	152.8	103.2
B	Rental revenues during the period according to income statement	253.0	218.3
A/B	**Surplus ratio during the period, %**	**60.4**	**47.3**

Definitions

John Mattson Fastighetsföretagen AB (publ) 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) net asset value (NAV)) excluding interest-rate derivatives and estimated actual tax liability at the end of the period 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	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 revenue 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, multiple	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.

Cover: Outdoor cinema in Larsberg in summer 2019. Photo: Hans Alm. **Photography:** Hans Alm unless specified otherwise. **Illustration:** Nils Jarlsbo.
Typefaces: Headings are set in Regular PRO, the body in Ivar, and figures in John Mattson's own typeface John Mattson.
Production: John Mattson in partnership with Hallvarsson & Halvarsson.

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