



Agavägen, Larsberg with U25 in the foreground.

Year-end report 2019:

January–December 2019

- Rental revenues totalled SEK 253.0 million (218.3), up 16%.
- Income from property management was SEK 64.9 million (23.7), corresponding to SEK 1.93 per share (0.74).
- During the year, non-recurring costs linked to the completed stock exchange listing of SEK 9.9 million (19.6) were recognised under income from property management.
- Changes in property values amounted to SEK 165.6 million (208.9) and changes in the value of interest-rate derivatives to SEK 4.6 million (0.8).
- Earnings after tax for the year totalled SEK 178.8 million (222.3), corresponding to SEK 5.31 per share (6.98).
- Property value totalled SEK 6,365.2 million (6,039.5).
- Investments amounted to SEK 160.1 million (1,091.9 (of which SEK 804.5 million pertained to the acquisition of Käppala in 2018)).
- The Board of Directors proposes to the Annual General Meeting that no dividend should be distributed for the 2019 fiscal year.

October–December 2019

- Rental revenues totalled SEK 64.8 million (61.4), up 6%.
- Income from property management was SEK 19.8 million (3.4), corresponding to SEK 0.59 per share (0.10).
- During the period, non-recurring costs of SEK 0.0 million (9.1, linked to the completed stock exchange listing) were recognised under income from property management.
- Changes in property values amounted to SEK 106.2 million (2.6) and changes in the value of interest-rate derivatives to SEK 36.3 million (-6.1).
- Earnings after tax for the period totalled SEK 126.3 million (-6.0), corresponding to SEK 3.75 per share (-0.18).
- Investments amounted to SEK 30.2 million (56.5). In December, John Mattson entered an agreement to acquire 541 apartments, with completion scheduled for May 2020.

JohnMattson

GREAT NEIGHBOURHOODS ACROSS GENERATIONS

John Mattson

— Goals and strategies

John Mattson is Lidingö's largest residential property owner, with some 2,300 apartments located in Larsberg, Käppala, Baggeby and Dalénum. The business was founded in 1965 by master builder John Mattson and its core values — a long-term perspective, professionalism and commitment — are as strong today as they were then.

Business idea

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

Offering

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

Financial targets

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

Strategies

Property management

Our approach to property management is integrated and near-at-hand. We know our properties and understand our customers. We apply an overall approach taking responsibility for the portfolio and activity in the outdoor areas. We maintain our properties based on a long-term lifecycle perspective, and we optimise the use of resources and ensure low costs through efficient operations and management.

Adding value

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

Infill development

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

Acquisitions

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

Financing

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

Performance 2019



7% growth in net asset value



159% growth in income from property management



SEK 6.4 billion property value

Significant events in the fourth quarter of 2019

- **John Mattson has entered an agreement to acquire 541 rental units in Rotsunda and Rotebro in the municipality of Sollentuna. Completion is scheduled for May 2020 and will have no impact on property value or earnings in 2019.**

Key metrics	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Rental revenues, SEK m	64.8	61.4	253.0	218.3
Net operating income, SEK m	40.2	27.4	152.8	103.2
Income from property management, SEK m	19.8	3.4	64.9	23.7
Income from property management, SEK/share ¹⁾	0.59	0.10	1.93	0.74
Growth in income from property management, SEK/share, %	485.3	-45.9	159.0	-21.0
Adjusted growth in income from property management, SEK/share, % ²⁾	58.9	99.3	63.6	44.1
Profit after tax, SEK/share ¹⁾	3.75	-0.18	5.31	6.98
Property value at the end of the period, SEK m	6,365.2	6,039.5	6,365.2	6,039.5
Economic occupancy rate at the end of the period, %	94.9	96.5	94.9	96.5
LTV ratio at the end of the period, %	40.7	41.0	40.7	41.0
Interest coverage ratio during the period, multiple	2.5	1.5	2.3	1.6
EPRA NAV, SEK/share ¹⁾	111.07	104.23	111.07	104.23
Growth in EPRA NAV, SEK/share, %	6.6	7.3	6.6	7.3
EPRA NNAV, SEK/share ¹⁾	103.36	97.04	103.36	97.04

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

²⁾ Income from property management has been adjusted for non-recurring costs linked to the planned stock exchange listing. An adjustment of SEK 9.9 million (19.6) was made to income from property management for the period and an adjustment of SEK 0.0 million (9.1) for the quarter.

Definitions of key metrics are provided on pages 23–24.

New acquisition in Sollentuna

In December 2019, John Mattson entered into an agreement to acquire 541 rental units in the municipality of Sollentuna, with completion set for May 2020. In line with our growth strategy, we are thereby establishing John Mattson's operations outside of Lidingö. Base and total upgrades are continuing of our housing in Käppala and Larsberg.

Just before Christmas, John Mattson entered into an agreement to acquire 541 rental units in Rotebro and Rotsunda in the municipality of Sollentuna, north of Stockholm. The seller is Sollentuna Stadshus AB. The acquisition comprises 29 properties, with a total lettable area of 37,200 square metres, in attractive locations by Rotebro city centre and Rotsunda Torg, close to the commuter train station and the E4 and E18 motorways. Moreover, the acquisition entails an increase the property portfolio of around 22% in lettable area.

Rotebro and Rotsunda are growing parts of the municipality of Sollentuna with positive population growth and a high demand for housing. Most of the buildings were constructed in the 1950s and 70s and have an emphasis on one- and two-bedroom apartments.

The acquisition also means that John Mattson is establishing operations outside of Lidingö, in full alignment with the company's growth strategy. The property portfolio is a good fit with the company's property management strategy, which is based on long-term responsibility and an overall perspective, with a focus on well-managed buildings and housing areas. In addition, we have identified considerable potential for adding value in the portfolio, which is largely in need of upgrades in the form of renovation of utilities installations. We can achieve this using our tried and tested Larsberg model.

We take possession in May 2020. We look forward to meeting our tenants and to continuing to develop the housing areas as great neighbourhoods.

Upgrades of Käppala and Larsberg

Upgrades are ongoing at Käppala and we expect to have completed base upgrades of around 400 apartments in the area by summer 2021. In 2019, we totally upgraded fewer than 100 apartments, but including planned upgrades over the coming two-year period, we will reach our goal of 100 totally upgraded apartments per year over time.

In addition to base and total upgrades, we are also adding 36 apartments through



This acquisition of 541 apartments entails a 22% increase in our property portfolio.

attic extensions and the conversion of premises.

Total upgrades are continuing of vacated apartments in Larsberg to ensure we can offer new tenants a good, contemporary standard. Residents in base upgraded apartments are also offered the opportunity of a total upgrade to their apartment.

Moreover, tenants have taken up residence of our 74 apartments for young adults in U25 in Larsberg since the fourth quarter of 2019.

Income from property management and net asset value

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%. EPRA NAV per share amounted to SEK 111 (104) at 31 December.

Goal fulfilment 2019

The aim is to achieve average growth in net asset value of not less than 10% per share over a business cycle. Over the past 12 months, net asset value has increased 7%.

The growth in income from property management of 159% was mainly due to acquired and newly built properties in the second half of 2018.

Property value as per 31 December 2019 was SEK 6.4 billion. The value of the Group's property holdings is to total at least SEK 10 billion by 2023.

Increased focus on sustainability

In 2019, a strategy was prepared for further advancement of the company's

sustainability agenda. The company's carbon emissions are currently being mapped, both for property management and for project operations. These efforts will form the foundation for prioritising measures to significantly reduce such impacts. Societal sustainability efforts are well established at John Mattson and we will continue the recurring annual activities in the outdoor areas together with the residents of our neighbourhoods.

Outlook

Through the acquisition of the properties in the municipality of Sollentuna the company now has a broader operations base than previously. The addition of slightly more than 500 apartments has increased the apartments holding by close to 25% and strengthened the base for applying our strategy for adding value via the Larsberg model. In 2020, value-adding activities are continuing with the Käppala portfolio through base and total upgrades as well as attic extensions, and in Larsberg, the focus is on total upgrades of vacant apartments as well as driving work with the detailed development plan with the aim of further infill development.

Moreover, we are focusing on potential acquisitions in line with the company's growth strategy. As with Rotsunda and Rotebro, we are interested in locations with good development possibilities and good communications, and discussions are continuously ongoing to identify suitable acquisitions.



Siv Malmgren

Siv Malmgren, CEO

John Mattson's property portfolio

John Mattson's property portfolio is concentrated in the south of Lidingö and mainly consists of residential property. The portfolio comprises 2,251 rental properties with a lettable area of 171,000 sq m, broken down as 91% residential and 9% commercial premises.

John Mattson's property portfolio

Master Builder John Mattson constructed Larsberg toward the end of the 1960s. The company owns most of the land in Larsberg and has increased the area's housing density in recent years by adding a number of housing blocks. Larsberg accounts for 68% of the total number of apartments. The Barkassen and Galeasen properties, located nearby in Baggeby, have received total upgrades and encompass a total of 83 apartments. Since 2015, the company has owned and managed one property with 146 apartments in the neighbouring area of Dalénium.

The Parkhusen blocks in Larsberg, totalling 80 apartments, were completed and 481 apartments were acquired in Käppala on Lidingö in 2018. In 2019, U25, a building in Larsberg with 74 apartments for young adults, was completed with occupancy scheduled for the fourth quarter of the year.

Adding value

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

Property portfolio as per 31 December 2019											January–December 2019 ¹⁾			
	Buildings/ Apartments		Property value		Lettable area thou- sand sq m	No. of renovated apartments		Rental value		Economic occupancy rate, %	Tenant turnover ²⁾ %	Rental re- venues SEK m	Property expenses SEK m	Net oper- ating income SEK m
	No.	No.	SEK m	SEK/ sq m		Base	Total/ New build	SEK m	SEK/ sq m					
Housing														
Larsberg	23	1,541	4,426.3	37,835	117.0	848	693	179.3	1,532	99.0	9.5	172.8	72.5	100.3
Baggeby	2	83	238.6	41,808	5.7	-	83	9.3	1,638	98.3	3.6	9.3	2.6	6.8
Dalénium	1	146	468.0	50,759	9.2	-	146	21.8	2,366	97.5	13.7	21.7	4.4	17.2
Käppala	12	481	861.0	28,649	30.1	-	85	39.5	1,315	77.7	5.4	32.4	16.5	15.9
Total housing³⁾	38	2,251	5,993.9	37,006	162.0	848	1,007	249.9	1,543	95.5	-	236.2	96.1	140.2
Commercial and other premises														
Larsberg	3	-	309.1	38,837	8.0	-	-	21.9	2,756	94.4	-	20.5	4.4	16.1
Total investment properties	41	2,251	6,303.0	37,092	169.9	848	1,007	271.9	1,600	95.4	-	256.7	100.4	156.3
Dev. projects for identified dev. rights and unde- veloped land	1	-	62.2	40,627	1.5	-	-	3.3	2,133	55.5	-	1.9	0.5	1.4
Total	42	2,251	6,365.2		171.5	848	1,007	275.1	1,605	94.9	-	258.6	100.9	157.7

¹⁾ The above compilation encompasses the properties owned by John Mattson at the close of the year and shows the properties' revenue and expenses as if they had been owned for the entire year. The discrepancy between the net operating income of SEK 157.7 million reported above and the net operating income in the income statement of SEK 152.8 million is attributable to the net operating income for properties acquired during the year and completed projects being revised upward by SEK 4.9 million as if they had been owned or completed for the entire year.

²⁾ In the preceding twelve-month period.

³⁾ Residential property pertains to property that primarily consists of housing, but where a portion of the lettable area may also include other premises and garages.

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. In the January to December period, 65 (165) apartments received a total upgrade. In 2019, we totally upgraded fewer than 100 apartments, but over the next 24 months, we are planning total upgrades for almost 300 apartments and will thereby reach our goal of 100 totally upgraded apartments per year over time.

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. In conjunction with the base upgrades, unused premises and laundry rooms are being converted into 11 apartments and in the attics of two buildings, a further 25 apartments will be created. A further 36 apartments will thus be added to the property portfolio.

Acquisitions

John Mattson strives to acquire properties and development rights as well as to participate in land allocation projects across the Stockholm region. The aim is to add properties and apartments with development potential in attractive market locations. All acquisitions are approached using a long-term ownership and management perspective, and areas with potential for adding value and development are particularly attractive. In December 2019, an agreement was signed for the acquisition of 541 rental apartments in Rotebro and Rotsunda in the municipality of Solentuna. Possession will be taken in May 2020 and the company's portfolio will increase with a lettable area of 37,200 square metres, of which 34,200 square metres is housing. The properties are expected to generate rental revenues of SEK 42 million when fully let. The economic occupancy rate amounted to 99%. The acquisition price was SEK 765 million after deduction of deferred tax of SEK 40 million.

Apartment structure and occupancy rate

As of 31 December 2019, the total number of apartments was 2,251 (2,177). Of these, 396 (396) were unrenovated, 848 (913) had undergone base upgrades, 518 (453) had received total upgrades and 489 (415) were newly built.

The economic occupancy rate at 31 December 2019 was 94.9% (96.5) and the occupancy rate for apartments was 96.5% (98.3). As per 31 December 2019, 114 apartments were vacant, of which 105 were attributable to ongoing upgrade project in Käppala. These vacant apartments can be given a total upgrade direct from their unrenovated state.

Object	No.	Lettable area, thousand sq m	Rental value, SEK m
Unrenovated Apts.	396	24.1	27.3
Base upgrade, Apts.	848	67.4	85.5
Total upgrade, Apts.	518	37.6	59.5
New build Apts.	489	27.1	59.7
Garages and parking places	-	-	13.5
Premises and store rooms	-	15.2	29.6
Total	2,251	171.5	275.1

Vacancies and discounts	No.	Lettable area, thousand sq m	Vacancy value, SEK m
Vacant Apts.	114	6.6	7.9
Vacant garages and parking places	-	-	3.2
Vacant premises and store rooms	-	2.6	1.4
Discounts	-	-	1.5
Total	114	9.2	13.9

	No.	Let area, thousand sq m	Contract value, SEK m
Total	2,137	162.3	261.2

The rental value pertains to contractual annual rents and assessed market rents for vacant space.

The vacancy value comprises a snapshot at period end.

Infill development

John Mattson works actively to identify suitable land for infill development of the existing built-up area. This work is mainly confined to our own land, and the aim is to generate growth through value adding construction that concurrently makes the neighbourhoods more attractive. Development is conducted in close collaboration with the municipalities where we operate together with local stakeholders.

Ongoing projects

The value-adding and infill development project in Käppala is progressing through the conversion of laundry rooms into 11 ground floor apartments and the creation of 25 loft apartments.

Projects completed

In 2018, construction began on U25, a building with 74 apartments for young adults in Larsberg. The building was completed as of 30 September 2019 and the residents of U25 moved in during the fourth quarter of 2019 – all apartments are let. The apartments were available to young people aged under 25 and received considerable interest, which was reflected in the average queue time of just under five years. With its central location in Larsberg on what was previously the site of a carpark, U25 adds energy and life to the area, and boosts the attractiveness of the general surroundings. The project to develop apartments for young adults was conducted in close collaboration with the

municipality of Lidingö Stad. Altogether, the planning process and the construction permit process for the building took about 2.5 years. On the top floor of the 11-storey building are three apartment shares for a total of 12 young people, which John Mattson is offering as a modern format for co-living through a partnership with the company Colive.

Development projects

The planning process is ongoing for the Fyrtornet 5 property in Larsberg under the project name of Ekporten. Work and dialogues are ongoing with the municipality of Lidingö Stad's politicians and personnel. A number of additional, potential infill development projects have been identified in Larsberg and in Käppala. In total, John Mattson's development portfolio encompasses around 1,000 apartments. The carrying amount for the development right portfolio was SEK 62.2 million (62.2).

Ongoing development and infill projects as of 31 December 2019

Property/Area	Category	No. of Apts.	Additional lettable area:	Carrying amount, SEK m	Total Inv. incl. land, SEK m	Of which, left to invest, SEK m	Estimated rental value, SEK m ¹⁾	Completion
Herkules 1/ Käppala	Conversion of premises	11	480	-	11.5	6.2	1 ²⁾	Q4 2020
Herkules 1/ Käppala	Attic extension	25	820	-	34.0	18.9	2 ²⁾	Q4 2020
Total ongoing projects		36	1,300	-	45.5	25.0	3	

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

²⁾ A standard rent level based on similar projects is applied.

Development projects and identified development rights

Property/Area	Category	No. of Apts. ¹⁾	Additional lettable area:	Carrying amount, SEK m	Possible construction start ²⁾	Project phase
Ekporten, Fyrtornet 5/Larsberg	New builds	200	approx. 11-12,000	-	2021	Ongoing planning process
Juno 2 & 3/Käppala	Conversion of premises	9	300	-	2020	Detailed development plan in place
Juno 2 & 3/Käppala	Attic extension	50	1,750	-	2021	Inquiry under way
Total ongoing development projects		259	approx. 13-14,050	62.2		
Larsberg	New builds	approx. 500-600	approx. 30-35,000	-	after 2022	New detailed development plan needed
Käppala	New builds	approx. 150	approx. 10,000	-	after 2022	New detailed development plan needed
Total development rights identified		approx. 650-750	approx. 40-45,000	-		
Total development portfolio		approx. 900-1,000	approx. 53-59,050	62.2		

¹⁾ The number of apartments and the area have been assessed by John Mattson and are therefore only preliminary. The figures could change during the course of the project.

²⁾ The possible construction start is an estimate of when the project could start if work on the detailed development plan progresses in line with the current assessment.

Current earnings capacity

The table illustrates John Mattson's current earnings capacity on a 12-month basis as per 31 December 2019, after taking the entire property portfolio on the balance-sheet date into consideration. The properties acquired and taken possession of, and the projects completed during the year have been restated on an annualised basis. The rental units in the municipality of Sollentuna that John Mattson entered into an agreement to acquire in December, with completion set for May 2020, have not been included in the current earnings capacity. The lettable area of the Sollentuna properties amounts to around 37,200 square metres, of which some 34,200 square metres are housing. Rental revenues are expected to amount to SEK 42 million when fully let. The economic occupancy rate amounted to 99%. The acquisition price was SEK 765 million after deduction of deferred tax of SEK 40 million.

Current earnings capacity is reported in conjunction with interim and year-end reports. The aim is to highlight the company's underlying earning capacity. It is important to note that the current earnings capacity is not the same as a projection for the forthcoming 12 months.

The earnings capacity includes no assessments of rental, vacancy or interest-rate changes. Moreover, John Mattson's earnings are impacted by changes in the values of properties and

derivatives. None of the above was taken into consideration when assessing current earnings capacity. Rental revenues are based on contractual revenue on the balance-sheet date. Property expenses are based on LTM property expenses for properties owned for the entire period.

Additions are made for completed new builds, extensions and redevelopment projects and for implemented acquisitions calculated at an annualised rate. Deductions are made for any disposals.

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

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

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

SEK m	31 December 2019
Rental value	275.1
Vacancies and discounts	-13.9
Rental revenues	261.2
Operating expenses	-58.2
Maintenance expenses	-19.4
Property administration	-17.6
Property tax	-4.5
Net operating income	161.5
Central administration costs	-29.9
Net financial items	-48.7
Income from property management	82.9

Condensed consolidated income statement

Amounts in SEK m	Note	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Rental revenues	2	64.8	61.4	253.0	218.3
Operating expenses	3	-14.9	-15.7	-57.4	-46.9
Maintenance	3	-3.5	-10.1	-19.4	-43.3
Property tax	3	-1.2	-1.1	-4.5	-4.0
Property administration	3	-5.0	-7.0	-18.8	-20.9
Net operating income		40.2	27.4	152.8	103.2
Central administration costs	4	-7.6	-17.0	-38.0	-37.4
Net financial items	5	-12.9	-7.1	-49.8	-42.1
Income from property management	1	19.8	3.4	64.9	23.7
Change in property values	6	106.2	2.6	165.6	208.9
Change in the value of interest-rate derivatives	6	36.3	-6.1	4.6	0.8
EBT		162.2	-0.2	235.2	233.4
Current tax	7	0.0	0.0	-0.4	0.0
Deferred tax	7	-35.9	-5.9	-56.0	-11.1
Profit/loss for the period		126.3	-6.0	178.8	222.3
Other comprehensive income for the period					
Profit/loss for the period		126.3	-6.0	178.8	222.3
Other comprehensive income		-	-	-	-
Comprehensive income for the period		126.3	-6.0	178.8	222.3
Average No. of shares, thousand ¹⁾		33,670	33,670	33,670	31,860
Earnings per share for the period		3.75	-0.18	5.31	6.98

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

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

January to December 2019 period

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

Note 1: Income from property management

Income from property management — profit excluding value changes and tax for the full-year 2019 — was SEK 64.9 million (23.7), corresponding to SEK 1.93 per share (0.74). This corresponded to annual growth in income from property management per share of 159%. The increase was mainly due to acquired and newly built properties in the second half of 2018. Non-recurring central administration costs of SEK 9.9 million (19.6), connected to the completed stock exchange listing, were charged against income from property management. Income from property management was on a par with the cash flow from operating activities before changes in working capital.

Note 2: Revenue

The Group's revenue for the year amounted to SEK 253.0 million (218.3), corresponding to SEK 1,509 per sq m (1,417). The average economic occupancy rate over the period amounted to 95.3% (97.3) including discounts of SEK 1.6 million (1.0).

Revenue	Jan-Dec 2019, SEK m	31 Dec 2019 SEK/sq m	Jan-Dec 2018, SEK m	31 Dec 2018 SEK/sq m
Larsberg	189.5	1,543	173.0	1,440
Baggeby	9.3	1,635	7.1	1,244
Dalénum	21.7	2,352	21.3	2,314
Käppala	32.4	1,079	16.9	1,083
Total	253.0	1,509	218.3	1,417

Rental revenues for residential properties for the year totalled SEK 236.2 million (217.5), corresponding to SEK 1,459 per sq m (1,363). Rental revenues solely from housing totalled SEK 214.8 million (183.0), corresponding to SEK 1,411 per sq m (1,319). The average economic occupancy rate for apartments over the year amounted to 96.5% (98.0) including apartment vacancies of SEK 7.1 million (3.1) and apartment discounts of SEK 0.4 million (0.1). Käppala accounted for SEK 4.9 million of apartment vacancies, which were mainly linked to the upgrades.

The total revenue increase of SEK 34.7 million was mainly attributable to acquired and newly built properties, which increased revenue by SEK 23.6 million (22.0) for the year. The increase was also due to implemented base and total upgrades, which had an impact on revenue of SEK 6.4 million (5.7). The general annual housing rent negotiations for 2019 resulted in increases of 1.8–2.1% and apply from 1 July 2019. For the year, general residential rent increases had a revenue impact of SEK 2.7 million (1.4). The remaining part of the revenue increase was attributable to commercial premises, garages and parking places.

Note 3: Property expenses

Property expenses totalled SEK 100.1 million (115.1), corre-

sponding 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 year 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.

Property expenses	Jan-Dec 2019, SEK m	31 Dec 2019 SEK/sq m	Jan-Dec 2018, SEK m	31 Dec 2018 SEK/sq m
Larsberg	71.2	569	86.2	702
Baggeby	3.2	554	6.2	1,078
Dalénum	5.5	592	4.9	528
Käppala	20.3	675	17.9	874
Total	100.1	589	115.1	736

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 year. In 2018, planning expenses of SEK 5.9 million for aborted projects were recognised for Käppala and costs of SEK 2.8 million for upgrades were recognised for Baggeby.

Property expenses/sq m	Larsberg	Baggeby	Dalénum	Käppala	Total
Operating expenses	314	359	402	424	339
Maintenance	122	88	64	99	113
Property tax	28	3	16	27	26
Property administration	106	103	110	126	110
Total	569	554	592	675	589

Note 4: Central administration costs

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

Note 5: Net financial items

Net financial items amounted to an expense of SEK 49.8 million (expense: 42.1). Capitalised financial expenses for projects amounted to SEK 1.1 million (2.8). The average interest rate, including the effects of interest-rate derivatives, was 1.87% (1.88) at the end of the year. The interest coverage ratio was a multiple of 2.3 (1.6) at the end of the year.

Note 6: Changes in value

During the year, the property market in general remained strong with stable prices. Unrealised changes in the value of properties amounted to SEK 165.6 million (208.9). The value changes were mainly attributable to lower yield requirements and an improved net operating income, primarily linked to measures to raise rents in the form of upgrades.

Unrealised changes in value	Jan-Dec 2019, SEK m	Jan-Dec 2018, SEK m
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
<i>In relation to market value, OB, %</i>	2.7	4.4

Unrealised value changes in interest derivatives amounted to SEK 4.6 million (0.8), as a result of rising long market interest rates, which resulted in a decline in the interest-rate derivatives' deficit values in the period.

Note 7: Tax

Current tax for the year 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 impacted by unrealised changes in net property and derivative values of a negative SEK 35.1 million (negative: 46.1). In 2018, 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%.

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

The new tax rules also entail certain limits in terms of the tax deductibility of interest expenses. Other fiscal adjustments are not included in non-deductible interest expenses of SEK 32.8 million, for which the tax value has not been capitalised.

The Group's loss carryforwards are estimated at SEK 454.4 million (500.9), and comprise the basis for the Group's deferred tax assets. The deferred tax liability pertains primarily to temporary differences between the fair values and the fiscal residual values of properties. The properties' fair values exceed their fiscal values by SEK 4,679.8 million (4,455.9). The full nominal tax rate of 20.6% is recognised as deferred tax liabilities, less deferred tax pertaining to historical asset acquisitions.

SEK m	Tax base, current tax	Tax base, deferred tax
Income from property management	64.9	-
<i>Tax deductible</i>		
Depreciation	-36.3	36.3
New builds and redevelopments	-24.8	24.8
Other fiscal adjustments	44.4	-5.9
Taxable income from property management	48.2	55.2
Changes in property values	-	165.6
Changes in derivative values	-	4.6
Taxable earnings before loss carryforwards	48.2	225.5
Loss carryforwards, opening balance	-500.9	500.9
Loss carryforwards, closing balance	454.4	-454.4
Taxable profit	1.8	271.9
Tax for the year	-0.4	-56.0

SEK m	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	584.6	120.4	-
According to balance sheet	-	-735.9	-

The nominal tax liability recognised in the balance sheet was a net amount of SEK 735.9 million (679.8). However, the actual tax liability was calculated at only SEK 190.5 million (168.3).

A tax rate of 6% has been assumed for the estimated, actual deferred tax on the Group's properties, based on a discount interest rate of 3%. This estimation was conducted with regard to the applicable tax legislation, which means that properties can be sold in a corporate wrapper with no tax consequences. The assumption underlying this assessment is that the properties will be divested on an ongoing basis over a 50-year period and where 90% of the properties will be sold using a corporate wrapper and 10% will be divested through direct property transfers.

Tax deductions for the indirect transactions have been estimated at 5.5%. In respect of loss carryforwards and derivatives, the estimated actual tax liability was calculated based on a discount interest rate of 3%, whereby the assessment is that the loss carryforwards will be realised over a ten-year period and the derivatives will be realised over a five-year period. This means that the estimated actual tax is 17% for loss carryforwards and 19% for derivatives.

Condensed consolidated balance sheet

Amounts in SEK m	Note	31 December 2019	31 December 2018
Assets			
Investment properties	8	6,365.2	6,039.5
Other non-current assets		7.0	9.4
Total non-current assets		6,372.2	6,048.9
Current receivables		16.9	25.8
Cash and cash equivalents		9.8	2.8
Total current assets		26.7	28.7
Total assets		6,398.9	6,077.6
Equity and liabilities			
Equity	9	2,934.8	2,756.0
Provisions		0.5	0.6
Non-current interest-bearing liabilities	9	2,046.2	2,479.4
Deferred tax liabilities	7	735.9	679.8
Interest-rate derivatives	9	68.9	73.5
Total non-current liabilities		2,851.5	3,233.3
Current interest-bearing liabilities	9	555.4	-
Other current liabilities		57.1	88.3
Total current liabilities		612.5	88.3
Total liabilities		3,464.0	3,321.6
Total equity and liabilities		6,398.9	6,077.6

Condensed consolidated statement of changes in equity

Amounts in SEK m	Total shares outstanding, thousand ¹⁾	Share capital	Other contributed capital	Retained earnings	Total equity
Equity at 1 Jan 2018	30,000	10.0	-	2,159.7	2,169.7
Offset issue	3,670	1.2	362.8		364.0
Comprehensive income for the year	-	-	-	222.3	222.3
Equity at 31 Dec 2018	33,670	11.2	362.8	2,382.0	2,756.0
Comprehensive income for the year				178.8	178.8
Equity at 31 Dec 2019	33,670	11.2	362.8	2,560.8	2,934.8

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

Balance sheet at 31 December 2019

Note 8: Investment properties

John Mattson's property portfolio is concentrated to Lidingö in Stockholm and mainly consists of residential property located in the Larsberg, Baggeby, Dalénium and Käppala districts. At year end, the property value was SEK 6,365.2 million (6,039.5) with a lettable area of 171,500 sq m (169,100), broken down as 91% residential and 9% commercial premises, with an annual rental value of SEK 275.1 million (257.4). The portfolio comprises 2,251 apartments (2,177).

Investments

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 conversion 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). Other investments pertained primarily to heating and ventilation measures at Käppala as well as balconies and laundry rooms. In December, John Mattson entered into an agreement to acquire 541 apartments in the municipality of Sollentuna, with completion set for May 2020. The acquisition price was SEK 765 million after deduction of deferred tax of SEK 40 million.

Property value

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

The estimates are normally conducted using a calculation period of 10 years, the period from January 2020 to December 2029. 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

	SEK m
Property value, opening balance at 1 Jan 2019	6,039.5
+ Acquisitions	-
+ Investments in new builds	95.7
+ Investments in base upgrades	18.1
+ Investments in total upgrades	25.1
+ Other investments	21.3
- Sales	-
+/- Unrealised changes in value	165.6
Property value, closing balance at 31 Dec 2019	6,365.2

Property-related key metrics

	Jan-Dec 2019	Jan-Dec 2018
Rental value SEK/sq m	1,605	1,522
Economic occupancy rate, %	94.9	96.5
Property expenses, SEK/sq m	589	736
Net operating income, SEK/sq m	920	682
Property value, SEK/sq m	37,124	35,339
Number of buildings	42	42
Lettable area at the end of the period, thousand sq m	171.5	169.1
Average valuation yield	3.1	3.1

Financing

Note 9: Financing

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

Equity

As of 31 December 2019, equity totalled SEK 2,934.8 million (2,756.0), which corresponds to SEK 87.16 (81.85) per share. During the year, equity increased with profit for the year of SEK 178.8 million (222.3).

Interest-bearing liabilities

John Mattson conducts its borrowing through banks using mortgage deeds as collateral. At the end of the year, John Mattson had credit agreements for SEK 3,970.3 million (2,589.4). The loan volumes utilised at the end of the year amounted to SEK 2,601.6 million (2,479.4), of which SEK 2,046.2 million (2,479.4) was

a non-current liability and SEK 555.4 million (0.0) was current. Net interest-bearing liabilities amounted to SEK 2,591.9 million (2,476.6), corresponding to an LTV ratio of 40.7% (41.0). Disposable liquidity, which comprises unutilised credit facilities and cash balances, amounted to SEK 138.4 million (112.8) at the end of the year. Furthermore, for the purpose of securing the refinancing of existing credit agreements until 30 September 2020, agreements have been signed encompassing SEK 475 million. Moreover, a credit facility for SEK 765 million is in place for the financing of the acquisition in Sollentuna.

New borrowing during the year amounted to SEK 131.4 million (699.0 (of which SEK 430.0 million was attributable to taking over credits in conjunction with the Käppala acquisition)) to finance completed and ongoing new build projects and upgrades. Loan repayments during the year amounted to SEK 9.2 million (4.6). The average loan-to-maturity was 2.4 years (3.3) at the end of the year.

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

Maturity	Fixed-interest period			Credit agreement volume (SEK m)	Loan-to-maturity		Interest-rate swaps	
	Volume (SEK m)	Average interest (%) ¹⁾	Share (%)		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	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

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

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

Fixed interest and interest-rate derivatives

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

In accordance with the accounting rules in IFRS 9, these derivatives must be marked to market. Irrespective of the credit margin, if the agreed interest rate for a derivative deviates from the market interest rate, a theoretical surplus or deficit value arises for the interest-rate derivative, and this non-cash item is

recognised in profit or loss. On expiry, the derivative contract's market value dissolves entirely and, accordingly, the value change over time has had no impact on equity.

John Mattson has contracted interest-rate swaps to a nominal value of SEK 1,279.0 million (1,279.0), corresponding to 49.1% (51.6) of interest-bearing liabilities. The company has also contracted interest-rate swaps of SEK 600.0 million with a start date of 2020, which will become effective in conjunction with the expiry of derivative agreements of SEK 586 million.

The interest-rate swaps expire between 2020 and 2028. The market value of interest-rate derivatives at the end of the year was a negative SEK 68.9 million (negative: 73.5). The related reserve of SEK 68.9 million will be gradually reversed and recognised in profit or loss up to the end date of the derivatives, regardless of the interest-rate level. No hedge accounting is applied. The fair values of current and non-current interest-bearing liabilities do not deviate from their carrying amounts, since the discounting effect is not material.

John Mattson's average fixed-interest tenor, including interest-rate swaps, was 3.2 years (3.5) at the end of the year.

The average interest rate for the Group's total interest-bearing liability, including the effect of interest-rate swaps, was 1.87% (1.88) at year end.

Condensed consolidated cash-flow statement

Amounts in SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<i>Operating activities</i>				
EBT	162.2	-0.2	235.2	233.4
<i>Adjustment for non-cash items</i>				
Change in property values	-106.2	-2.6	-165.6	-208.9
Change in value of interest-rate derivatives	-36.3	6.1	-4.6	-0.8
Depreciation and disposals	0.3	0.3	1.2	1.6
Other non-cash items, etc.	0.0	0.0	0.1	-0.1
Taxes paid	0.0	0.0	-0.4	0.0
Cash flow from operating activities before changes in working capital	20.0	3.8	65.9	25.2
<i>Cash flow from changes in working capital</i>				
Change in operating receivables	-1.7	-17.2	11.6	-14.8
Change in operating liabilities	-11.9	0.6	-31.2	11.5
Cash flow from operating activities	6.5	-12.8	46.2	21.9
<i>Investing activities</i>				
Investments in equipment	-0.5	0.0	-1.5	-0.1
Acquisition of investment properties ¹⁾	-	-2.6	-	-5.6
Investments in investment properties	-30.2	-56.5	-160.1	-287.5
Investments/divestments, financial assets	-	-	-	-
Cash flow from investing activities	-30.8	-59.1	-161.5	-293.2
<i>Financing activities</i>				
Borrowings	25.1	26.6	131.4	269.0
Repayments of borrowings	-2.3	-2.3	-9.2	-4.6
Cash flow from financing activities	22.8	24.3	122.3	264.5
<i>Cash flow for the period</i>	-1.5	-47.6	7.0	-6.8
Opening balance, cash and cash equivalents	11.3	50.4	2.8	9.6
Closing balance, cash and cash equivalents	9.8	2.8	9.8	2.8
Additional cash-flow statement disclosures				
¹⁾ Acquisition of investment properties in corporate wrappers:				
Investment properties	-	2.6	-	804.5
Operating receivables	-	-	-	0.5
Cash and cash equivalents	-	-	-	2.1
Acquired borrowings	-	-	-	-430.0
Operating liabilities	-	-	-	-5.4
Net assets acquired	-	2.6	-	371.7
Offset issue	-	-	-	-364.0
Purchase price paid	-	2.6	-	7.7
Less: Cash and cash equivalents in acquired operations	-	-	-	-2.1
Net impact on cash and cash equivalents (positive = decrease)	-	2.6	-	5.6

Parent Company

The operations of the Parent Company, John Mattson Fastighetsföretagen AB (publ) with company registration number 556802-2858, primarily encompass shared Group services pertaining to strategy, communication, business development and accounting/finance.
The cost of the stock exchange listing was charged to the Parent Company.

Condensed Parent Company income statement

Amounts in SEK m	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	2.6	60.5	8.4	64.3
Central administration costs	-8.2	-17.9	-35.6	-41.2
EBIT	-5.6	42.6	-27.2	23.1
Net interest	-0.9	-0.7	-2.9	-2.9
Profit/loss after financial items	-6.5	41.9	-30.1	20.2
Appropriations	21.0	-28.8	21.0	-28.8
EBT	14.5	13.1	-9.1	-8.6
Tax	-3.4	-2.2	0.1	-2.4
Profit/loss for the year	11.1	10.9	-9.0	-11.0

Condensed Parent Company balance sheet

Amounts in SEK m	31 Dec 2019	31 Dec 2018
Assets		
Participations in Group companies	1,668.7	1,668.6
Deferred tax assets	0.1	-
Receivables from Group companies	123.6	97.1
Other current receivables	5.4	0.1
Cash and cash equivalents	9.5	2.5
Total assets	1,807.2	1,768.3
Equity and liabilities		
Equity	1,245.3	1,254.3
Liabilities to Group companies	553.1	492.9
Other current liabilities	8.8	21.1
Total equity and liabilities	1,807.2	1,768.3

Opportunities and risks in the Group and Parent Company

Opportunities and risks in cash flow

Of John Mattson's total rental revenues, 85% is generated by residential tenants. The vacancy rate is low and rents are relatively secure and predictable. All of John Mattson's properties are located in Lidingö, in attractive areas with healthy demand.

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

John Mattson has stable cash flow from operating activities before changes in working capital, which was in line with income from property management.

Interest expenses are one of John Mattson's single largest expenses and are impacted by changes in market interest rates, whereby rising market interest rates over time are normally an effect of economic growth and rising inflation. Accordingly, the interest-bearing borrowing means that John Mattson is exposed to interest-rate risk, among other risks.

Full-year effect, next 12 months, SEK m	Change +/-	Impact on income from property management
Rent level	SEK 100 per sq m	+/-17.1
Economic occupancy rate	1 percentage point	+/-2.8
Property expenses	5%	+/-5.0
Underlying market interest rate	1%	-8.7/+7.6

Opportunities and risks with property values

John Mattson initially recognises its properties at fair value with changes in value recognised in profit or loss. This entails increased volatility, primarily for earnings, but also for the financial position.

The market value of properties is determined by market supply and demand. The properties' values depend on their net operating income and yield requirements. A higher net operating income or lower yield requirement has a positive impact on the value. A lower net operating income or higher yield requirement has a negative impact on the value. The impact of a percentage change in property value on the LTV ratio is illustrated below.

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

Financial risk

Access to funds is one of the largest risks that the company has to manage. This risk is kept in check through a low LTV ratio and a high level of disposable liquidity. Disposable liquidity, which comprises unutilised credit facilities and cash balances, amounted to SEK 138.4 million (112.8) at the end of the year. Furthermore, for the purpose of securing the refinancing of existing credit agreements until 30 September 2020, agreements have been signed encompassing SEK 475 million. Moreover, a credit facility for SEK 765 million is in place for the financing of the acquisition in Sollentuna. The company's volume-weighted average loan-to-maturity amounted to 2.4 years (3.3) at year end. To limit the company's exposure to increasing interest rates, agreements concerning interest-rate swaps have been concluded with banks.

Key metrics

Key metrics	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Property-related key metrics				
Surplus ratio during the period, %	62.0	44.7	60.4	47.3
Economic occupancy rate at the end of the period, %	94.9	96.5	94.9	96.5
Rental value at the end of the period, SEK m	275.1	257.4	275.1	257.4
Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,411	1,485	1,411
Lettable area at the end of the period, thousand sq m	171.5	169.1	171.5	169.1
Investments in new builds, extensions and redevelopments, SEK m	30.2	56.5	160.1	287.5
Property value at the end of the period, SEK m	6,365.2	6,039.5	6,365.2	6,039.5
Property value, at the end of the period, SEK/sq m	37,124	35,339	37,124	35,339
Total number of apartments	2,251	2,177	2,251	2,177
No. of upgraded apartments during the period	13	111	65	375
No. of upgraded apartments at the end of the period	1,366	1,366	1,366	1,366
No. of unrenovated apartments at the end of the period	396	396	396	396
Key financial metrics				
Rental revenues, SEK m	64.8	61.4	253.0	218.3
Net operating income, SEK m	40.2	27.4	152.8	103.2
Income from property management, SEK m	19.8	3.4	64.9	23.7
Earnings after tax for the period	126.3	-6.0	178.8	222.3
LTV ratio at the end of the period, %	40.7	41.0	40.7	41.0
Average interest rate at the end of the period, %	1.9	1.9	1.9	1.9
Interest coverage ratio during the period, multiple	2.5	1.5	2.3	1.6
Fixed-interest tenor, at the end of the period, years	3.2	3.5	3.2	3.5
Loan-to-maturity at the end of the period, years	2.4	3.3	2.4	3.3
EPRA NAV, SEK m	3,739.6	3,509.3	3,739.6	3,509.3
EPRA NNAV, SEK m	3,480.2	3,267.4	3,480.2	3,267.4
Share-related key metrics				
Income from property management, SEK/share ¹⁾	0.59	0.10	1.93	0.74
Growth in income from property management, SEK/share, %	485.3	-45.9	159.0	-21.0
Adjusted growth in income from property management, SEK/share, % ²⁾	58.9	99.3	63.6	44.1
Profit after tax, SEK/share ¹⁾	3.75	-0.18	5.31	6.98
EPRA NAV, SEK/share ¹⁾	111.07	104.23	111.07	104.23
Growth in EPRA NAV, SEK/share, %	6.6	7.3	6.6	7.3
EPRA NNAV, SEK/share ¹⁾	103.36	97.04	103.36	97.04
Equity, SEK/share ¹⁾	87.16	81.85	87.16	81.85

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

²⁾ Income from property management has been adjusted for non-recurring costs linked to the planned stock exchange listing. An adjustment of SEK 9.9 million (19.6) was made to income from property management for the year and an adjustment of SEK 0.0 million (9.1) for the quarter.

Definitions of key metrics are provided on pages 24–25.

Accounting policies

The condensed year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting together with the appropriate provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has prepared in conformity with the Annual Accounts Act and the Recommendations of the Swedish Financial Reporting Board in RFR 2 Accounting for Legal Entities. The Parent Company applies the same accounting policies as the Group with the exceptions and supplements stipulated in RFR 2.

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

Lidingö, 18 February 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

This year-end report has not been reviewed by the company's auditors.

Significant events after the end of the period

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

The John Mattson share

John Mattson's shares are listed on Nasdaq Stockholm, Mid Cap.
As of 31 December, the market capitalisation was SEK 4.8 billion.

John Mattson's share was listed on Nasdaq Stockholm, Mid Cap as of 5 June 2019. The share price in conjunction with the listing was SEK 90 and the closing price on 31 December 2019 was SEK 141.40. The lowest closing price in the quarter was SEK 114.40, recorded on 2 October. The highest closing price of SEK 141.80 was posted on 27 December.

Over the quarter, stock turnover on Nasdaq Stockholm amounted to 1,625,801 shares with a combined value of SEK 203.65 million, representing an annualised stock turnover of 19.31%. Nasdaq Stockholm accounted for 70.56% of all trading in John Mattson shares. John Mattson has one class of shares and each share entitles the holder to one vote.

Net asset value

EPRA NAV amounted to SEK 111.07 per share (104.23). EPRA NAV increased 6.6% compared with 31 December 2018. 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.

Net asset value

	31 December 2019		31 December 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.

Main shareholders at 31 December 2019

The following table presents the owners with a shareholding in John Mattson exceeding 3% together with other shareholders.

	No. of shares	Percentage
AB Borudan Ett	12,277,055	36.46%
Tagehus Holding AB	4,336,698	12.88%
Länsförsäkringar Fonder	3,300,368	9.80%
Första AP-fonden (AP1)	2,777,777	8.25%
Carnegie Fonder	2,200,609	6.54%
Prior & Nilsson Fonder	1,778,243	5.28%
Fidelity Investments (FMR)	1,255,411	3.73%
Other shareholders	5,743,871	17.06%
Of which, foreign shareholders	2,300,297	6.80%

Source: Euroclear/Modular Finance

Share-related key metrics

	Jan-Dec 2019	Jan-Dec 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, %	27.3	-

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

²⁾ Income from property management has been adjusted for non-recurring costs linked to the planned stock exchange listing of SEK 9.9 million (19.6).

Development of share capital

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

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 NNAV, 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 NNAV, SEK m	EPRA NAV excluding interest-rate derivatives and estimated actual tax liability at the end of the period.	An established metric for the Group's net asset value that facilitates analyses and comparison.
LTV ratio at the end of the period, %	Interest-bearing liabilities less cash and cash equivalents as a percentage of the carrying amount for the properties at the end of the period.	Used to illustrate John Mattson's financial risk and shows how large a share of the operations is mortgaged with interest-bearing liabilities. This metric facilitates comparability with other property companies.
Equity, SEK/share	Recognised equity divided by the number of shares outstanding on the balance-sheet date.	This metric shows how large a share of John Mattson's recognised shareholders' equity that each share represents.
Economic occupancy rate at the end of the period, %	Annualised contracted rents in relation to contracted rents plus annualised discounts and vacancies at the end of the period.	This metric facilitates assessment of John Mattson's efficiency at using the floor area in its investment properties.
Property expenses, SEK m	This item includes direct property expenses, such as costs for operations, maintenance and property taxes, as well as indirect property expenses in the form of lettings and property administration.	Not an alternative performance measure.
Property value, at the end of the period, SEK/sq m	The fair value of properties excluding ongoing projects divided by lettable area for properties owned at the end of the period.	Used to illustrate John Mattson's average property value per sq m.
Income from property management, SEK m	Profit excluding value changes and tax.	This metric facilitates increased understanding of John Mattson's profit generation.
Income from property management, SEK/share	Earnings excluding value changes and tax divided by the average number of shares outstanding during the period.	This metric facilitates increased understanding of the trend in income from property management taking shares outstanding into account.
Average economic occupancy rate, %	Rental revenue 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.

Reconciliation tables

EPRA NNNAV, SEK/share		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	EPRA NNNAV at the end of the period, SEK m	3,480.2	3,267.4	3,480.2	3,267.4
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670	33,670	33,670
A/B	EPRA NNNAV, SEK/share	103.36	97.04	103.36	97.04

LTV ratio at the end of the period, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Interest-bearing debt at the end of the period according to balance sheet, SEK m	2,601.6	2,479.4	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	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	6,365.2	6,039.5
(A-B)/C	LTV ratio at the end of the period, %	40.7	41.0	40.7	41.0

Equity, SEK/share		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Equity according to balance sheet at the end of the period, SEK m	2,934.8	2,756.0	2,934.8	2,756.0
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670	33,670	33,670
A/B	Equity, SEK/share	87.16	81.85	87.16	81.85

Economic occupancy rate at the end of the period, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Annualised contract value at the end of the period, SEK m	261.2	248.5	261.2	248.5
B	Annualised vacancy value at the end of the period, SEK m	13.9	8.9	13.9	8.9
A/(A+B)	Economic occupancy rate during the period, %	94.9	96.5	94.9	96.5

Property value, at the end of the period, SEK/sq m		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Investment properties according to balance sheet at the end of the period, SEK m	6,365.2	6,039.5	6,365.2	6,039.5
B	Carrying amount of ongoing projects at the end of the period, SEK m	-	65.3	-	65.3
C	Lettable area at the end of the period, thousand sq m	171.5	169.1	171.5	169.1
(A-B)/C	Property value, at the end of the period, SEK/sq m	37,124	35,339	37,124	35,339

Income from property management, SEK/share		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Income from property management during the period, SEK m	19.8	3.4	64.9	23.7
B	Average number of shares outstanding during the period, thousand	33,670	33,670	33,670	31,860
A/B	Income from property management, SEK/share	0.59	0.10	1.93	0.74

Income from property management, SEK m		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Profit/loss for the period	126.3	-6.0	178.8	222.3
B	Current and deferred tax	36.0	5.9	56.4	11.1
C	Change in value of investment properties and interest-rate derivatives	142.5	-3.5	170.3	209.7
A+B-C	Income from property management, SEK m	19.8	3.4	64.9	23.7

Average economic occupancy rate, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Rental revenues during the period, SEK m	64.8	61.4	253.0	218.3
B	Gross rent during the period, SEK m	68.7	63.5	265.5	224.4
A/B	Average economic occupancy rate, %	94.4	96.6	95.3	97.3

Average economic occupancy rate, apartments, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Rental revenues during the period, apartments, SEK m	54.9	52.4	214.8	183.0
B	Gross rent during the period, apartments, SEK m	57.6	53.6	222.7	186.7
A/B	Average economic occupancy rate, apartments, %	95.3	97.8	96.5	98.0

Average interest rate at the end of the period, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Annualised interest expense at the end of the period, SEK m	48.7	46.6	48.7	46.6
B	Interest-bearing debt at the end of the period, SEK m	2,601.6	2,479.4	2,601.6	2,479.4
A/B	Average interest rate at the end of the period, %	1.9	1.9	1.9	1.9

Rental value at the end of the period, SEK m		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Annualised contract value at the end of the period, SEK m	261.2	248.5	261.2	248.5
B	Annualised vacancy value at the end of the period, SEK m	13.9	8.9	13.9	8.9
A+B	Rental value at the end of the period, SEK m	275.1	257.4	275.1	257.4

Rental value, apartments, at the end of the period, SEK/sq m		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Annualised contract value, apartments, at the end of the period, SEK m	224.0	213.5	224.0	213.5
B	Annualised vacancy value, apartments, at the end of the period, SEK m	8.1	3.7	8.1	3.7
C	Lettable area of apartments at the end of the period, thousand sq m	156.3	154.0	156.3	154.0
(A+B)/C	Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,411	1,485	1,411

Adjusted income from property management, SEK/share		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Income from property management during the period, SEK m	19.8	3.4	64.9	23.7
B	Non-recurring costs pertaining to listing, SEK m	0.0	9.1	9.9	19.6
C	Average number of shares outstanding during the period, thousand	33,670	33,670	33,670	31,860
(A+B)/C	Adjusted income from property management, SEK/share	0.59	0.37	2.22	1.36

Adjusted growth in income from property management, SEK/share, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Adjusted income from property management, SEK/share during the period	0.59	0.37	2.22	1.36
B	Income from property management, SEK/share during the preceding period	0.37	0.19	1.36	0.94
(A-B)/B	Adjusted growth in income from property management, SEK/share, %	58.9	99.3	63.6	44.1

EPRA NAV, SEK/share		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	EPRA NAV at the end of the period, SEK m	3,739.6	3,509.3	3,739.6	3,509.3
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670	33,670	33,670
A/B	EPRA NAV, SEK/share	111.07	104.23	111.07	104.23

EPRA NAV and EPRA NNAV, SEK m		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Equity according to balance sheet at the end of the period, SEK m	2,934.8	2,756.0	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	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	735.9	679.8
A+B+C=D	EPRA NAV, SEK m	3,739.6	3,509.3	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	-68.9	-73.5
E	Estimated actual deferred tax liability at the end of the period, SEK m	-190.5	-168.3	-190.5	-168.3
D-B-E	EPRA NNAV, SEK m	3,480.2	3,267.4	3,480.2	3,267.4

Net interest-bearing liabilities at the end of the period, SEK m		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Annualised interest-bearing liabilities at the end of the period, SEK m	2,601.6	2,479.4	2,601.6	2,479.4
B	Cash and cash equivalents at the end of the period, SEK m	9.8	2.8	9.8	2.8
A-B	Net interest-bearing liabilities at the end of the period, SEK m	2,591.9	2,476.6	2,591.9	2,476.6

Interest coverage ratio during the period, multiple		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Income from property management during the period according to income statement, SEK m	19.8	3.4	64.9	23.7
B	Financial expense during the period, SEK m	12.9	7.1	49.8	42.1
(A+B)/B	Interest coverage ratio during the period, multiple	2.5	1.5	2.3	1.6

Growth in income from property management, SEK/share, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Income from property management, SEK/share during the period	0.59	0.10	1.93	0.74
B	Income from property management, SEK/share during the preceding period	0.10	0.19	0.74	0.94
(A-B)/B	Growth in income from property management, SEK/share, %	485.3	-45.9	159.0	-21.0

Growth in EPRA NAV, SEK/share, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	EPRA NAV at the end of the period, SEK/share	111.07	104.23	111.07	104.23
B	EPRA NAV at the end of preceding 12-month period, SEK/share	104.23	97.09	104.23	97.09
(A-B)/B	Growth in EPRA NAV, SEK/share, %	6.6	7.3	6.6	7.3

Surplus ratio during the period, %		Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
A	Net operating income during the period according to income statement, SEK m	40.2	27.4	152.8	103.2
B	Rental revenues during the period according to income statement	64.8	61.4	253.0	218.3
A/B	Surplus ratio during the period, %	62.0	44.7	60.4	47.3

Contact information and calendar

Financial calendar

2020 Annual General Meeting: 21 April 2020
Interim report January–March 2020: 7 May 2020
Interim report April–June: 20 August 2020

Information

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



Siv Malmgren, CEO

siv.malmgren@johnmattson.se
Tel: +46 70-539 35 07



Maria Siden, CFO

maria.siden@johnmattson.se
Tel: +46 70-337 66 36
