



Child ice skating in Larsbergsparken in Lidingö.

Year-end report 2020:

January–December 2020

- > Rental revenues totalled SEK 294.0 million (253.0), up 16%.
- > Income from property management was SEK 94.7 million (64.9), corresponding to SEK 2.81 per share (1.93).
- > Cash flow from operating activities before changes in working capital amounted to SEK 94.1 million (65.9), which was on a par with income from property management.
- > Changes in property values amounted to SEK 517.7 million (165.6) and changes in the value of interest-rate derivatives to negative SEK 4.3 million (positive: 4.6).
- > Earnings after tax for the year totalled SEK 478.8 million (178.8), corresponding to SEK 14.22 per share (5.31).
- > Property value totalled SEK 7,958 million (6,365).
- > Investments amounted to SEK 1,075.0 million (160.1), of which SEaK 857.7 (0.0) million pertained to the acquisition of properties in Rotebro and Rotsunda in the municipality of Sollentuna, and leaseholds in Slakthusområdet in the City of Stockholm.
- > The Board of Directors proposes to the Annual General Meeting that no dividend, that is a dividend of SEK 0 (0) should be distributed for the 2020 fiscal year.

October–December 2020

- > Rental revenues totalled SEK 78.1 million (64.8), up 21%.
- > Income from property management was SEK 19.7 million (19.8), corresponding to SEK 0.58 per share (0.59). Costs for the quarter associated with business development increased income from property management to SEK 26.6 million.
- > Cash flow from operating activities before changes in working capital amounted to SEK 17.9 million (20.0), which was on a par with income from property management.
- > Changes in property values amounted to SEK 455.6 million (106.2) and changes in the value of interest-rate derivatives to negative SEK 8.4 million (36.3).
- > Earnings after tax for the period totalled SEK 386.7 million (126.3), corresponding to SEK 11.48 per share (3.75).
- > Investments amounted to SEK 80.3 million (30.2).

Goals and strategies

John Mattson is a residential property owner with 2,800 apartments in Lidingö and Sollentuna and leasehold properties in Slakthusområdet in the City of Stockholm. 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 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 and 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 2020



16% growth in net asset value



46% growth in income from property management



SEK 8.0 billion in property value 31 December 2020

Significant events in the fourth quarter of 2020

- > **During the year, 218 apartments underwent base upgrades and 150 apartments underwent total upgrades. At the end of the year, upgrades were being made to 27 apartments.**
- > **During the fourth quarter of the year, 25 new loft apartments were completed.**
- > **Before the end of the year, eleven apartments were completed by converting unutilised premises and laundry rooms.**

Key metrics	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Rental revenues, SEK m	78.1	64.8	294.0	253.0
Net operating income, SEK m	49.6	40.2	196.0	152.8
Income from property management, SEK m	19.7	19.8	94.7	64.9
Income from property management, SEK/share ¹⁾	0.58	0.59	2.81	1.93
Growth in income from property management, SEK/share, %	-0.4	485.3	45.8	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	-0.4	58.9	26.5	63.6
Profit after tax, SEK/share ¹⁾	11.48	3.75	14.22	5.31
Property value at the end of the period, SEK m	7,957.9	6,365.2	7,957.9	6,365.2
Economic occupancy rate at the end of the period, %	94.5	94.9	94.5	94.9
LTV ratio at the end of the period, %	44.7	40.7	44.7	40.7
Interest coverage ratio during the period, multiple	2.4	2.5	2.6	2.3
NAV, SEK/share ¹⁾	129.25	111.07	129.25	111.07
Growth in NAV, SEK/share, %	16.4	6.6	16.4	6.6
NNNAV, SEK/share ¹⁾	119.01	103.36	119.01	103.36

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.

²⁾ Income from property management for the full-year 2019 has been adjusted by SEK 9.9 million for non-recurring costs linked to the completed stock exchange listing.

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

John Mattson achieved targets for net asset value and income from property management

In 2020, income from property management per share increased 46%, and the net asset value per share rose 16%. John Mattson has thus achieved the financial targets of a minimum increase of 10% for annual growth in net asset value and income from property management per share. The property value totalled SEK 8 billion at the end of the year.

Earnings, financial development and target achievement 2020

Income from property management totalled SEK 94.7 million (64.9) for 2020, in line with our plan. Income from property management amounted to SEK 2.81 per share (1.93), corresponding to annual growth of 46%. As such, we have achieved the annual target of a minimum of 10% growth in income from property management per share. The growth was primarily attributable to an improved NOI as a result of new builds and acquisitions.

By the end of the year, long-term net asset value amounted to SEK 129.25 per share (111.07). The target is to achieve average growth in net asset value of not less than 10% over a business cycle. Over the past 12 months, net asset value has increased 16%.

At the end of 2020, property value increased to SEK 8 billion, an increase of just over SEK 1.6 billion compared with 2019. This was mainly attributable to investments of just over SEK 1 million, primarily consisting of property acquisitions in the municipality of Sollentuna, as well as unrealised increases in value of approximately SEK 500 million. The unrealised value increase has been partly impacted by lower yields linked to the substantial interest in the transaction market for rental properties, and partly due to a large number of apartments being upgraded during the year. The goal is for the Group's property value to amount to at least SEK 10 billion by the end of 2023.

Sustainability in focus

We have accelerated the pace of our strategic sustainability agenda and begun to map the company's carbon emissions based on the Greenhouse Gas Protocol, the most established standard for measuring and reporting greenhouse gas emissions. We are prioritising increased knowledge of John Mattson's climate impact to provide guidance for future investments and development projects and assist in halting global warming.

Societal sustainability has always been



John Mattson intends to grow in the Stockholm region and is active in the transaction market.

an extremely important topic for us, and the social distancing requirements brought about by the pandemic have demonstrated that social activity is important for people's well-being. We are convinced that by creating the conditions for social activity between residents, we increase their safety and well-being. In 2020, we have focused on measures to increase safety such as upgraded outdoor areas and the establishment of a community hall for the newly acquired areas in Sollentuna. In 2021, we plan to develop our societal sustainability work even further.

Development and infill

Base and total upgrades for apartments built in the 1950s and 1960s on Lidingö were completed according to plan during 2020. It is gratifying that we have completed total upgrades for 150 apartments during the year, and thus exceeded the target of completing total upgrades for at least 130 apartments.

In conjunction with the ongoing base upgrades in Käppala in Lidingö, unused premises and laundry rooms were converted into 11 apartments and in the attics of two buildings, we have created 25 apartments.

Effects of COVID-19

Like other companies, we have adapted portions of our operations to maintain safety for our tenants, employees and contractors during 2020. Approximately 90% of John Mattson's total rental value comes from housing. Only around 10% comes from commercial premises, of which the majority is attributable to operations like grocery stores and universities, which remain stable

despite the pandemic. The costs for rent discounts connected to COVID-19 have thus only had a marginal effect.

Outlook

During 2020, John Mattson has grown outside Lidingö, and is now established in three municipalities in the Stockholm region. We intend to continue to grow in the Stockholm region and are active in the transaction market. Our growth strategy is to acquire new builds, older properties and development rights in locations with good development opportunities and easy access to transportation. Despite stiff competition in the transaction market, we are optimistic for more acquisitions and continued growth.

Work is ongoing on detailed development plans together with the municipality of Lidingö Stad for new homes in the Ekporten infill development project in Larsberg. The expected construction start is late 2022. Base upgrades of some 200 additional apartments in Käppala are expected to be complete during autumn 2021, and in 2022, we plan to start upgrading apartments in Rotebro and Rotsunda in the municipality of Sollentuna.

In addition to projects that have started or are being planned, efforts to realise the identified development projects in the company's existing property portfolio are ongoing.



Siv Malmgren, CEO

John Mattson's property portfolio

The property portfolio comprises approximately 2,800 rental properties with a lettable area of 216,000 sq m, broken down as around 90% residential and 10% commercial premises. The portfolio is concentrated to the Stockholm region, primarily Lidingö, and expanded during the year with the addition of 541 apartments in the municipality of Sollentuna and three leaseholds in Slakthusområdet in the City of Stockholm.

John Mattson's property portfolio

Master Builder John Mattson constructed the Larsberg residential area in Lidingö 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, most recently U25 with 74 apartments for young adults and Parkhusen with 80 housing units. Larsberg accounts for approximately 60% of the company's total number of apartments. The properties in nearby Baggeby were totally upgraded and comprise a total of 83 apartments. The company also owns and manages

one property with 146 apartments in the neighbouring area of Dalénium.

In 2018, John Mattson acquired 481 apartments in Käppala, Lidingö, a portfolio that is now undergoing extensive upgrades. Since May 2020, John Mattson has also owned and managed 541 apartments in Rotebro and Rotsunda in the municipality of Sollentuna.

In July 2020, the company took possession of three leasehold properties in Slakthusområdet in the City of Stockholm.

Property portfolio as per 31 December 2020											January–December 2020 ¹⁾			
	Buildings/ Apartments		Property value		Lettable area thou- sand sq m	No. of renovated apartments		Rental value		Economic occupancy rate, %	Tenant turnover ²⁾	Rental revenues	Property expenses	Net operating income
	No.	No.	SEK m	SEK/ sq m		Base	Total/ New build	SEK m	SEK/ sq m					
Housing														
Larsberg/Baggeby/ Dalénium, Lidingö	26	1,770	5,514.4	41,804	131.9	812	958	215.5	1,634	98.5	8.0	212.0	61.4	150.6
Käppala, Lidingö	12	518	1,127.0	36,385	31.0	104	235	48.0	1,550	76.8	16.8	29.9	18.1	11.8
Rotebro/Rotsunda, Sollentuna	29	541	824.3	22,262	37.0	–	–	42.5	1,149	97.7	5.9	41.4	22.0	19.1
Total housing³⁾	67	2,829	7,465.7	37,345	199.9	916	1,193	306.0	1,531	95.0	9.1	283.1	101.5	181.5
Commercial and other premises														
Larsberg	3	–	315.0	39,578	8.0	–	–	22.1	2,771	94.5	–	21.2	4.2	16.9
Total investment properties	70	2,829	7,780.7	37,431	207.9	916	1,193	328.1	1,578	94.9	–	304.2	105.7	198.5
Dev. projects for identified dev. rights and undeveloped land	4	–	177.2	22,089	8.0	–	–	8.4	1,050	78.7	–	6.6	0.9	5.7
Total	74	2,829	7,957.9		215.9	916	1,193	336.5	1,559	94.5	–	310.8	106.6	204.2

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 204.2 million reported above and the net operating income in the income statement of SEK 196.0 million is attributable to the net operating income for properties acquired during the year and completed projects being revised upward by SEK 8.1 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.

Adding value

Over the last few years, the buildings in Larsberg, Baggeby and Käppala 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 at least a total of 100 of the apartments in the portfolio each year. A total of 150 (65) apartments received total upgrades during the year. Another 27 apartments were undergoing total upgrades at the end of the year. The acquisition of 481 apartments in Käppala in 2018 resulted in an increase in the percentage of unrenovated apartments in the company's portfolio.

Nearly 400 apartments in Käppala are expected to have base upgrades completed by autumn 2021. A total of 218 (0) apartments in the area were given base upgrades in 2020.

In conjunction with the base upgrades, unused premises and laundry rooms in Käppala were converted into 11 apartments and in the attics of two buildings, a further 25 apartments were created. The property portfolio in Käppala has thus expanded with 36 apartments. COVID-19 has not significantly affected the project's completion rate – the timetable is intact compared to earlier reporting.

The share of unrenovated apartments increased further in May 2020, when the company took possession of the recently acquired properties in Rotebro and Rotsunda in the municipality of Sollentuna. Plans for upgrades of these properties are under way.

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 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 2020, John Mattson acquired 541 apartments in Rotebro and Rotsunda in the municipality of Sollentuna, and three leasehold properties in Slakthusområdet in the City of Stockholm.

Apartment structure and occupancy rate

As of 31 December 2020, the total number of apartments was 2,829 (2,251). Of these, 720 (396) were unrenovated, 916 (848) had undergone base upgrades, 668 (518) had received total upgrades and 525 (489) were newly built.

The economic occupancy rate at 31 December 2020 was 94.5% (94.9) and the occupancy rate for apartments was 96.4% (96.5). As per 31 December 2020, 141 apartments were vacant, all of which were attributable to the 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.	720	45.8	52.4
Base upgrade, Apts.	916	71.1	92.0
Total upgrade, Apts.	668	46.5	76.3
New build Apts. ¹⁾	525	28.4	64.2
Garages and parking places	–	–	15.3
Premises and storerooms	–	24.1	36.3
Total	2,829	215.9	336.5
Vacancies and discounts	No.	Lettable area, thousand sq m	Vacancy value, SEK m
Vacant Apts.	141	8.4	9.5
Vacant garages and parking places	–	–	5.2
Vacant premises and storerooms	–	3.2	1.7
Discounts	–	–	1.9
Total	141	11.6	18.4
	No.	Let area, thousand sq m	Contract value, SEK m
Total	2,688	204.3	318.1

¹⁾ Apartments built in 2008 or later.

Infill development

John Mattson works actively to identify undeveloped land where infill development is possible and appropriate for the existing built-up area. The aim is to generate growth through value adding construction that concurrently makes the areas more attractive. Development is conducted in close collaboration with the municipalities where we operate.

Development projects

The planning process is ongoing for the Fyrtornet 5 property in Larsberg in Lidingö under the project name of Ekporten. Work and dialogues are ongoing with the municipality of Lidingö Stad's politicians and personnel. Construction start is planned for late 2022.

A number of additional potential infill development projects have been identified in Larsberg and in Käppala.

The expansive Slakthusområdet in the City of Stockholm is transitioning now from an industrial area to a vibrant, small-scale city district. Culturally significant buildings are being preserved and developed, and thousands of new housing, workplaces, schools, stores, services and cultural buildings are being added.

John Mattson's leaseholds are in a prime location near the future Metro station entrance in the area. Preparations for the leaseholds John Mattson took possession of in July 2020 entail a detailed development plan aimed at developing new housing and workplaces with a preliminary adoption of the detailed development plan set for 2024. The company's total development portfolio encompasses around 1,000 apartments. The carrying amount for development projects was SEK 177.2 million (62.2).

Projects completed

In 2020, the conversion of premises and laundry rooms in Herkules, Käppala was completed, resulting in 11 ground floor apartments and the creation of 25 loft apartments.

Development projects and identified development rights

Property/Area	Category	No. of Apts. ¹⁾	Additional lettable area ¹⁾	Carrying amount, SEK m	Possible construction start ²⁾	Project phase
Ekporten, Fyrtornet 5/Larsberg	New builds	150	8–9,000	–	2022	Ongoing planning process
Juno 2 & 3/Käppala	Attic extension	50	1,750	–	2022	Inquiry under way
Slakthusområdet ³⁾	New builds	100	9,000		after 2024	New detailed development plan needed
Total ongoing development projects		300	18,750–19,750	177.2		
Larsberg	New builds	500–600	30–35,000	–	after 2022	New detailed development plan needed
Käppala	New builds	150	10,000	–	after 2022	New detailed development plan needed
Total development rights identified		650–750	40,000–45,000	–		
Total development portfolio		950–1,050	58,750–64,750	177.2		

¹⁾ The number of apartments and the area are assessments 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 plan.

³⁾ In collaboration with LaTerre. Number of apartments according to the City of Stockholm's definition.

Current earnings capacity

The table below illustrates John Mattson's current earnings capacity on a 12-month basis as per 31 December 2020, 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. Deductions are made for any property disposals. 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. The vacancy level shown in the earnings capacity pertains to Käppala, where upgrade projects are ongoing.

Property expenses are based on LTM property expenses.

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 with supplements for ground rent. 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.

Amounts in SEK m	31 Dec 2020
Rental value	336.5
Vacancies and discounts	-18.4
Rental revenues	318.1
Operating expenses	-71.2
Maintenance expenses	-13.0
Property tax	-5.3
Property administration	-18.6
Net operating income	210.0
Central administration costs	-37.0
Net financial items	-53.8
Income from property management	119.1

Condensed consolidated income statement

Amounts in SEK m	Note	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Rental revenues	2	78.1	64.8	294.0	253.0
Operating expenses	3	-18.0	-14.9	-63.7	-57.4
Maintenance	3	-4.3	-3.5	-12.3	-19.4
Property tax	3	-1.4	-1.2	-4.9	-4.5
Property administration	3	-4.8	-5.0	-17.1	-18.8
Net operating income		49.6	40.2	196.0	152.8
Central administration costs	4	-15.1	-7.6	-41.7	-38.0
Net financial items	5	-14.8	-12.9	-59.6	-49.8
Income from property management	1	19.7	19.8	94.7	64.9
Change in property values	6	455.6	106.2	517.7	165.6
Change in the value of interest-rate derivatives	6	8.4	36.3	-4.3	4.6
EBT		483.6	162.2	608.1	235.2
Current tax	7	-1.8	0.0	-1.8	-0.4
Deferred tax	7	-95.2	-35.9	-127.5	-56.0
Profit for the period/year		386.7	126.3	478.8	178.8
Other comprehensive income for the period/year					
Profit for the period/year		386.7	126.3	478.8	178.8
Other comprehensive income		-	-	-	-
Comprehensive income for the period/year		386.7	126.3	478.8	178.8
Average No. of shares, thousand ¹⁾		33,670	33,670	33,670	33,670
Earnings per share for the period/year		11.48	3.75	14.22	5.31

¹⁾ The average number of shares takes into account the 3:1 share split resolved by the AGM on 11 March 2019.

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

January to December 2020 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 2020 — was SEK 94.7 million (64.9), corresponding to SEK 2.81 per share (1.93). This corresponded to annual growth in income from property management per share of 46%. The growth was primarily attributable to an improved NOI as a result of acquisitions and new builds. The properties in the municipality of Sollentuna and the leaseholds in the City of Stockholm acquired during the year accounted for SEK 16.7 million and new builds in Lidingö for SEK 4.7 million of the improvement in net operating income. 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 294.0 million (253.0), corresponding to SEK 1,440 per sq m (1,509). The average economic occupancy rate over the period amounted to 94.6% (95.3) including discounts of SEK 2.1 million (1.6).

The total revenue increase of SEK 41.1 million was attributable to acquired and newly built properties, which increased revenue by SEK 35.2 million (23.6) for the year. The increase is also due to general residential rent increases, which had a revenue impact of SEK 4.8 million compared to the year-earlier period. The general annual housing rent negotiations for 2020 resulted in increases of 1.9% and apply from 1 January 2020. The negotiations in 2019 resulted in increases of 1.8–2.1% from 1 July 2019. Revenue also increased SEK 4.8 million due to base and total upgrades as well as commercial and parking rent increases. The earnings impact of the rent increases is reduced by a SEK 3.8 million increase in vacancy costs pertaining to ongoing residential upgrades in Käppala.

Rental revenues for residential properties totalled SEK 251.3 million (214.8), corresponding to SEK 1,381 per sq m (1,411). The average economic occupancy rate for apartments over the year amounted to 95.8% (96.5) including apartment vacancies of SEK 9.8 million (7.1) and apartment discounts of SEK 1.0 million (0.4). Käppala accounted for SEK 8.6 million of apartment vacancies. The vacancies were linked to the planned upgrades of the portfolio.

Revenue	Jan–Dec 2020, SEK m	31 Dec 2020 SEK/sq m	Jan–Dec 2019, SEK m	31 Dec 2019 SEK/sq m
Larsberg/Baggeby/ Dalénum, Lidingö	235.0	1,662	220.5	1,600
Käppala, Lidingö	29.9	966	32.4	1,079
Rotebro/Rotsunda, Sollentuna	26.7	1,111	–	–
Slakthusområdet, Stockholm	2.4	735	–	–
Total	294.0	1,440	253.0	1,509

Note 3: Property expenses

Property expenses totalled SEK 98.0 million (100.1), corresponding to SEK 495 per sq m (589), which is a cost reduction of SEK 94 per sq m or 16% and is primarily attributable to reduced maintenance compared with the preceding year.

Operating expenses amounted to SEK 63.7 million (57.4), of which SEK 9.0 million (0.0) pertained to the newly acquired properties in the municipality of Sollentuna and the City of Stockholm. The largest cost item among the company's total operating expenses comprised media costs, which corresponded to around 35% of operating expenses.

Maintenance expenses amounted to SEK 12.3 million (19.4). The reduced expenses are due in part to COVID-19, since maintenance measures have been limited temporarily. Expenses during the year are therefore relatively low. Property administration expenses amounted to SEK 17.1 million (18.8).

Property expenses	Jan–Dec 2020, SEK m	31 Dec 2020 SEK/sq m	Jan–Dec 2019, SEK m	31 Dec 2019 SEK/sq m
Larsberg/Baggeby/ Dalénum, Lidingö	67.2	468	79.8	570
Käppala, Lidingö	18.4	585	20.3	675
Rotebro/Rotsunda, Sollentuna	12.3	594	–	–
Slakthusområdet, Stockholm	0.1	75	–	–
Total	98.0	495	100.1	589

Property expenses/ sq m	Larsberg/ Baggeby/ Dalénum, Lidingö	Käppala, Lidingö	Rotebro/ Rotsunda, Sollentuna	Slakthu- sområdet, Stockholm	Total
Operating expenses	299	402	442	15	330
Maintenance	70	63	33	23	61
Property tax	24	26	24	26	25
Property administration	75	94	95	12	79
Total	468	585	594	75	495

Note 4: Central administration costs

During the year, central administration costs, which consist of costs for company management, business development and central support functions, totalled SEK 41.7 million (38.0). The first six months of the year included costs from changes in management. In the final quarter of the year, central administration was

charged with costs of SEK 6.9 million attributable to business development, including costs associated with non-completed transactions.

Note 5: Net financial items

Net financial items amounted to SEK 59.6 million (49.8). Increased net financial items were primarily attributable to financing the year's acquisitions. Ground rent is included in net financial items and amounted to SEK 0.9 million (0.0). Capitalised financial expenses for ongoing projects amounted to SEK 4.1 million (1.1). The average interest rate, including the effects of interest-rate derivatives, was 1.47% (1.87) at the end of the year. The interest coverage ratio was a multiple of 2.6 (2.3) at the end of the year.

Note 6: Changes in value

During the final quarter of the year, transactions in areas where the company's properties are located and in comparable areas were completed with a continued decline in yield requirements. Unrealised changes in the value of the properties amounted to SEK 517.7 million (165.6), of which SEK 385.7 million (71.7) pertains to changed yield requirements. The average valuation yield was 2.9% (3.1). The value changes were also attributable to the properties acquired during the year in the municipality of Sollentuna and to an improved net operating income, linked to measures to raise rents in the form of upgrades.

Unrealised changes in value	Jan-Dec 2020, SEK m	Jan-Dec 2019, SEK m
Change in net operating income	19.9	49.7
Ongoing projects/development rights	79.4	44.8
Yield requirement	385.7	71.7
Acquired properties	32.6	-
Total	517.7	165.6

Unrealised value changes in interest-rate derivatives amounted to a negative SEK 4.3 million (positive: 4.6), primarily as a result of falling long-term market interest rates, which resulted in an increase in the interest-rate derivatives' deficit values during the year.

Note 7: Tax

Current tax for the year was an expense of SEK 1.8 million (expense: 0.4). Deferred tax amounted to an expense of SEK 127.5 million (expense: 56.0) and was impacted by unrealised changes in net property and derivative values of a negative SEK 105.8 million (negative: 35.1). Other fiscal adjustments are not included in non-deductible interest expenses of SEK 45.4 million (32.8), for which the tax value has not been capitalised since the opportunities to utilise these adjustments in the future is deemed uncertain.

The Group's loss carryforwards are estimated at SEK 468.0 million (454.4), 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 6,076.6 million (4,679.8). 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	94.7	
<i>Tax deductible</i>		
Depreciation	-41.0	41.0
New builds and redevelopments	-79.0	79.0
Other fiscal adjustments	20.0	-1.2
Taxable income from property management	-5.3	118.7
Changes in property values	-	517.7
Changes in derivative values	-	-4.3
Taxable earnings before loss carryforwards	-5.3	632.1
Loss carryforwards, opening balance	-454.4	454.4
Loss carryforwards, closing balance	468.0	-468.0
Taxable profit	8.3	618.5
Tax for the year	-1.8	-127.5

SEK m	Tax base	Nominal tax liability	Actual tax liability/ asset
Properties	-6,076.6	-1,251.8	-364.6
Derivatives	73.2	15.1	13.9
Loss carryforwards	468.0	96.4	79.6
Untaxed reserves	-7.2	-1.5	-0.4
Total	-5,542.6	-1,141.8	-271.6
Property, asset acquisitions	1,343.3	276.7	-
Total	-4,199.3	-865.1	-271.6
According to balance sheet	-	-865.1	-

The nominal tax liability recognised in the balance sheet was a net amount of SEK 865.1 million (735.9). However, the actual tax liability was calculated at SEK 271.6 million (190.5).

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 an eight-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 Dec 2020	31 Dec 2019
Assets			
Investment properties	8	7,957.9	6,365.2
Right-of-use assets, leaseholds	9	46.6	-
Other non-current assets		11.4	7.0
Total non-current assets		8,015.8	6,372.2
Current receivables		37.4	16.9
Cash and cash equivalents		6.0	9.8
Total current assets		43.4	26.7
Total assets		8,059.2	6,398.9
Equity and liabilities			
Equity	10	3,413.7	2,934.8
Provisions		0.5	0.5
Lease liability, leaseholds	9	46.6	-
Non-current interest-bearing liabilities	10	2,896.1	2,046.2
Deferred tax liabilities	7	865.1	735.9
Interest-rate derivatives	10	73.2	68.9
Total non-current liabilities		3,881.5	2,851.5
Current interest-bearing liabilities	10	664.7	555.4
Other current liabilities		99.4	57.1
Total current liabilities		764.1	612.5
Total liabilities		4,645.6	3,464.0
Total equity and liabilities		8,059.2	6,398.9

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 2019	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
Comprehensive income for the year	-	-	-	478.8	478.8
Equity at 31 Dec 2020	33,670	11.2	362.8	3,039.7	3,413.7

¹⁾ At 31 December 2020, the quotient value of the shares was SEK 0.33 per share (0.33).

Balance sheet at 31 December 2020

Note 8: Investment properties

John Mattson's property portfolio is primarily concentrated in two geographic areas: the Larsberg, Baggeby, Dalénum and Käppala districts in Lidingö in Stockholm, and the Rotebro and Rotsunda districts in the municipality of Sollentuna. Since July 2020, the company has also held three leasehold properties in Slakthusområdet in Stockholm. The property portfolio consists primarily of residential properties.

At the end of the year, the property value was SEK 7,957.9 million (6,365.2) with a lettable area of 216,000 sq m (171,000), broken down as approximately 90% residential and 10% commercial premises, with an annual rental value of SEK 336.5 million (275.1). The portfolio comprises 2,829 apartments (2,251).

Investments

During the year, total investments amounted to SEK 1,075.0 million (160.1), of which SEK 857.7 million (0.0) pertained to acquisitions of the properties in Rotebro and Rotsunda in the municipality of Sollentuna and leasehold properties in Slakthusområdet in Stockholm municipality. Investments in new builds amounted to SEK 33.4 million (95.7) and pertain mainly to attic extensions and converting business premises to apartments in Käppala, Lidingö. Investments in implemented base and total upgrades amounted to SEK 127.1 million (43.1). A total of 368 (65) apartments received upgrades during the year. Another 27 apartments were undergoing upgrades at the end of the year. Other investments pertained primarily to heating and ventilation measures at Käppala as well as balconies and laundry rooms.

Change in property value

	SEK m
Property value, opening balance at 1 Jan 2020	6,365.2
+ Acquisitions	857.7
+ Investments in new builds	33.4
+ Investments in base upgrades	72.3
+ Investments in total upgrades	54.7
+ Other investments	56.9
- Sales	-
+/- Unrealised changes in value	517.7
Property value, closing balance at 31 December 2020	7,957.9

Property value

The Group's properties are recognised at fair value in line with level 3 under IFRS. As of 31 December 2020, the Group's investment properties were externally evaluated 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 2021 to December 2030. For an assessment of residual value at the end of the calculation horizon, net operating income for 2031 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.

Note 9: Right-of-use assets and lease liabilities

Possession was taken of properties in the municipality of Sollentuna and of leaseholds in the City of Stockholm during the year. Part of the newly acquired properties includes leasehold properties. In accordance with IFRS 16 – Leases, this type of agreement is recognised as a right-of-use asset together with a corresponding lease liability. As of 31 December 2020, the estimated value of the right-of-use assets and the liability was SEK 46.6 million (0.0).

Property-related key metrics

	Jan–Dec 2020	Jan–Dec 2019
Rental value SEK/sq m	1,559	1,605
Economic occupancy rate, %	94.5	94.9
Property expenses, SEK/sq m	495	589
Net operating income, SEK/sq m	945	920
Property value, SEK/sq m	36,861	37,124
Number of buildings	74	42
Lettable area at the end of the period, thousand sq m	215.9	171.5
Average valuation yield, %	2.9	3.1

Financing

Note 10: 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 2020, equity totalled SEK 3,413.7 million (2,934.8), which corresponds to SEK 101.39 (87.16) per share. During the year, equity increased with profit for the year of SEK 478.8 million (178.8).

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 4,164.7 million (3,970.3). The loan volumes utilised at the end of the year amounted to SEK 3,560.8 million (2,601.6), of which SEK 2,896.1 million (2,046.2) was a non-current

liability and SEK 664.7 million (555.4) was current. The increased loan volume pertains mainly to the acquisition of the properties in the municipality of Sollentuna, which was completed in May 2020.

Net interest-bearing liabilities amounted to SEK 3,554.8 million (2,591.9), corresponding to an LTV ratio of 44.7% (40.7).

New borrowing during the year amounted to SEK 968.8 million (131.4), the largest portion of which pertained to the year's acquisition of apartments in the municipality of Sollentuna and leaseholds in Slakthusområdet, in the City of Stockholm, and to finance completed and ongoing new build projects and upgrades. Loan repayments during the year amounted to SEK 9.7 million (9.2).

Disposable liquidity, which comprises unutilised overdraft facilities and cash balances, amounted to SEK 109.8 million (138.4) at the end of the year. Moreover, a credit facility for SEK 500 million is in place for future financing needs.

The average loan-to-maturity was 2.3 years (2.4) at the end of the year.

Fixed-interest and loan-to-maturity periods at 31 December 2020

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	1,561	1.74	44	675	665	19	0	–
1–2 years	561	1.54	16	1,765	1,171	33	154	–
2–3 years	471	0.51	13	775	775	22	471	–
3–4 years	0	0.00	0	475	475	13	0	–
4–5 years	468	1.86	13	475	475	13	468	–
→5 years	500	1.13	14	0	0	0	500	–
Total	3,560.8	1.47	100	4,164.7	3,560.8	100	1,593	1.23

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 1,593.0 million (1,279.0), corresponding to 53.1% (59.4) of interest-bearing liabilities with a floating rate (Stibor). The interest-rate swaps expire between 2021 and 2028. The market value of interest-rate derivatives at the end of the year was a negative SEK 73.2 million (negative: 68.9). The related reserve of SEK 73.2 million will be gradually reversed and recognised in profit or loss up to the end date of the derivatives, regardless of the interest-rate level. No hedge accounting is applied. The fair value of non-current interest-bearing liabilities does not deviate from their carrying amounts, since the discounting effect is not material.

John Mattson's average fixed-interest tenor, including interest-rate swaps, was 2.2 years (3.2) 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 1.47% (1.87) at year end.

Condensed consolidated cash-flow statement

Amounts in SEK m	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<i>Operating activities</i>				
EBT	483.7	162.2	608.1	235.2
<i>Adjustment for non-cash items</i>				
Change in property values	-455.6	-106.2	-517.7	-165.6
Change in value of interest-rate derivatives	-8.4	-36.3	4.3	-4.6
Depreciation and disposals	0.5	0.3	1.7	1.2
Other non-cash items, etc.	-	-	-	0.1
Taxes paid	-2.3	0.0	-2.3	-0.4
Cash flow from operating activities before changes in working capital	17.9	20.0	94.1	65.9
<i>Cash flow from changes in working capital</i>				
Change in operating receivables	3.5	-1.7	-2.9	11.6
Change in operating liabilities	8.1	-11.9	24.7	-31.2
Cash flow from operating activities	29.5	6.5	115.9	46.2
<i>Investing activities</i>				
Investments in equipment	-1.9	-0.5	-6.0	-1.5
Net acquisition of investment properties 1)	-0.4	-	-855.4	-
Investments in investment properties	-79.9	-30.2	-217.4	-160.1
Cash flow from investing activities	-82.2	-30.8	-1,078.8	-161.5
<i>Financing activities</i>				
Borrowings	54.0	25.1	968.8	131.4
Repayments of borrowings	-2.8	-2.3	-9.7	-9.2
Cash flow from financing activities	51.3	22.8	959.2	122.3
<i>Cash flow for the period/year</i>				
Opening balance, cash and cash equivalents	7.6	11.3	9.8	2.8
Closing balance, cash and cash equivalents	6.0	9.8	6.0	9.8

1) Consolidated additional cash-flow statement disclosures

Acquisition of investment properties in corporate wrappers:

Investment properties	0.4	-	857.7	-
Operating receivables	-	-	17.2	-
Cash and cash equivalents	-	-	5.2	-
Deferred tax assets, accrual reserves	-	-	-1.8	-
Operating liabilities	-	-	-17.6	-
Net assets acquired	0.4	-	860.7	-
Purchase price paid	0.4	-	860.7	-
Less: Cash and cash equivalents in acquired operations	-	-	-5.2	-
Net impact on cash and cash equivalents (positive = decrease)	0.4	-	855.4	-

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.

Condensed Parent Company income statement

Amounts in SEK m	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Revenue	6.1	2.6	13.5	8.4
Central administration costs	-14.4	-8.2	-39.0	-35.6
EBIT	-8.2	-5.6	-25.5	-27.2
Net interest	-1.1	-0.9	-6.0	-2.9
Loss after financial items	-9.4	-6.5	-31.5	-30.1
Appropriations	12.1	21.0	12.1	21.0
EBT	2.8	14.5	-19.4	-9.1
Tax	5.6	-3.4	5.8	0.1
Profit/loss for the year	8.3	11.1	-13.6	-9.0

Condensed Parent Company balance sheet

Amounts in SEK m	31 Dec 2020	31 Dec 2019
Assets		
Participations in Group companies	1,673.7	1,668.7
Deferred tax assets	5.9	0.1
Receivables from Group companies	184.9	123.6
Other current receivables	3.6	5.4
Cash and cash equivalents	5.9	9.5
Total assets	1,873.9	1,807.2
Equity and liabilities		
Equity	1,231.7	1,245.3
Liabilities to Group companies	635.3	553.1
Other current liabilities	6.9	8.8
Total equity and liabilities	1,873.9	1,807.2

Opportunities and risks in the Group and Parent Company

Since approximately 90% of John Mattson's total rental value is attributable to residential properties, the company's cash flow is stable and only marginally affected by the COVID-19 pandemic. The long-term effects on the property sector are too early to predict as yet.

Opportunities and risks in cash flow

Of John Mattson's total rental revenues, around 90% is generated by residential tenants. The vacancy rate is low and rents are relatively secure and predictable. John Mattson's properties are located in attractive areas with healthy demand in Lidingö and Sollentuna.

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	+/- 21.6
Economic occupancy rate	1 percentage point	+/- 3.4
Property expenses	5%	+/- 5.4
Underlying market interest rate	1 percentage point	-13.9/+15.4

Opportunities and risks with property values

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

The market value of properties is determined by market supply and demand. The properties' values are based 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	-1,592	-796	0	796	1,592
Loan-to-value (LTV) ratio, %	55.8	49.6	44.7	40.6	37.2

Financial risk

John Mattson strives to limit financial risks 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. Access to funds is one of the largest risks that the company has to manage. This is kept in check through a high level of disposable liquidity, in addition to a low LTV ratio. Disposable liquidity, which comprises unutilised overdraft facilities and cash balances, amounted to SEK 109.8 million (138.4) at the end of the period. Moreover, a credit facility for SEK 500 million is in place for future financing needs. The company's volume-weighted average loan-to-maturity amounted to 2.3 years (2.4) at the end of the period. To limit the company's exposure to increasing interest rates, agreements concerning interest-rate swaps have been concluded with banks for a nominal amount of SEK 1,593.0 million (1,279.0), representing 53.1% (59.4%) of interest-bearing liabilities with a floating rate (Stibor).

Effects of COVID-19

The COVID-19 pandemic has impacted both individuals and society as a whole to an extent no one could have predicted. This is a historic global event and the long-term consequences for the property sector have yet to become transparent. John Mattson has, like many other companies, adapted portions of its operations. There is great focus on maintaining security and a functioning daily life for our tenants and employees as well as contractors who work in our residential areas.

Approximately 10% of John Mattson's total rental value comes from commercial properties, of which the majority is attributable to activities that remain stable despite COVID-19, including grocery stores and universities. These commercial tenants have not been significantly affected. The costs for rent discounts connected to COVID-19 have only had a marginal effect during 2020.

Despite uncertainty in the market, which also affects housing, it is the company's assessment that demand for rental properties will remain high.

Key metrics

Key metrics	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Property-related key metrics				
Surplus ratio during the period, %	63.5	62.0	66.7	60.4
Economic occupancy rate at the end of the period, %	94.5	94.9	94.5	94.9
Rental value at the end of the period, SEK m	336.5	275.1	336.5	275.1
Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,485	1,485	1,485
Lettable area at the end of the period, thousand sq m	215.9	171.5	215.9	171.5
Investments in new builds, extensions and redevelopments, SEK m	79.9	30.2	217.4	160.1
Property value at the end of the period, SEK m	7,957.9	6,365.2	7,957.9	6,365.2
Property value, at the end of the period, SEK/sq m	36,861	37,124	36,861	37,124
Total number of apartments	2,829	2,251	2,829	2,251
No. of upgraded apartments during the period	148	13	368	65
No. of upgraded apartments at the end of the period	1,584	1,366	1,584	1,366
No. of unrenovated apartments at the end of the period	720	396	720	396
Key financial metrics				
Rental revenues, SEK m	78.1	64.8	294.0	253.0
Net operating income, SEK m	49.6	40.2	196.0	152.8
Income from property management, SEK m	19.7	19.8	94.7	64.9
Earnings after tax for the period	386.7	126.3	478.8	178.8
LTV ratio at the end of the period, %	44.7	40.7	44.7	40.7
Average interest rate at the end of the period, %	1.5	1.9	1.5	1.9
Interest coverage ratio during the period, multiple	2.4	2.5	2.6	2.3
Fixed-interest tenor, at the end of the period, years	2.2	3.2	2.2	3.2
Loan-to-maturity at the end of the period, years	2.3	2.4	2.3	2.4
NAV, SEK m	4,352.0	3,739.6	4,352.0	3,739.6
NNNAV, SEK m	4,007.2	3,480.2	4,007.2	3,480.2
Share-related key metrics				
Income from property management, SEK/share ¹⁾	0.58	0.59	2.81	1.93
Growth in income from property management, SEK/share, %	-0.4	485.3	45.8	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	-0.4	58.9	26.5	63.6
Profit after tax, SEK/share ¹⁾	11.48	3.75	14.22	5.31
NAV, SEK/share ¹⁾	129.25	111.07	129.25	111.07
Growth in NAV, SEK/share, %	16.4	6.6	16.4	6.6
NNNAV, SEK/share ¹⁾	119.01	103.36	119.01	103.36
Equity, SEK/share ¹⁾	101.39	87.16	101.39	87.16

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.

²⁾ Income from property management for the full-year 2019 has been adjusted by SEK 9.9 million for non-recurring costs linked to the completed stock exchange listing.

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

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 accounting and measurement policies applied remain unchanged from the annual report. Leases for which John Mattson is the lessee no longer only comprise low-value leases, but also now apply to properties held as leaseholds. Under “IFRS 16 – Leases,” these are recognised as perpetual lease agreements that are valued at their expected future right-of-use value. The value changes when the ground rent is renegotiated and the right-of-use asset is not written off. Expenses for ground rents are recognised as a financial expense.

The interim report for the Parent Company has been 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.

For further information on the accounting policies, please refer to the Group’s 2019 Annual Report, which is available on John Mattson’s website.

Lidingö, 24 February 2021

Johan Ljungberg,
Chairman of the Board

Håkan Blixt
Board member

Christer Olofsson
Board member

Ulrika Danielsson
Board member

Siv Malmgren
Chief Executive Officer

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

Significant events after the end of the period

After the balance-sheet date, CEO Siv Malmgren notified the Board of Directors of her intent to step down from her position and retire. Siv Malmgren will continue in her role as CEO until a new CEO is appointed. The recruitment process will begin immediately.

The John Mattson share

John Mattson's shares are listed on Nasdaq Stockholm, Mid Cap.
As of 31 December 2020, the market capitalisation was SEK 4.6 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 2020 was SEK 135.80. The lowest closing price in the quarter was SEK 135.80, recorded on 30 December. The highest closing price of SEK 158.60 was posted on 14 October.

Over the quarter, stock turnover on Nasdaq Stockholm amounted to 964,717 shares with a combined value of SEK 138.1 million, representing an annualised stock turnover of 11.5%. Nasdaq Stockholm accounted for 88.41% 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

By the end of the year, NAV amounted to SEK 129.25 per share (111.07). NAV increased 16.4% compared with 31 December 2019. NNNNAV amounted to SEK 4,007.2 million (3,480.2) or SEK 119.01 per share (103.36) at the end of the year, 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 2020		31 December 2019	
	SEK m	SEK/share	SEK m	SEK/share
Equity according to balance sheet	3,413.7	101.39	2,934.8	87.16
Add back:				
Derivatives according to balance sheet	73.2	2.17	68.9	2.05
Deferred tax liability in balance sheet	865.1	25.69	735.9	21.86
NAV	4,352.0	129.25	3,739.6	111.07
Less:				
Derivatives according to balance sheet	-73.2	-2.17	-68.9	-2.05
Estimated actual deferred tax liability	-271.6	-8.07	-190.5	-5.66
NNNAV	4,007.2	119.01	3,480.2	103.36

Main shareholders at 31 December 2020

The table below 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	2,798,145	8.31%
Första AP-fonden (AP1)	2,777,777	8.25%
Carnegie Fonder	2,240,609	6.65%
Prior & Nilsson Fonder	1,707,704	5.07%
Fidelity Investments (FMR)	1,696,200	5.04%
Other shareholders	5,835,844	17.33%
Total	33,670,032	100%
Of which, foreign shareholders	2,732,639	8.12%

Source: Consolidated and compiled data from Euroclear/Modular Finance

Share-related key metrics

	Jan-Dec 2020	Jan-Dec 2019
Income from property management, SEK/share ¹⁾	2.81	1.93
Growth in income from property management, SEK/share, %	45.8	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	26.5	63.6
Profit after tax, SEK/share ¹⁾	14.22	5.31
NAV, SEK/share ¹⁾	129.25	111.07
Growth in NAV, SEK/share, %	16.4	6.6
NNNAV, SEK/share ¹⁾	119.01	103.36
Equity, SEK/share ¹⁾	101.39	87.16
Market capitalisation (SEK/share)/NAV, SEK/share at the end of the period	1.05	1.27

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.

2) Income from property management for the full-year 2019 has been adjusted by SEK 9.9 million for non-recurring costs linked to the completed stock exchange listing.

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
NNNAV, SEK/share	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.
NNNAV, SEK m	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, excluding lease liabilities for leasehold properties, less cash and cash equivalents as a percentage of the carrying amount for the properties at the end of the period.	Used to illustrate John Mattson's financial risk and shows how large a share of the operations is mortgaged with interest-bearing liabilities. This metric facilitates comparability with other property companies.
Equity, SEK/share	Recognised equity divided by the number of shares outstanding on the balance-sheet date.	This metric shows how large a share of John Mattson's recognised shareholders' equity that each share represents.
Economic occupancy rate at the end of the period, %	Annualised contracted rents in relation to contracted rents plus annualised discounts and vacancies at the end of the period.	This metric facilitates assessment of John Mattson's efficiency at using the floor area in its investment properties.
Property expenses, SEK m	This item includes direct property expenses, such as costs for operations, maintenance and property taxes, as well as indirect property expenses in the form of lettings and property administration.	Not an alternative performance measure.
Property value, at the end of the period, SEK/sq m	The fair value of properties excluding ongoing projects divided by lettable area for properties owned at the end of the period.	Used to illustrate John Mattson's average property value per sq m.
Income from property management, SEK m	Profit excluding value changes and tax.	This metric facilitates increased understanding of John Mattson's profit generation.
Income from property management, SEK/share	Earnings excluding value changes and tax divided by the average number of shares outstanding during the period.	This metric facilitates increased understanding of the trend in income from property management taking shares outstanding into account.
Average economic occupancy rate, %	Rental revenues for the period in relation to the period's gross rents.	This metric is used to measure John Mattson's efficiency during the period at using the floor area in its investment properties.
Average economic occupancy rate, apartments, %	Residential rental 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, excluding liabilities and interest rates pertaining to IFRS 16 Leases.	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.
NAV, SEK m	Recognised equity, adding back interest-rate derivatives and deferred tax.	An established metric for the Group's net asset value that facilitates analyses and comparison.
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, excluding lease liabilities for leasehold properties, 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, excluding ground rents recognised as an interest expense under IFRS 16.	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

NNNAV, SEK/share		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	NNNAV at the end of the period, SEK m	4,007.2	3,480.2	4,007.2	3,480.2
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670	33,670	33,670
A/B	NNNAV, SEK/share	119.01	103.36	119.01	103.36

LTV ratio at the end of the period, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Interest-bearing debt, excluding lease liabilities for leasehold properties, at the end of the period according to balance sheet, SEK m	3,560.8	2,601.6	3,560.8	2,601.6
B	Cash and cash equivalents at the end of the period according to balance sheet, SEK m	6.0	9.8	6.0	9.8
C	Investment properties according to balance sheet at the end of the period, SEK m	7,957.9	6,365.2	7,957.9	6,365.2
(A-B)/C	LTV ratio at the end of the period, %	44.7	40.7	44.7	40.7

Equity, SEK/share		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Equity according to balance sheet at the end of the period, SEK m	3,413.7	2,934.8	3,413.7	2,934.8
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	101.39	87.16	101.39	87.16

Economic occupancy rate at the end of the period, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Annualised contract value at the end of the period, SEK m	318.1	261.2	318.1	261.2
B	Annualised vacancy value at the end of the period, SEK m	18.4	13.9	18.4	13.9
A/(A+B)	Economic occupancy rate during the period, %	94.5	94.9	94.5	94.9

Property value, at the end of the period, SEK/sq m		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Investment properties according to balance sheet at the end of the period, SEK m	7,957.9	6,365.2	7,957.9	6,365.2
B	Carrying amount of ongoing projects at the end of the period, SEK m	0.0	0.0	0.0	0.0
C	Lettable area at the end of the period, thousand sq m	215.9	171.5	215.9	171.5
(A-B)/C	Property value, at the end of the period, SEK/sq m	36,861	37,124	36,861	37,124

Income from property management, SEK/share		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Income from property management during the period, SEK m	19.7	19.8	94.7	64.9
B	Average number of shares outstanding during the period, thousand	33,670	33,670	33,670	33,670
A/B	Income from property management, SEK/share	0.58	0.59	2.81	1.93

Income from property management, SEK m		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Profit for the period	386.7	126.3	478.8	178.8
B	Current and deferred tax	97.0	36.0	129.2	56.4
C	Change in value of investment properties and interest-rate derivatives	464.0	142.5	513.4	170.3
A+B-C	Income from property management, SEK m	19.7	19.8	94.7	64.9

Average economic occupancy rate, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Rental revenues during the period, SEK m	78.1	64.8	294.0	253.0
B	Gross rent during the period, SEK m	81.9	68.7	310.9	265.5
A/B	Average economic occupancy rate, %	95.4	94.4	94.6	95.3

Average economic occupancy rate, apartments, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Rental revenues during the period, apartments, SEK m	66.7	54.9	251.3	214.8
B	Gross rent during the period, apartments, SEK m	69.2	57.6	262.3	222.7
A/B	Average economic occupancy rate, apartments, %	96.3	95.3	95.8	96.5

Average interest rate at the end of the period, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Annualised interest expense, excluding interest under IFRS 16 Leases, at the end of the period, SEK m	52.5	48.7	52.5	48.7
B	Interest-bearing debt, excluding lease liabilities under IFRS 16 Leases, at the end of the period according to balance sheet, SEK m	3,560.8	2,601.6	3,560.8	2,601.6
A/B	Average interest rate at the end of the period, %	1.5	1.9	1.5	1.9

Rental value at the end of the period, SEK m		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Annualised contract value at the end of the period, SEK m	318.1	261.2	318.1	261.2
B	Annualised vacancy value at the end of the period, SEK m	18.4	13.9	18.4	13.9
A+B	Rental value at the end of the period, SEK m	336.5	275.1	336.5	275.1

Rental value, apartments, at the end of the period, SEK/sq m		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Annualised contract value, apartments, at the end of the period, SEK m	274.7	224.0	274.7	224.0
B	Annualised vacancy value, apartments, at the end of the period, SEK m	10.2	8.1	10.2	8.1
C	Lettable area of apartments at the end of the period, thousand sq m	191.8	156.3	191.8	156.3
(A+B)/C	Rental value, apartments, at the end of the period, SEK/sq m	1,485	1,485	1,485	1,485

Adjusted income from property management, SEK/share		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Income from property management during the period, SEK m	19.7	19.8	94.7	64.9
B	Non-recurring costs pertaining to listing, SEK m	0.0	0.0	0.0	9.9
C	Average number of shares outstanding during the period, thousand	33,670	33,670	33,670	33,670
(A+B)/C	Adjusted income from property management, SEK/share	0.58	0.59	2.81	2.22

Adjusted growth in income from property management, SEK/share, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Adjusted income from property management, SEK/share during the period	0.58	0.59	2.81	2.22
B	Income from property management, SEK/share during the preceding period	0.59	0.37	2.22	1.36
(A-B)/B	Adjusted growth in income from property management, SEK/share, %	-0.4	58.9	26.5	63.6

NAV, SEK/share		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	NAV at the end of the period, SEK m	4,352.0	3,739.6	4,352.0	3,739.6
B	Number of shares outstanding at the end of the period, thousand	33,670	33,670	33,670	33,670
A/B	NAV, SEK/share	129.25	111.07	129.25	111.07

EPRA NAV and NNNNAV, SEK m		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Equity according to balance sheet at the end of the period, SEK m	3,413.7	2,934.8	3,413.7	2,934.8
B	Derivatives according to the balance sheet at the end of the period, SEK m	73.2	68.9	73.2	68.9
C	Deferred tax liabilities according to the balance sheet at the end of the period, SEK m	865.1	735.9	865.1	735.9
A+B+C=D	NAV, SEK m	4,352.0	3,739.6	4,352.0	3,739.6
B	Derivatives according to the balance sheet at the end of the period, SEK m	-73.2	-68.9	-73.2	-68.9
E	Estimated actual deferred tax liability at the end of the period, SEK m	-271.6	-190.5	-271.6	-190.5
D-B-E	NNNAV, SEK m	4,007.2	3,480.2	4,007.2	3,480.2

Net interest-bearing liabilities at the end of the period, SEK m		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Annualised interest-bearing liabilities, excluding lease liabilities for leasehold properties, at the end of the period, SEK m	3,560.8	2,601.6	3,560.8	2,601.6
B	Cash and cash equivalents at the end of the period, SEK m	6.0	9.8	6.0	9.8
A-B	Net interest-bearing liabilities at the end of the period, SEK m	3,554.8	2,591.9	3,554.8	2,591.9

Interest coverage ratio during the period, multiple		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Income from property management during the period according to income statement, SEK m	19.7	19.8	94.7	64.9
B	Financial expenses during the period, excluding ground rents recognised as an interest expense under IFRS 16, SEK m	14.4	12.9	58.7	49.8
(A+B)/B	Interest coverage ratio during the period, multiple	2.4	2.5	2.6	2.3

Growth in income from property management, SEK/share, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Income from property management, SEK/share during the period	0.58	0.59	2.81	1.93
B	Income from property management, SEK/share during the preceding period	0.59	0.10	1.93	0.74
(A-B)/B	Growth in income from property management, SEK/share, %	-0.4	485.3	45.8	159.0

Growth in NAV, SEK/share, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	NAV at the end of the period, SEK/share	129.25	111.07	129.25	111.07
B	NAV at the end of preceding 12-month period, SEK/share	111.07	104.23	111.07	104.23
(A-B)/B	Growth in NAV, SEK/share, %	16.4	6.6	16.4	6.6

Surplus ratio during the period, %		Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
A	Net operating income during the period according to income statement, SEK m	49.6	40.2	196.0	152.8
B	Rental revenues during the period according to income statement	78.1	64.8	294.0	253.0
A/B	Surplus ratio during the period, %	63.5	62.0	66.7	60.4

Contact information and calendar

Financial calendar

Annual report 2020: 22–28 March 2021
2021 Annual General Meeting: 22 April 2021
Interim Report January–March 2021: 6 May 2021
Interim Report April–June 2021: 19 August 2021
Interim Report July–September 2021: 11 November 2021

Information

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