



Rotsunda in the municipality of Sollentuna – part of the portfolio taken possession of by John Mattson on 4 May 2020.

Interim report Q1 2020

January–March 2020

- Rental revenues totalled SEK 65.2 million (62.0), up 5%.
- Income from property management was SEK 18.4 million (11.5), corresponding to SEK 0.55 per share (0.34).
- Cash flow from operating activities before changes in working capital amounted to SEK 18.7 million (11.6), which was on a par with income from property management.
- Changes in property values amounted to SEK 6.0 million (21.4) and changes in the value of interest-rate derivatives to negative SEK 12.3 million (negative: 9.2).
- Earnings after tax for the period totalled SEK 7.7 million (16.3), corresponding to SEK 0.23 per share (0.48).
- Property value totalled SEK 6,424.2 million (6,099.1).
- Investments amounted to SEK 53.0 million (38.2).

JohnMattson

GREAT NEIGHBOURHOODS ACROSS GENERATIONS

Goals and strategies

John Mattson is a private residential property owner with some 2,250 apartments. The portfolio is on Lidingö and since 4 May 2020, John Mattson has owned and managed 541 apartments in the municipality of Sollentuna. 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 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.

Goal fulfilment rolling 12 months



6% growth in net asset value



59% growth in income from property management



SEK 6.4 billion property value 31 March 2020

Significant events in the first quarter of 2020

- The long-term effect of the Corona pandemic for the property sector is too early to predict as yet. The company's cash flow remains steady with 90% of the portfolio being residential properties.
- In the first quarter, 29 base and total upgrades of apartments were completed and 107 are ongoing.

Key metrics	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months Apr 2019-Mar 2020	Jan-Dec 2019
Rental revenues, SEK m	65.2	62.0	256.2	253.0
Net operating income, SEK m	41.4	34.7	159.5	152.8
Income from property management, SEK m	18.4	11.5	71.8	64.9
Income from property management, SEK/share ¹⁾	0.55	0.34	2.13	1.93
Growth in income from property management, SEK/share, %	59.3	103.0	131.3	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	7.2	201.6	33.7	63.6
Profit after tax, SEK/share ¹⁾	0.23	0.48	5.06	5.31
Property value at the end of the period, SEK m	6,424.2	6,099.1	6,424.2	6,365.2
Economic occupancy rate at the end of the period, %	94.8	95.8	94.8	94.9
LTV ratio at the end of the period, %	40.7	41.3	40.7	40.7
Interest coverage ratio during the period, multiple	2.5	2.0	2.4	2.3
NAV, SEK/share ¹⁾	111.79	105.20	111.79	111.07
Growth in NAV, SEK/share, %	6.3	5.3	6.3	6.6
NNNAV, SEK/share ¹⁾	103.77	97.71	103.77	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 2019 and for the rolling 12 months have been adjusted for non-recurring costs linked to the completed stock exchange listing in 2019. Income from property management for the first quarter of 2019 was adjusted by SEK 5.6 million, rolling 12 months by SEK 4.3 million and the full-year 2019 by SEK 9.9 million.

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

John Mattson stands firm

Like many other companies, John Mattson has been affected by the corona pandemic. Despite the crisis, the company is on firm ground thanks to our improved cash flow. Preparations were made during the quarter for taking possession of the acquired properties in the municipality of Sollentuna.

The coronavirus pandemic brings changes and consequences to all of us. In a short time, society and people's lives have been affected to an extent no one could have predicted. This is a historic global event and the long-term consequences for society and the property industry have yet to become transparent. John Mattson, like many other companies, has needed to adapt 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 8% of John Mattson's total rental values comes from commercial properties, of which the majority is attributable to activities that remain stable despite the pandemic, including grocery stores and universities. Despite the market turmoil, which also affects residential properties, our assessment is that the demand for rental apartments located attractively will remain high.

During the first quarter of the year, we have prepared for taking possession in May of the property portfolio in the Rotebro and Rotsunda areas of the municipality of Sollentuna. Initially, we are focusing on getting to know the area and its residents and on establishing property management that will lead to efficient operations, a well-maintained neighbourhood and satisfied customers. We plan to upgrade the apartments according to the Larsberg model, a two-step upgrade process.

Upgrades of Käppala and Larsberg, Lidingö

Base and total upgrades are continuing of our apartments in Käppala and Larsberg on Lidingö, as are attic extensions. The risk of infection, however, entails certain changes. We are temporarily suspending renovations where tenants are still occupying their apartments until the risk of infection has decreased. When it is possible, tenants have been relocated instead of remaining in their apartments, and they have been offered a permanent move to a totally upgraded apartment in the same area.

We are also adding 36 apartments through attic extensions and the conversion

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Our assessment is that the demand for rental apartments located attractively will remain high, despite the market turmoil.

of premises in Käppala. Total upgrades of vacant, base upgraded apartments will continue in Larsberg. Total upgrades will also be offered to residents in base upgraded apartments who want a higher standard. All in all, in 2020 we plan to totally upgrade just over 130 apartments in Larsberg and Käppala.

The Ekporten densification project with new residential builds in Larsberg is at an early stage and a plan agreement has now been signed with the municipality of Lidingö Stad.

Financial targets

For the period from January–March 2020, income from property management was SEK 18.4 million (11.5) amounting to SEK 0.55 per share (0.34) on a per share basis, and corresponding to annual growth of 59%. The growth is partly explained by an improved net operating income and partly by the quarter not being burdened with costs related to the IPO. Net asset value per share amounted to SEK 111.79 (105.2) at 31 March. Over the past 12 months, the net asset value increased just over 6%.

As of 31 March 2020, the property value was SEK 6.4 billion. The goal is for the Group's property value to amount to at least SEK 10 billion by the end of 2023. After taking possession of the properties in Sollentuna in early May, the property value amounted to approximately SEK 7.2 billion.

Outlook

Work is ongoing to identify suitable acquisitions and land allocations in the municipalities where the company operates and in areas of Stockholm region with good development opportunities and good communication links.

Immediately after the end of the period, a new Head of Business Development and new Head of Project Development were appointed at the company. The company's Head of Communications has chosen to pursue new challenges and are replaced by a new Head of Communications in August. The company has undergone a journey of change as a result of the listing and now more than ever we are focusing on growth and development.

I would like to take the opportunity to thank the employees who have been with us for this journey for their excellent work that has helped prepare us for the next stage of the company's history. I would also like to welcome my new colleagues to John Mattson and the exciting challenges we have ahead of us.



Siv Malmgren
Siv Malmgren, CEO

John Mattson's property portfolio

The property portfolio comprises 2,252 rental properties with a lettable area of 171,000 sq m, broken down as 91% residential and 9% commercial premises. The portfolio is concentrated in Lidingö in Stockholm and expanded into the municipality of Sollentuna in May with 541 new apartments.

John Mattson's property portfolio in Lidingö

Master Builder John Mattson constructed the Larsberg area 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, were totally upgraded and comprise a total of 83 apartments. Since 2015, the company has owned and managed one property with 146 apartments in the neighbouring area of Dalénium.

The Parkhusen blocks in Larsberg, totalling 80 apartments, were completed in 2018 and 481 apartments were acquired in Käppala on Lidingö in the same year. In 2019, U25, a building in Larsberg with 74 apartments for young adults, was completed with occupancy scheduled for the fourth quarter of the same year. On 4 May 2019, John Mattson acquired 541 apartments to manage in the municipality of Sollentuna.

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. In Larsberg, where the entire portfolio from the 1960s has already received a base upgrade, total upgrades are being carried out for

Property portfolio as per 31 March 2020											January–March 2020 ¹⁾			
	Buildings/ Apartments		Property value		Lettable area	No. of renovated apartments		Rental value		Economic occupancy rate, %	Tenant turnover ²⁾	Rental revenue	Property expenses	Net operating income
	No.	No.	SEK m	SEK/ sq m	thou- sand sq m	Base	Total/ New build	SEK m	SEK/ sq m	%	%	SEK m	SEK m	SEK m
Housing														
Larsberg	23	1,541	4,437.3	37,929	117.0	839	702	182.3	1,558	99.2	7.0	44.1	14.9	29.2
Baggeby	2	83	238.6	41,852	5.7	–	83	9.4	1,650	98.3	2.4	2.3	0.7	1.6
Dalénium	1	146	468.0	50,759	9.2	–	146	22.2	2,405	97.8	10.3	5.5	1.4	4.1
Käppala	12	482	909	30,289	30.0	20	86	39.9	1,330	75.8	5.0	7.5	5.8	1.7
Total housing ³⁾	38	2,252	6,052.9	37,382	161.9	859	1,017	253.8	1,567	95.4	–	59.4	22.8	36.7
Commercial and other premises														
Larsberg	3	–	309.1	38,837	8.0	–	–	22.1	2,771	94.5	–	5.3	0.9	4.4
Total investment properties	41	2,252	6,362.0	37,450	169.9	859	1,017	275.8	1,624	95.3	–	64.8	23.7	41.0
Dev. projects for identified dev. rights and undeveloped land	1	–	62.2	40,627	1.5	–	–	3.4	2,208	53.5	–	0.5	0.1	0.4
Total	42	2,252	6,424.2		171.4	859	1,017	279.2	1,629	94.8	–	65.2	23.8	41.4

¹⁾ The above compilation encompasses the properties owned by John Mattson at the close of the period and shows the properties' revenue and expenses as if they had been owned for the entire period.

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.

apartments that were vacated or when the tenants have requested it. The objective is to totally upgrade at least 100 apartments each year. In the January to March period, 9 (13) apartments were totally upgraded. Another 25 (17) apartments were undergoing total upgrades at the end of the period.

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 autumn 2021. In the January to March period, 20 (0) apartments were base upgraded. Another 82 (0) apartments were undergoing base upgrades at the end of the period.

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. One (0) conversion was completed during the period.

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 Sollentuna. Possession was taken in May 2020 adding a lettable area of around 37 thousand square metres, of which some 34 thousand square metres is housing, to the company's portfolio. 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. The acquisition in Sollentuna is not included in this interim report since it was completed after the end of the period.

Apartment structure and occupancy rate

As of 31 March 2020, the total number of apartments was 2,252 (2,177). Of these, 376 (396) were unrenovated, 859 (900) had undergone base upgrades, 527 (466) had received total upgrades and 490 (415) were newly built.

The economic occupancy rate at 31 March 2020 was 94.8% (95.8) and the occupancy rate for apartments was 96.4% (97.4). As per 31 March 2020, 119 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.	376	22.6	26.2
Base upgrade, Apts.	859	68.2	88.2
Total upgrade, Apts.	527	38.3	61.0
New build Apts.	490	27.1	60.7
Garages and parking places	–	–	13.8
Premises and store rooms	–	15.1	29.3
Total	2,252	171.4	279.2
Vacancies and discounts	No.	Lettable area, thousand sq m	Vacancy value, SEK m
Vacant Apts.	119	6.6	7.9
Vacant garages and parking places	–	–	3.4
Vacant premises and store rooms	–	2.7	1.2
Discounts	–	–	2.0
Total	119	9.3	14.5
	No.	Let area, thousand sq m	Contract value, SEK m
Total	2,133	162.1	264.7

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

The vacancy value comprises a snapshot at period end.

Infill development

John Mattson works actively to identify undeveloped land where infill development is possible and appropriate for the existing built-up area. 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.

Ongoing projects

Development and infill project ongoing at Käppala in Lidingö. The property is being developed through the conversion of premises and laundry rooms into 11 ground floor apartments and densification through the creation of 25 loft apartments.

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. With input from Lidingö Stad, the Ekporten project

was revised to better suit its surroundings, leading to a smaller development right volume. Construction start is planned for 2022.

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 March 2020

Property/Area	Category	No. of Apts.	Additional lettable area:	Total Inv. incl. land, SEK m	Of which, left to invest, SEK m	Rental value, SEK m	Completion
Herkules 1/Käppala	Conversion of premises	11	490	16	7	1 ¹⁾	Q4 2020
Herkules 1/Käppala	Attic extension	25	830	34	12	2 ¹⁾	Q4 2020
Total ongoing projects		36	1,320	50	19	3	

¹⁾ A negotiation was completed with Hyresgästföreningen (Swedish Union of Tenants) during the period.

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	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		209	10–11,050	62.2		
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	40–45,000	–		
Total development portfolio		859–959	50–56,050	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 March 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 last 12 months have been restated on an annualised basis. Deductions are made for any property disposals. The rental units in the municipality of Sollentuna that John Mattson entered into an agreement to acquire in December 2019, 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 thousand square metres, of which some 34 thousand 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. The vacancy level shown in the earnings capacity is attributable to Käppala, where upgrade-projects are in progress. 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. 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 Mar 2020
Rental value	279.2
Vacancies and discounts	-14.5
Rental revenues	264.7
Operating expenses	-56.2
Maintenance expenses	-16.9
Property tax	-4.3
Property administration	-18.4
Net operating income	168.9
Central administration costs	-31.6
Net financial items	-52.0
Income from property management	85.3

Condensed consolidated income statement

Amounts in SEK m	Note	Jan–Mar 2020	Jan–Mar 2019	Rolling 12 months Apr 2019–Mar 2020	Jan–Dec 2019
Rental revenues	2	65.2	62.0	256.2	253.0
Operating expenses	3	-15.7	-17.3	-55.8	-57.4
Maintenance	3	-2.8	-5.4	-16.8	-19.4
Property tax	3	-1.0	-1.1	-4.4	-4.5
Property administration	3	-4.4	-3.6	-19.6	-18.8
Net operating income		41.4	34.7	159.5	152.8
Central administration costs	4	-10.6	-11.2	-37.5	-38.0
Net financial items	5	-12.4	-11.9	-50.3	-49.8
Income from property management	1	18.4	11.5	71.8	64.9
Change in property values	6	6.0	21.4	150.2	165.6
Change in the value of interest-rate derivatives	6	-12.3	-9.2	1.5	4.6
EBT		12.1	23.7	223.5	235.2
Current tax	7	–	-0.3	0.0	-0.4
Deferred tax	7	-4.4	-7.1	-53.3	-56.0
Profit for the period		7.7	16.3	170.2	178.8
Other comprehensive income for the period					
Profit for the period		7.7	16.3	170.2	178.8
Other comprehensive income		–	–	–	–
Comprehensive income for the period		7.7	16.3	170.2	178.8
Average No. of shares, thousand		33,670	33,670	33,670	33,670
Earnings per share for the period		0.23	0.48	5.06	5.31

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

January–March 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 period – was SEK 18.4 million (11.5), corresponding to SEK 0.55 per share (0.34). This corresponded to annual growth in income from property management per share of 59%. The growth is partly explained by an improved NOI and partly by the quarter not being burdened with costs related to the IPO. 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 period amounted to SEK 65.2 million (62.0), corresponding to SEK 1,517 per sq m (1,438). The average economic occupancy rate over the period amounted to 94.3% (95.6) including discounts of SEK 0.4 million (0.3).

Rental revenues for residential properties totalled SEK 55.8 million (52.4), corresponding to SEK 1,420 per sq m (1,341). The average economic occupancy rate for apartments over the period amounted to 95.9% (96.6) including apartment vacancies of SEK 2.2 million (1.5) and apartment discounts of SEK 0.2 million (0.1). Käppala accounted for SEK 1.9 million of apartment vacancies. The vacancies were linked to the planned upgrades of the portfolio.

The total revenue increase of SEK 3.2 million was attributable to newly built properties, which increased revenue by SEK 1.9 million (11.3) for the period. The increase is also due to general residential rent increases, which had a revenue impact of SEK 1.6 million (0.5) 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 0.5 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 0.8 million increase in vacancy costs pertaining to ongoing residential upgrades in Käppala.

Revenue	Jan–Mar 2020 SEK m	31 Mar 2020 SEK/sq m	Jan–Mar 2019 SEK m	31 Mar 2019 SEK/sq m
Larsberg	49.9	1,560	45.9	1,454
Baggeby	2.3	1,640	2.3	1,397
Dalénium	5.5	2,367	5.3	2,338
Käppala	7.5	1,049	8.5	1,103
Total	65.2	1,517	62.0	1,438

Note 3: Property expenses

Property expenses totalled SEK 23.8 million (27.3), corresponding to SEK 566 per sq m (704), which is a cost reduction of SEK 138 per sq m or 20%.

Operating expenses amounted to SEK 15.7 million (17.3). The SEK 1.6 decrease was primarily due to reduced costs for heating and snow removal. The largest cost item was media costs, which corresponded to around 40% of operating expenses.

Maintenance expenses amounted to SEK 2.8 million (5.4).

Property expenses	Jan–Mar 2020, SEK m	31 Mar 2020 SEK/sq m	Jan–Mar 2019, SEK m	31 Mar 2019 SEK/sq m
Larsberg	16.0	539	19.3	658
Baggeby	0.7	539	0.8	900
Dalénium	1.4	586	1.5	555
Käppala	5.8	680	5.8	904
Total	23.8	566	27.3	704

Property expenses/sq m	Larsberg	Baggeby	Dalénium	Käppala	Total
Operating expenses	298	359	393	425	328
Maintenance	106	62	56	87	99
Property tax	26	3	15	28	25
Property administration	108	114	122	140	115
Total	539	539	586	680	566

Note 4: Central administration costs

Central administration costs, which consist of costs for company management and central support functions, totalled SEK 10.6 million (11.2). The period included costs from changes in management.

Note 5: Net financial items

Net financial items amounted to an expense of SEK 12.4 million (expense: 11.9). Capitalised financial expenses for projects amounted to SEK 1.9 million (0.6). The average interest rate, including the effects of interest-rate derivatives, was 1.98% (1.88) at the end of the period. The average interest coverage ratio was a multiple of 2.5 (2.0) at the end of the period.

Note 6: Changes in value

Unrealised changes in the value of properties amounted to SEK 6.0 million (21.4). The value changes were mainly attributable to an improved net operating income, linked to measures to raise rents in the form of upgrades.

Unrealised changes in value	Jan-Mar 2020, SEK m	Jan-Mar 2019, SEK m
Change in net operating income	0.3	14.8
Ongoing projects/development rights	5.7	11.9
Yield requirement	-	-5.3
Acquired properties	-	-
Total	6.0	21.4

Unrealised value changes in interest-rate derivatives amounted to a negative SEK -12.3 million (negative: 9.2), as a result of falling long-term market interest rates, which resulted in an increase in the interest-rate derivatives' deficit values in the period.

Note 7: Tax

Current tax for the period was SEK 0.0 million (expense: 0.3). Deferred tax amounted to an expense of SEK 4.5 million (expense: 7.1) and was impacted by unrealised changes in net property and derivative values of SEK 1.3 million (negative: 2.6). The new tax rules 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 10.5 million, for which the tax value has not been capitalised.

The Group's loss carryforwards are estimated at SEK 465.6 million (454.4 at 31 December 2019), 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 4,724.5 million (4,679.8 at 31 December 2019). 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	18.4	-
<i>Tax deductible</i>		
Depreciation	-9.8	9.8
New builds and redevelopments	-28.9	28.9
Other fiscal adjustments	8.7	-
Taxable income from property management	-11.4	38.7
Changes in property values	-	6.0
Changes in derivative values	-	-12.3
Taxable earnings before loss carryforwards	-11.4	32.4
Loss carryforwards, opening balance	-454.4	-454.4
Loss carryforwards, closing balance	465.6	-465.6
Taxable profit	-0.2	21.2
Tax for the period	0.0	-4.4

SEK m	Tax base	Nominal tax liability	Actual tax liability/ asset
Properties	-4,724.5	-973.2	-283.5
Derivatives	81.2	16.7	15.4
Loss carryforwards	465.6	95.9	79.2
Untaxed reserves	-0.3	-0.1	-0.1
Total	-4,177.9	-860.7	-189.0
Property, asset acquisitions	584.6	120.4	-
According to balance sheet	-	-740.2	-

The nominal tax liability recognised in the balance sheet was a net amount of SEK 740.2 million (686.9). However, the actual tax liability was calculated at only SEK 189.0 million (169.4).

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 Mar 2020	31 Mar 2019	31 Dec 2019
Assets				
Investment properties	8	6,424.2	6,099.1	6,365.2
Other non-current assets		12.9	9.6	7.0
Total non-current assets		6,437.1	6,108.7	6,372.2
Current receivables		21.0	15.5	16.9
Cash and cash equivalents		7.4	20.5	9.8
Total current assets		28.3	36.0	26.7
Total assets		6,465.5	6,144.7	6,398.9
Equity and liabilities				
Equity	9	2,942.5	2,772.3	2,934.8
Provisions		0.5	0.6	0.5
Non-current interest-bearing liabilities	9	2,547.0	2,155.3	2,046.2
Deferred tax liabilities	7	740.2	686.9	735.9
Interest-rate derivatives	9	81.2	82.7	68.9
Total non-current liabilities		3,369.0	2,925.6	2,851.5
Current interest-bearing liabilities	9	77.7	384.2	555.4
Other current liabilities		76.2	62.6	57.1
Total current liabilities		153.9	446.8	612.5
Total liabilities		3,522.9	3,372.3	3,464.0
Total equity and liabilities		6,465.5	6,144.7	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
Profit for the period				16.3	16.3
Equity at 31 Mar 2019	33,670	11.2	362.8	2,398.3	2,772.3
Profit for the period				162.5	162.5
Equity at 31 Dec 2019	33,670	11.2	362.8	2,560.8	2,934.8
Profit for the period				7.7	7.7
Equity at 31 Mar 2020	33,670	11.2	362.8	2,568.5	2,942.5

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

Balance sheet at 31 March 2020

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, Dalén and Käppala districts. At the end of the period, the property value was SEK 6,424.2 million (6,099.1) with a lettable area of 171,400 sq m (169,100), broken down as 91% residential and 9% commercial premises, with an annual rental value of SEK 279.2 million (257.4). The portfolio comprises 2,252 apartments (2,177).

Investments

During the period, total investments amounted to SEK 53.0 million (38.2). Investments in new builds amounted to SEK 10.7 million (26.4) and pertain mainly to attic extensions and converting business premises to apartments in Käppala. Investments in implemented base and total upgrades amounted to SEK 30.4 million (11.1). A total of 29 (13) apartments were base upgraded during the period. Another 107 (17) apartments were undergoing base upgrades at the end of the period. Other investments pertained primarily to heating and ventilation measures at Käppala as well as balconies and laundry rooms.

In December 2019, 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 March 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 April 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 2020	6,365.2
+ Acquisitions	–
+ Investments in new builds	10.7
+ Investments in base upgrades	24.5
+ Investments in total upgrades	6.0
+ Other investments	11.9
– Sales	–
+/- Unrealised changes in value	6.0
Property value, closing balance at 31 Mar 2020	6,424.2

Property-related key metrics

	Jan–Mar 2020	Jan–Mar 2019
Rental value SEK/sq m	1,629	1,523
Economic occupancy rate, %	94.8	95.8
Property expenses, SEK/sq m	566	704
Net operating income, SEK/sq m	951	734
Property value, SEK/sq m	37,478	35,540
Number of buildings	42	42
Lettable area at the end of the period, thousand sq m	171.4	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 March 2020, equity totalled SEK 2,942.5 million (2,772.3), which corresponds to SEK 87.39 (82.34) per share. During the period, equity increased with profit for the period of SEK 7.7 million (16.3).

Interest-bearing liabilities

John Mattson conducts its borrowing through banks using mortgage deeds as collateral. At the end of the period, John Mattson

had credit agreements for SEK 3,993.0 million (2,587.2). The loan volumes utilised at the end of the period amounted to SEK 2,624.8 million (2,539.5), of which SEK 2,547.0 million (2,155.3) was a non-current liability and SEK 77.7 million (384.2) was current.

Net interest-bearing liabilities amounted to SEK 2,617.4 million (2,519.1), corresponding to an LTV ratio of 40.7% (41.3). New borrowing during the period amounted to SEK 25.4 million (62.4) to finance completed and ongoing new build projects and upgrades. Loan repayments during the period amounted to SEK 2.3 million (2.3). The average loan-to-maturity was 3.0 years (3.0) at the end of the period.

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

Fixed-interest period				Loan-to-maturity			Interest-rate swaps	
Maturity	Volume (SEK m)	Average interest (%) ¹⁾	Share (%)	Credit agreement volume (SEK m)	Utilised, SEK m	Share (%)	Volume (SEK m)	Average interest rate (%) ²⁾
0–1 year	989	2.81	37	853	78	3	-14	–
1–2 years	443	1.67	17	1,715	1,122	43	100	–
2–3 years	54	0.91	2	475	475	18	54	–
3–4 years	171	1.21	7	475	475	18	171	–
4–5 years	300	1.92	11	475	475	18	300	–
>5 years	668	1.29	26	0	0	0	668	–
Total	2,625	1.98	100	3,993	2,625	100	1,279	1.05

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 48.9% (50.3) 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 period was a negative SEK 81.2 million (negative: 82.7). The related reserve of SEK 81.2 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 3.0 years (3.2) at the end of the period.

The average interest rate for the Group's total interest-bearing liability, including the effect of interest-rate swaps, was 1.98% (1.88) at the end of the period.

Condensed consolidated cash-flow statement

Amounts in SEK m	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months Apr 2019-Mar 2020	Jan-Dec 2019
<i>Operating activities</i>				
EBT	12.1	23.7	224.6	235.2
<i>Adjustment for non-cash items</i>				
Change in property values	-6.0	-21.4	-150.2	-165.6
Change in value of interest-rate derivatives	12.3	9.2	-1.5	-4.6
Depreciation and disposals	0.3	0.3	1.3	1.2
Other non-cash items, etc.	-	0.1	-	0.1
Taxes paid	-	-0.3	-0.1	-0.4
Cash flow from operating activities before changes in working capital	18.7	11.6	74.1	65.9
<i>Cash flow from changes in working capital</i>				
Change in operating receivables	-7.6	10.4	-6.5	11.6
Change in operating liabilities	19.1	-25.8	12.6	-31.2
Cash flow from operating activities	30.2	-3.8	80.2	46.2
<i>Investing activities</i>				
Investments in equipment	-2.7	-0.4	-3.8	-1.5
Acquisition of investment properties ¹⁾	-	-	-	-
Investments in investment properties	-53.0	-38.2	-174.9	-160.1
Investments/divestments, financial assets	-	-	-	-
Cash flow from investing activities	-55.7	-38.6	-178.7	-161.5
<i>Financing activities</i>				
Borrowings	25.4	62.4	94.5	131.4
Repayments of borrowings	-2.3	-2.3	-9.2	-9.2
Cash flow from financing activities	23.2	60.1	85.3	122.3
<i>Cash flow for the period</i>	-2.4	17.7	-13.2	7.0
Opening balance, cash and cash equivalents	9.8	2.8	20.5	2.8
Closing balance, cash and cash equivalents	7.4	20.5	7.4	9.8

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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	2.5	1.6	8.4
Central administration costs	-10.0	-10.6	-35.6
EBIT	-7.5	-9.0	-27.2
Net interest	-1.8	-1.3	-2.9
Profit/loss after financial items	-9.3	-10.3	-30.1
Appropriations	-	-	21.0
EBT	-9.3	-10.3	-9.1
Tax	0.9	1.2	0.1
Profit/loss for the period	-8.4	-9.1	-9.0

Condensed Parent Company balance sheet

Amounts in SEK m	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets			
Participations in Group companies	1,668.7	1,668.6	1,668.7
Deferred tax assets	0.9	1.2	0.1
Receivables from Group companies	157.6	90.0	123.6
Other current receivables	7.9	0.1	5.4
Cash and cash equivalents	7.1	20.2	9.5
Total assets	1,842.3	1,780.0	1,807.2
Equity and liabilities			
Equity	1,236.9	1,245.2	1,245.3
Liabilities to Group companies	596.6	528.8	553.1
Other current liabilities	8.8	6.0	8.8
Total equity and liabilities	1,842.3	1,780.0	1,807.2

Opportunities and risks in the Group and Parent Company

The long-term effect of the Corona pandemic for the property sector is too early to predict as yet. The company's cash flow remains steady with 90% of the portfolio being residential properties.

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%	+/-4.8
Underlying market interest rate	1 percentage point	-10.7/+8.0

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	-1,285	-642	0	642	1,285
Loan-to-value (LTV) ratio, %	50.9	45.3	40.7	37.0	34.0

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 110.6 million (68.1) at the end of the period. During the period a new long-term credit facility of SEK 500 was signed for future financing needs while the existing credit facility of SEK 475 million pertaining to refinancing existing credit agreements until 30 September 2020 was terminated.

Moreover, another 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 3.0 years (3.0) at the end of the period. Credit maturity within one year amounts to SEK 78 million. To limit the company's exposure to increasing interest rates, agreements concerning interest-rate swaps have been concluded with banks.

Key metrics

Key metrics	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months Apr 2019-Mar 2020	Jan-Dec 2019
Property-related key metrics				
Surplus ratio during the period, %	63.5	55.9	62.3	60.4
Economic occupancy rate at the end of the period, %	94.8	95.8	94.8	94.9
Rental value at the end of the period, SEK m	279.2	257.4	279.2	275.1
Rental value, apartments, at the end of the period, SEK/sq m	1,511	1,413	1,511	1,485
Lettable area at the end of the period, thousand sq m	171.4	169.1	171.4	171.5
Investments in new builds, extensions and redevelopments, SEK m	53.0	38.2	174.9	160.1
Property value at the end of the period, SEK m	6,424.2	6,099.1	6,424.2	6,365.2
Property value, at the end of the period, SEK/sq m	37,478	35,540	37,478	37,124
Total number of apartments	2,252	2,177	2,252	2,251
No. of upgraded apartments during the period	29	13	81	65
No. of upgraded apartments at the end of the period	1,386	1,366	1,386	1,366
No. of unrenovated apartments at the end of the period	376	396	376	396
Key financial metrics				
Rental revenues, SEK m	65.2	62.0	256.2	253.0
Net operating income, SEK m	41.4	34.7	159.5	152.8
Income from property management, SEK m	18.4	11.5	71.8	64.9
Earnings after tax for the period	7.7	16.3	170.2	178.8
LTV ratio at the end of the period, %	40.7	41.3	40.7	40.7
Average interest rate at the end of the period, %	2.0	1.9	2.0	1.9
Interest coverage ratio during the period, multiple	2.5	2.0	2.4	2.3
Fixed-interest tenor, at the end of the period, years	3.0	3.2	3.0	3.2
Loan-to-maturity at the end of the period, years	3.0	3.0	3.0	2.4
NAV, SEK m	3,764.0	3,542.0	3,764.0	3,739.6
NNNAV, SEK m	3,493.8	3,289.8	3,493.8	3,480.2
Share-related key metrics				
Income from property management, SEK/share ¹⁾	0.55	0.34	2.13	1.93
Growth in income from property management, SEK/share, %	59.3	103.0	131.3	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	7.2	201.6	33.7	63.6
Profit after tax, SEK/share ¹⁾	0.23	0.48	5.06	5.31
NAV, SEK/share ¹⁾	111.79	105.20	111.79	111.07
Growth in NAV, SEK/share, %	6.3	5.3	6.3	6.6
NNNAV, SEK/share ¹⁾	103.77	97.71	103.77	103.36
Equity, SEK/share ¹⁾	87.39	82.34	87.39	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 2019 and for the rolling 12 months have been adjusted for non-recurring costs linked to the completed stock exchange listing in 2019. Income from property management for the first quarter of 2019 was adjusted by SEK 5.6 million, rolling 12 months by SEK 4.3 million and the full-year 2019 by SEK 9.9 million.

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

Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting together with the appropriate provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has 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, 6 May 2020

Johan Ljungberg,
Chairman of the Board

Håkan Blixt
Board member

Ulrika Danielsson
Board member

Christer Olofsson
Board member

Anna Sander
Board member

This interim report has not been reviewed by the company's auditors.

Significant events after the end of the period

- On 4 May 2020, possession was taken of the acquired apartments in the municipality of Sollentuna.
- Johan Ljungberg assumed the office of Chairman of the Board at the Annual General Meeting.
- A new Head of Business Development was hired during the period and began in the middle of April along with a new Head of Project Development. The Head of Communications, has elected to leave John Mattson and an agreement has been signed with a new Head of Communications who will assume the position in August.

The John Mattson share

John Mattson's shares are listed on Nasdaq Stockholm, Mid Cap.
As of 31 March 2020, 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 March 2020 was SEK 129.80. The lowest closing price in the quarter was SEK 111.80, recorded on 16 March. The highest closing price of SEK 150.20 was posted on 19 February.

Over the quarter, stock turnover on Nasdaq Stockholm amounted to 1,959,654 shares with a combined value of SEK 250.3 million, representing an annualised stock turnover of 23.3%. Nasdaq Stockholm accounted for 95.5% 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

NAV amounted to SEK 111.79 per share (105.20). NAV increased 6.3% compared with 31 March 2019. NNNAV amounted to SEK 3,493.8 million (3,289.8) or SEK 103.77 per share (97.71) 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.

Main shareholders as 31 March 2020

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	3,222,662	9.60%
Första AP-fonden (AP1)	2,777,777	8.20%
Carnegie Fonder	2,240,609	6.70%
Fidelity Investments (FMR)	1,725,810	5.10%
Prior & Nilsson Fonder	1,599,513	4.80%
Other shareholders	5,489,908	16.26%
Of which, foreign shareholders	2,726,132	8.10%

Source: Euroclear/Modular Finance

Net asset value

	31 March 2020		31 March 2019		31 December 2019	
	SEK m	SEK/share	SEK m	SEK/share	SEK m	SEK/share ¹⁾
Equity according to balance sheet	2,942.5	87.39	2,772.3	82.34	2,934.8	87.16
Add back:						
Derivatives according to balance sheet	81.2	2.41	82.7	2.46	68.9	2.05
Deferred tax liability in balance sheet	740.2	21.98	686.9	20.40	735.9	21.86
NAV	3,764.0	111.79	3,542.0	105.20	3,739.6	111.07
Less:						
Derivatives according to balance sheet	-81.2	-2.41	-82.7	-2.46	-68.9	-2.05
Estimated actual deferred tax liability	-189.0	-5.61	-169.4	-5.03	-190.5	-5.66
NNNAV	3,493.8	103.77	3,289.8	97.71	3,480.2	103.36

Share-related key metrics

	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Income from property management, SEK/share ¹⁾	0.55	0.34	1.93
Growth in income from property management, SEK/share, %	59.3	103.0	159.0
Adjusted growth in income from property management, SEK/share, % ²⁾	7.2	201.6	63.6
Profit after tax, SEK/share ¹⁾	0.23	0.48	5.31
NAV, SEK/share ¹⁾	111.79	105.20	111.07
Growth in NAV, SEK/share, %	6.3	5.3	6.6
NNNAV, SEK/share ¹⁾	103.77	97.71	103.36
Equity, SEK/share ¹⁾	87.39	82.34	87.16
Market capitalisation (SEK/share)/NAV, SEK/share at the end of the period	1.16	–	1.26

¹⁾ The key metrics per share have been restated to take into account the 3:1 share split resolved by the AGM on 11 March 2019.

²⁾ Income from property management for 2019 was adjusted by non-recurring costs pertaining to the listing in the previous year. Income from property management for the first quarter of 2019 was adjusted by SEK 5.6 million and the full-year 2019 by SEK 9.9 million.

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 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.	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 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

NNNAV, SEK/share		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	NNNAV at the end of the period, SEK m	3,493.8	3,289.8	3,493.8	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	103.77	97.71	103.77	103.36

LTV ratio at the end of the period, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Interest-bearing debt at the end of the period according to balance sheet, SEK m	2,624.8	2,539.5	2,624.8	2,601.6
B	Cash and cash equivalents at the end of the period according to balance sheet, SEK m	7.4	20.5	7.4	9.8
C	Investment properties according to balance sheet at the end of the period, SEK m	6,424.2	6,099.1	6,424.2	6,365.2
(A-B)/C	LTV ratio at the end of the period, %	40.7	41.3	40.7	40.7

Equity, SEK/share		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Equity according to balance sheet at the end of the period, SEK m	2,942.5	2,772.3	2,942.5	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	87.39	82.34	87.39	87.16

Economic occupancy rate at the end of the period, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Annualised contract value at the end of the period, SEK m	264.7	246.6	264.7	261.2
B	Annualised vacancy value at the end of the period, SEK m	14.5	10.7	14.5	13.9
A/(A+B)	Economic occupancy rate during the period, %	94.8	95.8	94.8	94.9

Property value, at the end of the period, SEK/sq m		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Investment properties according to balance sheet at the end of the period, SEK m	6,424.2	6,099.1	6,424.2	6,365.2
B	Carrying amount of ongoing projects at the end of the period, SEK m	-	90.9	-	-
C	Lettable area at the end of the period, thousand sq m	171.4	169.1	171.4	171.5
(A-B)/C	Property value, at the end of the period, SEK/sq m	37,478	35,540	37,478	37,124

Income from property management, SEK/share		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Income from property management during the period, SEK m	18.4	11.5	71.8	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	0.55	0.34	2.13	1.93

Income from property management, SEK m		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Profit for the period	7.7	16.3	170.2	178.8
B	Current and deferred tax	4.4	7.5	53.3	56.4
C	Change in value of investment properties and interest-rate derivatives	-6.3	12.2	151.8	170.3
A+B-C	Income from property management, SEK m	18.4	11.5	71.8	64.9

Average economic occupancy rate, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Rental revenues during the period, SEK m	65.2	62.0	256.2	253.0
B	Gross rent during the period, SEK m	69.2	64.9	269.8	265.5
A/B	Average economic occupancy rate, %	94.3	95.6	95.0	95.3

Average economic occupancy rate, apartments, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Rental revenues during the period, apartments, SEK m	55.8	52.4	218.2	214.8
B	Gross rent during the period, apartments, SEK m	58.1	54.2	226.6	222.7
A/B	Average economic occupancy rate, apartments, %	95.9	96.6	96.3	96.5

Average interest rate at the end of the period, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Annualised interest expense at the end of the period, SEK m	52.1	47.8	52.1	48.7
B	Interest-bearing debt at the end of the period, SEK m	2,624.8	2,539.5	2,624.8	2,601.6
A/B	Average interest rate at the end of the period, %	2.0	1.9	2.0	1.9

Rental value at the end of the period, SEK m		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Annualised contract value at the end of the period, SEK m	264.7	246.6	264.7	261.2
B	Annualised vacancy value at the end of the period, SEK m	14.5	10.7	14.5	13.9
A+B	Rental value at the end of the period, SEK m	279.2	257.4	279.2	275.1

Rental value, apartments, at the end of the period, SEK/sq m		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Annualised contract value, apartments, at the end of the period, SEK m	227.5	212.0	227.5	224.0
B	Annualised vacancy value, apartments, at the end of the period, SEK m	8.6	5.6	8.6	8.1
C	Lettable area of apartments at the end of the period, thousand sq m	156.3	154.0	156.3	156.3
(A+B)/C	Rental value, apartments, at the end of the period, SEK/sq m	1,511	1,413	1,511	1,485

Adjusted income from property management, SEK/share		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Income from property management during the period, SEK m	18.4	11.5	71.8	64.9
B	Non-recurring costs pertaining to listing, SEK m	0.0	5.6	4.3	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	0.55	0.51	2.26	2.22

Adjusted growth in income from property management, SEK/share, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Adjusted income from property management, SEK/share during the period	0.55	0.51	2.26	2.22
B	Income from property management, SEK/share during the preceding period	0.51	0.17	1.69	1.36
(A-B)/B	Adjusted growth in income from property management, SEK/share, %	7.2	201.6	33.7	63.6

NAV, SEK/share		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	NAV at the end of the period, SEK m	3,764.0	3,542.0	3,764.0	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	111.79	105.20	111.79	111.07

NAV and NNNAV, SEK m		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Equity according to balance sheet at the end of the period, SEK m	2,942.5	2,772.3	2,942.5	2,934.8
B	Derivatives according to the balance sheet at the end of the period, SEK m	81.2	82.7	81.2	68.9
C	Deferred tax liabilities according to the balance sheet at the end of the period, SEK m	740.2	686.9	740.2	735.9
A+B+C=D	NAV, SEK m	3,764.0	3,542.0	3,764.0	3,739.6
B	Derivatives according to the balance sheet at the end of the period, SEK m	-81.2	-82.7	-81.2	-68.9
E	Estimated actual deferred tax liability at the end of the period, SEK m	-189.0	-169.4	-189.0	-190.5
D-B-E	NNNAV, SEK m	3,493.8	3,289.8	3,493.8	3,480.2

Net interest-bearing liabilities at the end of the period, SEK m		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Annualised interest-bearing liabilities at the end of the period, SEK m	2,624.8	2,539.5	2,624.8	2,601.6
B	Cash and cash equivalents at the end of the period, SEK m	7.4	20.5	7.4	9.8
A-B	Net interest-bearing liabilities at the end of the period, SEK m	2,617.4	2,519.1	2,617.4	2,591.9

Interest coverage ratio during the period, multiple		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Income from property management during the period according to income statement, SEK m	18.4	11.5	71.8	64.9
B	Financial expense during the period, SEK m	12.4	11.9	50.3	49.8
(A+B)/B	Interest coverage ratio during the period, multiple	2.5	2.0	2.4	2.3

Growth in income from property management, SEK/share, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Income from property management, SEK/share during the period	0.55	0.34	2.13	1.93
B	Income from property management, SEK/share during the preceding period	0.34	0.17	0.92	0.74
(A-B)/B	Growth in income from property management, SEK/share, %	59.3	103.0	131.3	159.0

Growth in NAV, SEK/share, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	NAV at the end of the period, SEK/share	111.79	105.20	111.79	111.07
B	NAV at the end of preceding 12-month period, SEK/share	105.20	99.92	105.20	104.23
(A-B)/B	Growth in NAV, SEK/share, %	6.3	5.3	6.3	6.6

Surplus ratio during the period, %		Jan-Mar 2020	Jan-Mar 2019	Rolling 12 months	Jan-Dec 2019
A	Net operating income during the period according to income statement, SEK m	41.4	34.7	159.5	152.8
B	Rental revenues during the period according to income statement	65.2	62.0	256.2	253.0
A/B	Surplus ratio during the period, %	63.5	55.9	62.3	60.4

Contact information and calendar

Financial calendar

Interim report April–June: 20 August 2020

Interim report July–September: 5 November 2020

Year-end report 2020: 24 February 2021

Information

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