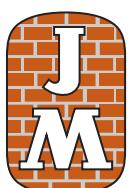


2018



JM GROUP YEAR-END REPORT
JANUARY – DECEMBER 2018



POSITIVE SALES DEVELOPMENT – GOOD LEVEL OF HOUSING STARTS

JANUARY – DECEMBER 2018

Revenue decreased to SEK 16,161m (17,008) and the operating profit decreased to SEK 1,886m (2,369). The operating margin decreased to 11.7 percent (13.9)

Profit before tax decreased to SEK 1,817m (2,579)¹⁾. Profit after tax decreased to 1,438m (2,194)¹⁾

Return on equity for the past twelve months decreased to 22.2 percent (38.7)¹⁾. Earnings per share during the year decreased to SEK 20.60 (31.00)¹⁾

Consolidated cash flow including net investment in properties was SEK –473m (2,013)

The number of residential units sold decreased to 2,463 (3,100) and housing starts decreased to 3,135 (3,873)

Surplus value of development properties was SEK 7.0bn (7.2)

Dividend for 2018. The Board of Directors proposes a dividend of SEK 12.00 (11.00)

¹⁾ Including gains sale of participations in Småa of SEK 275m in 2017

OCTOBER – DECEMBER 2018

Revenue decreased to SEK 4,150m (4,551), and the operating profit decreased to SEK 443m (638). The operating margin decreased to 10.7 percent (14.0). A negative revaluation in the JM Construction business segment resulted in a loss of SEK –95m (–13)

Profit before tax decreased to SEK 430m (621). Profit after tax decreased to SEK 359m (606)

Consolidated cash flow including net investment in properties amounted to SEK –17m (145)

The number of residential units sold increased to 751 (684), and housing starts amounted to 1,038 (1,183)

The operations of JM Construction will gradually be focused on clearly supporting the Group's residential project development

ACCORDING TO SEGMENT REPORTING SEK M	JANUARY – DECEMBER		OCTOBER – DECEMBER	
	2018	2017	2018	2017
Revenue	16,161	17,008	4,150	4,551
Operating profit	1,886	2,369	443	638
Operating margin, %	11.7	13.9	10.7	14.0
Profit before tax	1,817	2,579	430	621
Cash flow from operating activities	–473	2,013	–17	145
Return on equity, %	22.2	38.7		
Equity/assets ratio, %	41	40		
Earnings per share, SEK	20.60	31.00	5.20	8.60
Number of residential units sold	2,463	3,100	751	684
Number of housing starts	3,135	3,873	1,038	1,183
Number of residential units in current production	7,835	8,200		
Revenue according to IFRS	15,680	17,275	4,206	4,562
Operating profit according to IFRS	1,876	2,456	479	649
Earnings per share according to IFRS, SEK	20.40	31.90	5.50	8.70

The accounting of part of the project financing within JM Residential Stockholm and JM Residential Sweden has been reclassified. It was previously reported against recognized revenue as work in progress within balance sheet item "Progress billings in excess of recognized revenue". As of Q4 2018 it is reported as an interest-bearing liability. Comparative figures have been restated. The reclassification has not resulted in any changes to the segment reporting, project management or risk profile in JM's Swedish housing operations. The effects are presented in a restatement table, see "Reclassification of part of the project financing in JM Residential Stockholm and JM Residential Sweden" at jm.se/investors.

For the Group's income statement and balance sheet in accordance with IFRS, IFRS 15 Revenue from Contracts with Customers is applied, which means that revenue and profit/loss from JM's operations outside of Sweden, JM International, are reported according to the completed contract method. Segment reporting and project management are reported according to the percentage of completion method. The Group's calculations according to IFRS are presented on pages 21-22.

For definitions of key financial figures, see "Definitions Key Financial Figures" at jm.se/investors.

Unless otherwise specified, the analysis and comments in this Year-End Report are based on JM's segment reporting.

GROUP

GOOD PROFITABILITY IN PROJECT DEVELOPMENT OF RESIDENTIAL UNITS



"We summarize a challenging year on some of our main markets, but at the same time I am very satisfied with JM's performance given the current market conditions. Goods sales initiatives resulted in positive sales development during the year within the entire Group, and housing starts were relatively high, particularly during the fourth quarter. This

means that, with almost 600 rental units in current production, of which 320 were started during the year, we ended the year with continued high capacity utilization even in our operations in Stockholm.

Our housing operations in the rest of Sweden, Norway and Finland also showed good development during the year, and together they represented 57 percent of the Group's operating profit in 2018.

Our main operational challenge during the year has been JM Construction, where, following an assessment in the fall, we decided to gradually focus the operations toward more clearly supporting the Group's residential project management.

The housing market in Stockholm continued to be cautious in the fourth quarter, but JM's sales had a positive development during the quarter. Sales increased from 223 residential units in the third quarter to 286 in the fourth quarter. Housing starts in Stockholm during the quarter were supported by a normal level of reservations, where profitability continues to be good in current production volumes despite price adjustments in a number of projects.

Our housing operations in the rest of Sweden continue to show good profitability in a primarily stable market with stable sales in the fourth quarter as well.

In Norway, the level of activity on the housing market was good, and the housing market in Finland was stable in the fourth quarter. I am pleased that we can finish the year with a high level

of housing starts in the Group, with Norway and Finland making a large contribution.

We are seeing that the supply of properties for residential development in Stockholm is relatively high, and JM is in a very good position for taking advantage of the acquisition opportunities that may arise. In the rest of Sweden, competition for land declined slightly during the year. JM's strong financial position also supports our priority to start new housing projects.

During the quarter we started production, for example, on 58 residential units in the Ankaret project in Lomma Strandstad, which is close to Lund and Malmö. To date we have built 800 residential units in this attractive neighborhood by the sea. Ankaret will be a small-scale block with one apartment building containing 37 residential units, four of which are on the top floor and have magnificent roof terraces. Ankaret's 21 street-level units, which have a private entrance from the street, combine the comfort of a single-family home with the freedom of a tenant-owned apartment.

JM's strategy is to have continuous and long-term production of rental housing primarily in the Stockholm region. During the quarter, we started a large project with 192 rental units in Söderdal, Järfälla, in JM's own balance sheet. Söderdal is a completely new district that is emerging along Bällstaån river in the southern part of Jakobsberg. Residents will live in a park environment with green areas that is walking distance to sports facilities and other amenities. In Söderdal we previously started production on around 500 tenant-owned apartments, and we have many attractive building rights for future production.

We are well-positioned with a good project portfolio that is regularly developed for the housing of the future at the same time as our strong balance sheet allows us freedom of action.

As a result also of our strong balance sheet and the stability in our business, the Board is proposing an increase in the dividend to our shareholders."

Johan Skoglund, President and CEO



MARKET, SALES AND HOUSING STARTS

JANUARY – DECEMBER 2018

The housing market in Stockholm has been cautious, but it continued to stabilize in the fourth quarter. Housing starts in Stockholm were supported by a normal level of reservations, where profitability continues to be good in current production volumes.

The housing operations in the rest of Sweden is showing good profitability in a primarily stable market.

There was good activity on the housing market in Norway with prices increasing slightly during the year, and the housing market in Finland was stable. The geographic coverage of JM's housing operations is slowly increasing.

Population growth in our main markets, coupled with continued low interest rates, supports demand for housing.

The number of residential units sold in the form of signed contracts decreased to SEK 2,463 (3,100)¹⁾, and sales in the fourth quarter increased compared to the third quarter, 751 compared to 613. The percentage of sold or reserved homes in relation to current production amounts to 57 percent (65), with an interval of 60–65 percent considered normal. This percentage is in line

with previous quarters. JM Residential Stockholm sold 851 residential units (1,152), JM Residential Sweden sold 917 (1,302), JM International sold 695 (646) and JM Property Development sold 0 (0).

The number of housing starts decreased to 3,135 (3,873)²⁾, housing starts in the fourth quarter being significantly higher than in the third quarter, 1,038 compared to 680, of which there were 192 rental units in the fourth quarter. JM Residential Stockholm started production on 857 residential units (1,443), JM Residential Sweden on 1,043 (1,411), JM International on 915 (882) and JM Property Development on 320 (137).

In addition to demand, planning processes continue to be an important criterion for the rate of housing starts.

The number of residential units in current production decreased to 7,835 (8,200), of which 593 are rental units and residential care units (553).

¹⁾ Of which 0 rental units and residential care units (0).

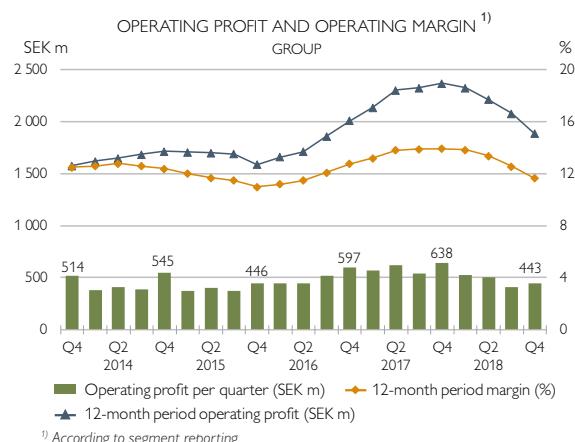
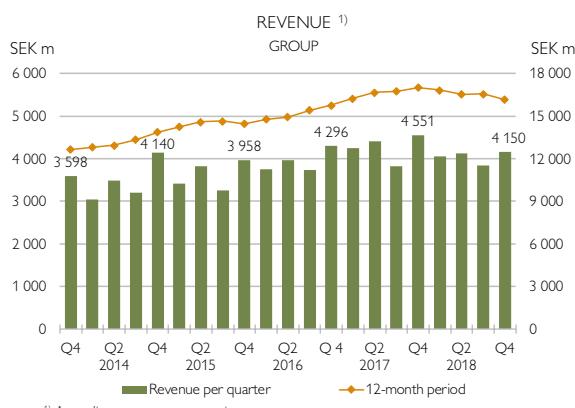
²⁾ Of which 320 rental units and residential care units (137).

OPERATING PROFIT BY BUSINESS SEGMENT, SEK M

	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	989	1,438	232	397
JM Residential Sweden	751	669	201	181
JM International	331	271	110	84
JM Property Development	10	27	5	3
JM Construction	-156	11	-95	-13
Group-wide expenses	-39	-47	-10	-14
Total	1,886	2,369	443	638
Of which property sales	13	14	3	-

OPERATING MARGIN BY BUSINESS SEGMENT, %

	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	17.1	20.1	17.2	21.8
JM Residential Sweden	16.9	15.5	16.7	16.5
JM International	9.2	8.3	10.1	9.1
JM Construction	-5.7	0.4	-16.2	-1.6



REVENUE, OPERATING PROFIT AND OPERATING MARGIN

JANUARY – DECEMBER 2018

Consolidated revenue according to segment reporting for the year decreased to SEK 16,161m (17,008). Revenue restated according to IFRS decreased to SEK 15,680m (17,275).

Operating profit according to segment reporting decreased to SEK 1,886m (2,369), and the operating margin decreased to 11.7 percent (13.9). Operating profit restated according to IFRS decreased to SEK 1,876m (2,456). The restatement is related to JM International and had an effect on earnings of SEK –10m (87). Profit/loss includes a loss within JM Construction of SEK –156m (11).

Properties were sold for SEK 116m (21) with gains of SEK 13m (14).

Rental income from JM's project properties increased to SEK 66m (41). Net rental income increased to SEK 42m (25).

restated according to IFRS decreased to SEK 4,206m (4,562).

Operating profit according to segment reporting decreased to SEK 443m (638), and the operating margin decreased to 10.7 percent (14.0). Operating profit restated according to IFRS decreased to SEK 479m (649). The restatement is related to JM International and had an effect on earnings of SEK 36m (11). Profit/loss includes a loss within JM Construction of SEK –95m (–13).

Properties were sold during the fourth quarter for SEK 33m (6) with gains of SEK 3m (0).

Rental income from JM's project properties increased to SEK 21m (13). Net rental income was SEK 14m (8).

OCTOBER – DECEMBER 2018

Consolidated revenue according to segment reporting for the fourth quarter decreased to SEK 4,150m (4,551). Revenue

PROJECT PROPERTIES

The externally appraised market value of JM's project properties was estimated to be SEK 2,002m (1,343) with a carrying amount of SEK 1,635m (1,074).

RESIDENTIAL UNITS IN CURRENT PRODUCTION

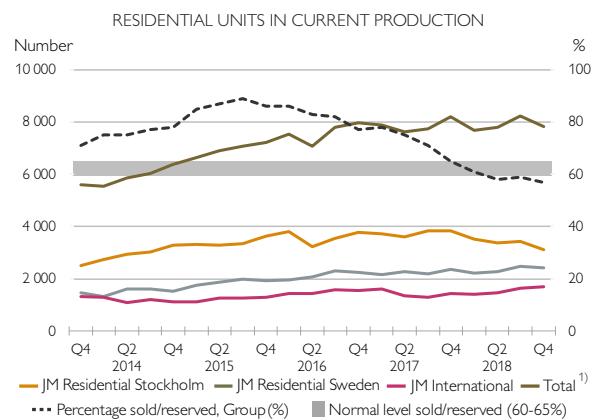
	12/31/2018	12/31/2017
Number of residential units in current production ¹⁾²⁾	7,835	8,200
Percentage of sold residential units in current production, % ³⁾	51	58
Reserved residential units in current production, %	6	7
Sold/reserved residential units in current production, %	57	65
¹⁾ Of which rental units and residential care units in current production in JM Property Development – are not included in the percentage of sold and reserved residential units in current production	593	553
²⁾ Including residential units in projects where costs incurred are only reported as project properties under construction	593	553
³⁾ Beginning with production start-up through final occupancy according to plan.		

³⁾ Percentage of sold residential units expressed as binding contract with the end customer.

UNSOLED UNITS

	12/31/2018	12/31/2017
Completed production, number of unsold units ¹⁾	140	72
The number of unsold residential units in the balance sheet reported as "Participations in tenant-owners associations, etc."	125	82

¹⁾ After final occupancy according to plan.



¹⁾ Including rental units and residential care units in JM Property Development – not included in percentage of sold/reserved

RESIDENTIAL BUILDING RIGHTS

The number of available residential building rights at the end of the year amounted to 35,900 (34,800), of which 20,700 (18,700) are recognized in the balance sheet. Capital tied up in building rights (development properties in the balance sheet) for residential units amounts to SEK 8,267m (7,501).

The valuation of JM's total development properties with a carrying amount of SEK 8.3bn (7.5) shows a surplus value of SEK

7.0bn (7.2). This valuation was carried out in cooperation with an independent appraisal company.

During 2018, JM purchased residential development properties for SEK 2,402m (2,017), of which SEK 1,395m relates to JM Residential Stockholm, SEK 327m to JM Residential Sweden and SEK 680m to JM International.

DEVELOPMENT PROPERTIES (RESIDENTIAL)

SEK BILLION

JM Residential Stockholm
JM Residential Sweden
JM International
Total

MARKET VALUE

12/31/2018

CARRYING AMOUNT

12/31/2018

MARKET VALUE

12/31/2017

CARRYING AMOUNT

12/31/2017

SEK BILLION	MARKET VALUE 12/31/2018	CARRYING AMOUNT 12/31/2018	MARKET VALUE 12/31/2017	CARRYING AMOUNT 12/31/2017
JM Residential Stockholm	10.2	5.0	9.9	4.4
JM Residential Sweden	2.4	1.4	2.5	1.5
JM International	2.7	1.9	2.3	1.6
Total	15.3	8.3	14.7	7.5

FINANCIAL ITEMS

JANUARY – DECEMBER 2018

Net financial items are slightly lower than the previous year, excluding the sale in 2017 of participations in Små AB, primarily due to a larger interest-bearing loan.

Total interest-bearing loans according to segment reporting amounted to SEK 2,228m (1,786), of which the provision for pensions comprised SEK 1,388m (1,251). At the end of the year, the average interest rate for total interest-bearing loans including the pension liability was 2.5 percent (2.4). The average term for fixed-rate loans excluding the pension liability was 0.2 years (0.2).

Consolidated available liquidity was SEK 4,482m (5,372). Aside from cash and cash equivalents of SEK 1,682m (2,572), this

includes unutilized overdraft facilities and credit lines totaling SEK 2,800m (2,800), where credit agreements for SEK 2,400m had an average maturity of 4.0 years (2.6).

Interest-bearing net liabilities in accordance with segment reporting amounted to SEK 546m (-790) at the end of the year. Non-interest-bearing liabilities for completed property acquisitions amounted to SEK 1,020m (722). Of these liabilities, SEK 324m (449) were current.

The valuation of financial assets and liabilities shows no significant difference between the carrying amount and fair value.

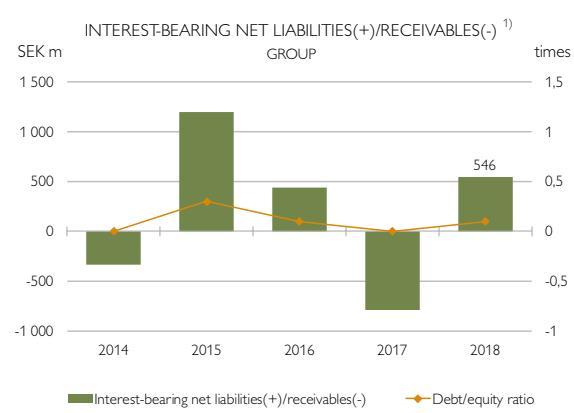
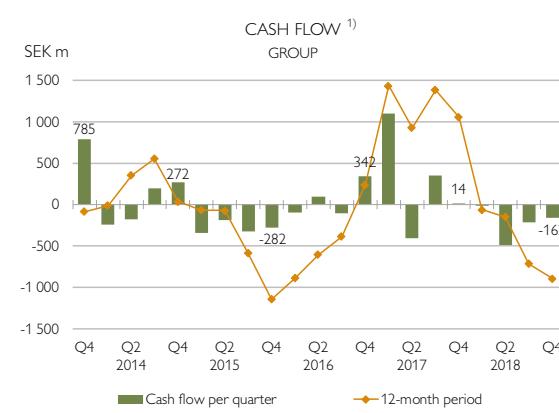
CASH FLOW

JANUARY – DECEMBER 2018

Cash flow during the year from operating activities according to segment reporting was SEK -473m (2,013). Net investments in development properties resulted in a negative cash flow of SEK -528m (-376). Holdings of repurchased residential units resulted in a negative cash flow of SEK -396m (-80). Consolidated cash flow from project properties (sales minus investment) during the year was SEK -522m (-484).

OCTOBER – DECEMBER 2018

Cash flow from operating activities according to segment reporting was SEK -17m (145) during the fourth quarter. Net investments in development properties resulted in a positive cash flow of SEK 69m (-489). Holdings of repurchased residential units resulted in a negative cash flow of SEK -399m (-16). Consolidated cash flow from project properties (sales minus investment) during the fourth quarter was SEK -200m (-196).



RISKS AND UNCERTAINTY FACTORS

JM's risks and risk management are presented in the 2017 Annual Report on pages 30–33. No significant changes have occurred to change these reported risks.

OUTSTANDING SHARES

The number of outstanding shares on December 31, 2018, amounts to 69,583,262.

The Company holds no treasury shares.

PERSONNEL

The number of employees increased at the end of the year to 2,630 (2,531). There were 1,029 (998) wage-earners and 1,601 (1,533) salaried employees. Current staffing is considered well-balanced for the current project volume, and adjustments are made on a regular basis. Demand on the labor market is strong for qualified project development skills.

DIVIDEND

For 2018 the Board of Directors proposes a dividend of SEK 12.00 (11.00) per share, for a total of SEK 835m (765). The proposed record date for the dividend is Monday, April 1, 2019. If the Annual General Meeting resolves to adopt the proposal, the dividend will be sent on April 4, 2019.

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Financial income ¹⁾	10	279	6	3
Financial expenses	–79	–69	–19	–20
Financial income and expenses	–69	210	–13	–17
¹⁾ Of which gains from the sale of participations in Små AB		275		

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Interest-bearing net liabilities (+)/receivables (–) at beginning of period	–790	435	541	–727
Change in interest-bearing net liabilities/receivables	1,336	–1,225	5	–63
Interest-bearing net liabilities (+)/receivables (–) at end of period	546	–790	546	–790

BUSINESS SEGMENTS

JM RESIDENTIAL STOCKHOLM

The JM Residential Stockholm business segment develops residential projects in Greater Stockholm. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units.

Average prices on the existing home market did not change in the fourth quarter. The supply of homes continued to be high, particularly in some local markets.

Competition for well-situated land for housing is judged to be relatively low at the same time as the supply of properties for housing development is relatively high. However, prices of building rights are still at a level that requires selective acquisition.

The housing market in Stockholm continued to be cautious in the fourth quarter, particularly with regard to new production. Customers are showing strong interest in JM's projects, and sales increased over the past six months and in the fourth quarter in particular. The willingness of customers to sign a contract at an early stage is in line with the previous quarter and increased gradually during the year. Residential units available for sale in the business segment largely have estimated occupancy in 2020/2021, and the majority in 2020.

Housing starts in Stockholm in the fourth quarter were sup-

ported by a normal reservation level, where profitability continues to be good in current production volumes despite price adjustments in a number of projects. A planned start of a project with a high reservation rate in the third quarter was delayed again while waiting for the final agreement on municipal development work.

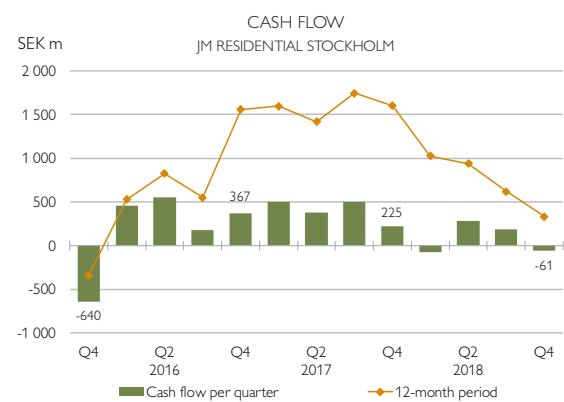
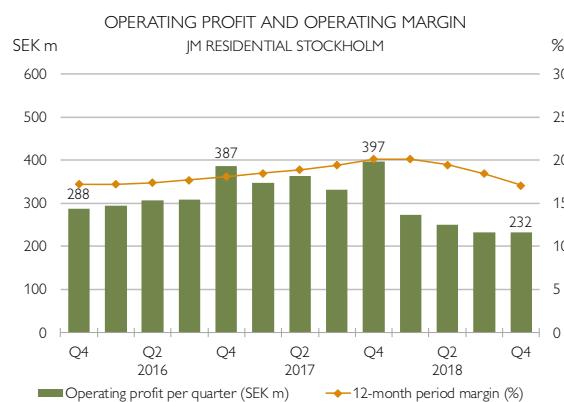
Business segment revenue decreased to SEK 5,786m (7,151). Operating profit decreased to SEK 989m (1,438). The lower revenue and profit in the fourth quarter is due to lower sales and a lower number of housing starts during the past year, and a low level of land transferred to projects during the quarter. The operating margin was 17.1 percent (20.1).

Cash flow during the fourth quarter is temporarily burdened by a larger number of residential units in the balance sheet.

During the fourth quarter, production was started on a total of 195 residential units in apartment buildings in Södertälje and on Lidingö. No building rights were acquired in the fourth quarter.

SEK M	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
Revenue	5,786	7,151	1,352	1,820
Operating profit ¹⁾	989	1,438	232	397
Operating margin, %	17.1	20.1	17.2	21.8
Average operating capital	5,447	4,450		
Return on operating capital, %	18.2	32.3		
Operating cash flow	334	1,603	-61	225
Carrying amount, development properties	5,048	4,406		
Number of available building rights	13,400	13,400		
Number of residential units sold	851	1,152	286	197
Number of housing starts	857	1,443	195	324
Number of residential units in current production	3,115	3,842		
Number of employees	936	877		
¹⁾ Of which property sales	0	6	-	-

¹⁾ Of which property sales



JM RESIDENTIAL SWEDEN

The JM Residential Sweden business segment develops residential projects in growth areas in Sweden, excluding Greater Stockholm. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units. Contracting operations are also conducted to a limited extent.

Average prices on the existing home market were unchanged or decreased slightly on the markets in the business segment during the fourth quarter.

The supply on certain local markets continued to be large. Competition for land for housing decreased slightly. Interest in JM's projects is stable, and customers' willingness to sign a contract early in the process is at a normal level.

Business segment revenue amounted to SEK 4,456m (4,309), and operating profit increased to SEK 751m (669). The operating margin increased to 16.9 percent (15.5).

Profit/loss and the margin improved due to good demand and an increase in prices during previous years.

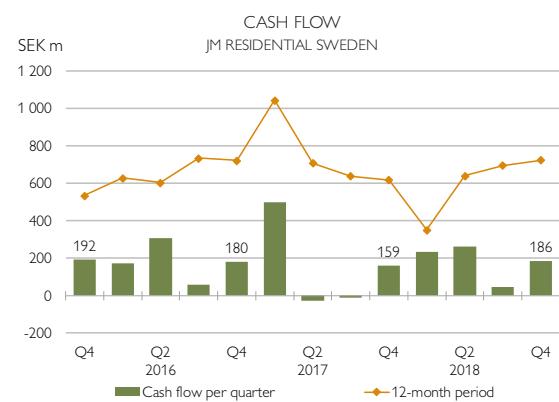
Cash flow during the year is in balance.

During the fourth quarter, production started on a total of 260 residential units, of which 233 were in apartment buildings in Norrtälje, Gothenburg, Kungälv and Lomma and 27 were single-family homes in Helsingborg.

During the fourth quarter, 285 building rights were acquired in Upplands Väsby, Kungälv and Helsingborg.

SEK M	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
Revenue	4,456	4,309	1,202	1,094
Operating profit ¹⁾	751	669	201	181
Operating margin, %	16.9	15.5	16.7	16.5
Average operating capital	1,008	892		
Return on operating capital, %	74.5	75.0		
Operating cash flow	722	616	186	159
Carrying amount, development properties	1,388	1,540		
Number of available building rights	10,500	10,100		
Number of residential units sold	917	1,302	239	301
Number of housing starts	1,043	1,411	260	360
Number of residential units in current production	2,418	2,351		
Number of employees	598	590		
¹⁾ Of which property sales	1	-	1	-

¹⁾ Of which property sales



JM INTERNATIONAL

The JM International business segment develops residential projects in Norway and Finland. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units. Revenue recognition for the business segment is reported using the percentage of completion method. Contracting operations are also conducted to a limited extent in Norway, and as of 2018 they are reported under the JM Construction business segment. Comparative figures have been restated.

Business segment revenue increased to SEK 3,580m (3,262), and operating profit increased to SEK 331m (271). The operating margin increased to 9.2 percent (8.3).

Cash flow during the year is burdened by investments in development properties.

NORWAY

The price level on the existing home market in Norway decreased slightly in the fourth quarter. Supply and the activity level were stable. The amount of time to sign a contract is slightly longer than in previous years.

JM Norway's revenue amounted to SEK 2,987m (2,777), and operating profit was SEK 297m (263). The operating margin was 9.9 percent (9.5).

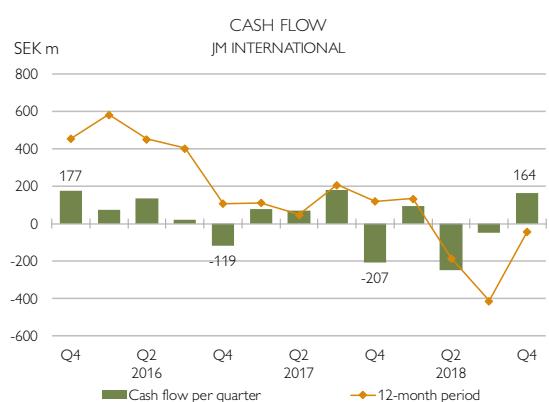
During the fourth quarter, 184 residential units (126) were sold and production began on 270 units (279).

Housing starts in the fourth quarter consist of residential units in apartments buildings and single-family homes in the Oslo region, Bergen, Tønsberg and Holmestrand.

The number of residential units in current production amounted to 1,288 (1,193). During the fourth quarter, building rights were acquired in Bergen and Trondheim corresponding to 82 residential units.

Available building rights correspond to 8,200 residential units (7,600).

SEK m	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Revenue	3,580	3,262	1,094	926
- of which JM Norway	2,987	2,777	899	816
Operating profit ¹⁾	331	271	110	84
- of which JM Norway	297	263	94	85
Operating margin, %	9.2	8.3	10.1	9.1
- of which JM Norway	9.9	9.5	10.5	10.4
Average operating capital	2,723	2,175		
Return on operating capital, %	12.2	12.5		
Operating cash flow	-41	119	164	-207
Carrying amount, development properties	1,821	1,545		
Carrying amount, project properties	4	7		
Number of available building rights	11,200	10,500		
Number of residential units sold	695	646	226	186
Number of housing starts	915	882	391	362
Number of residential units in current production	1,709	1,454		
Number of employees	458	406		
¹⁾ Of which property sales	12	0	2	0



FINLAND

The housing market in the Helsinki region continued to be stable in the fourth quarter. The housing market is in balance, and activity is good.

During the fourth quarter, 41 residential units (59) were sold and production began on 121 units (83). The housing starts in the fourth quarter consist of residential units in apartment buildings in the Greater Helsinki area. The number of residential units in current production amounted to 421 (261).

No building rights were acquired during the quarter.

Available building rights correspond to 3,000 residential units (2,700).

BELGIUM

JM closed its operations in Belgium in 2017. During the quarter, JM entered into an agreement for the sale of a small part of a remaining development property without any impact on profit/loss. The agreement also includes conditional sales of the remaining building rights. Belgium will no longer be reported as a market as of 2019.

In the fourth quarter, 1 residential unit (1) was sold. There are no more residential units to sell.



JM PROPERTY DEVELOPMENT

The JM Property Development business segment primarily develops rental units, residential care units and commercial properties in Greater Stockholm. The business segment's entire portfolio comprises project development properties. This business segment also includes JM@home as of January 1, 2018, which offers economic and technical management services to tenant-owners associations as well as housing services.

Business segment revenue increased to SEK 73m (60), of which rental income was SEK 65m (41). Operating profit was SEK 10m (27). The operating profit is burdened by startup costs for the new business operations, JM@home.

Net rental income for project properties was SEK 42m (24).

Cash flow during the year was negative due to ongoing investments in project properties.

Within the Dalénium area on Lidingö, the occupancy rate for the remaining commercial buildings that will not be torn down is 91 percent. Within the Bolinder area in Kallhäll, Järfälla, the occupancy rate for the buildings that will not be torn down is 94 percent.

During the year, two rental unit projects were completed in JM's own balance sheet: the Tjärtunnan project in Stureby, Stock-

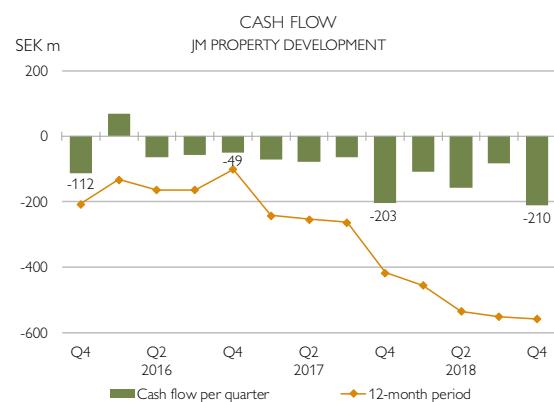
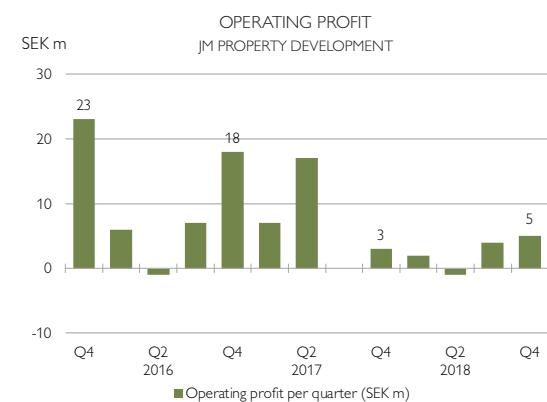
holm, and Alphyddan in Nacka. The portfolio of rental units thus includes at the end of the year three fully rented and occupied projects.

Production continued during the year on three additional rental projects in JM's own balance sheet: the Spaken project in Hägernäs, Täby, 136 rental units with ongoing occupancy until the beginning of 2019; the Alba Lilium project in Bredäng, Stockholm, 137 rental units with planned occupancy in 2019; and the Manegen project in Täby, 128 rental units.

During the fourth quarter, production was started on the Havreflingan rental unit project in Järfälla with 192 rental units in JM's own balance sheet.

SEK M	JANUARY-DECEMBER	OCTOBER-DECEMBER		
	2018	2017	2018	2017
Revenue	73	60	24	12
Operating profit ¹⁾	10	27	5	3
Average operating capital	1,314	800		
Return on operating capital, %	0.8	3.4		
Operating cash flow	-557	-416	-210	-203
Carrying amount, development properties	10	10		
Carrying amount, project properties	1,631	1,067		
Number of available residential building rights ²⁾	800	800		
Number of residential units sold ²⁾	-	-	-	-
Number of housing starts ²⁾	320	137	192	137
Number of residential units in current production ²⁾	593	553		
Number of employees	53	35		
¹⁾ Of which property sales		8		
²⁾ Refers to rental units and residential care units.				

SEK M	JANUARY-DECEMBER	OCTOBER-DECEMBER		
	2018	2017	2018	2017
Revenue	73	60	24	12
Operating profit ¹⁾	10	27	5	3
Average operating capital	1,314	800		
Return on operating capital, %	0.8	3.4		
Operating cash flow	-557	-416	-210	-203
Carrying amount, development properties	10	10		
Carrying amount, project properties	1,631	1,067		
Number of available residential building rights ²⁾	800	800		
Number of residential units sold ²⁾	-	-	-	-
Number of housing starts ²⁾	320	137	192	137
Number of residential units in current production ²⁾	593	553		
Number of employees	53	35		
¹⁾ Of which property sales		8		
²⁾ Refers to rental units and residential care units.				



JM CONSTRUCTION

The JM Construction business segment carries out construction work for external and internal customers in the Greater Stockholm and Oslo areas. Contracting operations conducted in Norway are reported in the JM Construction business segment as of January 1, 2018. Comparative figures have been restated.

Demand in the contracting market in Stockholm is at a good level in terms of the civil engineering market. With regard to the housing operations, competition for assignments has increased. Demand in the contracting market in Oslo is at a good level.

Business segment revenue amounted to SEK 2,716m (2,751), of which the operations in Norway amounted to SEK 589m (467), and the operating profit decreased to SEK -156m (11).

The fourth quarter is affected by negative revaluations in current housing projects in Stockholm, where major delays are generating an increase in costs. However, there are still risks in these projects.

Given the weak profitability over a long period of time, the operations in JM Construction were assessed in Q4 2018 with regard to future focus and scope. The Company is now taking measures to gradually refocus the operations toward more clearly supporting the Group's residential project development. The decided measures will entail some restructuring costs in 2019.

The conditions are in place to receive gains from property sales in the period 2019-2021.

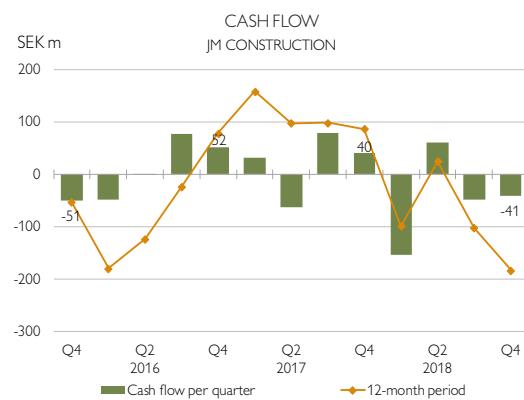
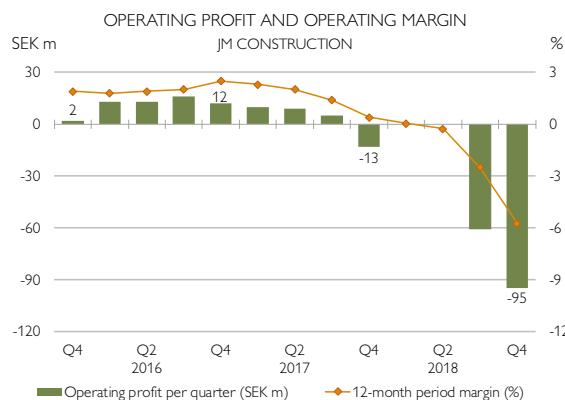
During the fourth quarter, JM Entreprenad AB entered into a settlement agreement for a large outstanding account receivable that will result in a positive cash flow of SEK 320m in Q1 2019, but there will be no effect on profit/loss.

Cash flow during the year is burdened by an increase in the working capital.

The business segment received a number of assignments in the fourth quarter within the civil engineering operations, of which the largest is the planning work in Norra Djurgårdsstaden for the City of Stockholm.

The largest ongoing projects are a new operational area at Arlanda Airport (Swedavia), groundwork in the Stockholm Norvik goods harbor in Nynäshamn (Ports of Stockholm), new production of a school (Vallentuna Municipality), new production of apartment buildings in Norra Djurgårdsstaden (HSB and Riksbyggen) and new production of apartment buildings in Tyresö (Småa and Riksbyggen). The largest ongoing project in the Norwegian operations is the new production of residential units in apartment buildings in Strømmen, Oslo (JM Norway).

SEK M	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
Revenue ¹⁾	2,716	2,751	586	833
Operating profit	-156	11	-95	-13
Operating margin, %	-5.7	0.4	-16.2	-1.6
Operating cash flow	-184	86	-41	40
Carrying amount, development properties	39	42		
Number of employees	437	462		
¹⁾ Of which internal	450	525	108	134



GROUP – SEGMENT REPORTING

CONDENSED CONSOLIDATED INCOME STATEMENT

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
Revenue	16,161	17,008	4,150	4,551
Production and operating costs	-13,247	-13,648	-3,456	-3,659
Gross profit	2,914	3,360	694	892
Selling and administrative expenses	-1,041	-1,005	-254	-254
Gains/losses on the sale of property	13	14	3	0
Operating profit	1,886	2,369	443	638
Financial income and expenses	-69	210	-13	-17
Profit/loss before tax	1,817	2,579	430	621
Taxes ¹⁾	-379	-385	-71	-15
Profit for the period	1,438	2,194	359	606
Other comprehensive income	-56	-10	-149	44
Comprehensive income for the period	1,382	2,184	210	650
Earnings per share ²⁾ , diluted, is attributable to shareholders of the Parent Company, SEK	20.60	31.00	5.20	8.60
Average number of shares, diluted	69,865,418	70,844,023	69,950,321	70,195,473

¹⁾ The low tax cost for Q4 2017 is attributable to the declared loss deductions for the closed Danish operations, which had a positive tax effect of SEK 118m. The low tax cost for full-year 2017 is also affected by the tax-exempt sale of the participations in Små AB.

²⁾ Profit for the period.

CONDENSED CONSOLIDATED BALANCE SHEET

ACCORDING TO SEGMENT REPORTING, SEK M	12/31/2018	12/31/2017
	214	209
ASSETS		
Non-current assets	214	209
Project properties	1,635	1,074
Development properties	8,306	7,543
Participations in tenant-owners associations, etc.	567	309
Current receivables ¹⁾	4,083	3,698
Cash and cash equivalents	1,682	2,572
Total current assets	16,273	15,196
Total assets	16,487	15,405
EQUITY AND LIABILITIES ²⁾		
Equity	6,798	6,178
Non-current interest-bearing liabilities	146	203
Other non-current liabilities	696	273
Non-current provisions	3,037	2,656
Total non-current liabilities	3,879	3,132
Current interest-bearing liabilities	694	332
Other current liabilities	4,994	5,654
Current provisions	122	109
Total current liabilities	5,810	6,095
Total equity and liabilities	16,487	15,405
¹⁾ Of which receivables from property sales	53	83
²⁾ Of which liabilities for property acquisition	1,040	794

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY-DECEMBER	
	2018	2017
Opening balance at beginning of period	6,178	5,158
Total comprehensive income for the period	1,382	2,184
Dividend	-765	-675
Conversion of convertible loan	-	10
Equity component of convertible debentures	3	1
Buy-back of shares	-	-500
Closing balance at end of period	6,798	6,178

CONDENSED CONSOLIDATED CAH FLOW STATEMENT

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
Cash flow from operating activities before change in working capital and taxes	2,175	3,095	496	1,097
Paid tax	-697	-361	-115	-48
Investment in development properties, etc. ¹⁾	-3,728	-2,494	-1,001	-883
Payment on account for development properties, etc. ²⁾	2,804	2,038	671	378
Investment in project properties	-524	-490	-200	-202
Sale of project properties	2	6	-	6
Change in current liabilities/receivables	-505	219	132	-203
Cash flow from operating activities	-473	2,013	-17	145
Cash flow from investing activities	-8	300³⁾	-8	-3
Loans raised	623	214	39	61
Amortization of debt	-270	-298	-177	-64
Buy-back of shares	-	-500	-	-125
Dividend	-765	-675	-	-
Cash flow from financing activities	-412	-1,259	-138	-128
Cash flow for the period	-893	1,054	-163	14
Cash and cash equivalents at end of the period	1,682	2,572	1,682	2,572

¹⁾ Of which investment in shares in tenant-owners associations and freehold apartments

-1,537 -575 -837 -208

²⁾ Of which sale of participations in tenant-owners associations and freehold apartments

1,141 495 438 192

³⁾ Of which SEK 310m refers to the sale of the participations in Småa AB.

CONSOLIDATED KEY FINANCIAL FIGURES

ACCORDING TO SEGMENT REPORTING, %	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2018	2017	2018	2017
Operating margin	11.7	13.9	10.7	14.0
Return on equity	22.2	38.7		
Return on capital employed	22.3	35.1		
Debt/equity ratio, multiple	0.1	-	0.1	-
Equity/assets ratio	41	40		

ACCORDING TO SEGMENT REPORTING

REVENUE BY COUNTRY

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Sweden	12,061	13,279	3,005	3,475
Norway	3,506	3,244	949	966
Finland	571	482	192	109
Belgium	23	3	4	1
Total	16,161	17,008	4,150	4,551

REVENUE BY BUSINESS SEGMENT

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	5,786	7,151	1,352	1,820
JM Residential Sweden	4,456	4,309	1,202	1,094
JM International	3,580	3,262	1,094	926
JM Property Development	73	60	24	12
JM Construction	2,716	2,751	586	833
Elimination	–450	–525	–108	–134
Total	16,161	17,008	4,150	4,551

OPERATING PROFIT BY BUSINESS SEGMENT

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	989	1,438	232	397
JM Residential Sweden	751	669	201	181
JM International	331	271	110	84
JM Property Development	10	27	5	3
JM Construction	–156	11	–95	–13
Group-wide expenses	–39	–47	–10	–14
Total	1,886	2,369	443	638

OPERATING MARGIN BY BUSINESS SEGMENT

%	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	17.1	20.1	17.2	21.8
JM Residential Sweden	16.9	15.5	16.7	16.5
JM International	9.2	8.3	10.1	9.1
JM Construction	–5.7	0.4	–16.2	–1.6

AVERAGE OPERATING CAPITAL BY BUSINESS SEGMENT

SEK M			2018	2017
JM Residential Stockholm			5,447	4,450
JM Residential Sweden			1,008	892
JM International			2,723	2,175
JM Property Development			1,314	800

RETURN ON OPERATING CAPITAL BY BUSINESS SEGMENT

%			2018	2017
JM Residential Stockholm			18.2	32.3
JM Residential Sweden			74.5	75.0
JM International			12.2	12.5
JM Property Development			0.8	3.4

ACCORDING TO SEGMENT REPORTING

OPERATING CASH FLOW BY BUSINESS SEGMENT

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	334	1,603	–61	225
JM Residential Sweden	722	616	186	159
JM International	–41	119	164	–207
JM Property Development	–557	–416	–210	–203
JM Construction	–184	86	–41	40

DEVELOPMENT PROPERTIES BY BUSINESS SEGMENT

CARRYING AMOUNT, SEK M	12/31/2018	12/31/2017
JM Residential Stockholm	5,048	4,406
JM Residential Sweden	1,388	1,540
JM International	1,821	1,545
JM Property Development	10	10
JM Construction	39	42
Total	8,306	7,543

AVAILABLE BUILDING RIGHTS BY BUSINESS SEGMENT

NUMBER	12/31/2018	12/31/2017
JM Residential Stockholm	13,400	13,400
JM Residential Sweden	10,500	10,100
JM International	11,200	10,500
JM Property Development ¹⁾	800	800
Total	35,900	34,800
Of which rights carried in the balance sheet (development properties)		
JM Residential Stockholm	8,600	7,800
JM Residential Sweden	6,800	6,100
JM International	5,100	4,600
JM Property Development ¹⁾	200	200
Total	20,700	18,700

RESIDENTIAL UNITS SOLD BY BUSINESS SEGMENT

NUMBER	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	851	1,152	286	197
JM Residential Sweden	917	1,302	239	301
JM International	695	646	226	186
JM Property Development ¹⁾	–	–	–	–
Total	2,463	3,100	751	684

HOUSING STARTS BY BUSINESS SEGMENT

NUMBER	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
JM Residential Stockholm	857	1,443	195	324
JM Residential Sweden	1,043	1,411	260	360
JM International	915	882	391	362
JM Property Development ¹⁾	320	137	192	137
Total	3,135	3,873	1,038	1,183

RESIDENTIAL UNITS IN CURRENT PRODUCTION

NUMBER	12/31/2018	12/31/2017
JM Residential Stockholm	3,115	3,842
JM Residential Sweden	2,418	2,351
JM International	1,709	1,454
JM Property Development ¹⁾	593	553
Total	7,835	8,200

¹⁾ Refers to rental units and residential care units.

ACCORDING TO SEGMENT REPORTING

PROJECT PROPERTIES GROUP

12/31/2018	MARKET VALUE, SEK M	CARRYING AMOUNT, SEK M	AREA (000) M ²	OCCUPANCY RATE ANNUAL RENT, %	CARRYING AMOUNT, SEK M 12/31/2017
Properties under development	1,069	816	24	92	837
Completed rental unit properties	914	808	22	100	224
Completed commercial properties	19	11	1	89	13
Total	2,002	1,635	47	98	1,074

DEVELOPMENT PROPERTIES GROUP

CARRYING AMOUNT, SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Opening balance at beginning of period	7,543	7,121	8,509	6,984
New purchases	2,402	2,017	154	803
Transferred to production	–1,517	–1,534	–219	–228
Other	–122	–61	–138	–16
Closing balance at end of period	8,306	7,543	8,306	7,543

GROUP FIVE-YEAR OVERVIEW

ACCORDING TO SEGMENT REPORTING, SEK M	2018	2017	2016	2015	2014
Revenue	16,161	17,008	15,752	14,447	13,869
Operating profit	1,886	2,369	2,011	1,590	1,716
Profit before tax	1,817	2,579	1,951	1,518	1,641
Total assets	16,487	15,405	12,848	12,230	12,545
Cash flow from operating activities	–473	2,013	1,957	–230	978
Interest-bearing net liabilities (+)/receivables (–)	546	–790	435	1,198	–337
Operating margin, %	11.7	13.9	12.8	11.0	12.4
Return on equity, %	22.2	38.7	31.4	24.8	26.5
Equity/assets ratio, %	41	40	40	38	37
Earnings per share, SEK	20.60	31.00	21.20	15.50	16.00
Dividend per share, SEK	12.00 ¹⁾	11.00	9.50	8.25	8.00
Number of available building rights	35,900	34,800	32,500	31,100	29,400
Number of residential units sold	2,463	3,100	3,843	3,770	3,195
Number of housing starts	3,135	3,873	4,187	3,731	3,445
Number of residential units in current production	7,835	8,200	7,984	7,212	6,375

¹⁾ Board proposal.

GROUP QUARTERLY OVERVIEW

According to segment reporting, SEK M								
Income Statement	2018				2017			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Revenue	4,150	3,832	4,125	4,054	4,551	3,813	4,399	4,245
Production and operating costs	-3,456	-3,202	-3,324	-3,265	-3,659	-3,047	-3,513	-3,429
Gross profit	694	630	801	789	892	766	886	816
Selling and administrative expenses	-254	-218	-297	-272	-254	-223	-282	-246
Gains/losses on the sale of property	3	-1	0	11	0	-	14	-
Operating profit	443	411	504	528	638	543	618	570
Financial income and expenses	-13	-21	-19	-16	-17	-15	-17	259
Profit/loss before tax	430	390	485	512	621	528	601	829
Taxes	-71	-87	-108	-113	-15	-117	-130	-123
Profit for the period	359	303	377	399	606	411	471	706
BALANCE SHEET	12/31	9/30	6/30	3/31	12/31	9/30	6/30	3/31
ASSETS								
Non-current assets	214	221	226	221	209	211	213	215
Project properties	1,635	1,423	1,335	1,193	1,074	878	791	688
Development properties	8,306	8,509	8,869	8,607	7,543	6,984	6,892	6,922
Participations in tenant-owners associations, etc.	567	224	322	309	309	267	269	205
Current receivables	4,083	3,904	3,813	3,828	3,698	3,524	3,477	3,173
Cash and cash equivalents	1,682	1,854	2,078	2,564	2,572	2,557	2,211	2,619
Total current assets	16,273	15,914	16,417	16,501	15,196	14,210	13,640	13,607
Total assets	16,487	16,135	16,643	16,722	15,405	14,421	13,853	13,822
EQUITY AND LIABILITIES								
Equity	6,798	6,520	6,285	6,664	6,178	5,653	5,381	5,725
Non-current interest-bearing liabilities	146	204	255	220	203	333	223	259
Other non-current liabilities	696	700	686	700	273	150	150	150
Non-current provisions	3,037	2,994	2,850	2,846	2,656	2,405	2,371	2,321
Total non-current liabilities	3,879	3,898	3,791	3,766	3,132	2,888	2,744	2,730
Current interest-bearing liabilities	694	816	762	336	332	204	435	334
Other current liabilities	4,994	4,780	5,682	5,831	5,654	5,564	5,184	4,932
Current provisions	122	121	123	125	109	112	109	101
Total current liabilities	5,810	5,717	6,567	6,292	6,095	5,880	5,728	5,367
Total equity and liabilities	16,487	16,135	16,643	16,722	15,405	14,421	13,853	13,822
CASH FLOW STATEMENT								
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
From operating activities	-17	-234	-204	-18	145	574	293	1,001
From investing activities	-8	3	-2	-1	-3	-1	-3	307
From financing activities	-138	11	-286	1	-128	-225	-697	-209
Total cash flow for the period	-163	-220	-492	-18	14	348	-407	1,099
Cash and cash equivalents at end of the period	1,682	1,854	2,078	2,564	2,572	2,557	2,211	2,619
INTEREST-BEARING NET LIABILITIES/RECEIVABLES								
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Interest-bearing net liabilities (+)/receivables (-) at beginning of period	541	240	-748	-790	-727	-274	-778	435
Change in interest-bearing net liabilities/receivables	5	301	988	42	-63	-453	504	-1,213
Interest-bearing net liabilities (+)/receivables (-) at end of period	546	541	240	-748	-790	-727	-274	-778
DEVELOPMENT PROPERTIES								
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Carrying amount at beginning of period	8,509	8,869	8,607	7,543	6,984	6,892	6,922	7,121
New purchases	154	191	661	1,396	803	477	382	355
Transferred to production	-219	-512	-411	-375	-228	-379	-388	-539
Other	-138	-39	12	43	-16	-6	-24	-15
Carrying amount at the end of the period	8,306	8,509	8,869	8,607	7,543	6,984	6,892	6,922
KEY RATIOS								
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Operating margin, %	10.7	10.7	12.2	13.0	14.0	14.2	14.0	13.4
Debt/equity ratio, multiple	0.1	0.1	0.0	-	-	-	-	-
Equity/assets ratio, %	41	40	38	40	40	39	39	41
Earnings per share, SEK	5.20	4.30	5.40	5.70	8.60	5.80	6.70	9.90
Number of available building rights	35,900	36,700	36,000	34,900	34,800	34,800	34,600	33,600
Number of residential units sold	751	613	619	480	684	681	871	864
Number of housing starts	1,038	680	847	570	1,183	971	906	813
Number of residential units in current production	7,835	8,243	7,814	7,672	8,200	7,739	7,641	7,901

BUSINESS SEGMENT QUARTERLY OVERVIEW

ACCORDING TO SEGMENT REPORTING, SEK M

	2018				2017			
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
JM RESIDENTIAL STOCKHOLM								
Revenue	1,352	1,429	1,530	1,475	1,820	1,613	1,878	1,840
Operating profit ¹⁾	232	233	250	274	397	331	363	347
Operating margin, %	17.2	16.3	16.3	18.6	21.8	20.5	19.3	18.9
Average operating capital	5,447	5,139	4,919	4,663	4,450	4,374	4,354	4,345
Return on operating capital, % ²⁾	18.2	22.5	25.5	29.3	32.3	32.6	32.3	31.0
Operating cash flow	-61	187	285	-77	225	505	375	498
Carrying amount, development properties	5,048	5,002	5,185	5,229	4,406	3,941	4,074	4,121
Number of available building rights	13,400	13,500	13,600	13,300	13,400	13,300	13,000	12,800
Number of residential units sold	286	223	225	117	197	213	388	354
Number of housing starts	195	207	240	215	324	365	454	300
Number of residential units in current production	3,115	3,447	3,387	3,510	3,842	3,837	3,598	3,714
¹⁾ Of which property sales	-	-	0	-	-	-	6	-
JM RESIDENTIAL SWEDEN								
Revenue	1,202	920	1,065	1,269	1,094	916	1,153	1,146
Operating profit ¹⁾	201	156	181	213	181	149	175	164
Operating margin, %	16.7	17.0	17.0	16.8	16.5	16.3	15.2	14.3
Average operating capital	1,008	1,000	949	897	892	898	893	967
Return on operating capital, % ²⁾	74.5	73.1	76.3	80.0	75.0	68.4	67.2	55.7
Operating cash flow	186	44	260	232	159	-11	-29	497
Carrying amount, development properties	1,388	1,404	1,476	1,394	1,540	1,486	1,225	1,322
Number of available building rights	10,500	10,400	10,300	10,200	10,100	10,100	10,000	9,800
Number of residential units sold	239	227	207	244	301	332	348	321
Number of housing starts	260	230	267	286	360	372	336	343
Number of residential units in current production	2,418	2,471	2,280	2,210	2,351	2,196	2,279	2,169
¹⁾ Of which property sales	1	-	-	0	-	-	-	-
JM INTERNATIONAL								
Revenue	1,094	912	864	710	926	721	808	807
Operating profit ¹⁾	110	85	83	53	84	63	66	58
Operating margin, %	10.1	9.3	9.6	7.5	9.1	8.7	8.2	7.2
Average operating capital	2,723	2,580	2,444	2,273	2,175	2,106	2,074	2,028
Return on operating capital, % ²⁾	12.2	11.8	11.6	11.7	12.5	12.0	12.0	10.3
Operating cash flow	164	-48	-249	92	-207	179	69	78
Carrying amount, development properties	1,821	2,054	2,156	1,932	1,545	1,497	1,533	1,394
Carrying amount, project properties	4	5	5	8	7	14	12	13
Number of available building rights	11,200	12,100	11,400	10,600	10,500	10,500	10,700	10,100
Number of residential units sold	226	163	187	119	186	136	135	189
Number of housing starts	391	243	212	69	362	234	116	170
Number of residential units in current production	1,709	1,644	1,466	1,399	1,454	1,290	1,348	1,602
¹⁾ Of which property sales	2	-1	0	11	0	-	-	-
JM PROPERTY DEVELOPMENT								
Revenue	24	19	15	15	12	11	19	18
Operating profit ¹⁾	5	4	-1	2	3	0	17	7
Average operating capital	1,314	1,160	1,036	910	800	697	623	550
Return on operating capital, % ²⁾	0.8	0.7	0.4	2.4	3.4	6.0	7.9	5.6
Operating cash flow	-210	-82	-156	-109	-203	-65	-77	-71
Carrying amount, development properties	10	10	10	10	10	10	10	35
Carrying amount, project properties	1,631	1,418	1,330	1,185	1,067	864	779	675
Number of available building rights ³⁾	800	700	700	800	800	900	900	900
Number of residential units sold ³⁾	-	-	-	-	-	-	-	-
Number of housing starts ³⁾	192	-	128	-	137	-	-	-
Number of residential units in current production ³⁾	593	681	681	553	553	416	416	416
¹⁾ Of which property sales	-	-	-	-	-	-	8	-
³⁾ Refers to rental units and residential care units.								
JM CONSTRUCTION								
Revenue	586	663	769	698	833	689	677	552
Operating profit	-95	-61	0	0	-13	5	9	10
Operating margin, %	-16.2	-9.2	0.0	0.0	-1.6	0.7	1.3	1.8
Operating cash flow	-41	-49	60	-154	40	78	-63	31
JM OTHER								
Revenue (elimination)	-108	-111	-118	-113	-134	-137	-136	-118
Operating profit (Group-wide expenses)	-10	-6	-9	-14	-14	-5	-12	-16

²⁾ Calculated on 12-month rolling profits and average capital.

GROUP – IFRS

CONDENSED CONSOLIDATED INCOME STATEMENT

ACCORDING TO IFRS, SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Revenue	15,680	17,275	4,206	4,562
Production and operating costs	–12,776	–13,828	–3,476	–3,659
Gross profit	2,904	3,447	730	903
Selling and administrative expenses	–1,041	–1,005	–254	–254
Gains/losses on the sale of property	13	14	3	0
Operating profit	1,876	2,456	479	649
Financial income and expenses	–69	210	–13	–17
Profit/loss before tax	1,807	2,666	466	632
Taxes	–384	–407	–80	–21
Profit for the period	1,423	2,259	386	611
Other comprehensive income				
<i>Items that will be reclassified as income</i>				
Translation differences from the translation of foreign operations	30	–44	–74	–12
<i>Items that will not be reclassified as income</i>				
Restatement of defined-benefit pensions	–105	53	–1	75
Tax attributable to other comprehensive income	15	–12	1	–17
Comprehensive income for the period	1,363	2,256	312	657
Net profit for the period attributable to shareholders of the Parent Company	1,423	2,259	386	611
Comprehensive income for the period attributable to shareholders of the Parent Company	1,363	2,256	312	657
Earnings per share ¹⁾ , basic, is attributable to shareholders of the Parent Company, SEK	20.50	32.00	5.60	8.70
Earnings per share ¹⁾ , diluted, is attributable to shareholders of the Parent Company, SEK	20.40	31.90	5.50	8.70
Number of shares at end of period	69,583,262	69,583,262	69,583,262	69,583,262
Average number of shares, basic	69,583,262	70,642,592	69,583,262	69,977,367
Average number of shares, diluted	69,865,418	70,844,023	69,950,321	70,195,473

¹⁾ Profit/loss for the period.

CONDENSED CONSOLIDATED BALANCE SHEET

ACCORDING TO IFRS, SEK M	12/31/2018	12/31/2017 ⁴⁾
ASSETS		
Non-current assets		
Project properties	1,635	1,074
Development properties	8,306	7,543
Participations in tenant-owners associations, etc.	567	309
Work in progress	2,958	2,291
Current receivables	5,286	5,113
Cash and cash equivalents	1,682	2,572
Total current assets	20,434	18,902
Total assets	20,648	19,111
EQUITY AND LIABILITIES ¹⁾²⁾³⁾		
Equity	6,644	6,043
Non-current interest-bearing liabilities	146	203
Other non-current liabilities	696	273
Non-current provisions	3,004	2,619
Total non-current liabilities	3,846	3,095
Current interest-bearing liabilities	4,968	4,331
Other current liabilities	5,068	5,533
Current provisions	122	109
Total current liabilities	10,158	9,973
Total equity and liabilities	20,648	19,111
Pledged assets	476	744
Contingent liabilities	8,693	9,993

¹⁾ Of which project financing JM International
²⁾ Of which project financing JM Residential Stockholm and JM Residential Sweden
³⁾ Of which liabilities for property acquisition

⁴⁾ Comparative figures have been restated due to reclassification of part of the project financing in JM Residential Stockholm and JM Residential Sweden.

For the restatement table, refer to the document "Reclassification of part of the project financing in JM Residential Stockholm and JM Residential Sweden" at jm.se/investors

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	JANUARY–DECEMBER	2018	2017
Opening balance at beginning of period		6,043	4,951
Total comprehensive income for the period		1,363	2,256
Dividend		–765	–675
Conversion of convertible loan		3	10
Equity component of convertible debentures		–	1
Buy-back of shares		–	–500
Closing balance at end of period		6,644	6,043

CONDENSED CONSOLIDATED CAH FLOW STATEMENT

SEK M	JANUARY–DECEMBER	OCTOBER–DECEMBER	
		2018	2017
Cash flow from operating activities before change in working capital and taxes	317	1,699	–242
Paid tax	–697	–361	–115
Investment in development properties, etc. ¹⁾	–3,728	–2,494	–1,001
Payment on account for development properties, etc. ²⁾	1,685	859	601
Investment in project properties	–524	–490	–200
Sale of project properties	2	6	–
Change in current liabilities/receivables	–670	778	385
Cash flow from operating activities⁴⁾	–3,615	–3	–572
Cash flow from investing activities	–8	300³⁾	–8
Loans raised	623	214	39
Amortization of debt	–270	–298	–177
Loans raised, project financing ⁴⁾	4,398	2,962	1,092
Amortization of debt, project financing ⁴⁾	–1,256	–1,438	–500
Buy-back of shares	–	–500	–
Dividend	–765	–675	–
Cash flow from financing activities	2,730	757	417
Cash flow for the period	–893	1,054	–163
Cash and cash equivalents at end of the period	1,682	2,572	1,682
1) Of which investment in shares in tenant-owners associations and freehold apartments	–1,537	–575	–837
2) Of which sale of participations in tenant-owners associations and freehold apartments	1,141	495	438
3) Of which SEK 310m refers to the sale of the participations in Små AB.			192
4) In some cases, JM initially recognizes project financing for Swedish housing projects, and this financing is later taken over by the customer. This take-over occurs without any incoming or outgoing payments, and when the liability is settled it does not impact the cash flow statement. It is neither a negative item (amortization) in the financing activities nor a positive item in the operating activities.			

ACCOUNTING PRINCIPLES

This year-end report and interim report for Q4 2018 were prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS). Since the Parent Company is an enterprise within the EU, only EU-approved IFRS are applied. The Parent Company's accounts were prepared in accordance with RFR 2.

Accounting principles and estimation methods for the Group are unchanged compared to those described on pages 82–85 of the 2017 Annual Report, except that as of January 1, 2018, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are applied. However, the transition to IFRS 15 and IFRS 9 has not had any impact on the profit/loss and financial position of the Group or the Parent Company. Additional information

regarding the implementation of and the principles for IFRS 15 and IFRS 9 are available on pages 82–85 in the 2017 Annual Report. In addition, as of Q4 2018, the accounting of part of the project financing in JM Residential Stockholm and JM Residential Sweden has been reclassified. It was previously recognized as Recognized revenue in work in progress under the balance sheet item "Progress billings in excess of recognized revenue", but as of Q4 2018 it is recognized as an interest-bearing liability. Comparative figures have been restated and are presented in the document "Reclassification of part of the project financing in JM Residential Stockholm and JM Residential Sweden" at jm.se/investors. The reclassification has not resulted in any changes to the segment reporting, project management or risk profile in JM's Swedish housing operations.

JM APPLIES NEW STANDARDS AS OF 2018

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 refers to the recognition of revenue from contracts and the sale of some non-financial assets.

JM's accounting of the project development of residential units in Sweden continues to occur over time with the application of the percentage of completion method. The contracts with the tenant-owners association are entered into simultaneously, are priced as a single unit and are assessed to constitute a performance obligation. Since JM is contractually obligated to deliver a specific building and during the course of the project is entitled to payment, the assessment is made that revenue must be reported over time, i.e. according to the percentage of completion method.

With regard to corresponding business in Norway and Finland, the assessment is made that there is no entitlement to payment, which means that, in the same manner as today, revenue must be reported at a single point in time, i.e. completion.

The revenue in JM Construction is also reported using the percentage of completion method since the construction is carried out on land that the customer controls.

As a whole, IFRS 15 does not change JM's revenue recognition principles.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 refers to the reporting of financial instruments. It contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. It is JM's assessment that IFRS 9 could affect the measurement of some receivables, but the effect is not deemed to be material.

For more information on JM's application of IFRS 15 and IFRS 9, refer to pages 82–85 of the 2017 Annual Report.

NEW STANDARDS ENTERING INTO EFFECT AFTER 2018

IFRS 16 LEASES

This standard will replace IAS 17 Leases, and all related interpretations. It requires lessees to report assets and liabilities that are attributable to all lease contracts, with the exception of contracts that are shorter than 12 months and/or refer to small amounts. Reporting for lessors in all material respects will be the same. The standard must be applied as of January 1, 2019. For JM, the new standard at the start of 2019 is judged on a preliminary basis to result in one asset and liability item in the balance sheet of around SEK 600m. This item consists primarily of the rental of properties in which JM conducts its operations, the rental of the vehicles used in its operations and the rental of land. The effect on JM's income statement in 2019 is judged on a preliminary basis to result in an improvement in operating profit of SEK 18m and a reduction in net financial items by a corresponding amount.

SEGMENT REPORTING

JM's segment reporting differs from IFRS in two respects. In its segment reporting, revenue for JM International is recognized using the percentage of completion method according to IAS 11.

In addition, JM International's project financing, as well as part of the financing of JM Residential Stockholm and JM Residential

Sweden, is recorded as a deduction item to "Revenue less progress billings" or "Progress billings in excess of recognized revenue" and raised/repaid project financing is reported in the cash flow from operating activities. These principles serve in JM's internal governance and follow-up as a basis for the Group's income statements and balance sheets as a whole.

JM makes the assessment that segment reporting most accurately reflects the economic implications of JM's business at the same time as it correlates well with the Group's internal governance, which is based on the Group's cash flows, risk profile and capital allocation.

JM's contracting operations conducted in Norway are reported in the JM Construction business segment as of 2018. Comparative figures for the JM International and JM Construction business segments were restated.

ACCOUNTING FOR HOUSING DEVELOPMENT IN SWEDEN

As previously communicated, Nasdaq Stockholm AB (the Stock Exchange) sent questions in April 2018 to a number of housing developers regarding the implementation of IFRS 15 Revenue from Contracts with Customers and the basis for the assessment of whether tenant-owners associations are independent. JM answered the questions in May.

On October 10, the Stockholm Exchange sent the listed housing developers a joint letter stating that it was the assessment of the Stock Exchange that tenant-owners associations could not be viewed as independent. It is thus the individual buyer of the tenant-owned apartment, and not the association, that is the customer; and as a result the Stock Exchange took the position that the revenue must be reported at a specific point in time, not over time (gradually). JM did not, and does not, share the assessment made by the Stock Exchange, but rather considers the associations to be independent.

On December 10, JM received the Stock Exchange's final decision in the form of a letter and an appended memorandum. With regard to the matter of whether or not tenant-owners associations are independent, and thus whether they must be consolidated, the memorandum states that the Stock Exchange, when taking into consideration all relevant facts and circumstances, finds that it is possible for different companies to reach different conclusions. The memorandum also states that there are differences between the companies' operational, business and contractual structures, which may be considered to have an impact on this matter.

In its letter, the Stock Exchange states that JM does not consolidate its tenant-owners associations, that there is not enough transparency surrounding the grounds on which JM has made this assessment and that there thus is no clear account of the facts and circumstances that led to JM's conclusion. The Stock Exchange thus criticizes JM, and in the 2018 Annual Report JM will provide more detailed and clearer disclosures regarding the grounds for JM's assessment and conclusion.

The Stock Exchange must also inform Finansinspektionen (FI) about such matters, and on January 9, 2019, FI informed JM that it will investigate the matter.

PARENT COMPANY

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK M	JANUARY–DECEMBER	
	2018	2017
Net sales	10,397	11,602
Production and operating costs	–8,025	–8,878
Gross profit	2,372	2,724
Selling and administrative expenses	–717	–699
Gains/losses on the sale of property	–	14
Operating profit	1,655	2,039
Financial income and expenses	46	310
Profit before appropriations and tax	1,701	2,349
Appropriations	–175	–167
Profit/loss before tax	1,526	2,182
Taxes	–323	–288
Profit for the period	1,203	1,894

CONDENSED PARENT COMPANY BALANCE SHEET

SEK M	12/31/2018		12/31/2017 ¹⁾	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Non-current assets	1,483	1,221	13,145	12,319
Total assets	14,628	13,540		
Equity	3,490	3,050	2,390	2,360
Untaxed reserves	1,583	1,334	722	340
Warranty provisions	6,443	6,456		
Non-current liabilities			8,785	10,162
Total equity and liabilities	14,628	13,540		
Pledged assets	169	169		
Contingent liabilities				

¹⁾ Comparative figures have been restated because of reclassification of part of the project financing in JM Residential Stockholm and JM Residential Sweden.

RECONCILIATION BETWEEN SEGMENT REPORTING AND IFRS

CONSOLIDATED INCOME STATEMENT

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Revenue for the period (segment reporting)	16,161	17,008	4,150	4,551
Restatement JM International	–481	267	56	11
Revenue for the period (IFRS)	15,680	17,275	4,206	4,562
Operating profit/loss for the period (segment reporting)	1,886	2,369	443	638
Restatement JM International	–10	87	36	11
Operating profit/loss for the period (IFRS)	1,876	2,456	479	649
Profit/loss for the period (segment reporting)	1,438	2,194	359	606
Restatement JM International	–15	65	27	5
Profit/loss for the period (IFRS)	1,423	2,259	386	611

CONSOLIDATED BALANCE SHEET

SEK M	12/31/2018	12/31/2017
Balance sheet total (segment reporting)	16,487	15,405
Restatement JM International	–182	–315
Reclassification project financing JM International, interest-bearing	1,884	1,396
Reclassification project financing JM International, non-interest-bearing ¹⁾	456	461
Reclassification project financing JM Residential Stockholm and Sweden, interest-bearing	2,390	2,603
Transfer between Progress billing in excess of recognized revenue to Revenue less progress billings	–387	–439
Balance sheet total (IFRS)	20,648	19,111

¹⁾ Billing on account for customers.

CONSOLIDATED EQUITY

SEK M	12/31/2018	12/31/2017
Equity (segment reporting)	6,798	6,178
Restatement JM International	–154	–135
Equity (IFRS)	6,644	6,043

CONSOLIDATED KEY FINANCIAL FIGURES

%	12/31/2018	12/31/2017
Equity/assets ratio (segment reporting)	41	40
Equity/assets ratio (IFRS)	32	32

CONSOLIDATED CASH FLOW

SEK M	JANUARY–DECEMBER		OCTOBER–DECEMBER	
	2018	2017	2018	2017
Cash flow from operating activities (segment reporting)	–473	2,013	–17	145
Reclassification project financing JM International	–466	390	230	127
Reclassification project financing JM Residential Stockholm and Sweden, interest-bearing	–2,676	–2,406	–785	–673
Cash flow from operating activities (IFRS)	–3,615	–3	–572	–401

CONSOLIDATED INTEREST-BEARING NET LIABILITIES/RECEIVABLES

SEK M	12/31/2018	12/31/2017
Interest-bearing net liabilities (+)/receivables (–) at end of period (segment reporting)	546	–790
Reclassification project financing JM International	1,884	1,396
Reclassification project financing JM Residential Stockholm and Sweden, interest-bearing	2,390	2,603
Interest-bearing net liabilities (+)/receivables (–) at end of period (IFRS)	4,820	3,209

Stockholm, February 1, 2019
JM AB (publ)

Johan Skoglund
President and CEO

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

JM IN BRIEF

BUSINESS CONCEPT

With people in focus and through constant development, we create homes and sustainable living environments.

VISION

We are laying the foundations for a better life.

BUSINESS

JM is one of the leading developers of housing and residential areas in the Nordic region.

Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway and Finland. We are also involved in project development of commercial premises and contract work, primarily in the Greater Stockholm area.

JM should promote long-term sustainability work in all its operations. Annual sales total approximately SEK 16 billion and the company has around 2,600 employees. JM AB is a public limited company listed on NASDAQ Stockholm, Large Cap segment.

FINANCIAL TARGETS AND DIVIDENDS POLICY

The operating margin should amount to 10 percent, including gains/losses from property sales. The visible equity ratio should amount to 35 percent over a business cycle.

Over time, the dividend should reflect the earnings trend in total operating activities and over a business cycle on average correspond to 50 percent of consolidated profit after tax. Capital gains from property sales are a natural part of JM's project development operations and therefore are included in the calculation of dividends.

JM's financial targets are defined based on segment reporting.



DISCLOSURES

This information is information that JM AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 14.00 CET on February 1, 2019.

FOR MORE INFORMATION PLEASE CONTACT:

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FINANCIAL CALENDAR

March 28, 2019	Annual General Meeting
April 26, 2019	Interim Report January - March
May 21, 2019	Capital Market Day
July 12, 2019	Interim Report January - June
October 24, 2019	Interim Report January - September

PRESS RELEASES, Q4 2018

October 25	Interim Report January – September 2018
November 9	Changes to JM AB's Nomination Committee for the 2019 Annual General Meeting
November 26	Change in JM's Executive Management
December 21	JM enters settlement agreement regarding outstanding receivable

JM's Annual Reports, Interim Reports and other financial information are available at jm.se/investors

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