

# ANNUAL REPORT 2011



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**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, Denmark, Finland and Belgium. We are also involved in project development of commercial premises and contract work, primarily in the Greater Stockholm area.

JM seeks to promote long-term quality and environmental considerations in all its operations. Annual sales total approximately SEK 12 billion, and the company has around 2,400 employees.

JM AB is a public limited company listed on NASDAQ OMX Stockholm, Mid Cap segment.

Cover photo: JM's offering is summarized by the "Smarta Kvadrat" concept, which entails climate-smart thinking, financial security and scope for different personalities.

This Annual Report is a translation of the original text in Swedish, which is the official version.





Most of the residential units we build are tenant-owned apartments in apartment blocks, but we also build single-family homes. We also have a certain amount of commercial project development in close vicinity to housing in order to create vibrant neighborhoods.

In Sweden, we primarily operate under the JM brand, but also under the Seniorgården and Borätt names. Our largest markets are Stockholm, Uppsala, Malmö/Lund and Gothenburg.

Our contracting operations, JM Entreprenad, work for both internal and external clients in the Greater Stockholm area.

We operate under the JM Norge brand in the Oslo region, Tønsberg, Skien, Stavanger and Bergen. In Denmark we focus on the Copenhagen area, in Finland on the Helsinki area and in Belgium on the Brussels region.



4–9

### CUSTOMER NEEDS

We aim to understand how driving forces such as urbanization and demographics influence customers, and which requirements and needs are important to both current and future customers.



10–18

### OUR OFFER

We offer environmentally sound housing in attractive locations, and we are well positioned to benefit from the know-how we have accumulated on our customers and their needs.



19–29

### PROFITABILITY

JM creates value through its residential development projects. We create profitability and value for our shareholders through sound risk control and effective capital utilization.



30–46

### LONG-TERM APPROACH

A clear strategic focus in combination with a well-balanced building rights portfolio and a clear emphasis on sustainability form the basis for JM's ability to generate value in the future as well.

# VALUE GENERATION THROUGH PROJECT DEVELOPMENT

JM creates houses where people feel at home. Our business concept is to create attractive living and working environments that satisfy individual needs, both today and in the future. Our goal in terms of shareholders is to give them a higher total return – that is, the sum of dividend and increased value – than shareholders in companies with a similar risk profile and business activities.

JM resides close to the customer. As a result of our ambition to understand how driving forces such as urbanization and demographics influence customers and how they live – and which requirements and needs are important to both current

and future customers – we are able to offer our customers environmentally sound residential units in attractive locations in selected markets. We create profitability and value for our shareholders through sound risk control and effective capital utilization. Uniform modes of production and more effective logistics also contribute to value generation. Adopting a long-term approach has been a guiding principle for JM from the very start in 1945. A clear strategic focus and a well-balanced building rights portfolio, together with a clear sustainability perspective, form the basis for future value generation.

## POSITIVE EARNINGS TREND

- According to segment reporting revenues increased to SEK 12,217m (9,274), operating profit to SEK 1,544m (969) and operating margin to 12.6 percent (10.4)
- Restated according to IFRIC 15, revenues increased to SEK 12,001m (9,136) and operating profit to SEK 1,513m (907)
- Profit before tax improved to SEK 1,463m (840). Profit after tax improved to SEK 1,042m (594)
- Return on equity for the past twelve months rose to 24.5 percent (15.7). Earnings per share during the year amounted to SEK 12.50 (7.10)
- Consolidated cash flow including net investment in properties was SEK 733m (42)
- Number of sold residential units was 3,112 (3,276) and housing starts increased to 3,629 (3,404)
- Surplus values development properties SEK 2.4bn (2.6)
- The Board of Directors proposes a dividend of SEK 6.50 (4.50) for 2011, as well as a buyback authorization.

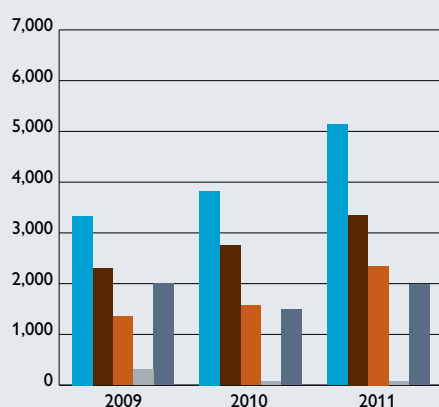
SEKm	2011	2010	2009
Revenue (segment reporting)	12,217	9,274	8,778
Operating profit (segment reporting)	1,544	969	664
Operating margin (segment reporting) (%)	12.6	10.4	7.6
Revenue <sup>1)</sup>	12,001	9,136	9,620
Operating profit <sup>1)</sup>	1,513	907	646
Profit before tax <sup>1)</sup>	1,463	840	529
Operating margin <sup>1)</sup> (%)	12.6	9.9	6.7
Cash flow from operating activities	733	42	1,124
Return on equity <sup>1)</sup> (%)	24.5	15.7	10.6
Equity/assets ratio <sup>1)</sup> (%)	41	40	37
Earnings per share <sup>1)</sup> (SEK)	12.50	7.10	4.40
Number of residential units sold	3,112	3,276	3,291
Number of housing starts	3,629	3,404	2,150

<sup>1)</sup> According to IFRIC 15.

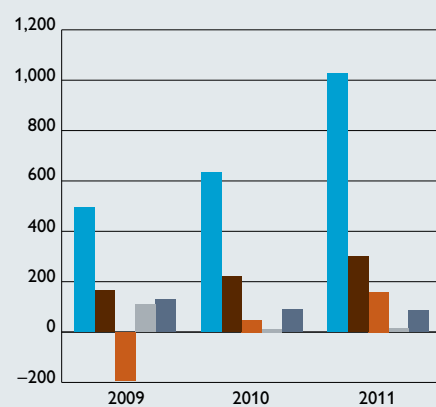
The Group applies IFRIC 15 Agreements for the Construction of Real Estate for its income statement and balance sheet commencing in 2010. IFRIC 15 changed reporting of revenue and profit and loss for JM's operations outside Sweden, JM International. Segment reporting and project management remain unchanged according to IAS 11, percentage of completion method. The description of operations is based on segment reporting.

For definitions, see page 92.

REVENUE BY BUSINESS SEGMENT, SEKm



OPERATING PROFIT BY BUSINESS SEGMENT, SEKm



JM Residential Stockholm JM Residential Sweden JM International JM Property Development JM Production

# POSITIVE EARNINGS TREND

In 2011, demand for newly built homes in Sweden was good, which benefited JM. However, turmoil in the international financial market and the more uncertain economic situation influenced buyers during the second half of the year. JM's customers were also more cautious, but there is still a great deal of interest in our housing.

Demand was also good in Norway, our second largest market, and the economic situation does not seem to have had a significant impact on demand there as yet.

I am pleased with the positive sales and reservation situation we had in Sweden and Norway in 2011 since it allowed us to maintain a continued high level of housing starts, a total of 3,600, which is almost on par with the level during the years before the 2008 financial crisis. The level is balanced considering we have a high percentage of sold/reserved residential units in relation to the number of residential units that are in current production.

## STRONG OUTCOME

The earnings trend in 2011 was positive due to the higher level of sales and housing starts in 2010/2011 and the stronger impact of higher prices for the projects. The positive results are the fruit of keeping a tight rein on costs in the residential projects at the same time that we raised our standard and expanded our content. Good profitability and a strong cash flow also helped us reach our financial targets; operating margin was 12.6 percent (target 10 percent) and the equity/assets ratio was 41 percent (target 35 percent). Our objective is for the overall price development in our supplier framework agreements to stay below the consumer price index, which it has the past few years.

JM has a strong balance sheet, and during the year we distributed SEK 375m to shareholders as the regular dividend for 2010.

## FOCUS DURING THE YEAR

Sales have been in focus during the year. We see the results of the improvements that have been introduced in the Group as we, for the third consecutive year, find ourselves at the top of the industry index that measures the Customer Satisfaction Index for the Swedish residential development industry. We will continue to listen to our customers to understand their needs, since doing so is a decisive factor of success for JM.

## SUSTAINABILITY – ENERGY RATING OF RESIDENTIAL UNITS

Many municipalities have begun placing greater demands on us during land allocation in terms of energy consumption than what the National Board of Housing's requirements stipulate, and it is clear that customer awareness of energy and sustainability issues is increasing. During the year, we began rating our

residential units on the basis of energy consumption. The rating system is similar to the one used for major appliances, and it indicates a residential unit's energy consumption. Rating residential units is one way for us to clarify our investment in low-energy houses and to reinforce our selling points.

We will continue developing our product, as well as our processes and working methods. One of our most important improvement projects is called Structured Production, which is JM's approach to Lean Construction. The aim is to lower long-term production costs and reduce production times, at the same time that we offer customers attractive housing. Last year I talked about the introduction of standardized production procedures in Sweden as being a major challenge and an ongoing process. One important factor of success has been to allow our craftsmen and other production personnel to take part in formulating installation instructions and uniform schedules, for example. All of our production personnel have attended several courses, for example on Lean production. I am proud and pleased that JM received the 2011 Lean award in the construction industry for its Structured Production Development process in Sweden.

## ACQUISITION – A PART OF GROWTH

The aim during the year was to increase our number of building rights, especially in Stockholm and Oslo. Purchasing the land that the Täby Racecourse currently occupies constitutes one of the biggest acquisitions. The land is situated in an attractive housing location in the Stockholm area. Approximately 4,000 residential units and offices are being planned for the area. Järfälla, where we acquired land that is currently used for industrial purposes, is another example. The land will be transformed into a centrally located housing area for just over 1,000 residential units.

The total number of available building rights at year-end was approximately 27,000, which we are satisfied with.

In July, JM Norge acquired Öie AS, a construction and project development company located in Oslo. The acquisition is a good fit with our growth strategy, and overall the deal entails potential development of about 1,000 residential units in Oslo. Operations are concentrated in the northern part of Oslo, and the company's revenues in 2010 amounted to just over SEK 600m.

## JM AS AN EMPLOYER

Competition for manpower is stiff, so from my point of view, it is important that JM is a company at which employees can thrive and develop. This year's employee survey shows that areas at JM such as skills development and leadership have developed very positively since the previous survey two years ago.



Approximately 400 employees were recruited over the year, primarily within production, and our objective is to initiate them in a positive manner. Introducing a large number of employees to new tasks and procedures naturally poses a challenge. Communicating JM's core values, providing a good working environment and offering skills development are every bit as important.

We have offered over 100 young people internship and trainee positions over the year, giving them a good opportunity to experience the construction industry. Doing so also helps JM form valuable ties with the workers of tomorrow.

JM has signed the UN's Global Compact, which is a voluntary initiative supporting ten principles related to human rights, labor law, the environment and combating corruption. In the section called "Sustainable urban planning", we describe our current efforts in terms of satisfying the Global Compact's principles.

## PREPARING FOR A WEAKER ECONOMIC SITUATION

There is some uncertainty regarding how the economy will develop, and JM is prepared to meet a weaker economic situation. This is important in our case since the economy impacts both demand and prices, and thus also has an indirect impact on JM's level of housing starts.

- Developed sales process – reinforced sales efforts
- Enable cost-related adjustments of projects
- Continued initiatives for change within the Structured Production project
- Building rights can also be used for production of rental housing for external parties
- The building rights portfolio is continuously refined to meet improved future demand.

Looking ahead, our core business will consist of tenant-owned apartments in apartment buildings in attractive locations. One example is Kvarnholmen in Nacka where we are planning to build approximately 1,100 residential units in what was previously an industrial area located at the entrance to Stockholm's harbor. However, we are also going to build single-family home neighborhoods, housing for the elderly and various types of residential care facilities.

We should also be proficient at developing housing for the +55 years of age group. This is a very aware group that is interested in moving closer to public transport and service.

JM's international operations are relatively limited, with the exception of Norway. The aim in Denmark, Finland and Belgium is to increase volume, while maintaining requirements for good profitability.

## CONTINUED POSITIVE CONDITIONS

Our balance sheet continues to be strong, which means we can continue making acquisitions that enable us to build attractive housing in prime locations. Based on JM's good earnings and strong balance sheet, the Board of Directors proposes that dividends be paid to shareholders and that the Annual General Meeting resolve to authorize the Board to formulate a resolution on a buyback program.

Finally, I would like to say that the prerequisites for continued demand in our main markets in Sweden and Norway are positive as regards population growth, urbanization trends and interest in modern, low-energy houses.

Stockholm, March 2012

Johan Skoglund  
President and CEO



# CUSTOMER NEEDS

JM resides close to the customer. We aim to understand how driving forces such as urbanization and demographics influence customers, and which requirements and needs are important to both current and future customers.



# OUR CUSTOMERS' SURROUNDINGS INFLUENCE THEIR NEEDS

**JM is to be the customer's first choice when buying a new home on our markets. JM focuses on the customer's needs. Doing so gives JM one of its most important competitive advantages.**

In order to assume a leading position, we must be quick to recognize and understand how people live and work. From a slightly longer term perspective, the most important societal changes include urbanization, the aging population and a firmer focus on the environment and sustainability.

## TRENDS THAT INFLUENCE DEMAND:

- Demographic changes, an aging population and a large generation of young people entering the housing market
- Urbanization is a strong trend. People are seeking freedom of choice and diversity
- Urban areas and commuting distances are growing, which makes new housing markets attractive
- New technology generates new opportunities and makes old solutions obsolete
- Financial development: continued growth of real disposable income, and the population is more inclined to put a larger portion of income into housing
- Shift in values – more prominent individualism, but also accountability for the common environment.

## GOOD INSIGHT RESULTS IN THE BEST CONDITIONS

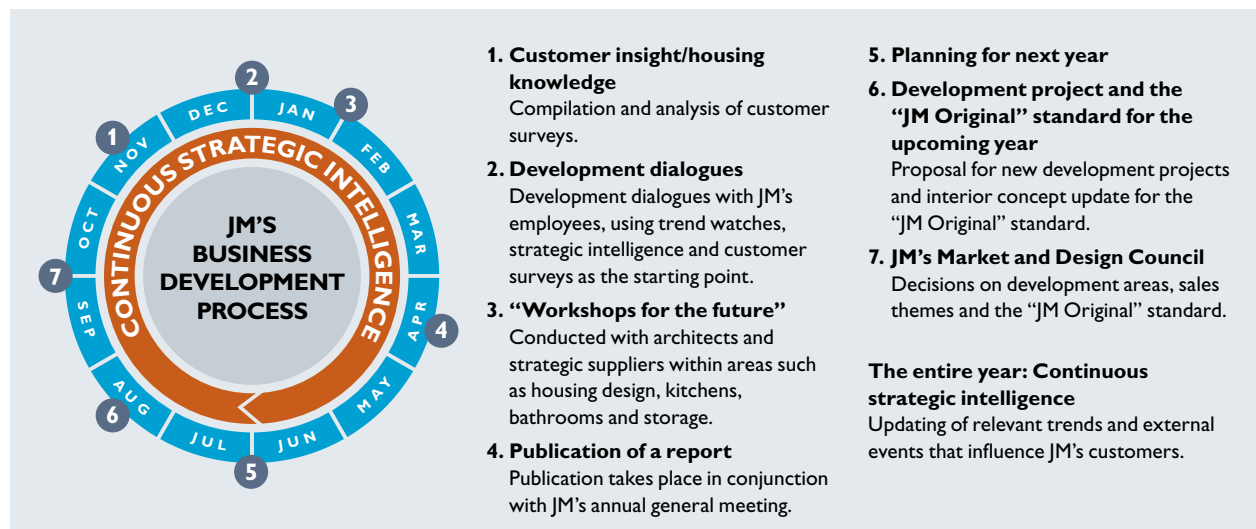
JM uses a model for the ongoing development projects taking place over the entire year that includes strategic intelligence, dialogue with employees and strategic suppliers, as well as customer and market surveys. See the illustration below and the description on page 6.



## TRENDS

There is a clear need for simplicity in homes, and JM concentrates a great deal on producing housing that uses space efficiently. This is noticeable in the hall, kitchen and bathroom where JM has introduced several well-planned storage solutions.

Modern consumers are increasingly interested in products that have a history as well as ties to what they perceive as being genuine – products that allude to a sense of security in the past. When it comes to housing and the local community, JM plays an important role as a long-term and established





player. JM has been in business since 1945 when John Mattson, a master builder, formed the company and began the tradition of building quality homes with commitment and a sense of style. Sustainable urbanization is above all dependent on competent management of environmental issues, and energy consumption has been in focus the past few years. Thus for a number of years, JM has been producing solutions that reduce energy consumption and utilization of other resources.

#### CUSTOMER INSIGHT

Experience shows that a person's life situation is the primary factor governing the choice and design of his or her home.

As a means of ascertaining housing needs, we continuously conduct various customer surveys using focus groups, at-home interviews and web panels, for example.

JM also aims to be more open and sensitive to the needs of customers when they purchase their home. Customers are given the opportunity to take part in the project at the earliest stage possible. There are several areas in which they can participate and exert influence. Examples of such areas include desired service in the neighborhood and alternative ways of using shared premises.

#### EMPLOYEE KNOW-HOW

As a means of utilizing employees' experience and ideas for development, annual development dialogues with JM's employees are conducted.

Several working groups with representatives from all areas of JM, including both wage-earners and salaried employees, attend workshops to produce proposals for change and improvement within various development areas.

#### SUPPLIER KNOW-HOW

A "workshop for the future" is held once a year where suppliers discuss their experiences and ideas for development so that JM can take advantage of their know-how and thoughts. The workshop is conducted with architects and strategic suppliers within areas such as kitchens, bathrooms and storage.

#### DEVELOPMENT AREAS

Trends and the knowledge shared by suppliers, employees and customers are processed and summarized into different proposals for prioritized development areas. A decision is then made regarding which development proposals to implement.



A development area might be a clean product improvement project or a sales theme for market communication.

Some of the development projects that can be mentioned are:

**Kitchen:** We are placing higher demands on our kitchens and spending an increasing amount of time in them. We do homework, spend time together and cook there. All of this imposes demands on modern solutions in terms of utilizing space efficiently and finding technical solutions.

**Families in urban environments:** Many families today are deciding to continue living in an apartment in an urban environment instead of moving to a single-family home outside the city. A large part of this decision is rooted in a desire to free up time – time for one's children and spouse, as well as personal time. JM analyzes how we can offer housing that satisfies the demands of modern families.



#### Important challenges for JM

- Increasingly knowledgeable and proactive customers
- Heightened focus on energy-efficient housing
- More flexible and adaptable residential units needed to satisfy the need for a workplace and having children at home every other week
- Modified home loan requirements
  - The mortgage ceiling has an effect on home loan ratios
  - High ratio home loans in households.

# THE MARKET

## HOUSING

JM is one of the Nordic region's leading developers of housing. Operations primarily focus on new production of homes, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway, Denmark, Finland and Belgium.

The previously good demand for newly built homes in Sweden became more cautious during the second half of 2011. Demand continued to be good in Norway, while in Denmark it became weaker in 2011 after some improvement in 2010.

In all, JM started construction on 3,629 residential units in 2011, compared with 3,404 units the previous year. Sweden had 2,841 housing starts; 93 percent were units in apartment blocks and 7 percent were single-family homes. Norway had a total of 640 housing starts; 79 percent were apartments and 21 percent were single-family homes. Belgium had 71 housing starts, all of which were apartments. Construction began on 18 single-family homes in Denmark and we started 59 units in Finland. The total number of residential housing starts include 77 rental units in Stockholm for an external client.

### MARKET FOR NEW PRODUCTION IN 2011

Demand for housing in the Nordic countries fell in 2011, with the exception of Norway where demand continued to grow. Global turmoil was the primary factor contributing to the weak housing market. Population growth is still relatively high and interest rates are low.

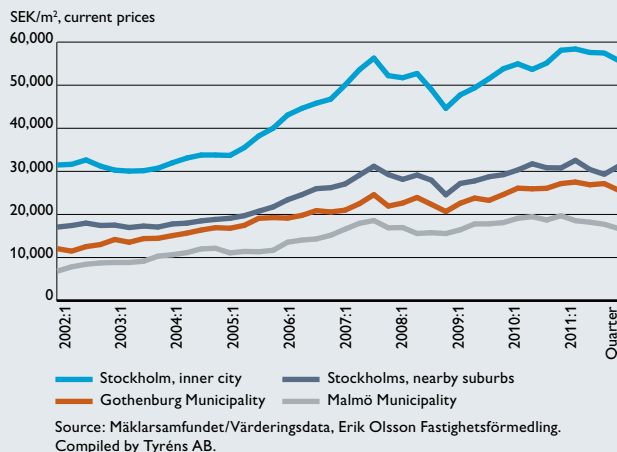
### SWEDEN

The strong Swedish economic growth in 2010 continued into 2011. Very low interest rates and an expansive financial policy were the driving forces underlying the upturn. The debt crisis in the eurozone impacted the Swedish economy in the form of lower demand for export goods, but the effects were not perceptible until the end of the year. The GNP grew by around 4.5 percent.

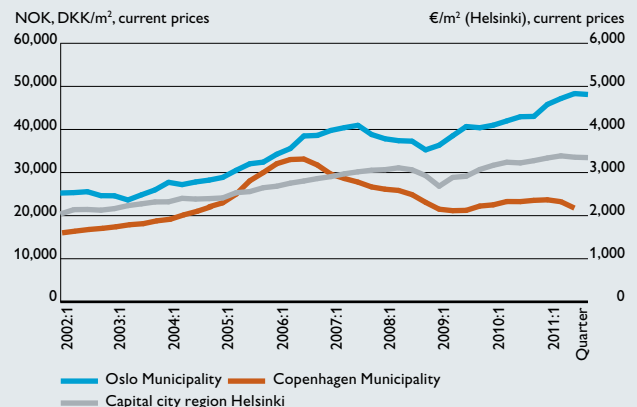


Falling stock market prices affected household finances negatively, and had a negative impact on housing prices in metropolitan areas. However, the drop in prices was weak due to a moderate level of housing construction, strong population growth and low interest rates. The number of completed residential units in Sweden diminished somewhat, as did the number of housing starts.

**TENANT-OWNED APARTMENT PRICES IN SWEDISH METROPOLITAN AREAS OVER THE PAST 10 YEARS**



**APARTMENT PRICES IN OSLO, COPENHAGEN AND HELSINKI OVER THE PAST 10 YEARS**



JM's biggest segments in Sweden are the Stockholm, Uppsala, Malmö/Lund and Gothenburg metropolitan areas. JM is the market leader in new production of tenant-owned apartments in Greater Stockholm. Some of the major projects include Liljeholmskajen in Stockholm, Kvarnholmen in Nacka and Dalén on Lidingö.

#### NORWAY

GNP growth, excluding the oil and gas sector, was approximately 2.5 percent. The weaker global economic situation and debt crisis in Europe also impacted the Norwegian economy in 2011. However, the situation in Norway is positive due to its strong domestic economy; this is reflected in housing prices which continued to rise over the year. Oslo is the only Nordic capital in which housing prices rose in 2011. The number of completed residential units in Norway stayed at a relatively low level, while housing starts perceptibly increased.

JM is one of Norway's larger residential builders with operations in the Oslo region, Vestfold, Grenland, Bergen and Stavanger. Some of the larger projects include Grefsen Stasjon in Oslo, Stongafjellet outside Bergen, Lervik in Stavanger and Marius Brygge in Vestfold.

#### DENMARK

Denmark's domestic economy was weak in 2011, and GNP growth was around 1 percent. Housing prices rose in 2010, but dropped again in 2011 in Copenhagen and in other parts of the country. There was still a low level of construction activity, both in terms of housing starts and the number of completed residential units.

JM's operations are concentrated to the Copenhagen area. At the end of the year, JM started production on single-family home projects in Humlebaek, located north of Copenhagen.

#### FINLAND

GNP growth in Finland was approximately 3 percent in 2011, which is slightly lower compared to 2010. Housing prices were basically at a standstill, as was the case the previous year.

#### ASSESSED MARKET POSITION IN 2011, PRIVATE RESIDENTIAL HOUSING MARKET, IN CITIES WHERE JM HAS OPERATIONS

Country	JM's market position	Major competitors
Sweden	Number one	NCC, Peab, Skanska and HSB
Norway	Among the top 10	Mesterhus, Nordbohus, Blink-Hus, Block-Watne and Selvaag Bolig
Denmark*	Among the top 10	NCC, Sjaelsø and Arkitekt Gruppen
Belgium**	Among the top 10	Thomas & Piron, Immobil, Bouygues, Besix RED, Bouwfonds and Matexi-Wilma
Finland***	Among the top 15	YIT, Skanska, Lemminkäinen Talo and NCC

\* Copenhagen region

\*\* Brussels, Namur and Brabant Wallon

\*\*\* Capital city region Helsinki

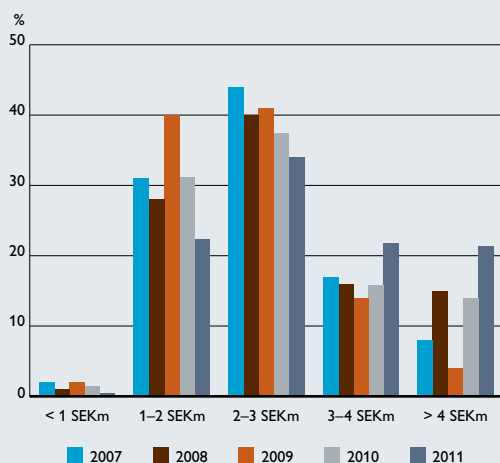
JM became established in the region in 2006 and is active in the Helsinki area. In 2011, construction began on two single-family home projects.

#### BELGIUM

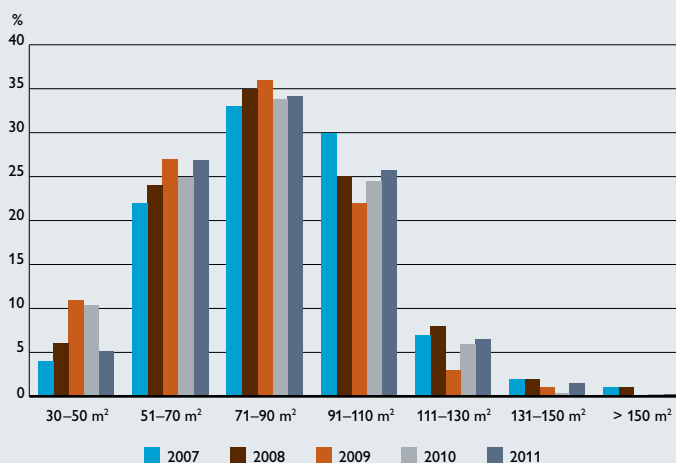
The Belgian economy grew slightly faster in 2011 compared to 2010. GNP growth reached approximately 2.5 percent in 2011. The strong upward trend for housing prices in 2010 waned and housing prices dropped in 2011.

JM develops housing in the Brussels region. Customers are mainly private individuals, but also include Belgian companies and companies from the EU countries. Home buyers mainly intend to live in the homes themselves, though some purchases are intended for rentals. In 2011, production was started on projects in Brussels and Namur, which is located outside Brussels.

**BREAKDOWN OF SALES STARTS, JM'S TENANT-OWNED APARTMENTS BY PRICE BAND 2007–2011, SWEDEN**



**BREAKDOWN OF SALES STARTS, JM'S TENANT-OWNED APARTMENTS BY SIZE BAND 2007–2011, SWEDEN**







### RESIDENTIAL CONSTRUCTION – NUMBER OF HOUSING STARTS

Country	2011	2010	2009
Sweden	23,300	26,400	16,700
Norway	27,700	21,300	19,600
Denmark*	10,800	7,900	8,900
Finland*	32,200	33,700	23,100

\* Refers to the period Q4 2010 through Q3 2011.

Source: The bureau of statistics of each country, compiled by WSP Analys & Strategi.

### JM'S SOLD RESIDENTIAL UNITS

Country	2011	2010	2009
Sweden	2,457	2,615	2,686
Norway	577	512	502
Denmark	28	84	63
Finland	14	30	12
Belgium	36	35	28
<b>Total</b>	<b>3,112</b>	<b>3,276</b>	<b>3,291</b>

### JM'S HOUSING STARTS

Country	2011	2010	2009
Sweden	2,841	2,834	1,791
Norway	640	429	359
Denmark	18	62	0
Finland	59	31	0
Belgium	71	48	0
<b>Total</b>	<b>3,629</b>	<b>3,404</b>	<b>2,150</b>

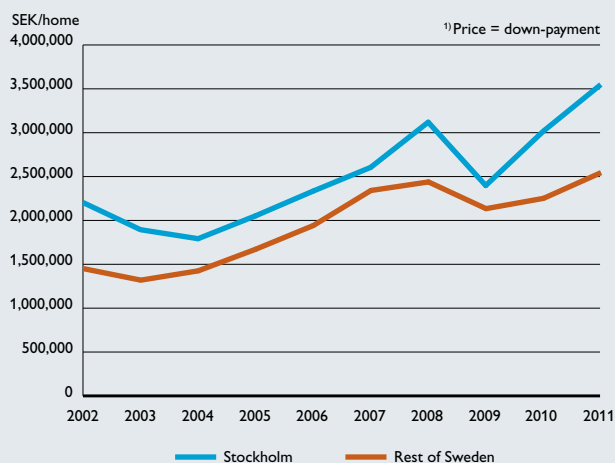
### JM'S RESIDENTIAL UNITS IN CURRENT PRODUCTION

	Dec 12, 2011	Dec 31, 2010
Number of residential units in current production <sup>1)</sup>	6,401	5,431
Percentage sold residential units in current production, % <sup>2)</sup>	60	64
Percentage reserved residential units in current production, %	8	18
Percentage sold and reserved residential units in current production, %	68	82

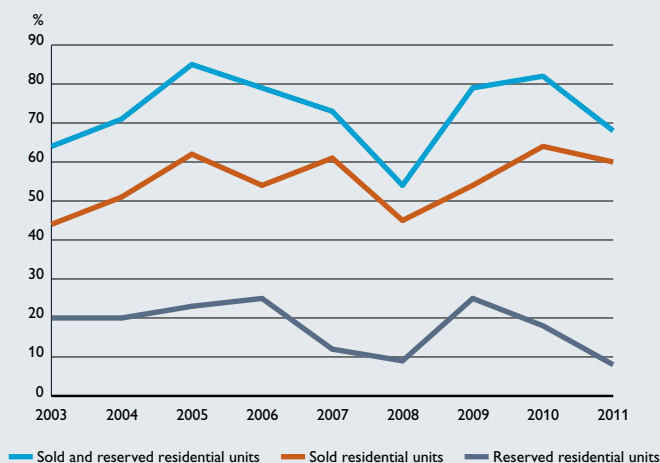
<sup>1)</sup> Beginning with production startup through final occupancy according to plan

<sup>2)</sup> Percentage sold residential units expressed as binding contract with end customer

### AVERAGE PRICE<sup>1)</sup> AT SALES START, JM'S RESIDENTIAL UNITS 2002–2011, SWEDEN



### PERCENTAGE OF JM'S SOLD AND RESERVED RESIDENTIAL UNITS IN CURRENT PRODUCTION, GROUP



# OUR OFFER

By offering our customers environmentally sound residential units in attractive locations in selected markets, JM is well-positioned to benefit from the know-how we have accumulated on our customers and their needs.





# JM FIRST CHOICE WHEN BUYING A NEW HOME

Buying a JM home should be as simple, secure and convenient as living in one. JM aspires to be the customer's first choice when buying a new home—where focus on the customer and sensitivity to our customers' needs are crucial factors of success.

## MOST SATISFIED CUSTOMERS IN THE INDUSTRY

Satisfied customers are an important key to success. The Customer Satisfaction Index (CSI) measures customer satisfaction in the residential development industry in Sweden. For the third consecutive year, JM has the most satisfied customers in the industry with a CSI of 77, which can be compared with the industry index of 72 of 100 potential points (Source: Prognoscentret). JM's best project in Sweden in 2011 was Trädgårdsmästaren in Malmö.

Achieving a high degree of customer satisfaction is evidence of JM's well-functioning process for managing customer relations. The aim is for customers to have a good dialogue with JM during the entire process. The process typically starts with a general idea of JM and a first expression of interest, contract signing, information meetings and work site visits, and continues until occupancy.

## VIP CUSTOMERS HAVE PRIORITY

VIP customers at JM learn about when, where and how we will build new homes before they are released for general sales. VIP customers receive regular newsletters with the latest residential projects, along with priority to our homes. Being a VIP customer costs SEK 200 per year.

Interest on the part of and the influx of new VIP customers was very positive in 2011, with the addition of 3,500 new VIP customers.



Advertisement in daily papers in Sweden – “Most satisfied customers”.

## PERCENTAGE OF JM's BUYERS WHO ARE VIP CUSTOMERS

2011	2010	2009	2008	2007
34%	32%	27%	34%	26%







#### JM'S RESIDENTIAL UNITS AND USEFUL TIPS AND INSPIRATION IN YOUR SMARTPHONE OR IPAD.

**[mobil.jm.se](http://mobil.jm.se)** The site with current information on our residential projects in Sweden right in your mobile.

JM's residential app for smartphones and iPads, search term: JM



#### GOOD MATERIAL CHOICES AND "JM ORIGINAL"

The interior design is an important part of the planning process from the time we start drawing a new residential project. After customers reserve their new homes they receive the Interior Guide, in which we present our carefully planned JM Original standard and our available upgrades. Customers then meet the project's interior designer and review their choices for their dream home.

JM's interior designers work to create conditions for good material choices and a good basic standard.

About 60 percent of JM's buyers select the interior for their new home within the framework of the JM Original standard.

#### JM MEETS CUSTOMERS DIGITALLY

It is important to be where customers are, which is why digital channels are playing an increasingly important role in our communication with customers and other stakeholders.

JM was among the first in the industry to market housing via the Internet, and has remained at the forefront in terms of offering products and services through new, emerging digital channels. JM is to be accessible where our customers are located. If 2010 was the year we established our presence in social media and cell phones, 2011 was the year we made those channels a natural part of our dialogue with customers and our community. If a potential customer is interested in knowing whether a suitable JM residential unit is for sale, that information should be available regardless of the time and place.

#### EXAMPLES OF HOW THE JM ORIGINAL STANDARD HAS DEVELOPED

##### INDUCTION COOKTOPS

Induction cooktops have proven to be a popular option among our customers, so we decided to introduce them as part of the JM Original standard for all of JM's new projects in Sweden.

Induction cooktops consume approximately 20 percent less energy than glass-ceramic cooktops, and they are safe and easy to operate.

##### USB WALL OUTLET

Chargers and stand-by functions are responsible for approximately 10 percent of a household's total electricity consumption.

We are installing a USB wall outlet in the kitchen of all our new residential units in Sweden. It can be used to charge phones, cameras and game consoles.

The USB wall outlet does not consume any energy unless it is charging, and charging is quicker than when using a computer.



We are developing our digital channels further. Mobile applications and improved support during the purchasing process on the Internet are next in line for development.

### ENTRÉ

JM's customer magazine *entré* is sent to VIP customers four times a year. The magazine contains articles about customers who have just moved into their homes, descriptions of new residential areas and information on various themes and planned residential projects.

### OPEN HOUSE DAYS FOR CURRENT PROJECTS

The Big Open House Day is organized five times a year. On these days, all of JM's residential projects are open to the public on the same day. In 2011, they all had the same theme: interiors and patios in the spring, and kitchens in the fall.

The open house days are popular, with a visitor count of about 2,000 people on each occasion. These events attract many new potential buyers, and the majority are first-time visitors. The majority of visitors say that the visit increased their interest in buying a JM home in the future.





## FIVE REASONS TO SELECT A NEWLY BUILT HOME FROM JM

Choosing a newly built home from JM has several advantages. Our residential units offer modern architecture and well-planned designs and functionality, and we build where people want to live. With a newly built home, you just move in – without an excessive amount of planning. Everything is ready at occupancy and will last for a very long time to come – JM customers can invest both their time and money in activities other than renovation.

### WE BUILD WHERE PEOPLE WANT TO LIVE

Customers should not just enjoy living in their new homes. The neighborhood is also important, which is why we build our homes in locations close to cities, nature or water, with close proximity to good public transport and infrastructure. It is also important to us that streets, lawns, playgrounds, etc. are finished when customers move in.

One very important component for us as community builders is to build safe neighborhoods and residential environments. In 2010 JM initiated cooperation with the Tryggare Sverige foundation (More secure Sweden). Together we have developed a security program aimed at ensuring that we take security issues into account throughout the chain, from acquisition and planning to production and occupancy.

### WE FOCUS ON HOUSING

Operations focus on new production of homes, and we are one of the industry leaders in the Nordic area.

### WE OFFER WELL-PLANNED SOLUTIONS

Our starting point is modern architecture that appeals to people with its bright, well-planned design that creates a great deal of space.

“JM Original” is standard in all homes, and offers a carefully selected interior that leaves room for personal expression. Our interior design guides, customized for each residential area, make it easy for the customer to be part of the process and influence the final result.

### ENERGY CONSUMPTION PRIORITIZED IN OUR ENVIRONMENTAL INITIATIVES

An energy efficient home is less expensive to run and better for the environment, which is why we only construct low-energy houses with extra insulation in the windows, walls and ceiling, for example. To benefit our customers, we also rate all new residential units for energy. We are convinced that building in an energy-efficient manner is the only feasible course to take in the long run – and our customers agree.

It is also clear to us that only non-allergenic, sound, proven and natural materials should be used in our housing.

### WE OFFER EVERYONE A SECURE WAY TO PURCHASE A HOME

Our customers should feel secure when they buy a home from JM. We offer a security package, including protection against double housing costs and access protection, where the customer may postpone occupancy by up to three months if it is not possible to move in on the designated date for some reason.

We always strive to achieve good quality and to provide customers with flawless homes at the right time. Naturally we always want to treat our customers right, but sometimes misunderstandings arise and sometimes we make mistakes. The customer advocate is a JM employee whose job is to examine customer complaints about projects and to mediate, when needed, between the customer and JM.



## THE HOMES WE BUILD TODAY INFLUENCE HOW WE LIVE TOMORROW

Anyone purchasing an apartment or house from JM is to receive a sound living environment. At the same time, we also want to take responsibility for our children's future environment. More information about our environmental initiatives is presented on pages 34–43.

### WELL-INSULATED WINDOWS

Windows are often a major source of heat loss in a building. As a result, all of the windows in our new homes have extra heat insulation with a  $U_w$  value of 0.9 W/sqmK.

### ALLERGIES

Research has shown that there may be a relationship between problems with allergy in children and PVC. JM's residential units have PVC-free walls and flooring.

The landscaping surrounding JM houses use nontoxic plants and trees that are suitable for people with allergies, such as apple trees and roses. JM avoids dusty shelves in the kitchen by installing cabinets that go up to the ceiling.

### ENERGY-EFFICIENT APPLIANCES

Major appliances can account for a fairly large proportion of a household's electricity consumption, which is why JM equips our housing with energy-efficient appliances.

All of our housing that is being planned will be equipped with induction cooktops, which can offer energy savings of up to 20 percent compared to a traditional cooktop.

### GOOD ELECTRICAL INSTALLATION ENVIRONMENT

We minimize exposure to electrical and magnetic fields. We always use a five-wire system, which limits the magnetic fields throughout the building, and we avoid locating distribution boxes close to the bedroom.

### GOOD SOUND ENVIRONMENT

Many people perceive loud sounds and noise as one of the biggest problems in a residential environment.

Our residential units are quieter than what Swedish building regulations require. Our extra thick walls and floor structure provide very good insulation between apartments. Our exterior doors are required to have a good sound transmission class, and we avoid mail slots in doors by placing mailboxes in the entry to the stairwells and newspaper delivery boxes by the apartment doors.

### POSSIBILITY TO IMPACT ENERGY CONSUMPTION

Since all of our residential units are constructed according to JM's concept for low-energy houses, residents can achieve low household operating costs and help lower overall energy consumption. In addition, hot water usage is measured individually in each apartment, which helps residents understand that using hot water sparingly will also result in a lower cost.

### SOUND MATERIALS

Wood, rock, tile. We use natural materials to the greatest extent possible. We have been developing an environmental product database since 1990 where we check relevant products. Doing so enables us to build housing that is healthy and helps us avoid using hazardous substances.



## LILJEHOLMSKAJEN, STOCKHOLM

**Development period:** 2001–2018

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: approx. 3,200

– Started: 2,135

– Housing starts in 2011: 334

**Apartment sizes:** 41–146 m<sup>2</sup>, 1–6 rooms and kitchen

**Remaining number of building rights:** approx. 1,100

**Location:** Central, 5 km from downtown Stockholm



A part of Stockholm's inner city

## KVARNHOLMEN, NACKA

**Development period:** 2010–2022

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: approx. 1,100

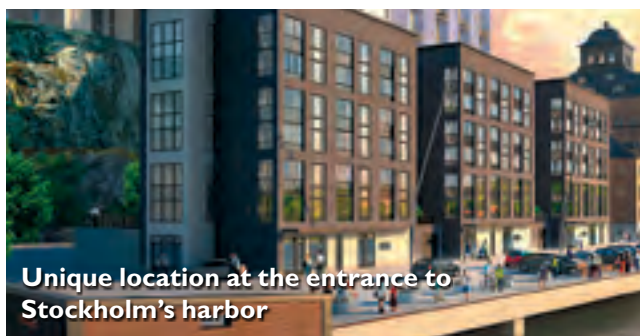
– Started: 54

– Housing starts in 2011: 0

**Apartment sizes:** 53–108 m<sup>2</sup>, 2–4 rooms and kitchen

**Remaining number of building rights:** approx. 1,050

**Location:** Central, 6 km from downtown Stockholm



Unique location at the entrance to Stockholm's harbor

## JÄRVASTADEN, SOLNA AND SUNDBYBERG

**Development period:** 2007–2017

**Housing type:** Single-family homes/Apartment blocks

**Number of residential units:**

– Total: just over 1,000

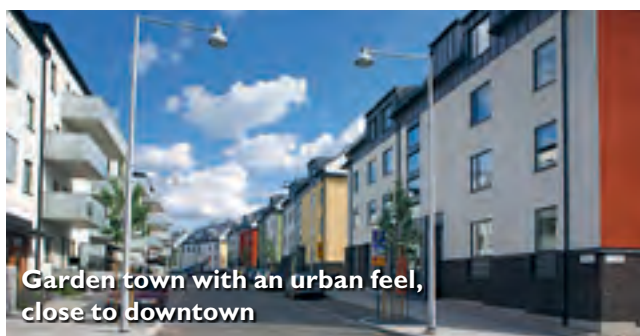
– Started: 548, of which 114 single-family homes

– Housing starts in 2011: 167

**Apartment sizes:** 46–123 m<sup>2</sup>, 2–5 rooms and kitchen

**Remaining number of building rights:** approx. 500

**Location:** Close to nature, 8 km from downtown Stockholm



Garden town with an urban feel, close to downtown

## DALÉNUM, LIDINGÖ

**Development period:** 2010–2018

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: just over 750<sup>1)</sup>

– Started: 60

– Housing starts in 2011: 0

**Apartment sizes:** 52–168 m<sup>2</sup>, 2–6 rooms and kitchen

**Remaining number of building rights:** just over 700<sup>1)</sup>

**Location:** Central, 9 km from downtown Stockholm



Land with a tradition on Lidingö

## KUNGSÄNGEN, UPPSALA

**Development period:** 2002–2017

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: Approx. 900

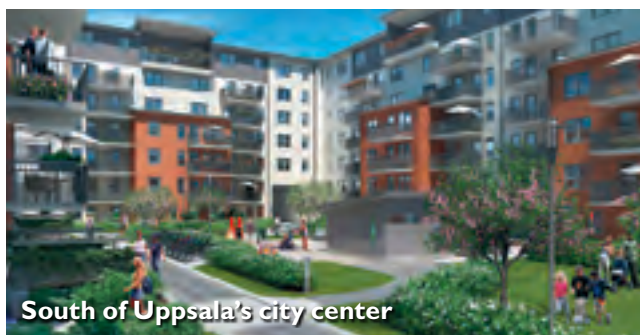
– Started: 524

– Housing starts in 2011: 0

**Apartment sizes:** 43–116 m<sup>2</sup>, 1–5 rooms and kitchen

**Remaining number of building rights:** approx. 350

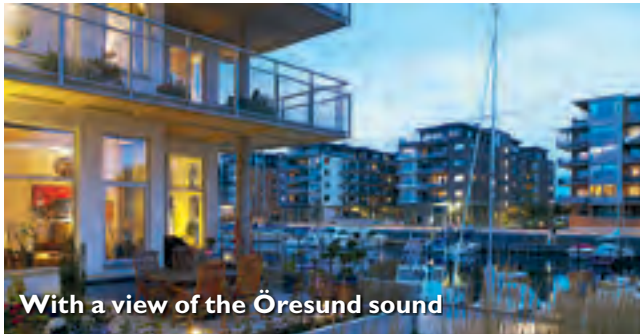
**Location:** Close to the city center



South of Uppsala's city center

<sup>1)</sup> In addition there are 220 building rights for rental units.





### DOCKAN AREA, MALMÖ

**Development period:** 2003–2013

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: approx. 950

– Started: 740

– Housing starts in 2011: 84

**Apartment sizes:** 34–162 m<sup>2</sup>, 1–5 rooms and kitchen

**Remaining number of building rights:** just over 200

**Location:** Close to the city center/by the sea



### LOMMA STRANDSTAD, LOMMA

**Development period:** 2003–2016

**Housing type:** Apartment blocks/Single-family homes

**Number of residential units:**

– Total: just over 1,000

– Started: 484

– Housing starts in 2011: 43

**Apartment sizes:** 42–115 m<sup>2</sup>, 1–4 rooms and kitchen

**Remaining number of building rights:** approx. 550

**Location:** Close to the sea, 8/10 km to Lund/downtown Malmö



### NORRA ÄLVSTRANDEN, GOTHENBURG

**Development period:** 2002–2015

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: just over 1,000

– Started: 758

– Housing starts in 2011: 151

**Apartment sizes:** 40–135 m<sup>2</sup>, 2–5 rooms and kitchen

**Remaining number of building rights:** just over 250

**Location:** Close to water, 5 km to downtown Gothenburg



### ÖSTER MÄLARSTRAND, VÄSTERÅS

**Development period:** 2008–2012

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: Approx. 180<sup>1)</sup>

– Started: 150

– Housing starts in 2011: 61

**Apartment sizes:** 36–111 m<sup>2</sup>, 1–4 rooms and kitchen

**Remaining number of building rights:** approx. 30<sup>1)</sup>

**Location:** Central, 2 km from downtown Västerås



### GREFSEN STASJON, OSLO, NORWAY

**Development period:** 2010–2020

**Housing type:** Apartment blocks

**Number of residential units:**

– Total: approx. 260<sup>2)</sup>

– Started: 24

– Housing starts in 2011: 24

**Apartment sizes:** 38–187 m<sup>2</sup>, 2–4 rooms and kitchen

**Remaining number of building rights:** approx. 240<sup>2)</sup>

**Location:** Central and close to nature, approx. 5 km from downtown Oslo

<sup>1)</sup> Number on the balance sheet. In addition, there are approximately 400 building rights under agreement.

<sup>2)</sup> Number on the balance sheet. In addition, there are approximately 200 building rights under agreement.





**“It feels luxurious to move into a newly built apartment.”**

It is almost time for Sara and Torbjörn Söderman to move into their new apartment in Liljeholmen in Stockholm with their children. This is not the first time – they moved into their first newly built JM apartment in the same area in 2005. The family has grown since then, as has the area in which their apartment is located.

## OUR HOME IN LILJEHOLMEN

– “The area has developed very positively. When we first moved here, there wasn’t a lot of service, and there weren’t any grocery stores or restaurants since our building was one of the first ones to be built up on the hill. Since then, though, an increasing number of practical and convenient services have come to the area, and they are still coming,” says Sara Söderman.

The two oldest children, Viktor and Freja, go to Årstadalsskolan, which is a newly built school right in the middle of Liljeholmen. Filippa goes to one of the new preschools located close to Hildebergsvägen where the family lives.

Before moving to Liljeholmen, the family lived on Södermalm and was quick to reserve one of the recently completed apartments on Hildebergsvägen. The apartment was exactly what they were looking for, and without really knowing how the brand new residential area was going to develop, they decided to buy it. The decision turned out to be such a good one for the family that now, six years later, they have decided to buy a new and larger JM apartment in Liljeholmen.

– “The girls share a room now, which is fine, but our goal has been to buy a



five-room apartment eventually and we would prefer to live on the ground floor with a large and pleasant patio – as is the case now. So when the opportunity presented itself, we reserved the five-room apartment with a patio. We have priority since we were already VIP customers at JM.”

– “It feels luxurious to move into a newly built apartment. It naturally takes longer before you can move in, but it’s possible to influence decisions to a much greater extent, and you can rest assured

that the apartment will meet your expectations.” Moving from an apartment close to the city, with all the convenience and comfort the city has to offer, to a house farther away from the city has never been an alternative.

– “We are extremely happy about living in a newly constructed apartment. It is simple and convenient. We don’t have to compromise on what we want. We get to have a patio, enough bedrooms, a central location and well-planned living space.”

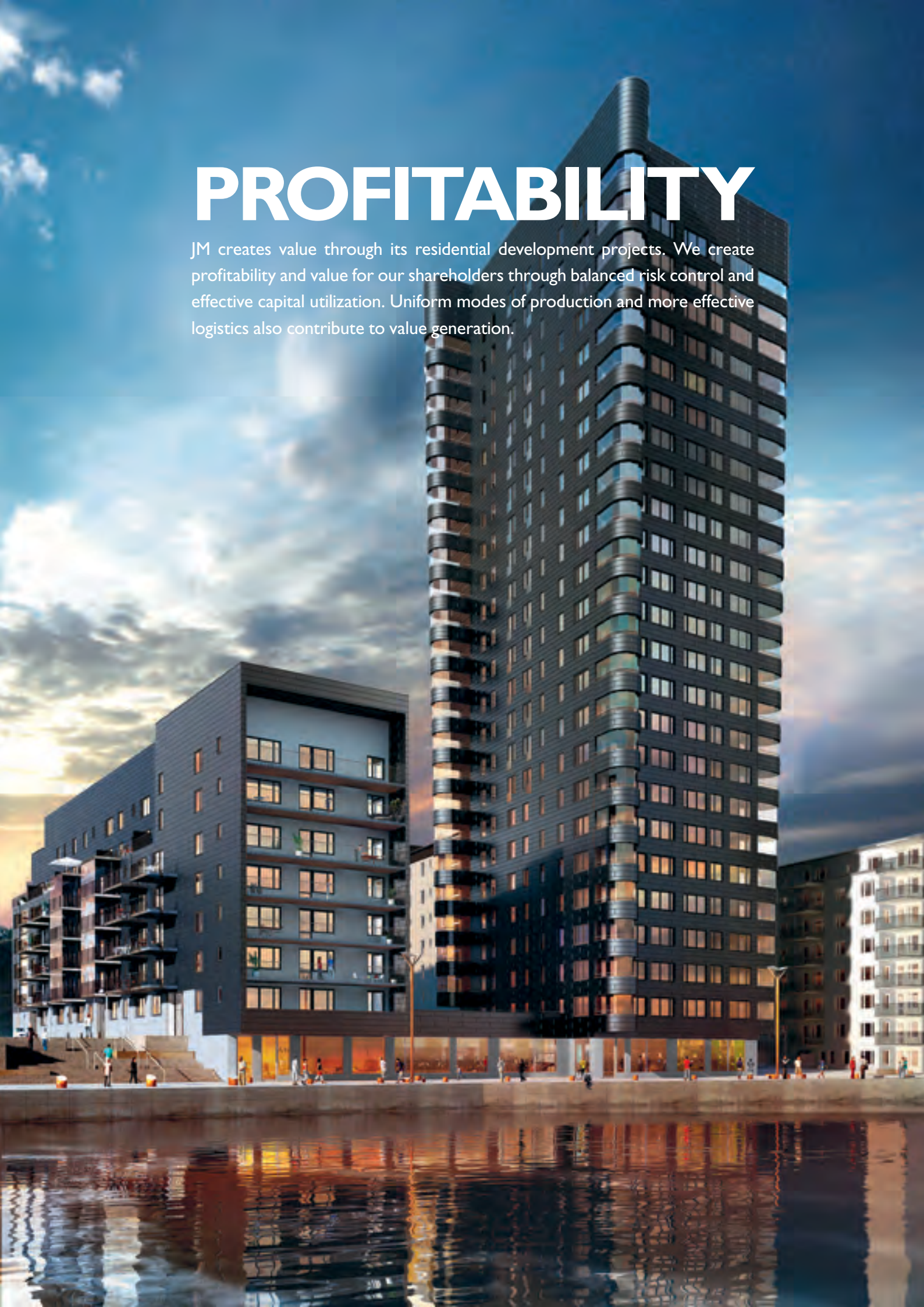
Sara and Torbjörn work in the Stockholm inner city, and commute back and forth. The entire family primarily uses the subway during the week. In the summer, it takes 20 minutes to bike to the city.

– “It is extremely convenient. We don’t need to drive the children everywhere. When they go to school or visit a friend, they walk, just as they would in a single-family house neighborhood. There are lots of families with children in Liljeholmen, and the area is a blended one in terms of housing types. There are rental units, tenant-owned apartments, newly built houses and older houses, which together make for a great mixture. It is very pleasant.”



# PROFITABILITY

JM creates value through its residential development projects. We create profitability and value for our shareholders through balanced risk control and effective capital utilization. Uniform modes of production and more effective logistics also contribute to value generation.



# BUSINESS CONCEPT AND STRATEGY

## JM'S BUSINESS CONCEPT:

To create attractive living and working environments that satisfy individual needs both today and in the future.

## VISION:

JM creates houses where people feel at home.

## STRATEGY

In order to achieve its overall shareholder value objective within the framework of its business concept, JM has the following strategies:

- Leading project developer of housing in the Nordic area – in terms of both market position and quality of the product
- Operations in growth areas with good long-term demographic and economic conditions
- Clear focus on high quality and eco-compliant homes and workplaces, with high customer value and attractive locations
- Growth that preserves good profitability and leading market position
- Growth should primarily be organic, but corporate acquisitions can also strengthen JM's position on existing markets.

## LEADING DEVELOPER OF HIGH-QUALITY HOUSING IN THE NORDIC AREA

JM is one of the Nordic region's leading developers of housing. Operations primarily focus on new production of homes, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway, Denmark, Finland and Belgium. Areas with a growing population and a good purchasing power trend form the common denominator, increasing the potential for success in JM's business.

Project development at JM covers every link in the value chain, from acquisition of land to the sale of the new home. In many cases, JM projects mean the creation of new neighborhoods.

Homes will mainly be sold to tenant-owners associations for personal ownership, but may also include rental housing. Project development of commercial properties will be limited and primarily support housing development in large projects, where offices may be a natural planning prerequisite.

A clear focus on cash flows and effective utilization of the balance sheet form the basis for JM's strategy for value generation and growth. This is achieved by maintaining a high rate of startups, implementation and sales of projects. Risk control and focus on cash flows mean that housing starts only take place in response to guaranteed demand in the form of reservations and signed contracts. Quality assured pre-construction and production are achieved through JM's limited and efficient production capacity.

## CAPITAL MANAGEMENT

The strategy comprises both asset and capital structure aspects, and has been adapted to JM's project development. Focus is on cash flows and effective utilization of the balance sheet, and entails, for example:

- Building rights portfolio – development properties on the balance sheet should correspond to four years of production
- Project properties – should primarily consist of residential properties that can be developed through conversion or densification. The size of the portfolio varies over the business cycle
- Visible equity/assets ratio of 35 percent, measured over a business cycle. The goal is set on the basis of an analysis of the operating risk in the various types of operations and the asset classes on the balance sheet.

## REQUIRED RATE OF RETURN FOR PROJECTS

Value generation requires each investment to generate returns that cover its cost of capital. Knowledge of the profitability of individual investments is thus required in order to generate value by selecting the right projects.

A 6.5 to 7.5 percent rate of return is required, which means that the Group's average investments must generate a cash flow after operating costs and tax, but before interest expense, of 6.5 to 7.5 percent of the basic investment.

## AVERAGE COST – SHAREHOLDERS' EQUITY\*

Risk-free return of 4.0–5.0 percent (10-year government bond) plus risk premium of 5.5–6.0 percent (assessed risk premium for the JM share) give a 9.5–11.0 percent required rate of return on shareholders' equity.

## AVERAGE COST OF CAPITAL – BORROWED CAPITAL\*

Risk-free return of 3.0–4.0 percent for government bonds with a maturity of two years (corresponding with the average duration of a project). The risk premium amounts to an average of 1.5 percent, and taking tax deductions for interest expense into consideration, the average capital cost for borrowed capital is 3.2 to 4.0 percent.

## DEBT/EQUITY RATIO IN PROJECTS

The debt/equity ratio in individual projects is assessed to be 1.0.

## WACC (WEIGHTED AVERAGE COST OF CAPITAL)

The weighted average cost of capital (WACC) for new projects thus amounts to 6.5–7.5 percent. The weighted average cost of capital is used to calculate present value for forecasted cash flows for a project.

## RETURN ON EQUITY

The return on shareholders' equity for the 10-year period of 2002–2011 was 22.5 percent, and 27.8 percent for the 5-year period of 2007–2011.

\* Risk-free return and risk premium assessed from a longer perspective.



# FINANCIAL TARGETS

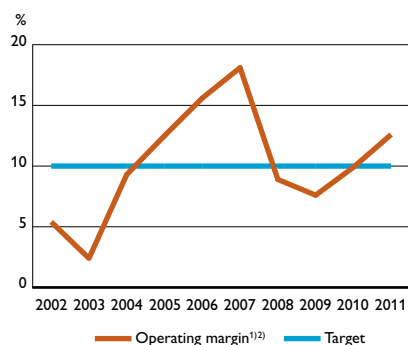
**JM has an overarching goal to generate value for its shareholders. The aim is for investors in JM shares to receive a higher total return than they would receive from investing in other companies with a similar risk profile and business activities. Total return refers to the sum of dividend and increased value.**

For the period 2007–2011, JM shares gave a total return of 23 percent.

As a means of ensuring long-term value generation for shareholders, JM has formulated the following financial targets.

## OPERATING MARGIN

Operating margin should amount to 10 percent, including gains from property sales of 1–2 percent. During the 10-year period of 2002–2011, operating margin was an average of 10.9 percent. During the 5-year period of 2007–2011, operating margin was an average of 11.2 percent.

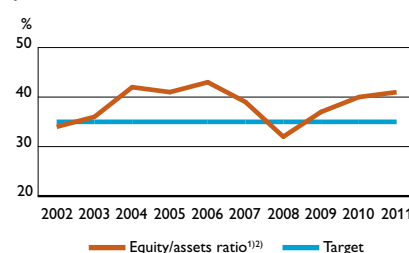


<sup>1)</sup> Financial year 2008 and earlier are not restated according to IFRIC 15.  
<sup>2)</sup> Financial year 2003 and earlier are not restated according to IFRS.

## EQUITY/ASSETS RATIO

The visible equity ratio should amount to 35 percent over a business cycle. During the 10-year period of 2002–2011, the equity ratio was an average of 38 percent.

It was also 38 percent during the 5-year period of 2007–2011.

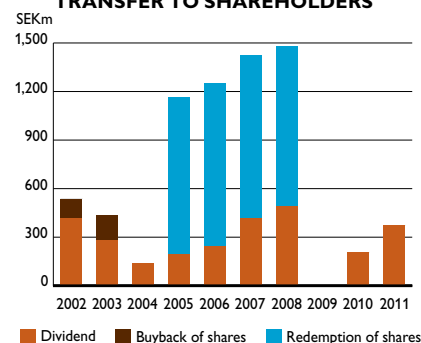


<sup>1)</sup> Financial year 2008 and earlier are not restated according to IFRIC 15.  
<sup>2)</sup> Financial year 2003 and earlier are not restated according to IFRS.

## DIVIDEND

The average dividend over a business cycle should correspond to 50 percent of consolidated profit after tax. During the 10-year period of 2001–2010, the average dividend pay-out ratio was 47 percent. During the 5-year period of 2006–2010, it was 35 percent. Due to increased caution resulting from the financial crisis, dividends were not paid in 2008.

## TRANSFER TO SHAREHOLDERS



## OVERALL OBJECTIVE FOR SHAREHOLDER VALUE

To give shareholders a higher total return than other companies with a similar risk profile and business activities. For the period 2007–2011, JM shares gave a total return of 23 percent (average).



# JM'S CORE BUSINESS – VALUE GENERATION

## MORE THAN 65 YEARS OF VALUE GENERATION THROUGH PROJECT DEVELOPMENT

From the very start in 1945, JM has worked to develop residential projects, which means we have extensive experience in terms of identifying customer needs. We have developed effective construction processes and accumulated sound experience in carrying out large and complex projects.

Project development at JM means that vacant or built land is acquired and refined into attractive housing or commercial premises. Project development covers every link in the value chain from acquisition of land to the sale of the new home. In many cases, JM projects mean the creation of new neighborhoods. Since our operations are primarily focused on new production of homes, we have over the years been able to develop our processes while working to improve the quality of our homes.

Understanding of customer needs and demand – as well as how these are put into practice through effective processes – forms the basis for JM's value creation.

Good risk control, focus on cash flows and effective utilization of the balance sheet are prerequisites for achieving maximized value generation.

## VALUE CHAIN

The value chain includes land and property acquisition, the planning process and pre-construction, production, sales and management. The ability to manage the entire value chain is an important competitive advantage for JM and decisive in terms of successful value generation.

Each step in project development adheres to the requirements outlined in JM's decision gates, which aim to ensure good profitability as well as an effective and controlled process (see illustration on page 26).

Value grows step by step, as land use is defined. Full land value is attained when the local plan becomes legally binding and building permits are obtained – a process that can take from one to five years – and the project has been sold to buyers.

Project development and value generation take place in the different phases described below.

## CONCEPT PHASE – MARKET ANALYSES OFFER INSIGHT INTO CUSTOMER NEED

Good understanding of market development, customer need and demand forms the basis for generating value through project development. Thus JM regularly performs market surveys among its customer groups in order to ascertain need and preferences for issues ranging from type of housing to location and design. The customer needs and market development analysis generates ideas for how the offer can be attractively designed.

## LAND WITH THE RIGHT DEVELOPMENT POTENTIAL – AT THE RIGHT PRICE

Projects generally start with acquisition of land. The market surveys that are regularly conducted to analyze customer preferences form an important basis for decision-making when acquiring land.

Being able to acquire land with potential for development – at the right price – is a decisive factor in terms of implementing plans to produce attractive housing and achieve profitable project development. The land acquisition and concept phases are thus crucial in project development.

## PLANNING PROCESS – DEFINING LAND USE

The next step involves defining land use, which means building rights take shape with respect to their content. This step is performed in a dialogue with the municipality, which together with JM's project manager determines how the land can be used. Property owners can influence the planning process, but it also depends on the municipal planning process and any appeals.

It is during this stage – when ideas for the land are to be implemented and transformed into concrete plans for attractive neighborhoods – that the greatest part of value generation takes place.

## PRE-CONSTRUCTION PHASE – WITH ARCHITECTS

Next follows a pre-construction phase under the supervision of JM's pre-construction manager. An architect produces drawings, and when the architect's proposal has been approved, we involve consultants specializing in construction, land, electricity, ventilation, heating, sanitation, etc. A purchasing supervisor takes care of procurement processes as well as material and work orders, while the site manager plans the daily work.

## SALES PROCESS – VIA SEVERAL DIFFERENT CHANNELS

When the sales process begins, VIP customers receive advance information and have priority to JM's homes. Our sales channels include our websites, home shops, customer magazine, Big Open House Days, social media, etc.

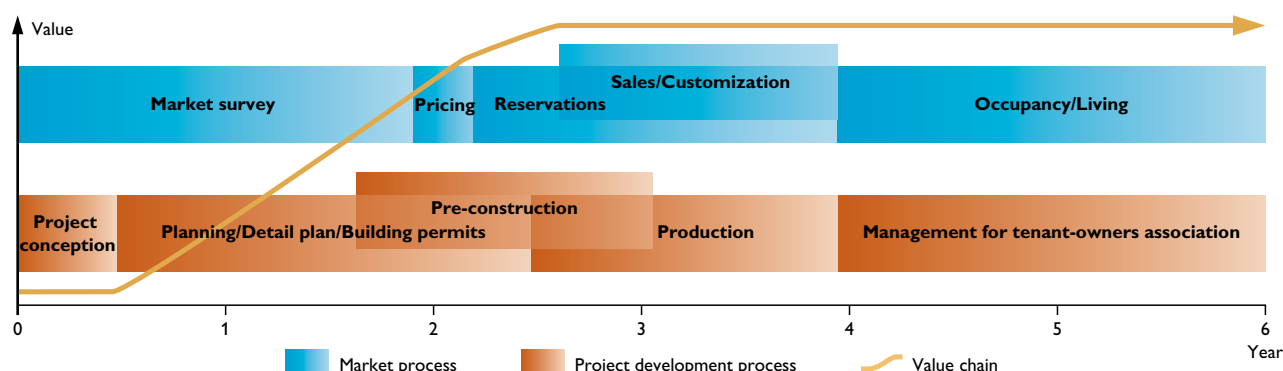
## PRODUCTION – SECURE AND EFFECTIVE PROCESSES

Construction does not begin until the number of reserved residential units reaches the predetermined target percentage. Site managers, foremen and others make sure work progresses safely and effectively. Many of JM's teams have worked together for a long time, and their well-established and structured processes are an important aspect of value generation.

## OCCUPANCY

Production and completion continue until occupancy. JM remains involved for approximately two years after occupancy.

## PROCESSES<sup>1)</sup> AND VALUE CHAIN<sup>2)</sup> IN PROJECT DEVELOPMENT



<sup>1)</sup> Timing is indicative and can vary considerably in different projects.

<sup>2)</sup> Value development is at its greatest during the planning process, when JM works in collaboration with involved municipality to define land use.

### GENERATING VALUE FOR BUILT LAND AND COMMERCIAL PREMISES

Most of JM's operations involve residential units, but JM also develops commercial premises. Economic developments have a greater impact on project development of commercial premises than on residential development projects. Attractive locations as well as modern, flexible and effective offices are factors of success when developing commercial projects.

Project development of commercial premises mainly takes place in the Stockholm region, primarily to support residential development projects. An area under development may need both residential and commercial buildings in order to create an attractive neighborhood. Value can also be generated by older residential areas being densified and commercial centers being modernized.

Developing rental units is also included in JM's commercial operations. When project development is completed, JM usually sells the building or uses the fully developed property to trade for new building rights or project properties. JM's ambition is to retain some of the developed rental housing on a long-term basis or sell such units to an external partner for long-term management.

### APPROPRIATE CAPITAL STRUCTURE

JM's business is capital-intensive and requires effective utilization of the balance sheet. In order to maximize value generation, the starting point of an optimized capital structure must be based on the fact that different fields of activity have different requirements for capital when addressing their specific risks. Using a capitalization model, JM performs an analysis each year to determine how much venture capital is needed for the different fields of activity. The capitalization model quantifies access to and need for venture capital in each of JM's fields of activity, and is based on assessed market values. The analysis also takes liquidity aspects in the various asset classes into consideration. As one means of continually analyzing JM's overall requirement for capital, the management and the Board utilize the capital allocation model to assess required capital and allocated venture capital for the different fields of activity. The analysis of required capital subsequently forms the basis, together with other qualitative aspects not considered in the capitalization model, for the Board's decision regarding a suitable capital structure at any specific time, and is a prerequisite for value transfer to shareholders.

### JM'S BUSINESS MODEL FOR TENANT-OWNED APARTMENTS FROM A LEGAL PERSPECTIVE

JM's residential project development in Sweden is essentially conducted by JM entering a construction contract with a newly formed tenant-owners association as the customer. The home buyers sign a transfer agreement with the tenant-owners associations. JM's business model is, on a detailed level, adapted to allow good management and follow-up, and the level of business requirements is high. JM's account of residential development with tenant-owners associations as the customer reflects this relationship in a relevant and transparent manner. The essential

criteria in this business model and its account include:

- Construction contracts and agreements on property sales being signed by the tenant-owners association's Board in conjunction with contract work commencing
- The tenant-owners association having obtained its own financing through a construction loan, with the tenant-owners association's property as collateral
- An independent real estate agent selling the apartments based on a direct agreement with the tenant-owners association.

These criteria are central from both a legal perspective and from a financial and accounting perspective, including follow-up over the project's lifecycle. Systematic follow-up includes current performance, risk and market changes and modified revenue and cost assessments in the project. The entire project process – from the construction contract being signed with the tenant-owners association until transfer agreements are signed with the home buyers and the project is completed – is consistently processed in financial reporting.



# STRUCTURED PROJECT DEVELOPMENT

**JM's production is to be performed profitably and help generate value for the owners. Effective and uniform process and components form the basis for JM's ability to offer attractive housing at a low total cost.**

At the beginning of the 2000s, management decided to gather the strength of various improvement projects and conduct them under the "Structured Project Development" concept. The improvement projects' vision entailed freedom of choice in the project development process only existing for aspects that generate value, which means a quick and cost-efficient process and an ambition to create faultless products. This initiated efforts to improve cost control, which resulted in a successful project to standardize both the product and processes. The project has been conducted as a number of sub-projects that were initiated in 2003 and that still continue today. Some of the most important improvement projects are presented below.

## PRODUCT

### STRUCTURED PRE-CONSTRUCTION

The Structured Pre-Construction Project was conducted in 2003, which resulted in uniform pre-construction procedures being introduced at JM. The procedures govern, in detail, the design of a number of components in JM's housing.

The pre-construction procedures were produced with the stipulation that the technical solutions were to be tested at JM, contribute to a good working environment, be problem-free for both JM and our customers and be cost efficient on an overall basis.

### STRATEGIC PURCHASING

Using the defined and standardized components produced within the framework of the Structured Pre-Construction Project as the starting point, the Strategic Purchasing Project was launched in 2004. JM's strategy has not been to build its own component factories, but rather to clearly define components and sign long-term framework agreements with players whose main task is to run factory operations. JM currently signs framework agreements on behalf of the entire Group to ensure the best quality and price, for example. Framework agreements are to be used by the entire organization.

## PROCESSES

### STRUCTURED SALES

Experience from other industries clearly demonstrated that operational process orientation is a natural development. In 2008, JM decided that sales activities should be subjected to process orientation first. The primary aim involved achieving a uniform sales process, especially when interacting with the customer. Process orientation was expected to result in a slimmer sales administration with more closings. A uniform sales process in JM's operations system was the final result, with all sales activities being organized in a defined chronological order. Governing procedure descriptions are linked to the activities and describe, for example, what preparation should take place before the sales process starts.

### STRUCTURED PRODUCTION

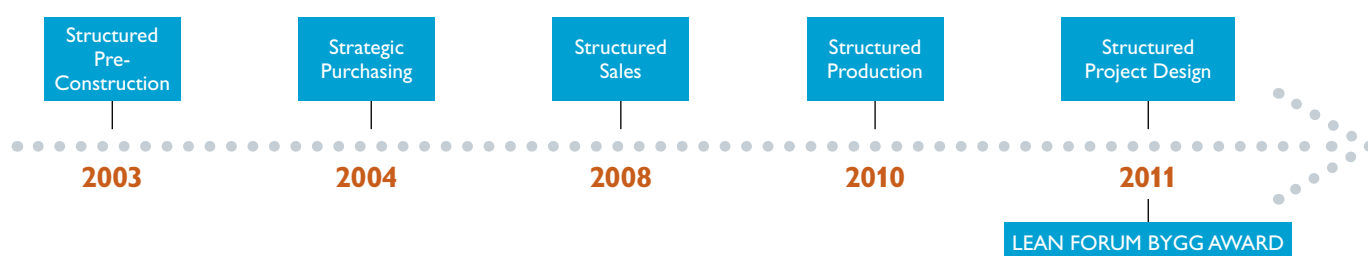
The Structured Production Project was launched in 2010. The project, which is based on "Lean thinking", consists of three parts:

- **Process orientation of the operations system:** A uniform process map that describes which activities are to be performed as well as when and in which order, and a detailed description of how individual activities should be implemented.
- **Procedure descriptions and installation instructions:** Specific operations are described in special installation instructions. Examples of such installation include external wall panels and slab casting. The instructions were produced by a team consisting of foremen and craftsmen.
- **System for uniform scheduling:** A standard for production scheduling was produced. Schedules are made on three levels: an overall production schedule; five-week schedules; and weekly schedules. There is a system for meeting procedures at the work sites connected to the schedules.

The operations system includes information about the process map, procedure descriptions, installation instructions and procedures for scheduling and meeting structure.

In October 2011, JM received the Lean award from Lean Forum Bygg for its Structured Project Development concept.

Structured project development is underway, as are other efforts that are expected to result in a uniform process for pre-construction management.



# PROPERTY DEVELOPMENT SUPPORTS THE HOUSING BUSINESS

JM's project development of senior housing, rental units and commercial premises is mainly concentrated to the Greater Stockholm area. Its purpose is to support the housing business.

## THE SWEDISH REAL ESTATE MARKET

The Swedish real estate market is a Nordic leader with investors interested in opportunities for all types of property, including those in areas outside the Stockholm, Gothenburg and Malmö metropolitan areas.

The total transaction volume in Sweden in 2011 was at the same level as the previous year's volume. (Source: Jones Lang LaSalle.)

Activity among foreign actors amounted to 16 percent of the entire transaction volume in 2011, which is an increase compared to the previous year. (Source: Newsec.)

## RESIDENTIAL PROPERTIES

In 2011, residential properties accounted for approximately one fourth of the total transaction volume in Sweden, which is a decline from the previous year's level (Source: DTZ). During the year, efforts intensified as we searched for land with leasehold rights for rental units, preferably in Stockholm. In January 2011, land was allocated for about 130 apartments in Farsta, and work on the local plan for the project started in the fall. Local planning is also underway for a rental housing project in Stureby for approximately 150 apartments.

Production of special housing for the elderly with 54 apartments in Dalén on Lidingö started. Carema is the tenant, and occupancy is planned for 2012.

In a swap transaction with HEBA Fastighets AB, JM acquired the Gästabudet 2 property in Nälsta, Stockholm with 102 rental apartments and the potential for additional future projects. As part of the transaction, JM sold land with a contract for 77 rental apartments in the Vattenfallet area in Räcksta.

In April 2011, JM started production on healthcare accommodation with 6 apartments in Sjövikshöjden, Liljeholmen. The City of Stockholm is the tenant.

JM's subsidiary Seniorgården constantly analyzes the needs of municipalities for senior housing, and is always on the look-out for land allocated for this purpose. JM is also monitoring developments concerning a new type of housing for the elderly – sheltered housing.

## COMMERCIAL PROPERTIES

The office market in Stockholm is still of interest to investors, which contributed to dividend yield requirements continuing to drop in 2011 to the 5 percent level for offices in the Stockholm CBD (central business district). Office rents in the CBD are currently SEK 4,200/square meter/year. The market segments with the strongest rent development over the year include the CBD, Kista and Solna/Sundbyberg. (Source: Jones Lang LaSalle)

Interest on the part of foreign investors in Swedish retail properties increased sharply in 2011, primarily during the first half of the year. Retail property sales are still at a low level in the best locations in Stockholm, Gothenburg and Malmö. Investors have also shown a great deal of interest in other Swedish cities and big city suburbs. (Source: Newsec.)

The Dalén premises on Lidingö are located in traditional old industrial buildings that were converted into modern offices. Work has now entered the management phase. The largest tenant, AGA AB, has a 10-year lease for about 8,000 square meters. According to the local plan proposal, more than 42,000 square meters of commercial premises and about 1,000 residential units, including 220 rental units, will remain after demolition and conversion to residential units. Several new contracts were signed with commercial tenants over the year.

Project management of Bolinder Strand on the shores of Lake Mälaren, also in traditional industrial buildings in a beautiful location, made progress in 2011. The commercial premises have a low level of vacancy, and focus is currently on expansion of existing tenants and improving net rental income.

JM acquired the Haifa 1 commercial property in Frihamnen, Stockholm from Brostaden. The property has approximately 3,700 square meters of rentable space, and it is a strategic acquisition in a future development area.

## MARKET VALUATION – PROJECT PROPERTIES

	December 31, 2011				December 31, 2010
	Market value, SEKm	Carrying amount, SEKm	Area (000) m <sup>2</sup>	Occupancy rate annual rent, %	Carrying amount, SEKm
Residential units (rental units)	127	130	7,110	100	-
Properties under development	661	672	65,915	91	530
Fully developed commercial properties	66	57	4,475	79	131
<b>Total</b>	<b>854</b>	<b>859</b>	<b>77,500</b>	<b>91</b>	<b>661</b>

# RISKS AND OPPORTUNITIES

**Controlled risk taking is decisive for good profitability. Risks and opportunities are two sides of the same coin. Skillful management of strategic, operative and financial risks create opportunities and competitive advantages. By the same token, risks that are not handled properly can lead to insufficient profitability.**

JM generates value through project development – by optimizing customer value, revenues and costs by identifying and acquiring land on which to develop attractive neighborhoods and commercial premises. During the process, the project developer is faced with a number of risks and opportunities, which if handled appropriately can add to value generation and profitability.

## RISK MANAGEMENT – AN INTEGRATED PART OF DECISION-MAKING

Together with the clear focus on long-term approach and sustainable value generation found in JM's business concept and strategy, risk management helps ensure that risk taking in the business is kept at a balanced level. Risk management is thus an integrated part of decision-making at all levels within JM and is subject to strategic contributions from the management and Board.

Routines for project oversight, monitoring and follow-up are designed to reduce business and implementation risks. This particularly applies to the initiatives produced within the framework of structured project development, which help reduce the operational risks in the business.

All significant business and project decisions are analyzed with regard to both risk and opportunities.

The most significant risks faced by JM in 2011 were primarily related to the debt crisis in Europe, with more cautious demand for housing in Sweden as a consequence. Housing starts have nevertheless maintained a good level over the year.

## ANALYSIS OF RISKS AND OPPORTUNITIES IN THE DIFFERENT PHASES OF PROJECT DEVELOPMENT – EXAMPLES

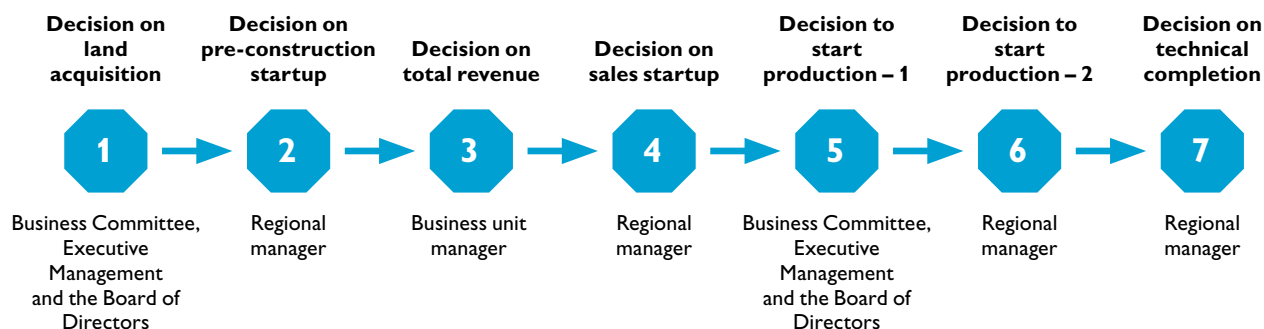
Decision situation	Risks	Opportunities
Land acquisition	Misjudgement of customer demand Modified municipal planning	Attractive building rights
Pre-construction startup	Delays, increased costs	Customized design
Sales startup	Economic situation, interest rate level	Right pricing
Housing starts	Uncertainty related to sales Delays, increased costs Quality deficiencies	Optimized efficiency in planning and production

The situation for 2012 is similar to that in 2011: business will be largely dependent on how well the debt situation is stabilized in Europe and how it impacts the economic situation. This in turn will govern the conditions for sales and housing starts for new projects.

## BALANCE SHEET

The land acquired by JM is entered on the balance sheet as development property. When production begins for each project phase, the carrying amount of the property is transferred to the project and included among the project's other costs. In Swedish operations, land ownership is transferred through a sale to a newly formed tenant-owners association, which is invoiced regularly while the project is underway according to an agreed payment plan. The tenant-owners association finances the land acquisition and the construction work with a building loan from the banking system.

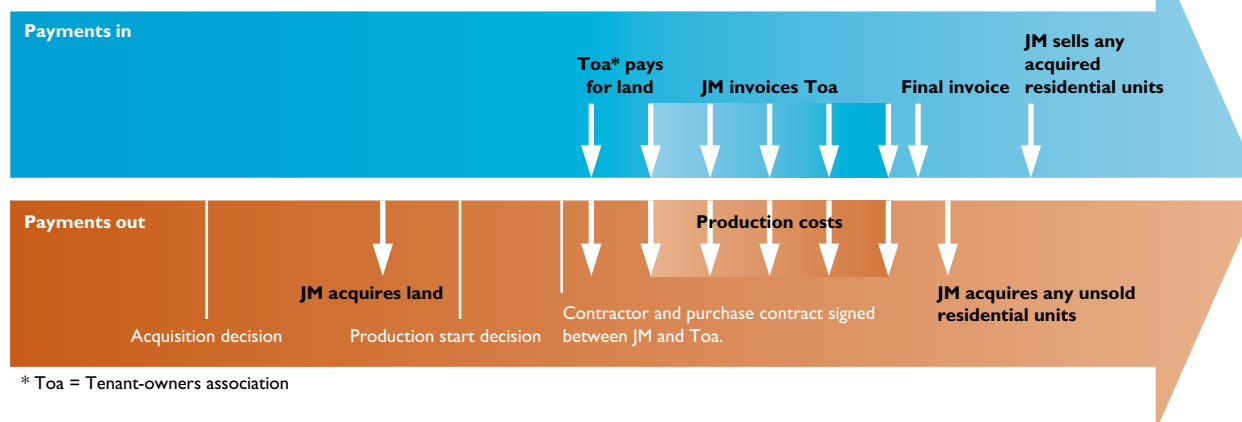
## DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT





## CASH FLOW IN A RESIDENTIAL PROJECT

(Pertains to JM's operations in Sweden.)



## CASH FLOW

Since projects run over a long period of time, efficient cash flow management is essential. JM's control systems and processes are structured to support and stimulate an optimal cash flow approach in all project phases and thus achieve maximized value development in the Group. Decisions concerning acquisitions and housing starts are crucial business decisions that have a major impact on cash flow, and therefore undergo special scrutiny and evaluation.

## FINANCE STRATEGY AND POLICY

JM's finance unit handles the Group's short and long-term financing, liquidity planning, cash management and financial risk management. The division of responsibility, organization and control of the Group's overall financing activities are regulated by a finance policy established by the Board.

The policy specifies the objectives for finance operations, overall responsibility and specific rules and limits. The objectives for the finance operations are to:

- Support operational activities in residential and commercial project development
- Optimize use of capital and cash flow management
- Control and manage the financial risks to which JM is exposed.

JM's basic finance strategy is to clearly link cash flows from projects in progress and project properties to the Company's borrowing and interest rate risk management. This strategy provides the best control of financial risks. In order to maintain flexible administration and cost-effective debt management, existing loan agreements are guaranteed by JM's excellent credit worthiness, which means that no mortgage deeds are provided.



## SENSITIVITY ANALYSES

## SENSITIVITY ANALYSIS, VARIOUS COST CATEGORIES, PROJECT DEVELOPMENT HOUSING

Category	Percentage of cost, % <sup>1)</sup>	Change, %	Effect, SEKm
Salaries/wages	14	+/-10	+/- 91
Material	16	+/-10	+/- 110
Land	12	+/-10	+/- 80
Developer's costs	15	+/-10	+/- 100
Pre-construction	4	+/-10	+/- 27
Overhead	7	+/-10	+/- 45
Subcontracting	32	+/-10	+/- 217

<sup>1)</sup> Share of cost base for project development of housing in Sweden was SEK 6.7bn in 2011.

Land refers to the acquisition cost for land. Developer's costs are costs not directly related to contracting, such as interest on loans, municipal connection charges and registration of title. Pre-construction mainly relates to costs

for technical consultants. Overhead refers to incidental expenses for setting up the building site and rent for fixed assets such as machinery.

One way to reflect the dynamics in the building rights portfolio is to perform a sensitivity analysis where all anticipated cash flows from the portfolio are calculated at present value. The analysis includes a number of simplified assumptions designed to reveal the present value of JM's building rights portfolio, at a number of assumed sales prices if the building rights portfolio is kept at a constant level with respect to numbers and amounts.

Some 27,200 building rights are evenly distributed over an eight-year production period. The initial investment is excluded since the calculation is intended to show the value of the portfolio. Conditional acquisitions are handled as if payment for acquisition takes place simultaneously with invoicing to future homeowners.

JM's standard residential unit is assumed to be 80 square meters, the assumed tax rate is 26.3 percent and the discount rate after tax is 7.0 percent. The calculation does not take potential inflation into account, and it is not a forecast.

The table below shows the assumed revenue and project expense per square meter of apartment space excluding VAT. If a specific revenue or project expense per square meter is assumed to apply to the entire building rights portfolio, a value is created, expressed as present value. The analysis shows a strong leverage effect in value creation depending on the Company's ability to manage both revenues and expenses effectively, and not least the general trend for housing prices during the period. A price or cost change of SEK 1,000 per square meter corresponds to about SEK 1,200m, or just over SEK 14 per share according to the basis for this calculation.

The sensitivity analysis below excludes cash flows from previously recognized land (SEK 5,756m) after adjustment of liabilities for property acquisitions (SEK 470m). The present value of these cash flows amounts to about SEK 2.9 billion.

## SENSITIVITY ANALYSIS, PRESENT VALUE IN SEKm FOR JM'S BUILDING RIGHTS PORTFOLIO FOR HOUSING

Revenue/m <sup>2</sup> , SEK	25,000	26,000	27,000	28,000	29,000
Cost/m <sup>2</sup> , SEK					
20,000	6,000	7,200	8,400	9,600	10,800
21,000	4,800	6,000	7,200	8,400	9,600
22,000	3,600	4,800	6,000	7,200	8,400
23,000	2,400	3,600	4,800	6,000	7,200
24,000	1,200	2,400	3,600	4,800	6,000

## SENSITIVITY ANALYSIS, PRESENT VALUE SEK/SHARE FOR JM'S BUILDING RIGHTS PORTFOLIO FOR HOUSING

Revenue/m <sup>2</sup> , SEK	25,000	26,000	27,000	28,000	29,000
Cost/m <sup>2</sup> , SEK					
20,000	72	86	101	115	130
21,000	58	72	86	101	115
22,000	43	58	72	86	101
23,000	29	43	58	72	86
24,000	14	29	43	58	72

# RISKS AND RISK MANAGEMENT

Significant risks and uncertainties are listed below. JM's main risks can be attributed to macroeconomic risks.

## MACROECONOMIC RISKS

Risk	Description of risk	Management	Comments/outcome 2011
<b>Economic growth</b>	Demand for housing is influenced by economic growth and consumer buying power, as well as development in housing prices.	Requirement for well-balanced level of sold/reserved residential units before housing start. Efficiency measures in order to reduce production costs.	The debt crisis in Europe has resulted in a cautious housing market. A good level of risk has been maintained in current production.
<b>Demographics</b>	Population growth and migration flows influence demand for housing.	JM's strategy is to operate in cities and areas with the best demographic and economic prerequisites.	Fundamental demographic trends are stable in our main markets.
<b>Competitive scenario</b>	The number of competitors impacts offering and pricing, and thus profitability.	The local competitive situation is continuously monitored. JM works to distinguish itself via its corporate culture, flexibility and acquisition expertise, and to distinguish its offer via customer focus, quality profile and marketing.	The competitive situation is fairly unchanged in our main segments. Increased market share for JM.
<b>Political risks</b>	Political decisions such as conditions for different forms of tenure, investments in infrastructure and municipal planning can change the prerequisites.	Flexible local plans and decisions on form of tenure delayed as long as possible.	Unchanged political risks, but some increased risk that increased capital cover requirements imposed on banks will make financing on the housing market more expensive.

## OPERATIONAL RISKS

Risk	Description of risk	Management	Comments/outcome 2011
<b>Risks related to building rights portfolio</b>	The risk of there being too few or too many building rights, or that they are in the wrong areas. Risk of planning being delayed or local plans not being approved.	Ongoing market and customer surveys and close cooperation with potential home buyers to ensure understanding of customer needs. Reduce risks by acquisitions being on condition that the local plan gains final approval.	Certain amount of heightened risk has been identified for allocating resources to manage planning processes in some municipalities in the long term.
<b>Implementation risk</b>	Lack of planning or analysis leads to delays, excessively high costs and insufficient customization.	Efficiency measures in order to reduce production costs. Required level of sold/reserved residential units before housing start. Stricter procedures for monitoring, oversight and control. Structured project development.	Favorable development of efficiency measures in the Group's processes.
<b>Unsold units</b>	Unsold residential units result in lower profitability for the project and undesired tied-up capital on the balance sheet.	Starting the project in phases, at the same rate that residential units are sold/reserved, means the risk of unsold residential units can be controlled. The goal is for all residential units to be sold by final inspection.	At the end of the year, JM had 59 unsold units with a carrying amount of SEK 150m on the balance sheet.
<b>Price development during production</b>	A drop in housing prices during the project means the residential units will be difficult to sell or the project will be unprofitable.	Phased starts mean that JM can better match price to demand.	Relatively unchanged prices for new production have resulted in a stable level of sales and gradually larger project phases.

## FINANCIAL RISKS (see note 23, Financial risk management on page 76)

Risk	Description of risk	Management	Comments/outcome 2011
<b>Interest rate risk</b>	Changes in market interest rates can negatively impact earnings and cash flow.	The Board has adopted guidelines for fixed interest and maturities. Rules for managing interest rate risk in building loans.	The expectation of higher interest rates has gradually decreased in the financial and real estate market.
<b>Financing risk</b>	Risk that loans that fall due could become more difficult and more expensive to refinance.	JM is attractive to lenders due to its good equity/assets ratio. JM's finance policy.	Possibilities to finance housing production have been good, but margins have gradually increased.
<b>Liquidity risk</b>	Risk of being unable to fulfill payment obligations.	Good control over cash and cash equivalents, and surplus is only invested in Swedish kronor and with low credit risk. Payment readiness via overdraft facilities and committed credit lines.	Unchanged strong liquidity situation.
<b>Currency risk</b>	Fluctuations in exchange rates have a negative impact on the cash flow, income statement and balance sheet.	Limited transaction volumes and selective hedging of balance sheet exposure.	Unchanged low currency exposure.



# LONG-TERM APPROACH

Adopting a long-term approach has been a guiding principle for JM from the very start of the Company in 1945. A clear strategic focus in combination with a well-balanced building rights portfolio and a clear emphasis on sustainability form the basis for JM's ability to generate value in the future as well.







Hägernäs Strand, Täby

## CLEAR STRATEGIC FOCUS

### LEADING MARKET POSITION

The Company needs a clear and consistent strategic focus over time in order to achieve sustainable profitability – and thus shareholder returns. JM and our culture have been characterized since the very start in 1945 by a long-term approach and continuity.

### A UNIQUE POSITION IN THE MARKET

JM is a project developer of housing and residential areas. We are active in selected markets, and our target group is made up of customers with high demands on quality. JM's position is based on insight into customer needs and on clearly defined markets.

### ACTIVITIES THAT SUPPORT OUR STRATEGY

Our sustainable competitiveness is reinforced by our various activities that support each other and JM's strategy from a

long-term perspective. JM's sustainability initiatives constitute one example, where the development of more sustainable and energy-efficient processes reinforces our ambition to be a leader in producing the type of environmentally sound, energy-efficient housing that our customers want to have.

### COST EFFICIENCY IS A MATTER OF COURSE

A clear strategic focus does not diminish the necessity of internal efficiency within both the Company and our processes. This is something that we constantly address. The Structured Production project is one example. This improvement project aims to impose standardized procedures to achieve a better work environment, at the same time that we improve the quality of our homes and lower production costs. JM's clear strategic focus has given the Company good profitability and a leading position in the market. Continued focus is an important aspect in terms of ensuring sustainable profitability.

# BUILDING RIGHTS – BASIS FOR SUSTAINABLE PROFITABILITY

**JM continually invests in land that can be developed for future production. We acquire land at the same pace that we put land into production.**

A great deal of insight into customers needs and demand is required in order to make the appropriate investments in building rights. Rising housing prices have resulted in many prospective buyers looking for homes farther away from the big cities. Improved public transport has also made it possible for people to accept longer commutes. This expansion of urban regions has made new housing markets attractive. At the same time, we see a clear trend that central urban locations are becoming increasingly attractive.

## GOOD COMPOSITION

JM's planned residential units are located in both traditionally strong housing markets and in new emerging markets. Areas close to water and parks are popular. Other important qualities include close vicinity to public transport, service and schools. At year-end, JM had 27,200 available building rights (27,500). Capital tied up in building rights (development properties on the balance sheet) for residential units increased to SEK 5,756m (5,314) at year-end.

## APPRAISAL OF RESIDENTIAL BUILDING RIGHTS

At year-end, an external appraisal company performed an appraisal of all of JM's residential development properties in cooperation with JM. The appraisals were made based on an assumed sales price for the properties at actual cash values. The appraisals were based on the location, attractiveness, scope and type of building planned, the stage in the planning process and the time remaining until production starts.

## BUILDING RIGHTS PORTFOLIO

The building rights portfolio comprises two types of building rights:

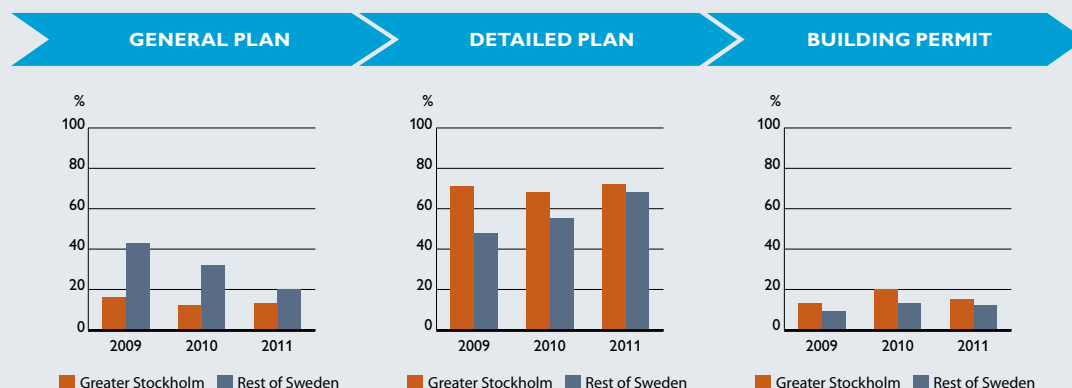
- building rights on the balance sheet, 17,600 (17,600)
- building rights that are available through conditional acquisitions or cooperation agreements, 9,600 (9,900). In most cases JM has the opportunity to decide both whether and when to buy the land.

The targeted amount for building rights on the balance sheet is four years (indicates the number of years it would take to produce the building rights portfolio JM has in its balance sheet with the current rate of production, calculated on twelve rolling months).

The assessed market value of JM's residential development properties amounts to SEK 8.2bn (7.9). The corresponding carrying amount is SEK 5.8bn (5.3). The 9,600 residential units available through conditional acquisitions were not included in the assessment.

Some of the development properties have old existing buildings that generate net rental income and where there are future plans for renovation or demolition. The appraisal of these buildings is based on current rental revenue and future use, taking costs for essential conversion and extension or demolition into account. The market value of these buildings is included in the summary above.

## DISTRIBUTION OF JM'S BUILDING RIGHTS IN DIFFERENT PHASES OF THE PLANNING PROCESS, SWEDEN<sup>1)</sup>



<sup>1)</sup> Number of building rights on the balance sheet.



The appraisal company classified the phases of the planning process into the following phases: general plan, detailed plan and building permit. The diagrams below show a breakdown of the market value of JM's development properties into different planning phases.

The detailed planning phase covers the period from the start of detailed planning work until application for a building permit.

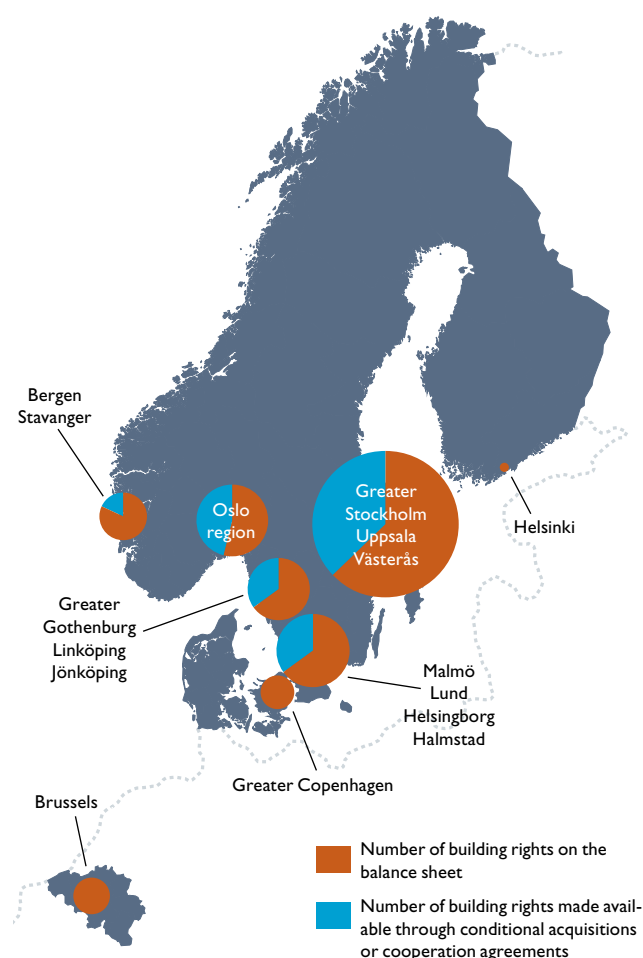
### GEOGRAPHIC DISTRIBUTION OF AVAILABLE RESIDENTIAL BUILDING RIGHTS

Building rights refer to land that can be developed for future production; they are recognized as assets on the consolidated balance sheet under the heading for development properties.

About 59 percent of the residential building rights recognized on the balance sheet in Sweden are in the Greater Stockholm area. About 28 percent of them are located in downtown Stockholm, including Lidingö and Liljeholmskajen, 45 percent in nearby suburbs and 27 percent in outlying suburbs.

### JM'S AVAILABLE RESIDENTIAL BUILDING RIGHTS

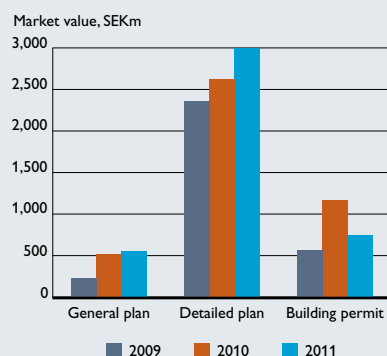
Area	Number of building rights	
	2011	2010
Greater Stockholm excluding Sigtuna, Vallentuna, Norrtälje	11,800	11,100
Malmö, Lund, Helsingborg, Halmstad	4,000	3,600
Greater Gothenburg including Linköping and Jönköping	2,300	2,700
Uppsala, Sigtuna, Vallentuna, Norrtälje, Västerås, Örebro	2,500	3,300
Oslo region	3,850	3,450
Bergen, Stavanger	1,450	1,550
Greater Copenhagen	700	750
Helsinki	100	150
Brussels	500	900
<b>Total (approx.)</b>	<b>27,200</b>	<b>27,500</b>



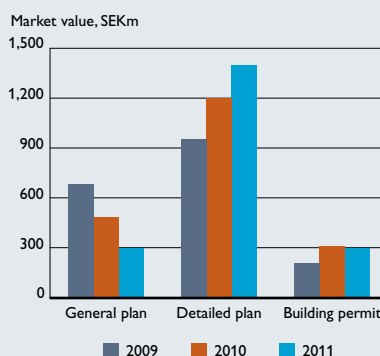
### MARKET VALUE IS BROKEN DOWN AS FOLLOWS:

SEK billion	Market value		Carrying amount	
	2011	2010	2011	2010
Stockholm	4.3	4.3	2.9	2.6
Rest of Sweden	2.0	2.0	1.4	1.5
International	1.9	1.6	1.5	1.2
<b>Total</b>	<b>8.2</b>	<b>7.9</b>	<b>5.8</b>	<b>5.3</b>

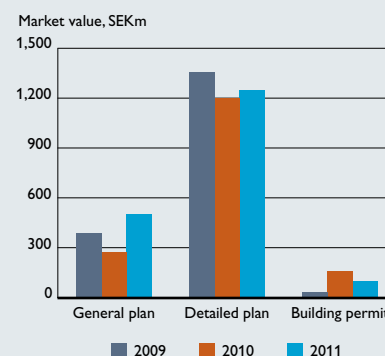
### MARKET VALUE RESIDENTIAL BUILDING RIGHTS GREATER STOCKHOLM



### MARKET VALUE RESIDENTIAL BUILDING RIGHTS REST OF SWEDEN



### MARKET VALUE RESIDENTIAL BUILDING RIGHTS INTERNATIONAL



# SUSTAINABLE URBAN PLANNING

**JM's work helps to create sound communities for the people of today and tomorrow; the buildings JM builds today will last for at least 100 years. As a leading project developer of housing, sustainability is a hallmark for JM.**

Sustainable urban planning refers to economic, social, ethical and environmental accountability, usually summarized by the concept of Corporate Social Responsibility (CSR). In addition to this section, JM's sustainability initiatives are reported under "Employees" pages 44–46 and "Board of Directors' Report" pages 53–56.

## THE ENVIRONMENT – A TOP PRIORITY

Environmental initiatives are prioritized since that is where the Company has the greatest impact on society in the markets where JM is active in its role as project developer of housing. JM has Groupwide policies and goals such as JM's quality and environmental policy.

The construction industry is responsible for a significant part of society's consumption of energy and materials, and as homebuilder we carry a heavy responsibility with respect to the environment for future generations. We aspire to achieve the obvious: to create attractive and functional housing, use ethical business methods and place equivalent demands on our suppliers.

JM's environmental priorities, the areas in which JM impacts the environment most and that are the focus of our environmental initiatives, are:

- Energy consumption
- Choice of materials
- Building waste
- Transport and construction machinery
- Contaminated soil.

## OPERATIONS IN SWEDEN

### PROJECT DEVELOPMENT OF HOUSING

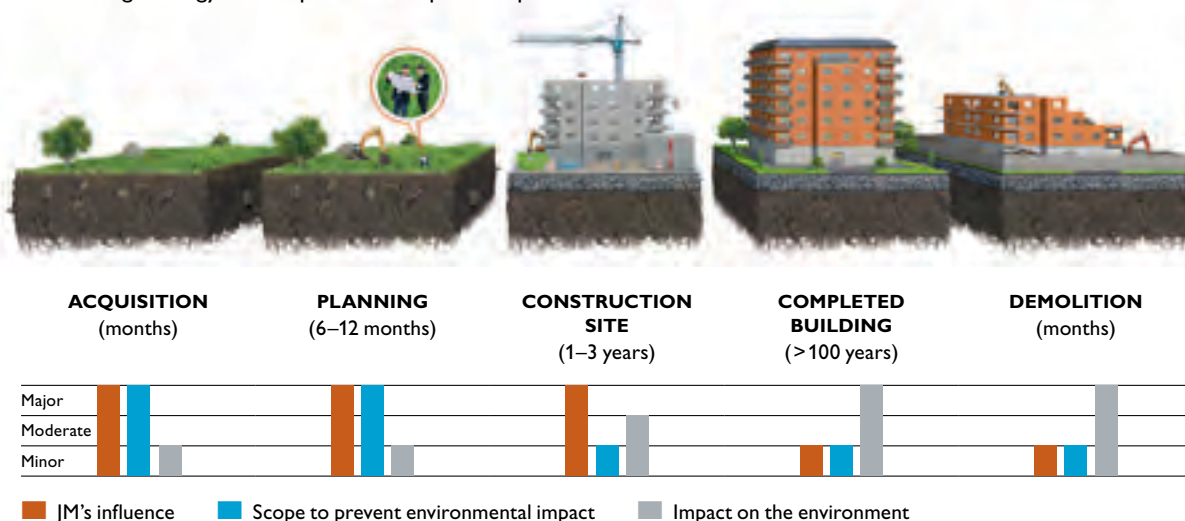
In its role as project developer, JM has – as opposed to other players in the building industry such as contractors – sole responsibility for the environmental impact of the building during its entire lifecycle. At the same time, project development work offers great opportunities to manage our operations and products so that their environmental impact is minimized. Project development of housing has been a dominant activity at JM for quite some time, which is why we have progressed the most in terms of environmental initiatives in this area.

### Energy consumption

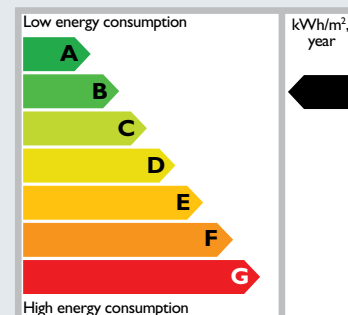
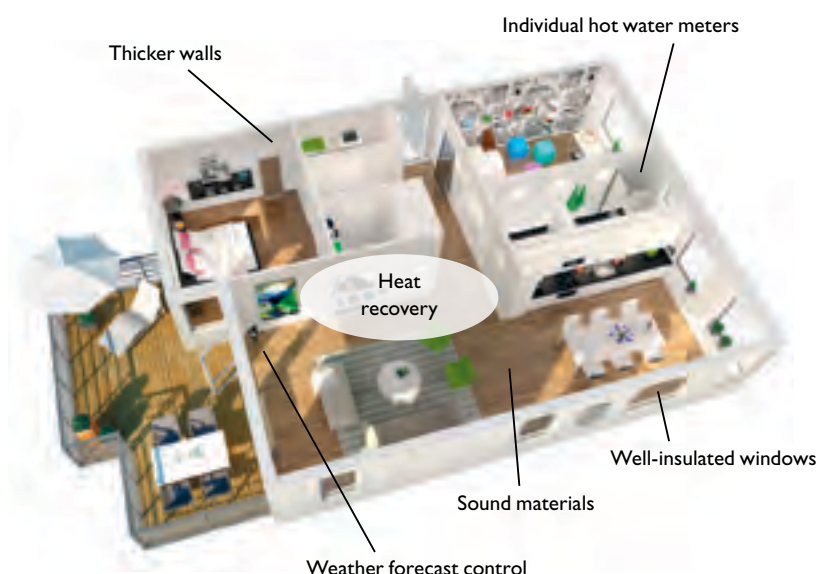
Climate change is one of the major challenges of our time, which is why focus is on the energy consumption of buildings. JM focuses on reducing energy consumption and energy needs during both production and operation, which also reduces the impact buildings have on the greenhouse effect. Our ambition is to be a leader in construction of low-energy houses in all of our production – not just in individual pilot projects.

## ENVIRONMENTAL IMPACT OF PROJECT DEVELOPMENT

In its role as project developer, JM has great opportunities to influence the building's environmental impact during the entire lifecycle. The material and system selections that JM makes during pre-construction and production influence the building's energy consumption in the operation phase.



## JM's LOW-ENERGY HOUSES



### ENERGY RATING

JM has produced a new and uniform way to rate residential units for energy. All residential projects with units for sale are rated on the basis of energy. The majority of them are rated as A or B, where A is 50 percent better than the current construction regulations and B is 25 percent better.

### JM is a European leader in building energy-efficient housing

All residential planning that JM has initiated in Sweden since 2008 has been based on JM's low-energy housing concept. Low-energy houses are buildings that meet the authorities' energy requirements during operation with a substantial margin. We have energy-efficient climate shells (walls, windows, ceilings and floors) and well-planned installation solutions.

The apartment building projects we are now initiating will have energy consumption of 40–70 kWh/sqm and year. The requirement in the National Board of Housing, Building and Planning's building regulations, currently 110 kWh (90 kWh from 2012) energy consumption measured per square meter and year excluding household electricity, is satisfied with a comfortable margin in JM's housing.

JM's low-energy houses have extra insulation in the walls, recover heat from ventilation and have individual hot water meters. We have raised the standard for energy-efficient windows in apartment buildings ( $U_w$  value 0.9 W/sqmK) and introduced weather forecast control for heating. Weather forecast control means that the heating plant is regulated with data from detailed, local weather forecasts instead of a local temperature meter. Consideration is taken of temperature, moisture and wind. The solution allows the system to work slightly ahead, which subsequently provides savings on purchased energy.

### Energy consumption during the production phase

JM also works proactively to reduce energy consumption during the production phase. In Sweden, JM only purchases eco-electricity (currently hydroelectric energy, which meets environmental standards). All job sites have energy-efficient sheds and low-energy lighting with light and motion detectors, and energy consumption can be further reduced by using early startup of district heating to heat the building frames during construction.

In 2011, JM developed and piloted its own central heating plant to heat the building frames during production. The results are promising and will be further analyzed during 2012.

### JM's energy rating

During the year, JM introduced a system for rating energy in residential units, an initiative that benefits our customers. The energy rating system is similar to the one used for major appliances, and it indicates a residential unit's energy consumption.

The system is based on Swedish Standard SS-24300 and JM's guidelines. The values and parameters we employed are presented on JM's website, [www.jm.se/miljo](http://www.jm.se/miljo), to ensure the system is open and transparent.

Energy rating also provides JM with increased understanding of the energy consumption in our residential units. With JM's low-energy housing concept, we have laid the groundwork for an energy-efficient building, but the buildings' energy consumption will nevertheless vary depending on the inhabitants' habits, the design of the energy system and where in the country the building is located.

### Choice of materials

The growing use of chemicals in society is a major problem. JM's residential units are built using sound, proven and natural materials such as tile and wood. Since the mid-1990s, we have had an environmental assessment system in place to steer the use of building materials toward reduced usage of chemicals and reduced burden on the environment.

All pre-construction and installation work in JM's residential units complies with requirements under the industry rules "Safe water installation". The industry rules also apply to installed heating systems. JM works with methods during planning and production that avoid humidity in the building to prevent moisture and water damage. We use moisture-tolerant and mold-resistant gypsum wallboard for both wet areas and exterior stucco walls. Stringent requirements are also placed on vapor barriers for bathroom walls in accordance with current construction regulations.



### JM'S ENVIRONMENTAL PRODUCT DATABASE

Product groups such as paint, adhesives, putty, flooring and roofing are assessed. Monitoring ensures that the goods do not entail any health or environmental risks for either customers or employees.

JM's environmental assessment procedures have been adapted to the criteria developed within the framework of BASTA, a system within the construction industry to discontinue the use of hazardous substances. BASTA goes further than the EU's REACH chemical legislation with respect to phasing out hazardous substances, and is expected to lead to simplified product choices and a better selection of environmentally sound building supplies on the Swedish construction market.

JM has initiated the BASTA system and is an active member of its development council.

### Building waste

JM endeavors to reduce the amount of unsorted waste and waste sent to the landfill from construction sites in collaboration with waste management companies and by offering internal courses. We aim to reduce the amount of waste sent to the landfill by 50 percent and to reduce the amount of unsorted waste by more than 50 percent.

The main focus during the year was on performing studies that analyze why waste arises. We are also analyzing the composition of the waste. The aim is to better understand what actions are needed both to achieve improved waste sorting and to reduce the total volume.

The Ecocycle Council industry guidelines for waste management during construction and demolition are integrated in procedures for all JM projects in Sweden.

### SUCCESSFUL WASTE SORTING TO BE REWARDED

We want to show construction sites with successful waste sorting our appreciation, as well as motivate and encourage work sites to "compete" with one another to improve. During the year, JM's waste bonus was awarded to the construction sites in Sweden that most successfully sorted construction waste for recycling.

### Transport and construction machinery

Construction machinery and transports of goods and people are responsible for considerable emissions of substances that impact health and the environment. JM procures the majority of its transports of goods and work requiring heavy machinery from suppliers.

We develop logistics processes in relation to our suppliers, and projects are underway to increase the opportunities for JM to take control over deliveries to and from our construction sites. In this context, JM is participating in a collaborative project within the industry to formulate tools to be able to set relevant requirements in procurement procedures for transport services.

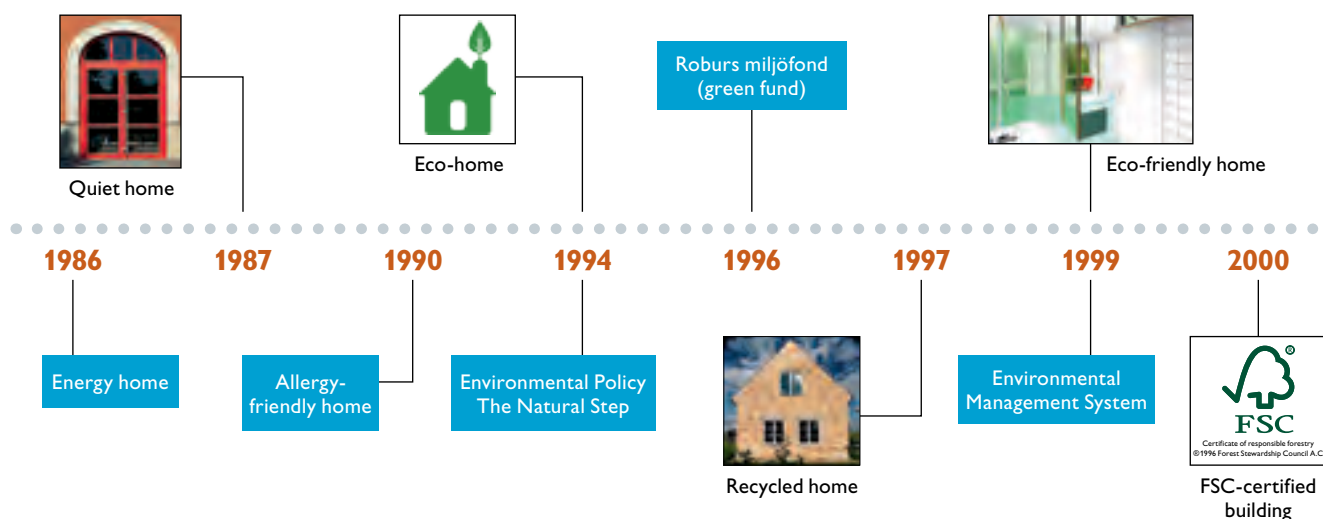
- JM makes demands on the fuel that suppliers use – alkylate-based fuel is to be used in small gasoline-driven machines
- We test and assess consolidated shipments of materials, degree of utilization in trucks and the right type of delivery vehicle to the work sites.

All JM business trips must be planned to achieve minimum impact on the environment with respect to carbon dioxide emissions.

- all company cars are green cars (according to the definition in the Road Traffic Tax Act)

### LONG-TERM ENVIRONMENTAL INITIATIVES

Over the years we have carried out a variety of development projects to test and evaluate new environmental solutions that have then been translated into general requirements for JM's production.



**QIII SYSTEM FOR PROCUREMENT OF TRANSPORT**

In the agreements JM signs with transport companies, we have implemented stricter requirements that are in line with the “QIII system,” a tool that was specially designed by the Swedish Transport Administration. The aim is to become better purchasers of transport services with respect to the working environment, road safety and the environment.

In February 2011, JM received QIII's quality award for our procurement of freight transport for builder's sheds.

- train travel is prioritized over air travel, and public transport is encouraged
- JM offsets carbon emissions from air travel (UN's Clean Development Mechanism)
- videoconferencing equipment at the offices reduces the number of business trips.

**Contaminated soil**

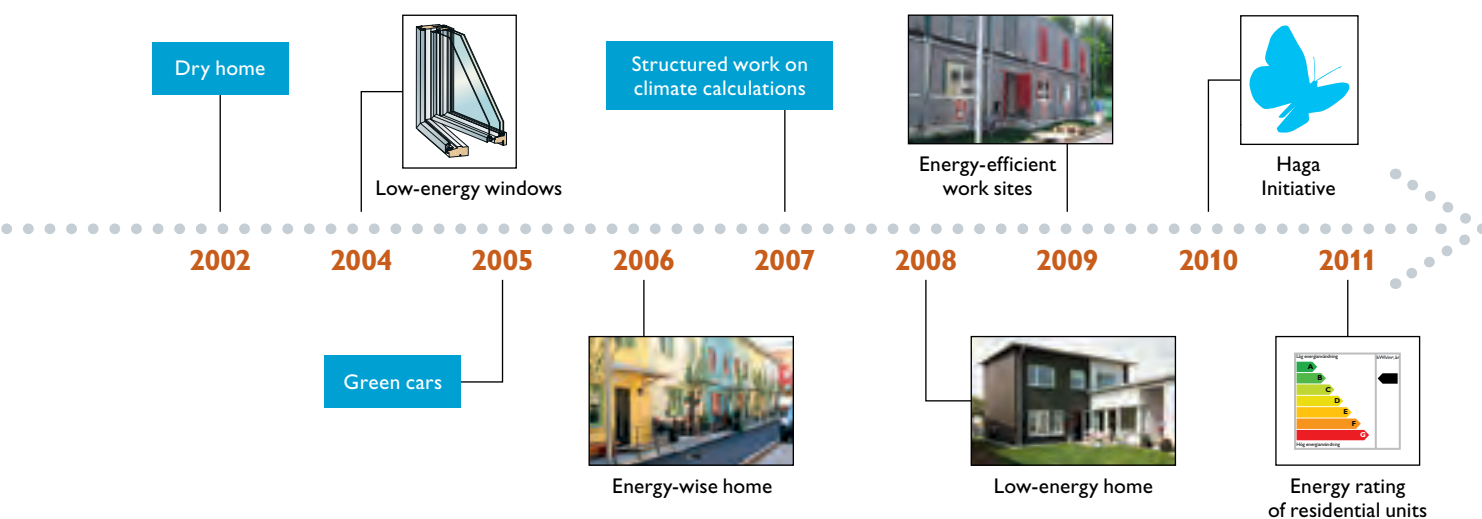
JM often acquires former industrial land that is transformed into residential areas after remediation of the soil. We remove heavy metals and oil pollutants from the soil prior to construction.

In addition to industrial land, the land's mass material may have been used for filler material. In some cases, an area has been contaminated at the site through point discharges, for example from an oil-leaking oil boiler or vehicle. The objective is to create areas where the land does not pose a health risk for the residents or visitors to the area. Ecological life in the area is also to be protected on the basis of the site's prerequisites.



Soil sampling at a project in Hässelby.

JM's operations system includes requirements and guidelines stipulating how JM is to manage contaminated land. Soil remediation coordinators ensure that the land is examined, and they perform risk assessments, maintain contact with environmental agencies, laboratories, landfills and contractors, and draft proposals for action plans on the basis of the local plan.



### JM PRODUCTION

The JM Entreprenad subsidiary carries out construction work within residential construction, civil engineering and facades for external and internal clients within the Greater Stockholm area. JM Entreprenad is certified according to ISO 9001 and ISO 14001; its environmental initiatives are focused on reduced energy consumption, waste sorting, soil remediation and proactively choosing the best environmental transportation and shipping alternatives.

The Company's business model promotes a policy to influence clients by proposing the most environmentally friendly choices with respect to products, transports or methods. JM's agreements with partners and suppliers stipulate that they must meet environmental requirements.

### ENVIRONMENTALLY SOUND LOGISTICS SOLUTIONS

JM's environmentally sound logistics solutions concept focuses on environmental management of excavated material to and from our construction projects. The concept consists in part of physical facilities for storage and handling of the excavated material and in part of a digital deployment service.

Two facilities are currently in operation in Stockholm, what are known as "Ekobackar", and the goal is to have at least four sites in operation in the Stockholm area, one at each end of the city (north, south, east and west). For every "Ekobacke" area JM Entreprenad commissions, reduced carbon dioxide emissions of 1,500 tons a year are made possible, which corresponds to 7,500 round trip flights between Stockholm and Malmö.

A digital service has been developed to deploy clean excavated material between the Company's projects. A map with a search function is available on the Intranet that presents locations of external crushing plants and dumping areas for clean excavation material, for example. Planning for site preparation projects is facilitated, and transports of excavated material and crush material can be reduced, which reduces carbon dioxide emissions and benefits both the environment and project finances.

### SOIL REMEDIATION

Over the year, JM Entreprenad performed several soil remediation projects for JM as well as for external clients. Each individual remediation project has specific conditions and regulatory requirements depending on what is to be built in the area. JM Entreprenad collaborates with several environmental consultants, business analysis firms and reception facilities in order to facilitate the process for our clients.





**ASSIGNMENT: EXTREMELY LOW ENERGY CONSUMPTION**

After careful evaluation of the organization and its skills, JM Entreprenad was selected in a competitive bid situation to work on a collaborative project for a public housing company in Stockholm – to develop an apartment building with extremely low energy consumption.

The project goal is for the building to be heated without the necessity of any additional energy by installing solar panels and high-quality insulation. The project has lofty environmental ambitions, and the objective is for the building to achieve the Sweden Green Building Council's gold classification. Occupancy is planned for 2012.

JM Entreprenad is also building a preschool on a turnkey contract that will achieve the Sweden Green Building Council's gold classification. It will be ready for occupancy in 2012.

**PROJECT DEVELOPMENT OF COMMERCIAL PROPERTIES**

JM Property Development's environmental program is very similar to the program implemented in residential development projects. The same quality and environmental management systems are used, and the technical solutions developed by JM Residential are also applied in commercial projects. The buildings are of a high standard, employ good materials and offer low energy consumption, all of which create customer benefit and long-term value in the buildings we develop and manage. JM Property Development has chosen to obtain environmental certification for its buildings according to different systems depending on the nature of the project and the client's requirements.

**COMMERCIAL PROPERTIES**

JM has decided that all new commercial properties that it develops and will manage must comply with the Green Building Standard, which requires energy consumption to be at least 25 percent lower than the current building standard. This includes both construction of new properties and renovation of existing ones. In most cases, the challenge is greater for existing premises. Assessment of certification methods is done on an ongoing basis.

**HOUSING**

The same type of environmental program implemented for residential development projects is implemented for the senior housing and rental units developed by JM Property Development. The residential units satisfy JM's environmental requirements, regardless of the form of tenure. Senior housing, which includes both housing and commercial premises, is environmentally certified according to the Sweden Green Building Council's classification system. A senior housing project being built on Lidingö outside Stockholm is one example.

**OPERATIONS IN NORWAY****PROJECT DEVELOPMENT OF HOUSING**

A growing focus on sustainability issues and a genuine interest in making strides in the area is discernible at JM Norge. Most of the offices have videoconferencing equipment, which has resulted in less business travel. JM Norge has a limited number of company cars, and their maximum emissions are 150 g CO<sub>2</sub>/km. Groupwide purchasing agreements allow JM Norge to place higher environmental demands on suppliers than what is stipulated by Norwegian law.

JM Norge energy labels all new buildings on the basis of Norwegian guidelines that were introduced on July 1, 2010. From a long-term perspective, energy labelling is expected to influence housing prices since a good building shell results in a higher price.

Six low-energy houses were built as early as 2008 in Trulsdmarka in Bærum outside Oslo. Pre-construction and construction were supervised by SINTEF Building and Infrastructure, a leading international research institute. Heat loss was estimated to be 90 W/K, which can be compared to the requirement of 117 W/K in the then current Norwegian TEK07 building standard.

Action is being taken to reduce the amount of waste by focusing on planning, logistics and prudent handling of waste during transport and storage. Standardized construction methods have resulted in increased utilization of prefabricated and ready-made (dimensioned) materials.

## OVERALL ENVIRONMENTAL PROGRAM

### HOW WE WORK

JM was the first construction company in Europe to adopt an environmental policy in 1994, and ever since then the Company has continued to advocate environmental change in the industry. We are constantly involved with various full-scale development projects. After assessment, certain solutions are then integrated into all of JM's production.

We combine an ambitious environmental system that has a positive impact on the community, with a natural understanding that the measures that JM takes must be good for the Company's business model in both the short and the long term. Environmental responsibility rests with the line organization with support from the central staff. A successful environmental program should primarily benefit the Company's customers, employees and the future of our children.

### ORGANIZATION

JM's Quality and Environmental Council has overall responsibility for common governance of project development in Sweden, including environmental issues.

The CEO and the Company's business unit and regional managers are members of the council.

The Group's quality and environment department is responsible, together with regional quality and environment coordinators, for coordination, development and support in environmental initiatives. Activities include construction site visits to entrench and improve environmental initiatives in production.

We address environmental issues in all our daily work and expect extensive commitment from both wage-earners and salaried employees.

### GOVERNANCE AND FOLLOW-UP

In every substantial way, the operational systems developed by the project development operations at JM in Sweden meet the standards set by the ISO quality and environmental management requirements. The primary goal has been to develop a system adapted to the processes and needs of the operation, but the organization is also well prepared for certification in the future.

The measures we implement to reduce our impact on the environment will impact not only certain pilot projects, they will impact all of our projects that are regulated by JM's operations system.

JM develops its quality and environmental initiatives using operations programs with measurable and detailed objectives. The program was updated in 2011, and will apply to the Group's project development activities until the end of 2013.

#### Group quality and environmental policy

JM shall promote long-term quality and environmental management in all its operations. The Company shall focus on customer needs and strive for sustainable development of society.

To accomplish this, we shall:

- Preserve and contribute environmental aesthetic values to the urban and natural landscapes
- Produce buildings with a healthy living and working environment
- Work in a structured and systematic manner that leads to continual improvements in environmental and quality performance
- Prevent the production and dispersal of pollutants and promote resource conservation and closed cycles
- Actively contribute to development of knowledge and raise employee awareness of quality and environmental issues
- Apply environmental standards that are more rigorous than existing legal requirements.

#### Overall quality and environmental objectives

- We shall focus on quality, the environment and ethics so that every customer and project is a good reference
- Our projects shall be structured, implemented and managed so as to minimize energy consumption and its impact on the environment
- We shall reduce the volume and hazardousness of waste
- We shall use materials and methods that reduce environmental impact and contribute to a healthy indoor and working environment.

JM follows up on targets and requirements with nonconformity and key figure reports, as well as with internal audits.

JM held its environmental training program for employees in Sweden during the year, with the purpose of further increasing knowledge and commitment with respect to working with the Company's common procedures.

#### PARTNERS

Much of JM's impact on the environment occurs via the Company's external partners such as subcontractors and materials suppliers. During the year the number of framework agreements increased by 25 percent, from 320 to 400.

All strategic framework partners in Sweden undergo an environmental assessment to ensure that they:

- only use or deliver products that meet environmental standards
- have reliable procedures for waste management and documentation and
- also have their own environmental program.

JM has a Code of Conduct to ensure that we, our suppliers and subcontractors share certain common basic values regarding corporate behavior. An audit of how well our suppliers satisfy the requirements set out in our Code of Conduct was initiated during the year.

#### PROFITABLE ENVIRONMENTAL PROGRAM

For JM, environmental initiatives are a matter of good business and profitability, in both the short and the long term, whether dealing with acute environmental problems or accepting responsibility for the environmental issues of the future. This is the way JM can continue to create long-term shareholder growth.

Measures taken from this perspective also give added value to JM's customers. For example, energy-efficient buildings, installations which conserve water and logical spaces for sorting waste all help to lower operating costs for households and provide environmental benefit for society.

JM has signed a climate petition and undertaken to systematically calculate and report carbon dioxide emissions. JM also strives toward reduced emissions in line with EU's international goals and, long-term, toward climate neutrality, which means operating in a manner that does not contribute to global warming.

Credit rating agencies and mutual fund companies actively monitor JM's progress within sustainable development. JM reports information about its environment and sustainability initiatives to several external rating agencies, including the Carbon Disclosure Project (CDP) and Sustainable Shareholder Value. JM has been listed on the OMX GES Sustainability Nordic Index since January 2010.

#### HUMAN RIGHTS

JM has signed the **UN's Global Compact**, thus taking a clear stand on issues related to human rights, social conditions, accountability for the environment and the right to form trade unions.

JM continually monitors related issues as a means of ensuring that nothing in its operations is in conflict with the UN's Global Compact. However, the risk is minor since JM operates in the Nordic countries and Belgium where the issues are strictly regulated. JM also has a Code of Conduct to ensure that our suppliers and subcontractors do not operate in conflict with the UN's Global Compact. An audit of how well our suppliers satisfy the requirements set out in our Code of Conduct was initiated during the year.

UN's Global Compact, 10 principles	JM's compliance
<b>Human rights</b> <b>1.</b> Support and respect the protection of internationally proclaimed human rights in the spheres the Company can influence <b>2.</b> Make sure that the Company is not complicit in human rights abuses	Demands on subcontractors/suppliers in the Code of Conduct  Demands on subcontractors/suppliers in the Code of Conduct, and audit of the Code of Conduct
<b>Labor</b> <b>3.</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining <b>4.</b> Elimination of all forms of forced and compulsory labor <b>5.</b> Effective abolition of child labor <b>6.</b> Elimination of discrimination in respect of employment and occupation	Legal requirements Ethical Guidelines Code of Conduct  Legal requirements Ethical Guidelines Code of Conduct  Code of Conduct  Ethical Guidelines Code of Conduct
<b>Environment</b> <b>7.</b> Support a precautionary approach to environmental challenges <b>8.</b> Undertake initiatives to promote greater environmental responsibility <b>9.</b> Encourage the development and diffusion of environmentally friendly technologies	Quality and environmental policy  Quality and environmental policy  Quality and environmental policy
<b>Anti-corruption</b> <b>10.</b> Work against corruption in all its forms, including extortion and bribery	Ethical Guidelines Code of Conduct



## COLLABORATIVE PROJECTS

Environmental issues are sometimes industry-wide, and environmental initiatives, therefore, require broad cooperation across business boundaries in order to succeed. The table below lists the organizations in which JM is involved.

ORGANIZATION	OPERATIONS	JM'S PARTICIPATION
<b>Haga Initiative</b>		
Business network.	<p>Wants to reduce emissions from the business world, highlights the climate as one of the most important issues to address for the future and serves as a role model for companies that adopt a proactive approach to climate change.</p> <p>The companies in the network have set their own climate goal of achieving a 40 percent reduction by 2020.</p> <p>By demonstrating that ambitious climate strategies reap business benefits and improved profitability, the Haga Initiative aims to help the business world take the steps needed to reach overall climate goals and achieve a long-term sustainable society.</p>	JM is a member and one of the initiators.
<b>Sweden Green Building Council</b>		
This is a non-profit, member-owned organization that is open to all companies and organizations active in the Swedish construction and real estate sector that want to develop and influence environmental and sustainability initiatives in the industry.	The association aims to meet the public's need for clear and quality-assured information on the environmental performance of buildings as well as help increase the competitiveness of Swedish technology and Swedish expertise by, for example, providing a certification system for buildings.	<p>JM is a member.</p> <p>Today there is a growing interest in the industry for different types of systems for environmental standards for construction, and JM carefully monitors these developments, especially the Sweden Green Building Council system.</p>
<b>Sustainable Innovation AB</b>		
This is a national center for energy efficiency in daily life.	<p>The primary purpose is to contribute to the development of Swedish industry in the field through commercialization of new technology.</p> <p>The organization has the support of the Swedish National Energy Administration to gather the strength of Swedish know-how in environmental engineering and energy efficiency.</p>	<p>JM is a member. JM is taking part in running three development projects in cooperation with Sustainable Innovation. One of them involves a new type of ground heat exchanger being assessed over the year. In simple terms, the project is testing a new, more effective ground source heat exchanger pipe. Two homes in JM's single-family home project in Hålludden, Värmdö Municipality outside Stockholm, have this type of heat exchanger. The Royal Institute of Technology performed an evaluation, and the results indicate that a ground heat facility with the new pipes has 20 percent higher output power than facilities with conventional pipes.</p>
<b>IQ Samhällsbyggnad (Swedish Centre for Innovation and Quality in the Built Environment)</b>		
This is a special interest association with members from the entire urban planning sector.	<p>The association promotes issues that are of value for the development of the entire sector.</p> <p>IQ Samhällsbyggnad highlights current issues related to research, innovation and quality, and creates a meeting place for the business world, research community and political system.</p>	JM is a member.
<b>SoleI Program</b>		
SoleI Program	<p>One of the purposes of the program is to increase the use of solar cells and to ensure that technology becomes a natural part of the modern energy system.</p> <p>The stages of the program have focused on building integration issues, network access problems, standardization, etc.</p>	JM took part on the program board for the SBUF mandate on the third phase of the <b>SoleI (solar energy) Program</b> between 2008 and 2011.



### Facts and key figures

The key figures are parameters that JM uses to guide operations toward established environmental goals.

<b>JM in Sweden</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Implemented internal quality and environmental audits	161	140	126
Carbon dioxide emissions JM (tons) <sup>1)</sup>	22,468	22,728	22,458
Carbon dioxide emissions JM (tons/home)	6.4	7.5	10.0
Newly produced homes' estimated carbon dioxide emissions from energy consumption (kg CO <sub>2</sub> /m <sup>2</sup> UFA)	5	6	6
Percentage of building waste that goes to landfill (%)	11	16	16
Products in environmental product database	3,480	3,271	2,952
Carbon dioxide emissions from company cars (g/km)	101	101	114
Number of frame agreements with expanded environmental review	400	320	227
Projects with key indicators (%)	100	85	96
Projects with key indicators (numbers)	40	22	44

<b>JM Residential Stockholm and JM Residential Sweden</b>	<b>Target 2013</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Newly produced homes' estimated energy requirement, excluding household and business electricity, (kWh/m <sup>2</sup> A-temp)	75 <sup>2)</sup>	74	85	92
Building waste to landfill (kg/m <sup>2</sup> GFA)	2	3.2	4.4	4.1
Percentage unsorted building waste (%)	10	20	23	33
Total quantity building waste (kg/m <sup>2</sup> GFA)	20	28	28	25

<b>JM in Norway</b>	<b>2011</b>		
Newly produced homes' estimated energy requirement (kWh/m <sup>2</sup> UFA) <sup>3)</sup>	146	-	-
Building waste to landfill (kg/m <sup>2</sup> GFA)	6.4	-	-
Percentage unsorted building waste (%)	40	-	-
Total quantity building waste (kg/m <sup>2</sup> GFA)	36	-	-
Percentage of building waste that goes to landfill (%)	20	-	-

<sup>1)</sup> JM began using a new calculation method for carbon dioxide emissions at the start of 2011. As a result, the values are not comparable with previously reported values. The new method is being applied retroactively to facilitate comparison.

<sup>2)</sup> Intermediate goal: The estimated energy requirement for housing being planned in Sweden from 2011 is below 75 kWh/sqm (A-temp). From 2013, the estimated energy requirement for housing is 25 percent below each nation's current standard.

<sup>3)</sup> Calculated in accordance with Norwegian standard (NS 3031); legal requirement according to Norwegian building regulations TEK7. UFA = Useful floor area. GFA = Total floor area.

# COMMITTED EMPLOYEES DEVELOP JM

**A place to feel at home, that's what our business is basically all about, no matter whether we're building or developing homes and neighborhoods. But to satisfy others, we have to be satisfied with our jobs too.**

We recruited just over 400 employees during the year, primarily within production, which means we had 2,370 employees at year-end. Competition for manpower is stiff, but we have successfully satisfied JM's needs in terms of replacement and new recruitment.

JM explicitly encourages employees to achieve a good balance in life between work and family. As a mean of monitoring this aspect and other issues, JM conducted an employee satisfaction survey with all of the Group's employees. The survey offers important information on employees' opinions about what functions well in the Company and for the employee, as well as what needs improvement. Some of the areas that have developed very positively since the last survey two years ago are issues related to skills development, performance appraisals and leadership at JM.

## KNOW-HOW – A STRENGTH

Knowledgeable and committed employees are vital to our success. We build long-term relationships with our employees and offer them the opportunity to grow in their roles with challenging and varying duties.

Our employees' skills and experience are also important for the success of JM's Structured Production project.

Staff turnover in 2011 was 10 percent, and the average length of employment was about ten years.

One of JM's most important challenges over the year involved attracting new, skilled employees, and the challenge will continue in the future as well. We collaborate extensively with schools and universities around the country as a means of attracting employees early on who can grow with the Company; examples include Rönninge Gymnasium and Nackademin. Over the year, we attended ten labor market days at, for example, the Royal Institute of Technology in Stockholm, Chalmers University of Technology in Gothenburg, Lund University and Linköping University.

Internships offer a good opportunity for young people to experience the construction industry and for JM to form valuable ties with the workers of tomorrow. We had over 100 interns during the year, primarily within production. In August we initiated a two-year trainee program with ten participants. The trainee program is also geared toward production.

## SKILLS DEVELOPMENT

All wage-earners and salaried employees working in production in Sweden attended a course on Lean production during the year. The course included both practical and theoretical content. Understanding of the principles of Lean among employees are decisive factors of success in JM's efforts to structure its production into effective processes.

The need for good site managers has grown at the same pace that JM has increased the number of its housing starts. Since JM's need for good managers should primarily be satisfied through internal recruitment, we initiated a development program for future site managers during the year. The program's duration is 1.5 years, and new program start-ups will be initiated over the coming years.

## CHALLENGING AND VARYING DUTIES

Martin Asp began working as a foreman in 1996, and was recently appointed as business unit manager for JM International. Since 1996, he has also worked as assistant to the CEO, as pre-construction manager, project manager and president of jointly owned Kvarnholmen Utveckling AB.

"A lot goes on at JM, and I have had the opportunity to perform lots of interesting duties and work with many exciting and invigorating projects over the years," says Martin. "JM has become increasingly professional but there is still a lot to develop, and I want to be part of that development."

During his years at JM, Martin has not only developed in his day-to-day duties, he has also attended

various internal and external skills development programs.

"If you are committed to the job and want to develop and have a variety of duties, there are many interesting paths available at JM. I'm going to work at least 25 more years, and I look forward to the challenges – even though right now it feels like I have the best job imaginable," says Martin.

Martin Asp, Business Unit Manager JM International





<b>EMPLOYEES – GROUP</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Number of employees as of Dec. 31	2,370	2,100	1,850
– number of salaried employees	1,227	1,082	973
– number of wage-earners	1,143	1,018	877
Average age, salaried employees	43	42	45
Average age, wage-earners	39	39	42
Percentage of women among salaried employees, %	31	31	31

<b>AVERAGE NUMBER OF EMPLOYEES BY COUNTRY</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Sweden	2,025	1,797	1,848
Norway	271	218	208
Denmark	12	11	17
Finland	13	6	7
Belgium	10	11	15
<b>Total</b>	<b>2,331</b>	<b>2,043</b>	<b>2,095</b>

<b>ABSENCE DUE TO ILLNESS – SWEDEN, %</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Total absence due to illness	3.4	3.6	3.6
29 years or younger	4.1	3.4	4.6
30–49 years	2.8	3.1	3.1
50 years and older	4.0	4.6	3.9
Absence due to illness during consecutive period of at least 60 days/total absence	30	56	51
Sickness absence, females	2.3	2.5	2.3
Sickness absence, males	3.6	3.9	3.9

We monitor and assess our managers with respect to JM's management skills in performance appraisals and in our employee survey. There is a direct link between the skills assessment in the performance review and pay setting. JM Academy conducted the Leadership at JM program for some 120 managers and leaders. The program offers a common base and vision of what management at JM should be like. JM Academy also offers individual development initiatives.

#### JM's ethical guidelines

##### Consideration for our coworkers

- We respect each individual employee
- We accept no form of discrimination or harassment, neither in our relations with our colleagues nor with people outside the Company
- We look out for one another and inform a superior if a colleague is in trouble.

##### Responsible

- We do not risk making short-term decisions that might weaken the value of the JM brand
- We take responsibility for keeping ourselves informed about our own activities, even if this leads to difficult decisions
- We do not accept that time and cost requirements take precedence over worker protection and a good working environment
- We do not make commitments outside our professional mandates
- We categorically do not accept theft or stealing
- We comply with current legislation as a matter of course.

##### Professional agreements

- We follow and respect signed contracts and agreements
- We do not accept unauthorized workers at our workplaces
- We do not accept price cartels.

##### Professional relationships without personal gain

- We do not act in such a way that either our counterparty or we are placed in a position of personal dependence
- We should be highly restrictive as regards gifts and benefits to and from suppliers and business partners
- We do not allow suppliers or business partners to pay for our travel and subsistence; neither does JM pay for suppliers' and business partners' travel and subsistence (unless this is already regulated by agreement)
- We do not use the Company's resources for private gain.

## BACK TO JM

Several former employees returned to JM over the course of the year. Roger Stiernberg, site manager at the Sjövikstorget 2 project in Stockholm, is one of the people who has returned – in his case, for the second time.

"I have always enjoyed working at JM, largely because of my managers and colleagues," says Roger. "Mostly, though, it was JM's Structured Production project that enticed me to come back. It is something I want to be a part of and develop."

"I appreciate JM's work climate very much. No one needs to put in 50–60 hour work weeks. Having balance in life is highly valued."

Roger has held many different positions over the years at JM. His broad experience has equipped him with a great

deal of knowledge and understanding of his colleagues' various duties, in addition to an interest in doing new things in a novel way.

"I was given the opportunity to run a somewhat unusual project with ten students from the Hjulsta school and the Mentor association. We built a new entrance to the school. It was an incredibly gratifying and positive project, especially when you see the results," says Roger.

Roger Stiernberg,  
Site Manager at the Sjövikstorget 2  
project in Stockholm



### MANY NEW EMPLOYEES

There is a great deal of competition for manpower in the construction industry, especially for engineers with a master's or an undergraduate degree. Site managers were especially scarce the past year, but other positions within production also require a little extra effort during recruitment.

"I believe JM has an advantage when recruiting since the Company specializes in housing construction," says Ulrika Haglund, HR Manager West Region in Gothenburg. "We are a large company that can offer many development opportunities, at the same time that we are small enough for all employees to be noticed."

JM's employees are important ambassadors and often have ideas about people who might be interested

in working at JM. This recruitment channel has been successful over the year.

"It feels very good to have welcomed 20 new and talented employees to the West Region this year – both wage-earners and salaried employees. We are now putting a great deal of energy into ensuring they like working with us and quickly learn the ropes," says Ulrika.

Ulrika Haglund,  
HR Manager JM West Region



### SECURE AT WORK

All JM employees should feel secure about going to work. We have a zero tolerance vision on accidents on the job, and we work proactively with preventive safety through initiatives such as the "Neatness and Order" check at JM's construction sites. As part of the preventive safety program, JM checks risk management procedures, personal protective gear, that workplaces are neat, that there are scheduled inspections and that appropriate permits are obtained.

Over the year we have also boosted our organization in terms of working environment, both locally and centrally.

### FEEL GOOD

It is gratifying that the occurrence of long-term sick leave has continued to decrease at JM, and is below that of other businesses in the industry. Our strategy of being proactive and providing support when there are early signs of ill-health is now showing favorable results.

Our active wellness program contributes to healthier and more satisfied employees. Morning exercise at the construction sites offers a good start to the day and helps reduce injuries at the workplace. The fitness contribution in Sweden is up to SEK 3,000 per year, and many employees utilize it to take part in a sports activity. Over 100 JM employees took part in the Midnight Run, which is a good example of a common fitness activity.

Since 2008, employees in Sweden receive up to 12 months of parental leave with compensation for loss of income. The purpose is to support parents and help achieve increased gender equality. We have experienced some difficulty recruiting female employees, primarily to production. Since JM strives to achieve a more equal gender distribution in all areas of the organization, we are planning a number of activities in 2012.

### EXERCISE IS IMPORTANT AND RECOMMENDED

Krister Nitka, a carpenter working at the Trasthagen project in Sunnersta just outside Uppsala, says that working as a carpenter requires physical strength if injuries are to be avoided. He works out at the gym with a workmate two early mornings a week to stay in good shape.

"The fitness contribution that JM in Sweden gives to all its employees is really good. I am convinced that it helps more people start exercising," says Krister. "Besides, if you start talking to fellow employees about working out, you have to follow through."

In addition to lifting weights, Krister has taken part in major competitions such as Vasaloppet, Vättern-rundan and Lidingöloppet. JM supports its employees here as well by paying for their entry fees.

"Even though I work out a lot, I was injured at work when I tore a muscle in my forearm. JM helped me get started with a naprapath, and I have also been to see a physiotherapist. Working out at the gym at 4:50 a.m. every Tuesday and Thursday is helping me build up my muscles again," says Krister.

Krister Nitka,  
Carpenter at Sunnersta,  
Uppsala



# BUSINESS SEGMENTS

The JM Group's business is managed and reported in five business segments: JM Residential Stockholm, JM Residential Sweden, JM International, JM Property Development and JM Production.





# JM RESIDENTIAL STOCKHOLM

## MARKET

Demand in the existing home market is cautious in the more uncertain economic situation. The supply of residential units is larger than last year, mainly because of an increase in time to closing.

The supply of new homes continues to be low in relation to long-term demand in the Stockholm area. Although interest in JM projects continues to be strong, customers have adopted a cautious attitude toward signing contracts early in the process, and this also applies to signing a reservation agreement.

JM is the market leader in new production of tenant-owned apartments in Greater Stockholm, with ongoing projects in several municipalities in the county. Some of the major projects in the region are Liljeholmen in Stockholm, Kvarnholmen in Nacka, Dalénium on Lidingö, Järvastaden in Solna/Sundbyberg, Långbro in Stockholm, Kojan on Västra Kungsholmen, Fågelviken in Örnäsberg, Norra Frösunda in Solna and Hägernäs in Täby.

## EARNINGS TREND

The business segment's revenue increased to SEK 5,141m (3,824) and operating profit

increased to SEK 1,028m (634). The operating margin increased to 20.0 percent (16.6). Income rose as a result of the larger number of residential units in current production, and the improved operating margin is attributable to higher project volumes and the stronger impact of higher prices. The cash flow is in balance taking into account net investment in development properties.

## BUILDING RIGHTS

During the year building rights equivalent to about 1,400 residential units (900) were acquired on Ekerö, and in Järfälla, Stockholm, Tyresö and Täby.

## HOUSING STARTS

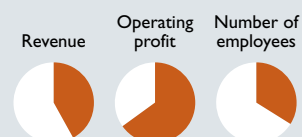
During the year, there were housing starts for 1,684 residential units (1,604): 1,622 (1,563) were units in apartment buildings including 41 on Ekerö, 36 in Nacka, 108 in Solna, 1,039 in Stockholm (including 77 rental units for an external customer), 134 in Sundbyberg and 255 in Täby; 62 (41) were single-family homes, including 24 in Solna and 38 in Stockholm.



Liljeholmskajen, part of Stockholm's new inner city.

## 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.**



	January–December	
SEKm	2011	2010
Revenue	5,141	3,824
Operating profit <sup>1)</sup>	1,028	634
Operating margin (%)	20.0	16.6
Average operating capital	2,286	1,776
Return on operating capital (%)	45.0	35.7
Operating cash flow	641	–34
Carrying amount, development properties	2,888	2,562
Number of available building rights	11,800	11,100
– of which building rights on the balance sheet	7,500	7,100
Number of residential units sold <sup>2)</sup>	1,401	1,408
Number of housing starts <sup>2)</sup>	1,684	1,604
Number of residential units in current production	3,290	2,691
Number of employees	807	740
<sup>1)</sup> Of which property sales	-	2
<sup>2)</sup> Of which rental units	77	211

# JM RESIDENTIAL SWEDEN

## MARKET

Demand in the existing home market is cautious in the more uncertain economic situation. The supply of residential units is larger than last year, mainly because of an increase in time to closing.

Interest in JM's projects is strong. However, customers have adopted a cautious attitude toward signing contracts early in the process, and this also applies to signing a reservation agreement.

The largest segments in JM Residential Sweden are Gothenburg, Malmö/Lund and Uppsala.

Large projects are in progress in the former harbor neighborhood at Norra Älvstranden and in Kviberg in Gothenburg, in Kungälv, in the Dockan area in Malmö, at Lomma Strandstad in Lomma Municipality and in the sugar mill area in central Lund.

The largest projects in Uppsala are Kungsängen and Luthagen, close to the center of town.

## EARNINGS TREND

The business segment's revenue amounted to SEK 3,355m (2,749) and operating profit increased to SEK 301m (219). The operating

margin increased to 9.0 percent (8.0). Revenues rose as a result of the larger number of residential units in current production, and the improved operating margin is primarily attributable to higher project volumes.

The cash flow is in balance taking into account net investment in development properties.

## BUILDING RIGHTS

During the year building rights equivalent to about 700 residential units (950) were acquired in Gothenburg, Helsingborg, Kungälv, Lund, Malmö and Örebro.

## HOUSING STARTS

During the year, there were housing starts for 1,157 residential units (1,230):

1,102 (966) were units in apartment buildings, including 344 in Skåne (43 in Lomma, 139 in Lund and 162 in Malmö), 342 in Gothenburg, 36 in Linköping, 187 in Uppsala, 61 in Västerås and 42 in Örebro.

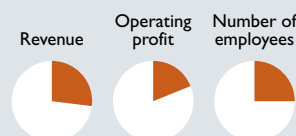
145 (264) were single-family homes, including 103 in Skåne (30 in Lund, 35 in Malmö, 18 in Staffanstorps and 20 in Vellinge), 10 in Jönköping and 32 in Uppsala.



The Dockan area in Malmö offers city living by the sea.

## 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.**



	January–December	
SEKm	2011	2010
Revenue	3,355	2,749
Operating profit <sup>1)</sup>	301	219
Operating margin (%)	9.0	8.0
Average operating capital	1,478	1,471
Return on operating capital (%)	20.4	14.9
Operating cash flow	317	312
Carrying amount, development properties	1,406	1,497
Number of available building rights	8,800	9,600
– of which building rights on the balance sheet	5,600	6,100
Number of residential units sold	1,056	1,207
Number of housing starts	1,157	1,230
Number of residential units in current production	1,973	1,708
Number of employees	602	578
<sup>1)</sup> Of which property sales	4	0

# JM INTERNATIONAL

## EARNINGS TREND

The business segment's revenue increased to SEK 2,349m (1,570). Operating profit rose to SEK 159m (48) and the operating margin to 6.8 percent (3.1). The improvement in profit and operating margin can be attributed to better demand, increased project volume and a more stable market. The negative cash flow for the year is due to the acquisition of development properties and the Öie AS operations in Norway.

## NORWAY

Demand for newly built homes and homes on the existing home market continued to be good. The supply of homes for sale remains at a high level, and the time to closing was shorter compared to the previous year. Prices on the existing home market increased during 2011.

In July, JM Norge acquired all of the shares in Öie AS, a construction and project development company, including a project portfolio for residential development of about 350 building rights. The building rights portfolio is mainly located in northern Oslo. The company's 2010 revenues amounted to just over SEK 600m.

During the year 577 residential units (512) were sold and production began on 640 units (429). Approximately 950 building rights (550) were acquired during the year. Available building rights correspond to 5,300 residential units (5,000).

## DENMARK

Turmoil in financial markets is contributing to the continued low level of activity in the

housing market in Copenhagen. Banks continued their restrictive lending practices to home loan customers, which offset the positive effect of lower interest rates. During the year 28 residential units (84) were sold and production began on 18 units (62). No acquisitions were made during the year. Available building rights correspond to 700 residential units (750).

## FINLAND

Activity on the housing market in Helsinki remains at a good level. Interest in newly built homes is strong, but customers are cautious and time to closing has increased. Prices on the existing home market stabilized over the year.

During the year 14 residential units (30) were sold and production began on 59 units (31). Approximately 50 building rights (50) were acquired. Available building rights correspond to 100 residential units (150).

## BELGIUM

In the Brussels region where JM has its operations, activity in the housing market continues to be stable.

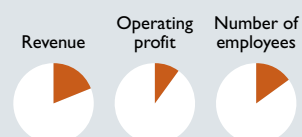
During the year 36 residential units (35) were sold and production began on 71 units (48). No acquisitions were made during the year. Available building rights correspond to 500 residential units (900). The reduction of 400 building rights in the building rights portfolio is due to a conditional acquisition of land in Namur that JM decided not to complete.



Stongafjellet, Askøy/Bergen in Norway.

## JM INTERNATIONAL

The JM International business segment develops and sells residential properties in Norway, Denmark, Finland and Belgium. Contracting operations are also conducted to a limited extent in Norway.



SEKm	January–December	
	2011	2010
Revenue	2,349	1,570
Operating profit	159	48
Operating margin (%)	6.8	3.1
Average operating capital	1,822	1,838
Return on operating capital (%)	8.7	2.6
Operating cash flow	–197	236
Carrying amount, development properties	1,462	1,255
Carrying amount, project properties	51	34
Number of available building rights	6,600	6,800
– of which building rights on the balance sheet	4,500	4,400
Number of residential units sold	655	661
Number of housing starts	788	570
Number of residential units in current production	1,138	1,032
Number of employees	348	250

Revenue recognition for the business segment is reported according to IAS 11, percentage of completion method.



# JM PROPERTY DEVELOPMENT

## EARNINGS TREND

The business segment's revenue increased to SEK 73m (72), including rental revenue of SEK 71m (60) and contracting revenue of SEK 2m (12). Operating profit increased to SEK 15m (12). Contracting earnings from production totaled SEK 0m (5). Net rental income for project properties was SEK 16m (10).

## PROPERTY TRANSACTIONS

JM acquired the Gästabudet 2 rental property in Nälsta, Stockholm with 102 apartments and the potential for additional future projects, as well as the Haifa 1 commercial property in Frihamnen, Stockholm.

Properties were sold for SEK 113m. Gains amounted to SEK 23m (26), including reversal of previous provisions from property sales of SEK 3m (17).

## PROJECT DEVELOPMENT

Production of special housing for the elderly, Fjäderholmsvyn, started in Dalén on Lidingö. There will be 54 apartments with a total area of 3,678 square meters. Carema has leased the premises. Occupancy is planned for fall 2012.

Construction began on healthcare accommodation at Sjövikshöjden in Stockholm during 2011. The project consists of six apartments and premises for the surrounding tenant-owners associations. The City of Stockholm is the tenant, and total area amounts to 575 square meters.

During the year, efforts intensified as we searched for land with leasehold rights

for rental units, primarily in the City of Stockholm. At the same time, two rental unit projects – 150 apartments in Stureby and 130 apartments in Farsta, both in Stockholm – are at the detailed plan stage.

In the Bolinder area in Kallhäll, Järfälla, commercial premises adjacent to JM's residential project are under development. The occupancy rate was 90 percent at year-end.

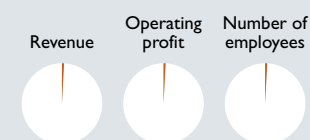
The Dalén area on Lidingö transitioned to a clear project management phase during the year. Dalén will be further developed with new rentals, technical improvements and a focus on increased net rental income. Occupancy rate of the existing premises was 88 percent at year-end.

## BUILDING RIGHTS

JM's building rights for commercial project development amount to 56,000 square meters, including 34,500 square meters in commercial building rights. Residential building rights represent 16,500 square meters. The carrying amount is SEK 60m.

## JM PROPERTY DEVELOPMENT

**The JM Property Development business segment primarily develops rental housing, residential care facilities and commercial properties in Greater Stockholm. The business segment's entire portfolio comprises project development properties.**



SEKm	January–December	
	2011	2010
Revenue	73	72
Operating profit <sup>1)</sup>	15	12
Average operating capital	822	708
Return on operating capital (%)	1.8	1.7
Operating cash flow	–134	–118
Carrying amount, development properties	60	60
Carrying amount, project properties	808	625
Number of employees	18	17
<sup>1)</sup> Of which property sales	23	26



Solbacka – senior housing in Norrtälje.

# JM PRODUCTION

## MARKET

Demand in the contracting market in Stockholm continues to be good with a willingness to invest in residential and commercial premises. The civil engineering market is at a stable high level with a relatively high level of competition. Orders are good in the business segment, with a large number of projects in current production.

## EARNINGS TREND

The business segment's revenue increased to SEK 1,986m (1,496) and operating profit decreased to SEK 84m (91). The operating margin decreased to 4.2 percent (6.1). Increased operating capital had a negative impact on the cash flow.

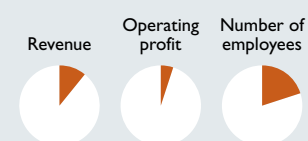
## PROJECTS

During the year, JM received several new assignments. Some of the largest projects currently underway include a collaborative contract for rebuilding a school in Stockholm (SISAB), renovation of and addition to Pir F Västra at Arlanda (Swedavia), streets and conduits (Tyresö and Nacka Municipalities), and site and track work for expansion of railway tracks in Bromma (AB Storstockholms Lokaltrafik).

The largest project currently underway comprises the two phases of the new E18 motorway between Hjulsta and Kista (Swedish Transport Administration). Other projects include new construction of rental apartments in Åkersberga for an external client, and renovation of and addition to schools (Nacka, Sundbyberg and Sollentuna Municipalities). A new project is underway in Hammarby Sjöstad to build streets and conduits for the City of Stockholm. Projects for JM Residential Stockholm include construction of apartment buildings in Bromma, at Telefonplan and on Värmdö, as well as site work in the Dalén area on Lidingö. In addition, the quays in the Liljeholmen area are being extended and completed for use. A senior housing project is being built on Lidingö for JM Property Development.

## JM PRODUCTION

The JM Production business segment carries out construction work for external and internal customers in the Greater Stockholm area.



SEKm	January–December	
	2011	2010
Revenue <sup>1)</sup>	1,986	1,496
Operating profit	84	91
Operating margin (%)	4.2	6.1
Operating cash flow	–18	36
Number of employees	478	399
<sup>1)</sup> Of which internal	687	437



The E18 motorway at Hjulsta–Kista, Stockholm.

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**The Board of Directors and the President of JM AB (publ), Company reg. no 556045-2103, hereby submit the annual accounts and consolidated accounts for 2011.**

## MARKET, SALES AND HOUSING STARTS

The previously good demand for newly built homes in Sweden was cautious during the last part of 2011. Demand continued to be good in Norway. Customers continue to show strong interest in JM's projects, at the same time that the sales process is taking longer in Sweden in the uncertain economic situation. Demand in Denmark weakened in 2011 after some improvement in 2010.

The slower sales process has resulted in fewer signed contracts. However, 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 was 3,112 (3,276) of which 77 (211) involve a rental project for an external client. The percentage of sold or reserved homes in relation to current production amounts to 68 percent (82), with an interval of 60–65 percent considered normal. JM Residential Stockholm sold 1,401 residential units (1,408), JM Residential Sweden sold 1,056 (1,207) and JM International 655 (661).

The number of housing starts rose to 3,629 (3,404), of which 1,684 (1,604) were in the Stockholm area and 1,157 (1,230) were elsewhere in Sweden. Housing starts in international operations totaled 788 (570). Residential housing starts include 77 (211)

rental units. The number of residential units in current production amounts to 6,401 (5,431).

## REVENUES

Consolidated revenues in accordance with segment reporting for the year increased to SEK 12,217m (9,274). Revenue restated according to IFRIC 15 increased to SEK 12,001m (9,136). The increased revenue is mainly attributable to the JM Residential Stockholm and JM Residential Sweden business segments and JM Norge.

## OPERATING PROFIT

Operating profit for 2011 according to segment reporting rose to SEK 1,544m (969) and the operating margin increased to 12.6 percent (10.4). Operating profit restated according to IFRIC 15 increased to SEK 1,513m (907). The improvement in earnings and margins is due to the higher level of sales and housing starts in 2010/2011 and the stronger impact of a higher price level for the projects. During the year properties sold for SEK 142m (80) with gains of SEK 27m (28). Rental income from JM's project properties totaled SEK 73m (62), with residential units accounting for SEK 4m (0). Net rental income was SEK 17m (11). Operating profit for the JM Residential Stockholm business segment increased to SEK 1,028m (634), and the operating margin increased to 20.0 percent (16.6). The improvement in earnings and margin is attributable to higher project volumes and the stronger impact of a higher price level.



Operating profit for JM Residential Sweden increased to SEK 301m (219) and the operating margin increased to 9.0 percent (8.0). The improvement in earnings and margin is primarily attributable to higher project volumes.

Operating profit for JM International improved to SEK 159m (48) and operating margin improved to 6.8 percent (3.1). The improvement in profit and operating margin can be attributed to better demand, increased project volume and a more stable market.

Operating profit for JM Property Development increased slightly to SEK 15m (12).

Operating profit for JM Production decreased to SEK 84m (91) and operating margin decreased to 4.2 percent (6.1).

BUSINESS SEGMENTS	Revenues		Operating profit		Operating margin, %	
	2011	2010	2011	2010	2011	2010
SEKm						
JM Residential Stockholm	5,141	3,824	1,028	634	20.0	16.6
JM Residential Sweden	3,355	2,749	301	219	9.0	8.0
JM International	2,349	1,570	159	48	6.8	3.1
JM Property Development	73	72	15	12		
JM Production	1,986	1,496	84	91	4.2	6.1
Elimination	-687	-437	-	-		
Group-wide expenses	-	-	-43	-35		
Total as stated in segment reporting	12,217	9,274	1,544	969	12.6	10.4
Restatement JM International <sup>1)</sup>	-216	-138	-31	-62		
<b>Total</b>	<b>12,001</b>	<b>9,136</b>	<b>1,513</b>	<b>907</b>	<b>12.6</b>	<b>9.9</b>

<sup>1)</sup> Effect of restatement on revenue and profit and loss according to IFRIC 15 in relation to segment reporting.

#### RESIDENTIAL UNITS IN CURRENT PRODUCTION

	Dec. 31, 2011	Dec. 31, 2010
Number of residential units in current production <sup>1)</sup>	6,401	5,431
Percentage sold residential units in current production, % <sup>2)</sup>	60	64
Percentage reserved residential units in current production, %	8	18
Percentage sold and reserved residential units in current production, %	68	82

<sup>1)</sup> Beginning with production startup through final occupancy according to plan.

<sup>2)</sup> Percentage sold residential units expressed as binding contract with end customer.

#### COMPLETED PRODUCTION, UNSOLD UNITS

	Dec. 31, 2011	Dec. 31, 2010
Completed production, number of unsold units <sup>1)</sup>	94	44
– including the balance sheet item reported as “Participations in tenant-owners associations, etc.”	59	40

<sup>1)</sup> After final occupancy according to plan.

#### FINANCIAL INCOME AND EXPENSES

Financial income and expenses totaled SEK -50m (-67), an improvement of SEK 17m compared to the previous year due to lower average interest-bearing debt and higher financial income excluding revaluation and currency hedging. Financial income and expenses during the year include revaluation and currency

hedging of intragroup claims on JM International with a net effect on net financial items of SEK 0m (-1). Financial income for the year includes income from the sale of shares in associated companies of SEK 0m (5).

SEKm	Dec. 31, 2011	Dec. 31, 2010
Financial income <sup>1)</sup>	45	51
Financial expenses <sup>2)</sup>	-95	-118
<b>Financial income and expenses</b>	<b>-50</b>	<b>-67</b>

<sup>1)</sup> Including revaluation and currency hedging

<sup>2)</sup> Including revaluation and currency hedging

#### PROFIT BEFORE TAX

Profit before taxes increased to SEK 1,463m (840), an increase of 74 percent compared with 2010.

#### PROFIT FOR THE YEAR

Profit for the year was SEK 1,042m (594). Total tax expense was SEK -421m (-246) including current tax of SEK -269m (-220) and deferred tax of SEK -152m (-26). Tax expense for 2011 exceeds the nominal tax rate for the Group, which is primarily explained by the revaluation of deferred tax relating to a loss-carryforward in JM International. A charge of SEK 25m (24) was taken against earnings for the property tax, which is treated as an operating expense.

#### OPERATIONS

##### BUILDING RIGHTS

JM's available building rights amounted to 27,200 (27,500), of which 17,600 (17,600) are recognized on the balance sheet. This means that 9,600 building rights (9,900) are controlled by agreement and are not recognized as assets. Capital tied up in building rights (development properties on the balance sheet) for residential units increased to SEK 5,756m (5,314) at year-end. In addition the JM Property Development business segment has access to building rights for commercial project development, including 220 building rights for rental units, equivalent to about 56,000 square meters with a total carrying amount of SEK 60m (60).

##### TOTAL NUMBER OF RESIDENTIAL BUILDING RIGHTS

(Including rights carried in the balance sheet as development properties)

	2011		2010	
JM Residential Stockholm	11,800	(7,500)	11,100	(7,100)
JM Residential Sweden	8,800	(5,600)	9,600	(6,100)
JM International	6,600	(4,500)	6,800	(4,400)
<b>Total</b>	<b>27,200</b>	<b>(17,600)</b>	<b>27,500</b>	<b>(17,600)</b>

Valuation of JM's total development properties with a carrying amount of SEK 5.8bn (5.4) indicates a surplus value of SEK 2.4bn (2.6). This valuation was carried out in cooperation with an independent appraisal company. During 2011, JM acquired development properties for residential units for SEK 1,585m (1,655), of which SEK 820m relates to JM Residential Stockholm, SEK 235m to JM Residential Sweden and SEK 530m to JM International. Net investments in development properties during the year totaled SEK 447m (523). The building rights portfolio amounts to SEK 5,816m (5,374). These holdings are essential for JM's residential development projects.

**DEVELOPMENT PROPERTIES (HOUSING)**

SEK billion	December 31, 2011		December 31, 2010	
	Market value	Carrying amount	Market value	Carrying amount
JM Residential Stockholm	4.3	2.9	4.3	2.6
JM Residential Sweden	2.0	1.4	2.0	1.5
JM International	1.9	1.5	1.6	1.2
<b>Total</b>	<b>8.2</b>	<b>5.8</b>	<b>7.9</b>	<b>5.3</b>

**PROJECT PROPERTIES**

Rental income from JM's project properties totaled SEK 73m (62), with residential units accounting for SEK 4m (0). Net rental income was SEK 17m (11). In 2011 JM sold properties for a total of SEK 142m (80) with a capital gain of SEK 27m (28). The gains include SEK 3m (17) relating to the reversal of provisions from previous property sales. A project property in Norrtälje intended for special housing for the elderly was sold for SEK 113m, with gains of SEK 23m. An external appraiser calculated the market value of JM's project properties to be SEK 854m (685) with a carrying amount of SEK 859m (661).

**PROJECT PROPERTIES**

December 31, 2011	Market value, SEKm	Carrying amount, SEKm	Occupancy rate	
			Area (000) m <sup>2</sup>	annual rent, %
Residential units (rental units)	127	130	7,110	100
Properties under development	661	672	65,915	91
Fully developed commercial properties	66	57	4,475	79
<b>Total</b>	<b>854</b>	<b>859</b>	<b>77,500</b>	<b>91</b>

Investments and acquisition of project properties totaled SEK 291m (74).

**FINANCIAL ITEMS****INTEREST-BEARING LIABILITIES AND AVERAGE****INTEREST RATES**

As of December 31, 2011, interest-bearing net receivables amounted to SEK 970m (730). At year-end, non interest-bearing liabilities for implemented property acquisitions amounted to SEK 395m (453). About SEK 223m (236) of these liabilities are short-term. The total interest-bearing loan as of December 31, 2011 was SEK 1,467m (1,357), of which the provision for pensions comprised SEK 608m (585). At year-end, the average interest rate for the total loan stock including pension liabilities was 3.8 percent (3.6). The average term for fixed-rate loans excluding pension liabilities was 0.2 years (0.2).

**CASH FLOW**

Cash flow from operating activities totaled SEK 733m (42) during the year, despite major investments in development properties and project properties. Net investments in development properties resulted in a cash flow of SEK -384m (-996). Increased holdings of unsold residential units on the balance sheet had a negative impact of -52m (270). Consolidated cash flow from project properties (sales minus investment) during the year was SEK -173m (-73m).

**LIQUIDITY**

The Group's available liquidity was SEK 5,237m (4,887). Aside from cash and cash equivalents of SEK 2,437m (2,087), 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 2.1 years (1.7).

**SHAREHOLDERS' EQUITY**

Consolidated shareholders' equity as of December 31, 2011 totaled SEK 4,598m (3,923). Share capital totaled SEK 83m (83), other capital contributions SEK 779m (766), and reserves SEK -23m (-20). Undistributed earnings totaled SEK 3,759m (3,094) including net profit for the year of SEK 1,042m (594). In 2011 the dividend to shareholders was SEK 4.50 per share (2.50), for a total of SEK 375m (208). The equity ratio was 41 percent (40).

**PERSONNEL**

The number of employees increased during 2011 by 13 percent and at year-end amounted to 2,370 (2,100). As a result of the acquisition of Öie AS in Norway during the third quarter, the number of employees increased by about 70. Current staffing is considered well balanced for the current project volume. There were 1,143 (1,018) wage-earners and 1,227 (1,082) salaried employees. The average number of employees during the year was 2,331 (2,043) including 306 (246) employed in JM's foreign subsidiaries. Wages, salaries, and social security expenses totaled SEK 1,602m (1,392), of which social security expenses comprised SEK 518m (468).

**ENVIRONMENTAL WORK**

How JM treats the environment today will leave its mark long into the future. Environmental initiatives require a businesslike approach in the short and long term, providing long-term value growth for owners as well as added value for customers, such as lower operating costs. JM continuously develops its environmental work using our operations system, measurable targets and environmental training programs, with follow-up through nonconformity and key figure reports, as well as with internal audits. Prioritized environmental issues include energy consumption, choice of materials, building waste, transport and construction machinery and contaminated soil.

**WORK OF THE BOARD IN 2011**

The 2011 Annual General Meeting elected seven ordinary members. In addition, two employee representatives and two deputies were appointed. The Board of Directors held eleven meetings. In addition the Audit Committee held four meetings, the Compensation Committee six meetings and the Investment Committee five meetings. The most important issues for the Board during 2011 were decisions to start production on large housing projects, acquisition of Öie AS in Oslo (a project development and construction company), major acquisitions of development properties, the strategic plan, proposals for the short and long-term variable salary programs and the proposal for a convertible debenture and option program for all personnel in the Group. The Board members' participation in meetings can be seen in the chart on page 94. Each year the Chairman of the Board evaluates the work of the Board with the members and reports the results to the Nomination Committee. A description of committees and members can be seen on pages 95-96.

**DIVIDEND**

For 2011 the Board of Directors proposes a dividend of SEK 6.50 (4.50) per share, for a total of SEK 542m (375). The dividend rate is justified by good earnings combined with a strong balance sheet. The proposed record date for the dividend is Wednesday, May 2, 2012. If the Annual General Meeting resolves to adopt the recommendation, the dividend will be sent on Monday, May 7, 2012.

**BUYBACK OF SHARES**

The strong balance sheet and cash flow enable capital transfer to shareholders in addition to regular dividends.

In light of this, the Board of Directors will propose that the Annual General Meeting resolve to authorize the Board of Directors, during the period up until the next Annual General Meeting and on one or more occasions, to make a resolution on buying back shares so that the Company's holdings do not at any point in time exceed 10 percent of all the Company's shares. Acquisition should take place on NASDAQ OMX Stockholm.

Considering the continued uncertainty in the international financial system, the strategy is to spread out the buybacks on NASDAQ OMX Stockholm until the 2013 Annual General Meeting. The objective of empowering the Board of Directors is to give it greater freedom of action and the possibility to adjust the Company's capital structure on a continuous basis.

The Board of Directors' complete proposal for a resolution regarding authorization will be available no later than April 5, 2012.

**SHARE CAPITAL**

JM's share capital on December 31, 2011 was SEK 83m (83), represented by 83,530,371 shares, of which 150,964 are repurchased shares. All shares carry equal voting rights and equal rights to a share of the Company's equity. The issued shares are freely transferable with no restrictions imposed by law or by JM's Articles of Association. JM knows of no agreements involving shareholders that may restrict the right to transfer shares.

**REMUNERATION TO SENIOR EXECUTIVES**

The Board of Directors' proposal for resolutions on guidelines for salary and other remuneration to senior executives can be seen below and will be presented at the Annual General Meeting for approval. The guidelines are the same as those adopted at the 2011 Annual General Meeting. New agreements entered with senior executives since the 2011 Annual General Meeting have followed the guidelines that are in effect. A few senior executives have older agreements entitling them to retirement at age 60; please see note 3, Employees and personnel costs, page 70.

**PROPOSAL FOR 2012 RESOLUTIONS ON GUIDELINES FOR SALARY AND OTHER REMUNERATION TO SENIOR EXECUTIVES:**

The Board of Directors proposes that the Annual General Meeting approve the following guidelines for salary and other remuneration to senior executives. Compensation to the CEO and other senior executives will consist of fixed salary, short and long-term variable salary programs, pension benefits and other benefits. "Other senior executives" refers to the Executive Management. Total compensation must be at market rates and competitive in the labor market in which the executive works. Fixed salary and the short-term variable salary program will be related to the executive's responsibilities and authorities. The short-term variable salary program for senior executives will be capped at 50 percent of fixed salary. The short-term variable salary program will be based on performance in relation to established targets, which is usually the externally reported

operating profit before tax, earnings per share and Customer Satisfaction Index. Long-term variable salary programs can be equity and/or cash-related and will be performance-based and, at the time of commitment, be capped at 50 percent of fixed salary. Termination of employment is normally subject to a mutual period of notice of six months. If notice of termination is given by JM, severance pay equivalent to six months' salary should also be payable. Pension benefits shall be either defined-benefit or defined-contribution, or a combination thereof, and the normal retirement age is 65. The Compensation Committee will draft and the Board of Directors will approve the remuneration policy for the CEO and senior executives. The Board shall have the right to depart from the guidelines if extenuating circumstances are present in the individual case.

**PARENT COMPANY**

The Parent Company's core business is project development of residential and commercial properties. Net sales in 2011 for the Parent Company amounted to SEK 8,436m (6,553). The Parent Company's profit before appropriations and tax was SEK 1,835m (680). Investments in properties totaled SEK 664m (612). The average number of employees was 1,566 (1,349), including 1,291 men (1,110) and 275 women (239). Wages, salaries, and social security expenses totaled SEK 1,098m (928). An account of the number of employees and payroll expenses is provided in the Parent Company's notes, note 2, page 83.

During the year the following wholly owned Group companies were merged into the Parent Company: AB Christeliten, Aktiebolaget Naryda, Fastighets AB Spången, Fastighetsbolaget Kung Oscars AB, Fastighetsbolaget Raffinadgatan AB, JM Hjulkguggen 1 och 4 AB, JM Hjulkguggen 3 AB, JM Jönköping Hagstensgårdet 1:5 AB, JM Måsen 16 AB, Lekandria Fastighets AB, Lidingöstrand Fastighets AB, Makaronen 1 AB, Södra 1 och 2 i Lund AB and Tellaplan Fastighets AB. The mergers have increased the Parent Company's equity by SEK 199m.



CONSOLIDATED INCOME STATEMENT, SEKm	Note	2011	2010
	1		
Revenue	2	12,001	9,136
Production and operating costs	3, 4	–9,798	–7,608
<b>Gross profit</b>		<b>2,203</b>	<b>1,528</b>
Selling and administrative expenses	3, 4, 5	–717	–649
Gains on the sale of properties	6	27	28
<b>Operating profit</b>	2	<b>1,513</b>	<b>907</b>
Financial income	7	45	51
Financial expenses	7	–95	–118
<b>Profit before tax</b>		<b>1,463</b>	<b>840</b>
Taxes	8	–421	–246
<b>Net profit for the year</b>		<b>1,042</b>	<b>594</b>
<b>Total other comprehensive income</b>			
Translation differences		–3	–105
<b>Total comprehensive income for the year</b>		<b>1,039</b>	<b>489</b>
Net profit for the year attributable to shareholders of the Parent Company		1,042	594
Total comprehensive income for the year attributable to shareholders of the Parent Company		1,039	489
Earnings per share, basic, attributable to shareholders of the Parent Company (SEK)	9	12.50	7.10
Earnings per share, diluted, attributable to shareholders of the Parent Company (SEK)	9	12.40	7.10
Proposed dividend per share (SEK)	9	6.50	4.50

## COMMENTS

### REVENUES

(2011: SEK 12,001m, 2010: SEK 9,136m)

Consolidated revenues during the year increased by 31 percent to SEK 12,001m (9,136). Of the revenues, SEK 9,868m refer to Sweden and SEK 2,133m refer to International. The Group applies IFRIC 15 Agreements for the Construction of Real Estate for its income statement commencing in 2010. IFRIC 15 changed reporting of revenue and profit and loss for JM's operations outside Sweden, JM International. Revenue from the Swedish operations mainly consists of recognized revenues in residential projects. Recognized revenues are reported according to the percentage of completion method, which means that revenue is recognized based on the most recent forecast, period by period, as each project is completed and sold. As a result of IFRIC 15, international operations are reported according to the completed contract method.

Restatement according to IFRIC 15 relating to JM International had an impact on revenue of SEK –216m (–138).

### OPERATING PROFIT

(2011: SEK 1,513m, 2010: SEK 907m)

Operating profit was up 67 percent to SEK 1,513m. The improvement in earnings is due to the higher

level of sales and housing starts in 2010/2011 and the greater impact of a higher price level for the projects. Restatement according to IFRIC 15 had an impact on profit of SEK –31m (–62).

### FINANCIAL INCOME AND EXPENSES

(2011: SEK –50m, 2010: SEK –67m)

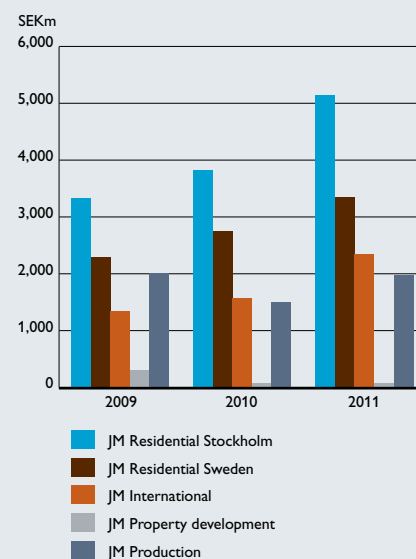
Net financial items improved by SEK 17m compared to the previous year due to lower average interest-bearing debt and higher financial income excluding revaluation and currency hedging. Revaluation and currency hedging of intragroup claims on JM International had a net effect on net financial items of SEK 0m (–1). Financial income for the year includes income from the sale of shares in associated companies of SEK 0m (5).

### TAXES

(2011: SEK –421m, 2010: SEK –246m)

Reported tax expense in 2011 is 29 percent, compared with 29 percent for 2010. The difference between reported tax and the nominal tax rate for 2011 and 2010 is primarily attributable to the revaluation of deferred tax relating to a loss-carryforward and temporary differences within JM International.

### REVENUE BY BUSINESS SEGMENT

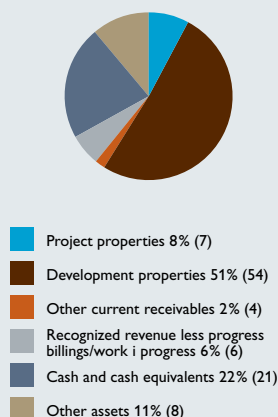


CONSOLIDATED BALANCE SHEET, SEKm	Note	Dec. 31, 2011	Dec. 31, 2010
<b>ASSETS</b>	1 2		
<b>Non-current assets</b>			
Goodwill	10	202	58
Machinery and equipment	11	17	12
Participations in associated companies	12, 13	9	9
Interest-bearing financial assets	14	0	1
Other financial assets	14, 15	18	63
Deferred tax receivables	26	69	76
<b>Total non-current assets</b>		<b>315</b>	<b>219</b>
<b>Current assets</b>			
Project properties	16	859	661
Development properties	16	5,816	5,374
Participations in tenant-owners associations, etc.	17	150	115
Accounts receivable	23	781	444
Other current receivables	18	265	413
Prepaid expenses and accrued income		19	14
Recognized revenue less progress billings	19	584	449
Work in progress	20	70	117
Cash and cash equivalents	21	2,437	2,087
<b>Total current assets</b>		<b>10,981</b>	<b>9,674</b>
<b>TOTAL ASSETS</b>		<b>11,296</b>	<b>9,893</b>
<b>EQUITY AND LIABILITIES</b>	2		
<b>Equity attributable to shareholders of the Parent Company <sup>1)</sup></b>			
Share capital		83	83
Other capital contributions		779	766
Reserves		-23	-20
Undistributed earnings (including net profit for the year)		3,759	3,094
<b>Total shareholders' equity</b>		<b>4,598</b>	<b>3,923</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	22, 23	293	258
Other non-current liabilities	22, 23	172	218
Provisions for pensions and similar commitments	24	608	585
Other non-current provisions	25	196	207
Deferred tax liabilities	26	1,319	1,041
<b>Total non-current liabilities</b>		<b>2,588</b>	<b>2,309</b>
<b>Current liabilities</b>			
Accounts payable	22, 23	637	466
Current interest-bearing liabilities	22, 23	566	514
Other current liabilities	22, 23	551	473
Current tax liabilities		158	123
Progress billings in excess of recognized revenue	27	1,317	1,214
Accrued expenses and deferred income	28	777	760
Current provisions	25	104	111
<b>Total current liabilities</b>		<b>4,110</b>	<b>3,661</b>
<b>Total liabilities</b>		<b>6,698</b>	<b>5,970</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,296</b>	<b>9,893</b>
<b>Pledged assets and contingent liabilities</b>	29		

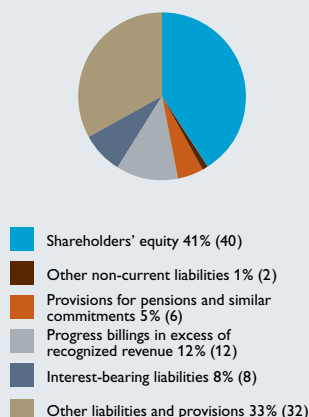
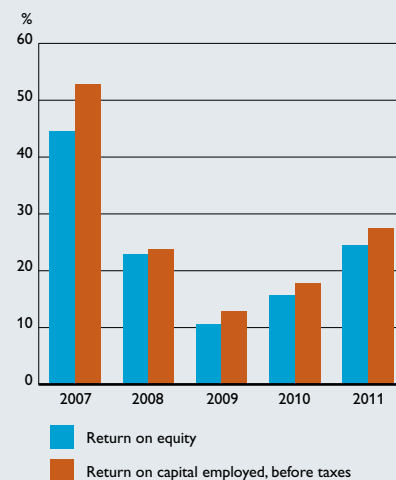
<sup>1)</sup> Please see the section on Consolidated statement of changes in equity, page 62.

**CONSOLIDATED ASSETS**

Dec. 31, 2011


**CONSOLIDATED CAPITAL STRUCTURE**

Dec. 31, 2011


**RETURN ON EQUITY AND CAPITAL EMPLOYED<sup>1)</sup>**


<sup>1)</sup> Financial year 2008 and earlier are not restated according to IFRIC 15.

**COMMENTS**
**GOODWILL**

(2011: SEK 202m, 2010: SEK 58m)

The reported goodwill pertains to goodwill at the acquisition of JM Norge AS, AS Projektfinans and Öie AS (a construction and project development company acquired in 2011).

The goodwill item increased by SEK 144m during the year, and the increase is attributable in its entirety to the acquisition of Öie AS.

**PROJECT PROPERTIES**

(2011: SEK 859m, 2010: SEK 661m)

The portfolio of project properties is larger than the previous year's portfolio, primarily due to the acquisition of the Haifa 1 and Gästabudet 2 properties, and construction of senior housing in the Dalén area on Lidingö.

The Haifa 1 commercial property is located in the Värtahamn area where housing construction is being planned in accordance with the Municipality of Stockholm's general plan.

The Gästabudet 2 residential property includes 102 rental units and is located in Nälsta, Vällingby.

The Solbacka senior housing property in Norrtälje was sold during 2011 with an impact on earnings of SEK 23m.

**DEVELOPMENT PROPERTIES**

(2011: SEK 5,816m, 2010: SEK 5,374m)

In 2011 JM acquired development properties at a slightly lower pace than the previous year. During the year JM acquired development properties for SEK 1,585m (1,655), while development properties for SEK 1,113m (1,080) were transferred to production. All acquisitions involve development properties intended for housing and relate mainly to properties in Täby, at Brommaplan in Stockholm, and in Malmö and Oslo. In all, JM has 17,600 building rights (17,600) on the balance sheet.

**PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.**

(2011: SEK 150m, 2010: SEK 115m)

Unsold tenant-owned apartments are purchased no later than the settlement date and are a consequence of the undertaking in the construction contract with the tenant-owners' association. The number of unsold homes on the balance sheet amounts to 59 (40), and relates mainly to JM Residential Stockholm and JM Residential Sweden.

**RECOGNIZED REVENUE LESS PROGRESS BILLINGS**

(2011: SEK 584m, 2010: SEK 449m)

The assets item increased over the year, which is due to an increase in the current project volume resulting from a higher level of sales and housing starts in 2010/2011.

**WORK IN PROGRESS**

(2011: SEK 70m, 2010: SEK 117m)

The balance sheet item "work in progress" was added in 2010 due to the changed accounting principle relating to JM's operations outside Sweden, JM International. Costs and invoicing/received financing in residential projects that are not transferred to a customer are capitalized in the work in progress balance sheet item. This balance sheet item decreases in scope due to a higher degree of financing in the current project volume.

**NON-CURRENT INTEREST-BEARING LIABILITIES**

(2011: SEK 293m, 2010: SEK 258m)

Non-current interest-bearing liabilities increased somewhat since non-current liabilities to credit institutions within foreign operations increased. Non-current interest-bearing promissory notes increased slightly, from SEK 55m to SEK 75m, while the convertible loan decreased from SEK 111m to SEK 73m.

**CURRENT INTEREST-BEARING LIABILITIES**

(2011: SEK 566m, 2010: SEK 514m)

Current interest-bearing liabilities increased somewhat since current liabilities to credit institutions within foreign operations increased. The convertible loan of SEK 143m for the 2007 program was settled during the year. The convertible loan for the 2008 convertible program will be settled in 2012 and therefore the liability has been reclassified from non-current to current interest-bearing liability.

**PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE**

(2011: SEK 1,317m, 2010: SEK 1,214m)

Reported amounts of liabilities increased over the year, which is due to an increase in the current project volume resulting from a higher level of sales and housing starts in 2010/2011.

**PROVISIONS FOR PENSIONS**

(2011: SEK 608m, 2010: SEK 585m)

Pension obligations and thus net liability according to the balance sheet have increased, mainly due to the actuarial loss in 2011 that increased primarily as a result of new assumptions related to discount rate and new life expectancy.

**DEFERRED TAX LIABILITIES**

(2011: SEK 1,319m, 2010: SEK 1,041m)

Deferred tax liabilities increased mainly as a result of an increase in the Parent Company's untaxed reserves, which are divided between equity and deferred tax, the difference between fiscal and carrying amount for development properties and provisions for taxation for impairment loss/loss carry-forward not yet approved.



CONSOLIDATED CASH FLOW STATEMENT, SEKm	Note	2011	2010
	1		
<b>OPERATING ACTIVITIES</b>			
Operating profit		1,513	907
Impairment losses		6	7
Adjustment for non-cash items		-54	-34
<b>Sub-total, cash flow from operating activities</b>		<b>1,465</b>	<b>880</b>
Interest received		40	40
Dividends received		3	2
Interest paid and other financial expenses		-57	-74
Paid tax		-261	-194
<b>Cash flow from operating activities before change in working capital</b>		<b>1,190</b>	<b>654</b>
Investment in development properties, etc.		-1,872	-2,399
Payment on account for development properties, etc.		1,436	1,673
Increase/decrease in accounts receivable		-278	-59
Increase/decrease in other current receivables, etc.		12	283
Increase/decrease in accounts payable		100	102
Increase/decrease in other current operating liabilities		318	-139
<b>Cash flow before investments and sales of project properties</b>		<b>906</b>	<b>115</b>
Investment in project properties, etc.		-291	-73
Sale of project properties, etc.		118	0
<b>Cash flow from operating activities</b>		<b>733</b>	<b>42</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of operations		-136	-
Investment in property, plant, and equipment		-5	-3
Property, plant, and equipment sold		-	0
Change in financial assets		48	10
<b>Cash flow from investment activities</b>		<b>-93</b>	<b>7</b>
<b>FINANCING ACTIVITIES</b>			
Loans raised		447	423
Amortization of debt		-362	-202
Dividend		-375	-208
<b>Cash flow from financing activities</b>		<b>-290</b>	<b>13</b>
<b>Cash flow for the year</b>		<b>350</b>	<b>62</b>
<b>Cash and cash equivalents, January 1</b>		<b>2,087</b>	<b>2,030</b>
Exchange rate difference in cash and cash equivalents		0	-5
<b>Cash and cash equivalents, December 31</b>		<b>2,437</b>	<b>2,087</b>
<b>INTEREST-BEARING NET LIABILITIES/RECEIVABLES</b>	22		
Interest-bearing liabilities and provisions		1,467	1,357
Cash and cash equivalents		-2,437	-2,087
Interest-bearing receivables		0	0
<b>Interest-bearing net liabilities (+)/receivables (-), December 31</b>		<b>-970</b>	<b>-730</b>

COMMENTS

**OPERATING ACTIVITIES**

(2011: SEK 733m, 2010: SEK 42m)

Cash flow from operating activities improved to SEK 733m (42), mainly attributable to an improvement in earnings in combination with lower net investment in development properties. Last year's cash flow was impacted by SEK 719m being paid for the Dalénium acquisition on Lidingö.

**Cash flow from operating activities (sub-total)**  
(2011: SEK 1,465m, 2010: SEK 880m)

Operating activities, before interest and tax, contributed SEK 1,465m (880). This represents an improvement of SEK 585m after adjustment for gains on property sales of SEK 27m, reported under the sale of each type of property, and elimination of non-cash items. Cash flow from operating activities improved compared with the previous year due to more project starts.

**Cash flow from operating activities before change in working capital**

(2011: SEK 1,190m, 2010: SEK 654m)

Net interest received and paid decreased from SEK -32m in 2010 to SEK -14m in 2011, attributable in part to lower average interest-bearing liability in 2011.

Paid tax increased from SEK -194m in 2010 to SEK -261m in 2011.

**Net development properties, etc. (including participations in tenant-owners associations)**

(2011: SEK -436m, 2010: SEK -726m)

JM invested in new development properties for SEK -1,585m (-1,655). At the same time, SEK 1,113m (1,080) went into production in conjunction with project starts. During the year the Group increased its holdings of participations in tenant-owners associations with a negative net flow of SEK -52m (270).

**Current receivables and liabilities**

(2011: SEK 152m, 2010: SEK 187m)

The change in current receivables and liabilities had a negative effect on cash flow of SEK -35m (497) compared with the previous year.

**Net project properties**

(2011: SEK -173m, 2010: SEK -73m)

The Group sold project properties for SEK 118m and invested for SEK -292m, with a net effect of SEK -174m.

**INVESTING ACTIVITIES**

(2011: SEK -93m, 2010: SEK 7m)

As of July 1, 2011, JM Norge acquired all shares in Öie AS, Oslo, which impacted the Group's cash and cash equivalents by SEK -136m. The total value of assets and liabilities and purchase sum is found in note 31 Acquisition of operations.

**FINANCING ACTIVITIES**

(2011: SEK -290m, 2010: SEK 13m)

Cash flow from operating activities was used for purposes such as shareholder dividends of SEK -375m. Interest-bearing liabilities increased net by SEK 85m, mainly due to increased borrowing within foreign operations.

**ADJUSTMENT FOR NON-CASH ITEMS**

	2011	2010
Gains on the sale of properties	-27	-28
Changes in pension liability	23	20
Other provisions, etc.	-50	-26
<b>Total</b>	<b>-54</b>	<b>-34</b>

**INVESTMENT IN DEVELOPMENT PROPERTIES, ETC.**

	2011	2010
Investment in development properties	-1,585	-1,655
Acquisition of participations in tenant-owners associations	-289	-325
Change in promissory note	2	-419
<b>Total</b>	<b>-1,872</b>	<b>-2,399</b>

**PAYMENT ON ACCOUNT FOR DEVELOPMENT PROPERTIES, ETC.**

	2011	2010
Payment on account for development properties	1,113	1,080
Sale of development properties	25	63
Change in receivables, development properties sold, etc.	44	-12
Sale of participations in tenant-owners associations	254	542
<b>Total</b>	<b>1,436</b>	<b>1,673</b>

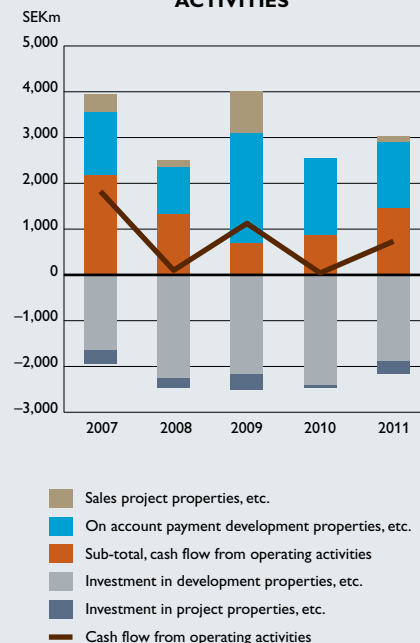
**INVESTMENT IN PROJECT PROPERTIES, ETC.**

	2011	2010
Investment in project properties	-292	-74
Adjustment for capitalized interest	1	1
<b>Total</b>	<b>-291</b>	<b>-73</b>

**SALE OF PROJECT PROPERTIES, ETC.**

	2011	2010
Sale of project properties	118	0
Change in receivables	0	0
<b>Total</b>	<b>118</b>	<b>0</b>

**CASH FLOW FROM OPERATING ACTIVITIES**



## Attributable to shareholders of the Parent Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SEKm	Share capital	Other capital contributions	Translation reserves	Undistributed earnings	Total shareholders' equity
<b>Opening balance, January 1, 2010</b>	<b>83</b>	<b>763</b>	<b>85</b>	<b>2,706</b>	<b>3,637</b>
Total comprehensive income for the year	-	-	-105	594	489
Dividend to equity holders of the Parent Company	-	-	-	-208	-208
Equity component of convertible debentures	-	3	-	-	3
Share-based payments regulated with equity instruments	-	-	-	2	2
<b>Closing balance, December 31, 2010</b>	<b>83</b>	<b>766</b>	<b>-20</b>	<b>3,094</b>	<b>3,923</b>
<b>Opening balance, January 1, 2011</b>	<b>83</b>	<b>766</b>	<b>-20</b>	<b>3,094</b>	<b>3,923</b>
Total comprehensive income for the year	-	-	-3	1,042	1,039
Dividend to equity holders of the Parent Company	-	-	-	-375	-375
Conversion of convertible loan	0	11	-	-	11
Equity component of convertible debentures	-	2	-	-	2
Share-based payments regulated with equity instruments	-	-	-	-2	-2
<b>Closing balance, December 31, 2011</b>	<b>83</b>	<b>779</b>	<b>-23</b>	<b>3,759</b>	<b>4,598</b>

## COMMENTS

**EQUITY**

(2011: SEK 4,598m, 2010: SEK 3,923m)

Shareholders' equity increased by SEK 675m compared with the outcome of 2010. Consolidated equity as of December 31, 2011, totaled SEK 4,598m (3,923), which corresponds with SEK 55 (47) per share. Return on equity is 24.5 percent (15.7).

**Total comprehensive income for the year**

Please see the notes on the Consolidated income statement, page 57.

**Translation difference**

The change for the year amounts to SEK -3m (-105) and the accumulated translation difference in closing equity is SEK -23m (-20). The Swedish Krona strengthened marginally against the Norwegian Krone, the Danish Krone and the Euro during the year.

**Dividend to equity holders of the Parent Company**

The dividend to equity holders of the Parent Company totaled SEK 375m (208), corresponding to SEK 4.50 (2.50) per share.

**Conversion of convertible loan**

During the year, 128,188 shares were converted in the 2008 and 2009 Convertible Program and the 2008 and 2009 Warrant Program. Share capital has thus increased by SEK 0m and other capital contributions by SEK 11m.

**Equity component of convertible debentures**

Convertible debentures were offered to JM employees during the year. The liability and equity components are reported separately, which means that the debenture loan is reported in the balance sheet as a liability initially with the nominal amount excluding the equity component. Equity increased by SEK 2m upon conclusion of the subscription period.

**Share-based payments**

Share-based payments regulated with equity instruments have resulted in a charge against equity of SEK -2m.

Consolidated shareholders' equity in the balance sheet is classified as follows:

**Share capital**

Share capital includes the registered share capital for the Parent Company.

**Other capital contributions**

Other capital contributions include transactions with shareholders. The transactions that have occurred are new issues at a premium and correspond with capital received in addition to the nominal amount.

**Translation reserves**

The reserves consist of translation differences attributable to translation of foreign subsidiaries according to IAS 21.

**Undistributed earnings (including net profit for the year)**

Undistributed earnings (profit carried forward) including net profit for the year correspond with the accumulated total gains and losses generated for the Group.



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**NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES**

Amounts in SEKm unless stated otherwise.

**Corporate information**

These annual accounts and consolidated accounts for JM AB were approved by the Board and the President on February 22 and will be presented for adoption at the 2012 Annual General Meeting. JM AB is a Swedish public limited company listed on NASDAQ OMX Stockholm, Mid Cap segment. The Company has its registered office in Stockholm, Sweden.

**Statement of compliance with applicable rules**

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 will be applied. Moreover, the consolidated accounts are prepared in compliance with Swedish law through the application of the Swedish Financial Reporting Board recommendation RFR 1 (Supplementary Accounting Regulations for Groups). The Parent Company's annual accounts have been prepared in compliance with Swedish law and with application of the Swedish Financial Reporting Board's recommendation RFR 2 (Reporting for Legal Entities). This means that IFRS valuation and disclosure rules are applied with the deviations that can be seen in the section about the Parent Company's accounting policies.

**Basis for preparation of the accounts**

The consolidated accounts are based on historical acquisition values, with the exception of certain financial instruments. Unless stated otherwise, all amounts are specified in millions of Swedish kronor (SEKm).

**Basis for consolidation**

The consolidated accounts include the Parent Company and its subsidiaries. The financial statements for the Parent Company and the subsidiaries that are included in the consolidated accounts relate to the same period and have been prepared according to the accounting policies that apply for the Group. A subsidiary is included in the consolidated financial statements from the date on which the Parent Company acquires a controlling influence over the company, normally 50 percent of the votes, and is included in the consolidated financial statements until the date on which the controlling influence in the company ceases. Internal balances and profits and losses from internal transactions are eliminated.

**New and changed accounting standards and interpretations**

JM's accounting principles and methods of calculation for 2011 remain unchanged compared with 2010 with the exceptions for accounting of Group contribution in the Parent Company (see

Parent Company's accounting policies). New and changed accounting standards and interpretations that apply from 2012 are extremely limited in scope and are not assessed to have any effect on JM's financial reports.

**Changes in effect commencing in 2013 (not yet approved by the EU)**

The following new and modified standards will be applied from 2013:

**IFRS 10 Consolidated Financial Statements**

The standard includes uniform rules for which units are to be consolidated and will replace IAS 27 Consolidated and Separate Financial Statements and SIC 12, which addresses Special Purpose Entities. The new standard is not deemed to have an impact on JM's accounting.

**IFRS 11 Joint Arrangements**

The standard addresses joint arrangements accounting and will replace IAS 31 Interests in Joint Ventures. JM's substantial holdings in jointly owned companies will be reported in compliance with the new standard. Thus, the new standard will not change JM's accounting of jointly owned companies.

**IFRS 12 Disclosure of Interests in Other Entities**

This is a comprehensive standard on disclosure requirements for subsidiaries, joint arrangements and associated companies. The new standard entails more comprehensive disclosure on subsidiaries, etc.

**IFRS 13 Fair Value Measurement**

The standard includes uniform rules for estimating and disclosing fair values. The new standard is not deemed to have a substantial impact on JM's accounting.

Amendment to **IAS 1 Presentation of Financial Statements**. Requires separate sub-totals in total other comprehensive income.

Amendment to **IAS 19 Employee Benefits**. The modifications primarily pertain to accounting and disclosure of defined-benefit pension plans. The modified standard means that the estimated value of JM's pension obligations will be entirely recognized as liabilities in the consolidated balance sheet.

**Estimates and assumptions**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses, as well as other information disclosed. Actual results may differ from these estimates, which can be seen in particular in the field of revenue and income recognition relating

to the percentage of completion method in residential projects, where these evaluations and assumptions are important for the reported profits and financial position of each period.

Reporting of employee benefits/pensions and provisions for guarantees are also largely based on evaluations and assumptions.

The value of pension commitments for defined-benefit pension plans is based on actuarial calculations using assumptions about discount rates, future salary increases, inflation and demographic conditions.

Provisions for future expenses due to guarantee commitments are based on calculated expenses that have historically provided a reliable provision when compared to actual results.

See also the "Impairment losses" section.

**Current and non-current liabilities, current and non-current assets**

Liabilities and provisions in the balance sheet are reported as current or non-current. Current liabilities are debts that will be settled within twelve months of the balance sheet date; the same applies to the breakdown between current and non-current assets.

**Business combinations**

According to IFRS 3, the fair value of identifiable assets and liabilities in the acquired business is established at the time of acquisition. These fair values also include the percentage of assets and liabilities that are attributable to any remaining minority shareholders in the acquired business. Identifiable assets and liabilities also include assets, liabilities and provisions, including commitments and claims from outside parties, which are not recognized on the balance sheet of the acquired business. The difference between the cost of the acquisition and the acquired share of net assets in the acquired business is classified as goodwill and recognized as an intangible asset in the balance sheet.

**Associated companies**

Companies in which the Group has a significant influence, which is assumed when the holding amounts to at least 20 percent and not more than 50 percent of the voting rights, are reported as associated companies. This also assumes that ownership is part of a lasting connection and that the holding is not a joint venture. Associated companies are included in the consolidated accounts according to the equity method. JM's holding of associated companies is negligible.

**Joint ventures**

Companies that are not subsidiaries and which conduct operations in consortium-like forms, i.e. with joint ownership and control, are consolidated according to the proportional method. JM's joint ventures are limited in scope.

### Translation of foreign operations

All foreign Group companies conduct their business activities in the local currency of the respective country, which is the functional currency of the respective company. Balance sheets and income statements are translated to the Group's reporting currency (SEK) according to the current method. According to the current method, all assets, provisions, and other liabilities are restated at closing rate of exchange and all items in the income statement are restated using the average exchange rate for the year. Translation differences thus arising are transferred directly to the translation reserve in equity, as are any translation differences in those financial instrument held to hedge these net assets. In the event of a sale of a foreign business, the accumulated translation difference is recognized in the income statement.

### Receivables and liabilities in foreign currency

Transactions in foreign currencies (currency other than each company's functional currency), are reported at the conversion rate on the transaction date. Monetary receivables and liabilities in foreign currencies are valued at the exchange rate applying on the balance sheet date. Exchange rate differences are reported in the income statement.

### Segment reporting

The Group's operations are divided into five business segments: JM Residential Stockholm, JM Residential Sweden, JM International, JM Property Development and JM Production, which also comprise the reportable segments for the JM Group in accordance with IFRS 8. This division into business segments is based on the Group's operating divisions, which are based on geographical areas combined with differences between products and services provided. The CEO regularly uses internal reporting from the business segments to allocate resources to the segments and to assess the performance of the segments.

Segment reporting of JM's operations regarding residential development projects both in Sweden and outside Sweden is done in compliance with IAS 11, percentage of completion method.

### Gains on the sale of properties

Sales of project properties and development properties that are not the object of project development are usually recognized on the income statement in the period during which the parties entered into a binding sale agreement. Gains from land sales in conjunction with residential development projects are included in the reporting for the entire residential project.

### Revenue and profit from residential project development

Project revenues relating to contracting and residential development projects in the Swedish

operations are reported in compliance with IAS 11 Construction Contracts, which entails the percentage of completion method. JM's residential project development in Sweden is primarily conducted by JM entering a construction contract with a tenant-owners association as the customer. JM's business model in Sweden and the agreement structure of projects performed for a customer meet the requirements of a construction contract in compliance with IAS 11. Revenue is based on stage of completion, and profit is calculated based on stage of completion multiplied by the sales rate. Sales rate reflects the obligation to acquire unsold residential units. The adjustment for the obligation decreases as the number of unsold residential units in each project decreases.

The percentage of completion method is based on the view that an assignment is carried out in pace with completion of the respective project. Revenue and profit in the project are reported period-by-period, in pace with recognition and sale, providing a direct link between financial reporting and the operations conducted during the period. Stage of completion is mainly determined based on project expenses incurred in relation to total estimated project expenses. "Sales" refers to the number of residential units sold based on binding contracts with end customers. Revaluations (changes in forecasts) of anticipated project revenues lead to adjustment of previously recognized revenue in the project concerned. This adjustment is included in the net profit for the period. Anticipated losses are charged against the profit for the period in full. Revenue recognition according to the percentage of completion method is carried out from the preliminary stage of the project if reliable estimation can be made and continues according to the same principle until the project is completed. The Parent Company also applies the percentage of completion method. Most of JM's operations pertain to housing projects conducted by JM for subsequent sale. These operations involve contracting projects with production on sold land, primarily for tenant-owners associations, for subsequent sale to home buyers.

When production begins, the property with the carrying amount is transferred to the contracting project and included among the project's other production costs. Interest expenses are included among production costs from the start of production.

For residential project development outside Sweden, JM enters an agreement with each individual home buyer, which means IAS 18 Revenue is applied. Revenue and profit are reported at the time the home is transferred to the customer rather than gradually during project implementation.

### Income tax

The heading "Taxes" in the income statement includes current and deferred income tax for

Swedish and foreign Group divisions. The companies in the Group are liable for tax according to existing legislation in each country. The state income tax rate in Sweden was 26.3 percent during the year. Current tax is calculated on nominal book profit with an addition for non-deductible items and a deduction for non-taxable income and other deductions. The balance sheet method is applied to accounting for deferred tax. According to this method deferred tax liabilities and assets are reported for temporary differences between carrying amounts and fiscal values respectively for assets and liabilities and for other fiscal deductions or deficits. Deferred tax assets are recognized net against deferred tax liabilities if they can be used against deferred tax liabilities. Deferred tax liabilities and tax assets are calculated on the basis of the actual tax rate. The effects of changes in applicable tax rates are taken against income in the period the change becomes law. Deferred tax assets are reduced to the extent that it is not probable that the underlying tax asset can be realized within the foreseeable future.

### Intangible assets (goodwill)

The useful life of each intangible asset is set and written off over the useful life of the asset. If the useful life of the asset is assessed to be indeterminate it is not amortized. An assessment that concludes that an intangible asset has an indeterminate useful life considers all relevant conditions and is based on the fact that there is no predictable maximum time limit for the net cash flow that the asset generates. Goodwill has an indefinite useful life. The need for impairment is tested at least annually for intangible assets, including goodwill, with an indeterminate useful life. Goodwill is tested for impairment as described below. Goodwill value, which is established at the time of acquisition, is allocated among cash-generating units, or groups of cash-generating units. Each such cash flow to which goodwill is allocated corresponds with the lowest level within the Group at which goodwill is monitored in the company's governance and is not a larger part of the Group than a segment. An impairment loss is present when the recoverable amount relating to a cash-generating unit (or groups of cash-generating units) is less than the carrying amount. An impairment loss is then reported in the income statement.

### Plant, property, and equipment

Plant, property and equipment are recognized at cost after deduction for accumulated depreciation and impairment losses, if any. Depreciation according to plan is applied on a straight-line basis and based on the cost and assessed useful life of the assets.

### Project and development properties

Project properties are all properties that are not classified as development properties as



Note 1 cont.

described below. JM does not own properties for long-term management. Project properties should be sold after they are fully developed and are therefore classified as current assets and valued according to IAS 2 Inventory. Production costs for JM's fully developed properties include both direct costs and a reasonable share of indirect costs. Interest expenses pertaining to production of project properties are recognized as an expense in the Parent Company. In the consolidated accounts the same amount is added to the cost of project properties. Properties, undeveloped or developed, that are intended for production of tenant-owned apartments/freehold apartments or single-family homes and land for project properties are classified as development properties. The properties are usually sold soon after production begins. Development properties are reported in accordance with IAS 2 Inventory. Project and development properties are usually recognized as assets in the accounting period during which the parties entered into a binding acquisition agreement.

#### Borrowing costs

Borrowing costs are included in the consolidated accounts in the acquisition cost of buildings in progress (project properties). In general, borrowing costs added to acquisition cost are limited to assets that take a significant time for completion, which in the Group's case comprise construction of project properties. Interest expenses are included in the acquisition value until the time that the building is complete. If special borrowing arrangements were made for the project, the actual average borrowing cost is used. In other cases the borrowing cost is calculated based on the Group's actual average borrowing cost.

#### Impairment losses

If on the balance sheet date there is any indication of impairment of the value of plant, property or equipment, or an intangible asset, a calculation is performed of the recoverable amount of the asset. The recoverable amount is the greater of net realizable value and value in use. If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognized to the asset's recoverable amount. An impairment loss is reversed when the basis for the impairment, wholly or partly, no longer exists. The term impairment loss is also used in conjunction with revaluation of properties reported as current assets. Valuation of these properties is performed item by item (property by property) according to the lower of cost or market principle; i.e. the lower of cost and net realizable value.

Net realizable value is the estimated sales price in the ordinary course of business, less estimated costs for completion and effecting a sale.

Net realizable value for development properties is based on internal project evaluations where assumptions are made about the project's expected revenues and expenses. The future cash flow of the project is discounted by a discount rate. Those projects (development properties) that demonstrate a negative present value based on discounting become the object of impairment.

See also "Intangible assets (goodwill)".

#### Leases

Leases are classified as either finance or operating leases. A finance lease exists when the economic risks and benefits associated with ownership are, in essence, transferred to the lessee; if this is not the case, it is classified as an operating lease. Briefly, a finance lease means that the object is recognized as an asset in the balance sheet of the lessee, while a matching liability is recognized as a liability item in the balance sheet. In an operational lease, the object is recognized in the balance sheet of the lessor. Lease fees in operational leases are recognized linearly over the term of the agreement. JM's holdings of leases with JM as lessee are of limited scope.

#### Employee benefits/pensions

Employee benefits are reported in accordance with IAS 19, Employee Benefits. A distinction is made between defined-contribution pension plans and defined-benefit pension plans relating to post-employment benefits. Defined-contribution pension plans are defined as plans where the company pays set charges to a separate legal entity and does not have any obligation to pay additional charges even if the legal entity does not have sufficient assets to pay the benefits to employees attributable to their service until the reporting date. Other pension plans are defined-benefit. Obligations and costs relating to defined-benefit pension plans are calculated according to the Projected Unit Credit Method. The intention is that anticipated future pension payments should be expensed evenly over the employee's period of service. Anticipated future salary increases and anticipated inflation are included in the calculation. The present value of obligations is discounted in the first place based on a market return on first-class corporate bonds on the reporting date. In Sweden, where there is no functioning market for such bonds, the market return on mortgage bonds is used and a premium for a longer maturity is added based on the duration of the pension obligations. In order to avoid substantial fluctuations in pension costs between years, changes within a certain level (known as the corridor) can be left unrecognized in the income statement and in the balance sheet. The corridor means that actuarial gains and losses only affect the Group's profit or loss to the extent that they exceed the higher of 10 percent of the present value of

pension obligations and 10 percent of the fair value of the plan assets. Excess amounts (outside the corridor) are allocated over the average remaining length of employment. The recognized return on plan assets relates to the estimated return at the beginning of the year and therefore usually differs from the actual return during the year. This variance is an actuarial gain or loss.

Information about the Group's pension obligations is provided in note 25. Independent actuaries conduct annual calculations relating to the defined-benefit plans found at JM. Taxes payable on pension costs, such as the Swedish payroll tax on pension costs, are taken into account when calculating pension obligations as described above, which is in accordance with pronouncement UFR 4 from the Swedish Financial Reporting Board, Accounting for special employer's contribution and yield tax.

#### Share-based payments

Approximately 50 senior executives in the Group have been offered the opportunity to participate in long-term variable salary programs, the share-matching plan and the performance share program.

Participation in the share-matching plan requires an investment in JM common stock (contribution shares). For a certain number of contribution shares the participant is granted the right to acquire one ordinary JM share at an established redemption price. In order to be eligible for the program the participant is required to have been employed at JM Group for a specific period of time and kept all contribution shares during this period.

Participants in the performance share program receive, free of charge and with no requirement for investment in contribution shares, a certain number of rights. Each right entitles the holder to acquire at a future point in time one ordinary share in JM (performance share) at an established redemption price, provided that certain performance requirements are met. In order to exercise the right to acquire a performance share, the participant must be employed by JM for a specific period of time and certain performance requirements, linked to JM's growth in earnings per share, must be met.

The fair value of the right for the share-matching plan and performance share program is determined on the grant date. Measurement, which is based on the price of the ordinary share on the grant date, takes into account the redemption price as well as the fact that the participant does not receive any return on the performance share during the vesting period.

Total fair values of the granted rights expected to be earned during the vesting period are reported as an expense in the income statement with a corresponding increase in retained earnings. The expense will be recognized in

the income statement over the vesting period. Exercise of the rights will mean that JM must pay social security expenses. Provisions are being made for the assessed future social security expenses and the expense will be recognized in the income statement over the vesting period.

### Financial instruments

Financial assets and financial liabilities are classified in different categories and are then recognized and measured according to the principles that apply to each category. Short-term investments are classified as assets that are measured at fair value and where changes in value are recognized in the income statement. Financial liabilities are measured at amortized cost. This is calculated so that a constant effective interest is obtained over the borrowing period provided maturities are not short. Accounts payable and similar current liabilities are thus recognized at nominal amounts. Financial derivative instruments are recognized in the balance sheet at fair value. Changes in value are recognized in the income statement. The Group's policy is that derivatives may only be held for hedging purposes. Hedge accounting, in which changes in value of derivatives are recognized directly in equity and later transferred to offset the hedged item, is not applied. JM has no or only negligible holdings of derivative instruments.

### Convertible debentures

Convertible debentures are reported as a compound financial instrument comprising a liability component and an equity component. The fair value of the liability at issuance is calculated by discounting future cash flows using the current market interest rate for an equivalent liability. The value of the equity instrument is calculated as the difference between the issue proceeds and the fair value of the financial liability. The equity instrument comprises an embedded option to convert the liability into shares.

### Provisions and contingent liabilities

Provisions are reported when JM has a commitment as a result of events that have occurred and where it is probable that payments will be required in order to meet the commitment. Moreover, it must be possible to reliably estimate the amount that will be paid. Provisions are made for future costs on the basis of guarantee commitments. This calculation is based on the estimated costs for the project concerned or for a group of similar projects, calculated according to a ratio that has historically provided a reliable provision for these costs. The same ratio can for example function as a proportion of revenue or estimated cost per completed residential unit. Contingent liabilities are possible commitments originating from events that have occurred and whose existence will be confirmed only by the occurrence or lack thereof of one or more uncertain future events, which are not completely in the company's control may or may not occur. Obligations that originate from events that have occurred, but that are not recognized as liabilities or provisions, because it is not probable that an outflow of resources will be required to settle the obligation or because the size of the obligations cannot be reliably estimated, are also recognized as contingent liabilities.

### Cash flow statement

The cash flow statement has been prepared according to the indirect method. The analysis has been adapted to JM's operations. Since buying and selling project and development properties are included in JM's ongoing activities, these are reported under the corresponding sections of the statement. The item "Payment on account for project properties" mainly refers to received payment for development properties in residential projects. The property is generally transferred to the customer at the start of the project. Buying and selling of plant, property and

equipment not pertaining to properties are reported under "Investing activities, other." Cash and cash equivalents and short-term financial investments that are traded on the open market at known amounts and that are associated with only marginal risk for value fluctuations are classified as cash and bank balances. Cash and cash equivalents include short-term investments with a maturity of less than three months from the due date. Taxes and interests paid for the year are reported in full under operating activities.

### Parent Company's Accounting Policies

The Parent Company's accounting policies deviate from the Group's on the following points: Defined-benefit pension plans are reported based on the regulations in the Swedish Pension Obligations Vesting Act. Untaxed reserves are reported in their entirety without being allocated between shareholders' equity and deferred tax. Participations in subsidiaries, associated companies and joint ventures are recognized at cost of acquisition less any impairment losses. In the Parent Company borrowing costs relating to buildings under construction (project properties) are expensed and recognized as a financial cost in the income statement. Mergers are reported in accordance with general advice from the Swedish Accounting Standards Board. In the Parent Company, mergers of wholly owned Group companies are reported according to the consolidated value method, in which all assets and liabilities are taken over at values based on the acquisition analysis carried out in connection with the original acquisition of the Group company in question. The merger difference is taken directly to shareholders' equity.

From 2011, received Group contributions are recognized as financial income and submitted Group contributions as a financial cost. Carrying amounts for 2010 have been adjusted.

## NOTE 2 SEGMENT INFORMATION

The JM Group's business is managed and reported by business segment as set out below.

- The JM Residential Stockholm business segment develops residential projects in Greater Stockholm
- The JM Residential Sweden business segment develops residential projects in growth areas in Sweden, excluding Greater Stockholm. Contracting operations are also conducted to a limited extent
- The JM International business segment develops and sells residential properties in Norway, Denmark, Finland and Belgium. Contracting operations are also conducted to a limited extent in Norway
- The JM Property Development business segment primarily develops rental housing, residential care

facilities and commercial properties in Greater Stockholm

- The JM Production business segment carries out construction work for external and internal customers in the Greater Stockholm area.

No segments have been aggregated to form the above reportable business segments. Identification of reportable segments is based on internal reporting to the chief operating decision maker, which in the JM Group is the chief executive officer of the Parent Company (who is also the President). The reporting format for segment reporting is based on geographical segment and business concept.

The chief operating decision-maker primarily uses

the business segments' income, operating profit and operating margin, as well as operating capital and operational cash flow as a basis for resource allocation and assessment of the segment's profit or loss. The performance of the business segments is assessed and evaluated based on the indicators mentioned above.

However, group-wide financial expenses, financial income and income taxes are mainly handled at Group level and not allocated to segments.

Transactions between business segments are based on market conditions.

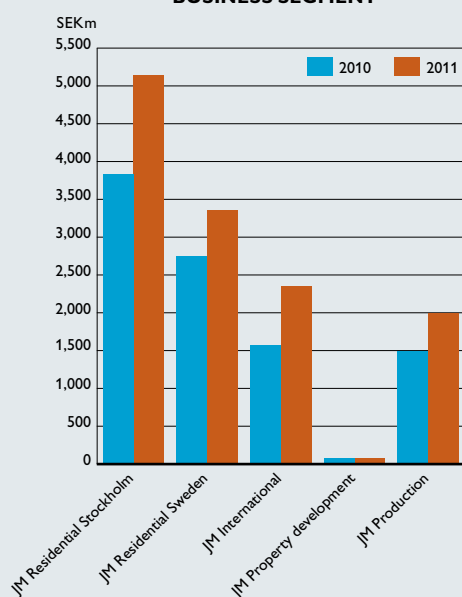
Note 2 cont.

## CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

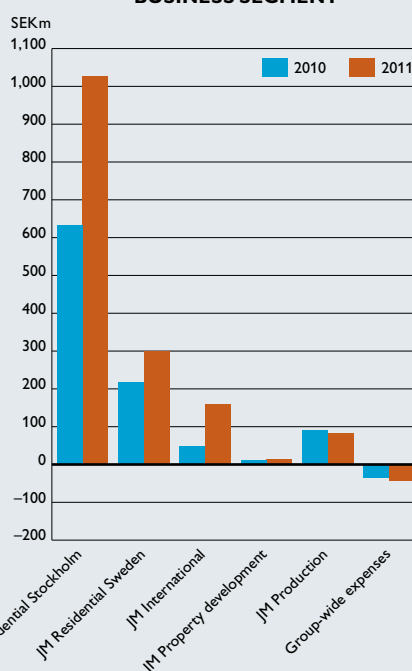
	JM Residential Stockholm	JM Residential Sweden	JM Property development	JM Production	Eliminations Sweden	Sub-total Sweden	JM International	Group-wide expenses	Total as stated in segment reporting	Unallocated items Group <sup>2)</sup>	Restatement JM International <sup>3)</sup>	Total Group
<b>Group 2011</b>												
Revenue – external	5,141	3,355	73	1,299	-	9,868	2,349	-	12,217	-	-216	12,001
Revenue – internal	-	-	-	687	-687	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>5,141</b>	<b>3,355</b>	<b>73</b>	<b>1,986</b>	<b>-687</b>	<b>9,868</b>	<b>2,349</b>	<b>-</b>	<b>12,217</b>	<b>-</b>	<b>-216</b>	<b>12,001</b>
Production and operating costs <sup>1)</sup>	-3,873	-2,887	-57	-1,834	687	-7,964	-2,019	-	-9,983	-	185	-9,798
<b>Gross profit</b>	<b>1,268</b>	<b>468</b>	<b>16</b>	<b>152</b>	<b>-</b>	<b>1,904</b>	<b>330</b>	<b>-</b>	<b>2,234</b>	<b>-</b>	<b>-31</b>	<b>2,203</b>
Selling and administrative expenses <sup>1)</sup>	-240	-171	-24	-68	-	-503	-171	-43	-717	-	-	-717
Gains on the sale of properties	-	4	23	-	-	27	-	-	27	-	-	27
<b>Operating profit</b>	<b>1,028</b>	<b>301</b>	<b>15</b>	<b>84</b>	<b>-</b>	<b>1,428</b>	<b>159</b>	<b>-43</b>	<b>1,544</b>	<b>-</b>	<b>-31</b>	<b>1,513</b>
Financial income and expenses										-50	-	-50
<b>Profit before tax</b>									<b>1,544</b>	<b>-50</b>	<b>-31</b>	<b>1,463</b>
Taxes										-423	2	-421
<b>Net profit for the year</b>									<b>1,544</b>	<b>-473</b>	<b>-29</b>	<b>1,042</b>
Operating margin (%)	20.0	9.0		4.2			6.8		12.6			12.6
<sup>1)</sup> Including: depreciation of machinery and equipment	-	-1	-	0	-	-1	-2	-3	-6	-	-	-6
<b>Group 2010</b>												
Revenue – external	3,824	2,749	72	1,059	-	7,704	1,570	-	9,274	-	-138	9,136
Revenue – internal	-	-	-	437	-437	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>3,824</b>	<b>2,749</b>	<b>72</b>	<b>1,496</b>	<b>-437</b>	<b>7,704</b>	<b>1,570</b>	<b>-</b>	<b>9,274</b>	<b>-</b>	<b>-138</b>	<b>9,136</b>
Production and operating costs <sup>1)</sup>	-2,957	-2,375	-56	-1,346	437	-6,297	-1,387	-	-7,684	-	76	-7,608
<b>Gross profit</b>	<b>867</b>	<b>374</b>	<b>16</b>	<b>150</b>	<b>-</b>	<b>1,407</b>	<b>183</b>	<b>-</b>	<b>1,590</b>	<b>-</b>	<b>-62</b>	<b>1,528</b>
Selling and administrative expenses <sup>1)</sup>	-235	-155	-30	-59	-	-479	-135	-35	-649	-	-	-649
Gains on the sale of properties	2	-	26	-	-	28	-	-	28	-	-	28
<b>Operating profit</b>	<b>634</b>	<b>219</b>	<b>12</b>	<b>91</b>	<b>-</b>	<b>956</b>	<b>48</b>	<b>-35</b>	<b>969</b>	<b>-</b>	<b>-62</b>	<b>907</b>
Financial income and expenses										-67	-	-67
<b>Profit before tax</b>									<b>969</b>	<b>-67</b>	<b>-62</b>	<b>840</b>
Taxes										-262	16	-246
<b>Net profit for the year</b>									<b>969</b>	<b>-329</b>	<b>-46</b>	<b>594</b>
Operating margin (%)	16.6	8.0		6.1			3.1		10.4			9.9
<sup>1)</sup> Including: depreciation of machinery and equipment	0	-1	-	0	-	-1	-3	-3	-7	-	-	-7

<sup>2)</sup> Unallocated items within the Group pertain to financial income and expenses, as well as tax.<sup>3)</sup> Effect of restatement on revenue and profit and loss according to IFRIC 15 in relation to segment reporting. For more information about IFRIC 15, see the accounting principles on pages 64–67.

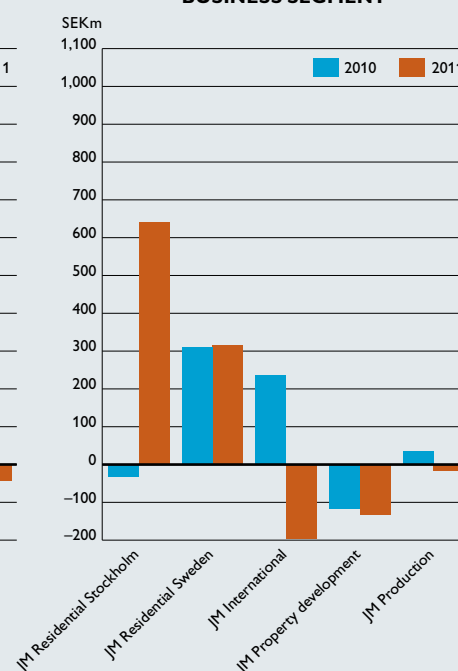
REVENUE BY BUSINESS SEGMENT



OPERATING PROFIT BY BUSINESS SEGMENT



OPERATING CASH FLOW BY BUSINESS SEGMENT





## CONSOLIDATED BALANCE SHEET BY BUSINESS SEGMENT

Group December 31, 2011	JM Residen- tial Stockholm	JM Residen- tial Sweden	JM Property devel- opment	JM Produc- tion	Sub- total Sweden	JM Interna- tional	Total as stated in segment reporting	Unallo- cated items Group 4) 5)	Restate- ment JM Internat <sup>3)</sup>	Total Group
<b>ASSETS</b>										
<b>Non-current assets</b>	-	-	-	-	-	202	202	109	4	315
Project properties	-	-	808	-	808	51	859	-	-	859
Development properties	2,888	1,406	60	-	4,354	1,462	5,816	-	-	5,816
Participations in tenant-owners associations, etc.	48	98	-	-	146	4	150	-	-	150
Current receivables	341	462	5	306	1,114	528	1,642	217	-140	1,719
Cash and cash equivalents	-	-	-	-	-	-	-	2,437	-	2,437
<b>Total current assets</b>	<b>3,277</b>	<b>1,966</b>	<b>873</b>	<b>306</b>	<b>6,422</b>	<b>2,045</b>	<b>8,467</b>	<b>2,654</b>	<b>-140</b>	<b>10,981</b>
<b>TOTAL ASSETS</b>	<b>3,277</b>	<b>1,966</b>	<b>873</b>	<b>306</b>	<b>6,422</b>	<b>2,247</b>	<b>8,669</b>	<b>2,763</b>	<b>-136</b>	<b>11,296</b>
<b>EQUITY AND LIABILITIES</b>										
Shareholders' equity	-	-	-	-	-	-	-	4,700	-102	4,598
Non-current liabilities	-	-	-	-	-	-	-	2,613	-25	2,588
Current liabilities	892	533	5	295	1,725	167	1,892	2,227	-9	4,110
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>892</b>	<b>533</b>	<b>5</b>	<b>295</b>	<b>1,725</b>	<b>167</b>	<b>1,892</b>	<b>9,540</b>	<b>-136</b>	<b>11,296</b>
<b>Total operating capital by business segment</b>	<b>2,385</b>	<b>1,433</b>	<b>868</b>	<b>11</b>	<b>-</b>	<b>2,080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment in machinery and equipment	-	-	-	-	-	-	-	11	-	11

## Group December 31, 2010

<b>ASSETS</b>										
<b>Non-current assets</b>	-	-	-	-	-	58	58	160	1	219
Project properties	-	2	625	-	627	34	661	-	-	661
Development properties	2,562	1,497	60	-	4,119	1,255	5,374	-	-	5,374
Participations in tenant-owners associations, etc.	39	68	-	-	107	8	115	-	-	115
Current receivables	210	412	41	187	850	372	1,222	315	-100	1,437
Cash and cash equivalents	-	-	-	-	-	-	-	2,087	-	2,087
<b>Total current assets</b>	<b>2,811</b>	<b>1,979</b>	<b>726</b>	<b>187</b>	<b>5,703</b>	<b>1,669</b>	<b>7,372</b>	<b>2,402</b>	<b>-100</b>	<b>9,674</b>
<b>TOTAL ASSETS</b>	<b>2,811</b>	<b>1,979</b>	<b>726</b>	<b>187</b>	<b>5,703</b>	<b>1,727</b>	<b>7,430</b>	<b>2,562</b>	<b>-99</b>	<b>9,893</b>
<b>EQUITY AND LIABILITIES</b>										
Shareholders' equity	-	-	-	-	-	-	-	3,995	-72	3,923
Non-current liabilities	-	-	-	-	-	-	-	2,335	-26	2,309
Current liabilities	780	482	5	280	1,547	105	1,652	2,010	-1	3,661
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>780</b>	<b>482</b>	<b>5</b>	<b>280</b>	<b>1,547</b>	<b>105</b>	<b>1,652</b>	<b>8,340</b>	<b>-99</b>	<b>9,893</b>
<b>Total operating capital by business segment</b>	<b>2,031</b>	<b>1,497</b>	<b>721</b>	<b>-93</b>	<b>-</b>	<b>1,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment in machinery and equipment	-	-	-	-	-	-	-	3	-	3

Operating cash flow by business segment	JM Residen- tial Stockholm	JM Residen- tial Sweden	JM Property devel- opment	JM Produc- tion	JM Interna- tional
2011	641	317	-134	-18	-197
2010	-34	312	-118	36	236

Revenues by country including adjustment according to IFRIC 15	Sweden	Norway	Denmark	Finland	Belgium	Total
2011	9,868	2,063	0	62	8	12,001
2010	7,704	1,295	24	7	106	9,136

<sup>4)</sup> The assets and liabilities and shareholders' equity that are not included in JM's definition of operating capital are not allocated by business segment.

They are reported as unallocated items mainly because they cannot be allocated in a fair and reasonable manner.

<sup>5)</sup> Property, plant and equipment are not included in JM's definition of operating capital and these investments are therefore reported as an unallocated item.

**NOTE 3 EMPLOYEES AND PERSONNEL COSTS**

Average number of employees, by country	2011	Of which men, %	2010	Of which men, %
Sweden	2,025	85	1,797	85
Norway	271	82	218	83
Denmark	12	67	11	64
Finland	13	77	6	50
Belgium	10	50	11	45
<b>Total</b>	<b>2,331</b>	<b>84</b>	<b>2,043</b>	<b>84</b>

	2011			2010		
Wages, salaries, other remuneration and social security expenses	Wages, salaries and remuneration	Social security expenses	Total	Wages, salaries and remuneration	Social security expenses	Total
<b>Group</b>	<b>1,084</b>	<b>518</b>	<b>1,602</b>	<b>924</b>	<b>468</b>	<b>1,392</b>
(pension costs)		–168 <sup>1)</sup>			–181 <sup>1)</sup>	

<sup>1)</sup> SEK 3.8m (3.5) of the Group's pension costs pertain to the group Board of Directors and President. The Group's outstanding pension commitments to them amount to SEK 0.5m (0.5).

	2011			2010		
Wages, salaries and other remuneration by country and distribution between the Board members and President and other employees	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Sweden	11	883	894	13	771	784
(variable compensation)	(3)	(63)	(66)	(3)	(60)	(63)
Norway	2	165	167	1	118	119
(variable compensation)	(1)	(12)	(13)	(0)	(6)	(6)
Denmark	2	12	14	2	9	11
(variable compensation)	(0)	(2)	(2)	(0)	(0)	(0)
Finland	0	5	5	1	4	5
(variable compensation)	(0)	(0)	(0)	(0)	(1)	(1)
Belgium	1	3	4	1	4	5
(variable compensation)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Total Group</b>	<b>16</b>	<b>1,068</b>	<b>1,084</b>	<b>18</b>	<b>906</b>	<b>924</b>
(variable compensation)	(4)	(77)	(81)	(3)	(67)	(70)

**Employees and personnel costs****Compensation to the Board of Directors**

JM's Board, excluding the President, consists of a total of ten people, seven men and three women. Six of these ten people were elected by the Annual General Meeting, three men and three women. The other four are employee representatives, all of whom are men. The Chairman of the Board was paid a total of SEK 728,000 (700,000) in board fees. The other external Board members (five people) elected by the AGM were paid SEK 1,807,000 (1,763,000).

**Compensation to the President and Executive Management**

Compensation to the President and other members of Executive Management comprises basic salary, variable compensation, other benefits and pension provisions. Compensation to the President is drafted by the Compensation Committee and decided by the Board. Compensation for other members of Executive Management is decided by the Compensation Committee. Compensation to the President and other members of Executive Management is based on the Annual General Meeting resolution on guidelines for salaries and other remuneration to senior executives. The combined remuneration must be competitive in the labor market in which the executive is active. The short-term variable compensation for the President for the 2011 financial year will be determined as follows: 60 percent is based on the financial result for the Group, 30 percent on earnings per share, and 10 percent on JM's Customer Satisfaction Index (CSI). The short-term variable compensation for the President for 2012 may amount to a maximum of SEK 2,400,000. Total short-term variable compensation for the 2011 financial year is SEK 2,261,000 (1,926,000) to be paid during the spring of 2012. Short-term variable compensation for other members of Executive Management is based, depending on position, on the financial performance of the Group and the business units, earnings per share, and the CSI. Short-term variable compensation varies between three and six monthly salaries, depending on position. The

short-term variable compensation for other members of Executive Management for 2012 may amount to a maximum of SEK 5.2m. The outcome of the short-term variable compensation for other members of Executive Management for the 2011 financial year was SEK 5.0m (4.4), to be paid during the spring of 2012.

In addition, long-term variable salary programs have been offered since 2009 to Executive Management (including the President). The first long-term variable salary program, which was launched in 2009, amounts to 30 percent of fixed salary, and is based on the Group's financial results 2011. Payment will be made in the spring of 2012 and amounts to SEK 1,224,000 for the President and SEK 3.2m for the other members of Executive Management. The second long-term variable salary program, which was launched in 2010, amounts to a maximum of 42 percent of fixed salary, and is based on the Group's financial results 2012. Payment will be made if appropriate in the spring of 2013 and will amount to a maximum of SEK 1,764,000 for the President and SEK 4.5m for the other members of Executive Management. The third long-term variable salary program, which was launched in 2011, amounts to a maximum of 42 percent of fixed salary, and is based on the Group's financial results 2013. Payment will be made if appropriate in the spring of 2014 and will amount to a maximum of SEK 1,915,000 for the President and SEK 4.4m for the other members of Executive Management.

**Share match program and performance share program**

No new share match or performance share programs were carried out in 2011.

The 2008 Annual General Meeting of shareholders approved a share match program and a performance share program. The programs cover up to 50 senior executives. The purpose of the programs is to ensure long-term commitment among the senior executives and to further align the interests of the senior executives with those of the shareholders. All shares for the programs were redeemed in 2011. The total cost of the programs was about SEK 2m including social

security expenses. The cost was charged against earnings during the three-year vesting period.

For more information please see the summary on page 71.

**Pensions**

The President is entitled to an annual premium provision of 35 percent of basic salary. In addition, the Company pays for part of the President's health insurance premiums, with a salary ceiling of 50 times the income base amount. The Company has also pledged, as a possible supplement, to pay survivor's pension to the extent that survivor's pensions do not total 50 percent of basic salary. The Company would pay this supplement until such time that the President would have reached the age of 65. If the President is employed by the Company when he reaches the age of 60, either party is entitled to request that the President leave his position as President and CEO.

The members of Executive Management, excluding the President, are covered by the ITP plan and within its framework, by the company's offer of an alternative ITP plan. Executive Management is also covered by a premium-based supplementary plan with an annual premium provision of SEK 50,000–120,000. Retirement age is 65. A few members of Executive Management are entitled to retire at the age of 60 with 70 percent of basic salary until the day on which they turn 65.

**Notice periods/Severance pay**

The period of notice for the President is 12 months in the event of termination by the Company. If no other employment has been secured by the end of the notice period, compensation shall be paid for an additional 12 months. In the event of termination by the President, the notice period is six months. No additional compensation will be paid after the six months. The other members of Executive Management have the same agreement as the President, or six months mutual term of notice and six months severance pay if termination is initiated by JM. A few members of Executive Management have a notice period of 24 months on termination by the Company and 12 months on termination by the employee.

## Summary of basic and variable compensation and pensions to the Board and Executive Management in 2011 and 2010.

2011						2010					
SEK 000s	Basic salary/ Board fee	Variable compensation <sup>1)</sup>	Other benefits	Pension costs	Total	SEK 000s	Basic salary/ Board fee	Variable compensation <sup>1)</sup>	Other benefits	Pension costs	Total
<i>Chairman of the Board</i>						<i>Chairman of the Board</i>					
Lars Lundquist	728	-	-	-	728	Lars Lundquist	700	-	-	-	700
<i>Other Board members</i>						<i>Other Board members</i>					
Elisabet Annell Åhlund	385	-	-	-	385	Elisabet Annell Åhlund	355	-	-	-	355
Torbjörn Torell	327	-	-	-	327	Torbjörn Torell	315	-	-	-	315
Åsa Söderström Jerring	385	-	-	-	385	Åsa Söderström Jerring	398	-	-	-	398
Anders Narvinger	355	-	-	-	355	Anders Narvinger	340	-	-	-	340
Kia Orback Pettersson	355	-	-	-	355	Berthold Lindqvist	185	-	-	-	185
President	4,670	1,926	236	1,560	8,392	Kia Orback Pettersson	170	-	-	-	170
Others in Executive Management <sup>2)</sup>	13,195	4,467	627	6,465	24,754	President	4,305	1,536	164	1,422	7,427
<b>Total</b>	<b>20,400</b>	<b>6,393</b>	<b>863</b>	<b>8,025</b>	<b>35,681</b>	Others in Executive Management <sup>2)</sup>	13,127	2,889	501	6,021	22,538
						<b>Total</b>	<b>19,895</b>	<b>4,425</b>	<b>665</b>	<b>7,443</b>	<b>32,428</b>

<sup>1)</sup> The variable compensation reported in the table relates to amounts paid in 2011. All payments in 2011 are attributable to the 2010 financial year.

<sup>2)</sup> JM's Executive Management, excluding the President, comprised a total of eight people in 2011, seven men and one woman.

<sup>1)</sup> The variable compensation reported in the table relates to amounts paid in 2010. All payments in 2010 are attributable to the 2009 financial year.

<sup>2)</sup> JM's Executive Management, excluding the President, comprised a total of eight people in 2010, six men and two women.

## Share match program

Issue year	Holder	Number of allocated right 1 shares	Number on January 1	Redeemed right 1 shares during 2011	Due right 1 shares during 2011	Number right 1 shares on Dec. 31, 2011	Percentage of total outstanding shares, %	Fair value per share, SEK	Re-demption price, SEK	Due date	Vesting period, year
2008	President	550	550	-550	-	-	0	107.66	10	Dec. 31, 2015	3
2008	Others in Executive Management	4,738	3,893	-3,893	-	-	0	107.66	10	Dec. 31, 2015	3
2008	Other	12,495	8,977	-8,977	-	-	0	107.66	10	Dec. 31, 2015	3
		<b>17,783</b>	<b>13,420</b>	<b>-13,420</b>	<b>-</b>	<b>-</b>	<b>0</b>				

## Performance share program

Issue year	Holder	Number of allocated right 2 shares	Number on January 1	Redeemed right 2 shares during 2011	Due right 2 shares during 2011	Number right 2 shares on Dec. 31, 2011	Percentage of total outstanding shares, %	Fair value per share, SEK	Re-demption price, SEK	Due date	Vesting period, year
2008	President	4,274	4,274	-	-4,274	-	0	107.66	10	Dec. 31, 2011	3
2008	Others in Executive Management	14,599	9,907	-	-9,907	-	0	107.66	10	Dec. 31, 2011	3
2008	Other	24,577	19,899	-	-19,899	-	0	107.66	10	Dec. 31, 2011	3
		<b>43,450</b>	<b>34,080</b>	<b>-</b>	<b>-34,080</b>	<b>-</b>	<b>0</b>				

## Convertible debentures for personnel

The 2011 Annual General Meeting resolved to offer all employees in the JM Group in Sweden a convertible subordinated debenture, and warrants for employees outside Sweden. The purpose of the issue of personnel convertibles and warrants is to boost long-term financial commitment to JM on the part of employees with

increased motivation and reinforced loyalty to the Group. A total of 114,195 convertible bonds for a nominal amount of approximately SEK 24m as well as 5,198 warrants were issued. The loan matures on June 19, 2015 and entitles the holders to subscribe for one JM share for SEK 214 during a special conversion window.

Employees paid the market price for the convertibles received and the program is not subject to any terms concerning continued employment or performance on the part of employees. They were offered external bank financing for the convertible debentures without any guarantees or undertakings on the part of JM.

## Convertible bonds and options

Year	Number of convertible bonds	Number of warrants	Number of redeemed convertible bonds/warrants	Number of convertible bonds/warrants due	Total	Strike price	Conversion Period
2007	493,918	-	-	-493,918	0	262.30	June 1, 2009–June 1, 2011
2008	423,650	69,995	-36,038	-	457,607	134.00	June 1, 2010–May 18, 2012
2009	371,917	20,301	-92,450	-	299,768	74.00	June 1, 2011–May 24, 2013
2010	227,045	5,320	-	-	232,365	139.00	June 1, 2012–May 22, 2014
2011	114,195	5,198	-	-	119,393	214.00	June 2, 2014–May 15, 2015

## NOTE 4 DEPRECIATION ACCORDING TO PLAN

	2011	2010
Machinery and equipment	-6	-7
<b>Total</b>	<b>-6</b>	<b>-7</b>

The following depreciation rates are applied:  
Construction machinery 10 percent.  
Computers and other equipment 20–33 percent.

## NOTE 5 FEES AND REMUNERATION TO AUDITORS

	2011	2010
<b>Ernst &amp; Young</b>		
Auditing services	4.9	4.7
Tax services	0.9	0.1
Other services	0.6	0.3
<b>Total</b>	<b>6.4</b>	<b>5.1</b>



**NOTE 6 GAINS ON THE SALE OF PROPERTIES**

	2011	2010
<b>Sales values</b>		
Project properties	117	17
Development properties	25	63
<b>Total</b>	<b>142</b>	<b>80</b>
<b>Carrying amount</b>		
Project properties	-90	-
Development properties	-25	-52
<b>Total</b>	<b>-115</b>	<b>-52</b>
<b>Results</b>		
Project properties	27	17
Development properties	0	11
<b>Total</b>	<b>27</b>	<b>28</b>

	2011	
	<b>Sales value</b>	<b>Results</b>
Development properties	25	0
Project properties	114	24
Project properties, reversal of earlier provisions in conjunction with property sales	3	3
<b>Total</b>	<b>142</b>	<b>27</b>

**NOTE 7 FINANCIAL INCOME AND EXPENSES**

	2011	2010
<b>Financial income</b>		
Dividend	2	2
Interest income	35	12
Realized exchange rate gains relating to debt receivable, international company	5	30
Change in value revaluation of debt receivable and currency hedging	3	2
Gain from sale of shares in associated companies	-	5
<b>Total</b>	<b>45</b>	<b>51</b>
<b>Financial expenses</b>		
Interest expense attributable to loans, etc.	-56	-58
Interest portion in this year's pension costs	-31	-27
Realized exchange rate losses relating to debt receivable, international company	-8	-15
Change in value revaluation of debt receivable and currency hedging	0	-18
<b>Total</b>	<b>-95</b>	<b>-118</b>

**NOTE 8 TAXES**

	2011	2010
<b>Profit before tax</b>		
Sweden	1,362	885
International	101	-45
<b>Total</b>	<b>1,463</b>	<b>840</b>
<b>Current tax</b>		
Sweden	-224	-195
International	-45	-25
<b>Total</b>	<b>-269</b>	<b>-220</b>
<b>Deferred tax</b>		
Sweden	-143	-36
International	-9	10
<b>Total</b>	<b>-152</b>	<b>-26</b>
<b>Total tax</b>		
Sweden	-367	-231
International	-54	-15
<b>Total</b>	<b>-421</b>	<b>-246</b>

**Difference between reported tax and nominal tax rate 26.3%**

	2011	2010
<b>Profit before tax × 26.3%</b>	<b>-385</b>	<b>-221</b>
Adjustment of tax from previous years	3	-
Difference foreign tax	-3	-
Non-taxable revenues	1	6
Non-deductible expenses	-8	-2
Tax untaxed reserve (tax allocation reserve)	-5	-4
Revaluation deferred tax	-24	-25
<b>Total</b>	<b>-421</b>	<b>-246</b>

**NOTE 9 EARNINGS AND DIVIDEND PER SHARE**

	2011	Basic 2010	2011	Diluted 2010
<b>Earnings per share (SEK)</b>	<b>12.50</b>	<b>7.10</b>	<b>12.40</b>	<b>7.10</b>

Calculation of the numerator and denominator used in the above calculations of earnings per share is shown below. Earnings per share was calculated as net profit for the year divided by weighted average number of outstanding shares during the year.

**Basic earnings per share**

Calculation of basic earnings per share for 2011 is based on the net profit for the year of SEK 1,042m (594), and on a weighted average number of outstanding ordinary shares during 2011 amounting to 83,305,326 (83,229,492).

	2011	2010
<b>Number of shares</b>		
Total number of outstanding shares, January 1	83,237,058	83,216,883
Conversion and utilization of options	59,413	-
Sale of own shares	8,855	12,609

**Weighted average number of shares during the year, basic** **83,305,326** **83,229,492**

**Diluted earnings per share**

Calculation of diluted earnings per share for 2011 is based on the net profit for the year of SEK 1,049m (601), and on a weighted average number of outstanding ordinary shares during 2011 amounting to 84,560,636 (84,671,817). Net profit for the year is attributable in its entirety to shareholders of the Parent Company.

	2011	2010
<b>Net profit for the year</b>		
Profit for the year attributable to shareholders of the Parent Company	1,042	594
Adjustment of interest on convertible debentures (after tax)	7	7
<b>Profit for the year attributable to shareholders of the Parent Company, diluted</b>	<b>1,049</b>	<b>601</b>

	2011	2010
<b>Number of shares</b>		
Weighted average number of shares during the year, basic	83,305,326	83,229,492
Effect of issued long-term salary program	1,255,310	1,442,325
<b>Weighted average of the number of shares during the year, diluted</b>	<b>84,560,636</b>	<b>84,671,817</b>

**Outstanding number of shares and instruments with potential dilutive effects**

At the end of 2011 JM had 83,379,407 outstanding shares (83,237,058). During the second quarter of 2011, the 2008 share match program for senior executives within the JM Group was completed. In all, 13,343 shares of JM's holdings were sold to senior executives for the agreed strike price of SEK 10 per share. JM holds a total of 150,964 repurchased shares (164,825).

Instruments that may have a potentially dilutive effect include JM's four convertible programs (2008, 2009, 2010 and 2011) and JM's four warrant programs (2008, 2009, 2010 and 2011).

When calculating earnings per share, JM's convertible program and warrant program entail a dilution of the number of shares. However, the effect is limited. The strike price for the 2008 convertible bond and warrant program is SEK 134, for the 2009 programs SEK 74, for the 2010 programs SEK 139 and for the 2011 programs SEK 214.

JM's 2008 performance share program fell due during the year without entailing any dilution of the number of shares.

For more information about JM's long-term salary program, see note 1, Accounting and valuation principles and note 3, Employees and personnel costs.

	2011	2010
<b>Cash dividend (proposed by the Board for 2011)</b>		
– per share (SEK)	6.50	4.50
– total (SEKm)	542	375

**NOTE 10 GOODWILL**

	2011	2010
<i>Opening cost</i>		
<b>On January 1</b>	<b>58</b>	<b>62</b>
New purchases	145	-
Translation differences	-1	-4
<b>On December 31</b>	<b>202</b>	<b>58</b>

The reported goodwill pertains to goodwill at the acquisition of JM Norge AS (formerly Byggholt AS) in 1998, AS Prosjektfinans in 1999 and Öie AS in 2011, which constitute JM's total operations in Norway.

As of July 1, 2011, JM Norge acquired all shares in Öie AS, Oslo (see note 31 Acquisition of operations). Öie AS is a highly renowned construction and project development company. The cost of the business was NOK 169m. Goodwill totaled NOK 125m, based on the earnings and market position of the business.

Goodwill will be tested for impairment according to IAS 36. JM does this at least annually, or more often if there is any indication of a need for impairment.

AS Prosjektfinans merged with JM Norge AS in 2003, and operations are considered fully integrated in JM Norge AS. The JM Norge Group is therefore the lowest cash-generating unit. The carrying amount for the JM Norge Group was tested as of December 31, 2011, and the recoverable amount was found to exceed the carrying amount. Therefore no impairment loss for goodwill was necessary.

Recoverable amount was defined by calculating the value in use of the cash-generating unit. Value in use for goodwill attributable to the JM Norge Group was calculated based on discounted cash flows. Cash flow for the first two years, after 2011, is based on the strategic plan adopted by the management.

Cash flow beyond the strategic two-year period is extrapolated based on the following assumptions:

- Estimated operating profit or loss based on the previous year's results and expectations of future market developments
- Growth rate of at least 2 percent in order to extrapolate cash flow beyond the strategic period. The growth rate is a conservative assumption of the operation's long-term growth, not exceeding growth for the industry as a whole
- Discount rate before tax is 11 percent, which is based on the JM Group's average cost of capital before tax, while taking operation-specific data into account.

**Sensitivity analysis**

If the estimated operating profit after the end of the strategy period had been 5 percent lower than the management's assessment, the recoverable amount would decrease by 5 percent.

If the estimated growth rate used to extrapolate cash flows beyond the strategy period had been 50 percent lower than the basic assumption, the recoverable amount would decrease by 10 percent.

If the estimated average cost of capital applied for the discounted cash flow had been 3 percentage points greater than the basic assumption, the recoverable amount would decrease by 25 percent.

A sensitivity analysis of the discount rate shows that the discount rate would have to exceed about 17 percent before the need for impairment would be present.

In all cases, the sensitivity analysis above shows a surplus (i.e. that the recoverable amount is higher than the carrying amount). None of the hypothetical cases above should lead to impairment of goodwill for the Norwegian business.

**NOTE 11 MACHINERY AND EQUIPMENT**

	2011	2010
<i>Opening cost</i>		
<b>On January 1</b>	<b>104</b>	<b>116</b>
New purchases	11	3
Reclassification	-	-11
Translation differences	0	-3
Sales	-37	-1
<b>On December 31</b>	<b>78</b>	<b>104</b>
<i>Accumulated depreciation according to plan</i>		
<b>On January 1</b>	<b>-92</b>	<b>-98</b>
Depreciation for the year	-6	-7
Reclassification	-	11
Translation differences	0	2
Sales	37	0
<b>On December 31</b>	<b>-61</b>	<b>-92</b>
<b>Closing residual value according to plan</b>	<b>17</b>	<b>12</b>

**NOTE 12 PARTICIPATIONS IN ASSOCIATED COMPANIES**

	2011	2010
<i>Opening cost</i>		
<b>On January 1</b>	<b>9</b>	<b>12</b>
New purchases	0	0
Reclassifications	-	-2
Sales	-	-1
<b>On December 31</b>	<b>9</b>	<b>9</b>

**NOTE 13 PARTICIPATIONS IN ASSOCIATED COMPANIES**

*Specification of Parent Company's shares and participation in associated companies, SEK 000s*

Company	Registration number	Domicile	Number of shares and participations	% of capital	Carrying amount	
					2011	2010
AB Hälsingborgs bostäder	556105-9196	Helsingborg	500	50	50	50
AB Ramlösa Brunnansläggning	556031-6274	Helsingborg	625	50	75	75
Adolfsbergs Brunn AB	556303-8685	Örebro	340	33	34	34
Dockan Exploatering AB <sup>2)</sup>	556594-2645	Malmö	333	33	5,003	5,003
Exploateringsbolaget Högmora KB	916643-6254	Stockholm	1	25	31	16
Fastighetsbolaget Glasberga KB	916643-1842	Stockholm	1	25	101	101
Glasberga Fastighets AB	556361-0707	Södertälje	1,000	25	100	100
HB Silverdal Exploatering <sup>1)</sup>	969674-5802	Sollentuna			1	1
Högmora Exploaterings AB	556395-0707	Stockholm	1,000	25	100	100
Kvarnholmen Utveckling AB <sup>2)</sup>	556710-5514	Stockholm	50,000	50	135,886	135,886
Kvibergstaden Exploatering HB <sup>2)</sup>	969731-1695	Gothenburg	1	50	1	13,000
Mälarstrandens Utvecklings AB <sup>2)</sup>	556695-5414	Västerås	44	44	2,200	2,200
SMÅA AB	556497-1322	Stockholm	35,000	33	7,859	7,859
<b>Carrying amount, December 31</b>					<b>151,441</b>	<b>164,425</b>

<sup>1)</sup> Unlimited liability

<sup>2)</sup> Joint ventures

Note 13 cont.

**Specification of the Group's other holdings of shares and participations in associated companies, SEK 000s**

Company	Registration number	Domicile	Number of shares and participations	% of capital	Carrying amount	
					2011	2010
Fastighets AB Kranlyftet	556829-3251	Lidingö	250	50	135,226	135,226
Fjellgata 30 AS	997484983	Oslo	100	50	2,289	-
Fjellgata 30 KS	997485009	Oslo	100	45	8,142	-
Galoppfältet Exploatering AB	556833-6555	Stockholm	500	50	100,000	-
Grefsen Utvikling AS, Norway	982913209	Bærum	500	50	22,265	21,779
Hans Nielsen Haugesgate 50 AS, Norway	987719427	Bærum	120,000	50	22,324	24,032
Investbygg AS, Norway <sup>1)</sup>	987326476	Bergen	-	-	-	192
Kjørbokollen Utbygging AS, Norway	981112326	Bærum	10,000	50	0	1,824
Landmannstorget, Norway	987598387	Asker	100	50	4	20
Larvik Saneringsselskap AS, Norway	918044051	Larvik	100	50	1,935	1,912
Merbraine, Belgium	450160865	Brussels	313	25	144	144
Slussbron Ekonomisk förening	769613-7160	Stockholm	3	100	0	0
Son Utvikling AS, Norway	990341419	Oslo	550	50	10,279	10,630
<b>Carrying amount, December 31</b>					<b>302,608</b>	<b>195,759</b>
Reclassification in the Group, primarily due to the proportional method					-444,884	-351,534
<b>Carrying amount in the Group, December 31</b>					<b>9,165</b>	<b>8,650</b>

<sup>1)</sup> Group companies that have merged.**Participations in joint ventures are consolidated according to the proportional method**

The Group's financial reports include the following items that comprise the Group's holdings in the joint venture company's revenues, expenses, assets and liabilities.

	2011	2010
Revenues	203	26
Expenses	-170	-25
<b>Results</b>	<b>33</b>	<b>1</b>
Development properties	997	707
Other assets	45	144
Cash and cash equivalents	128	55
<b>Total assets</b>	<b>1,170</b>	<b>906</b>
Long-term liabilities	313	232
Current liabilities	134	98
<b>Total liabilities</b>	<b>447</b>	<b>330</b>
<b>Net assets</b>	<b>353</b>	<b>206</b>

**NOTE 14 FINANCIAL ASSETS**

	2011	2010
Opening cost		
<b>On January 1</b>	<b>64</b>	<b>71</b>
Additional receivables	0	0
Settled receivables	0	-3
Reclassification	-46	-
Translation differences	0	-4
<b>On December 31</b>	<b>18</b>	<b>64</b>

Financial assets mainly relate to promissory notes.

**NOTE 15 PARTICIPATIONS IN GROUP COMPANIES****Specification of Parent Company's shares and participation in wholly owned Group companies, SEK 000s**

Company	Registration number	Domicile	Number of shares and participations	Carrying amount	
				2011	2010
AB Bergslussen	556854-1691	Stockholm	500	50	-
AB Borätt	556257-9275	Stockholm	500	1,978	1,978
AB Christeliten <sup>1)</sup>	556720-1180	Stockholm	-	-	100
AB Garantihus	556073-0524	Stockholm	5,000	1,000	1,000
AB Naryda <sup>1)</sup>	556046-9081	Stockholm	-	-	13,000
BRO Haifa 1 AB	556821-1949	Stockholm	1,000	45,476	-
Bruket i Kallhäll Exploaterings AB	556561-0184	Stockholm	1,000	100	100
Bruket i Kallhäll Exploaterings KB	969653-9122	Stockholm	-	10	10
Decemberviken AB	556668-2463	Stockholm	1,000	93	93
Fastighets AB Havremust 2	556875-9483	Stockholm	500	94,286	-
Fastighets AB Spången <sup>1)</sup>	556708-2093	Stockholm	-	-	100
Fastighetsbolaget Bohusmark KB	916443-1125	Gothenburg	1	1,120	1,120
Fastighetsbolaget Kung Oscars Bro AB <sup>1)</sup>	556692-4493	Lund	-	-	10,475
Fastighetsbolaget Raffinadgatan AB <sup>1)</sup>	556682-8835	Lund	-	-	10,631
Förvaltnings AB Storskogen	556869-2098	Stockholm	500	50	-
Grafiken i Stockholm AB	556149-6034	Stockholm	3,000	300	-
JM Byrån Holding AB	556752-9630	Stockholm	1,000	100	100
JM Construction S.A., Belgium	413662141	Brussels	10,000	111,906	111,906
JM Danmark AS, Denmark	21410233	Copenhagen	100,000	106,943	167,752
JM Entreprenad AB	556060-8837	Stockholm	200,000	107,750	107,750
JM Fastighetsutveckling Holding AB	556847-3259	Stockholm	500	50	-
JM Hjuluggen 1 och 4 AB <sup>1)</sup>	556720-7195	Malmö	-	-	448
JM Hjuluggen 3 AB <sup>1)</sup>	556702-4871	Lund	-	-	521
JM Inredning i Stockholm AB	556202-8653	Stockholm	1,000	50	50
JM Jönköping Hagstensgårdet 1:5 AB <sup>1)</sup>	556658-7506	Jönköping	-	-	311
JM Kamarsadeln Holding AB	556853-8465	Stockholm	500	50	-
JM Måsen 16 AB <sup>1)</sup>	556627-7827	Malmö	-	-	100
JM Norge AS (formerly JM Byggholt AS, Norway)	829350122	Oslo	20,000	127,687	127,687
JM Stombyggnad AB	556173-0564	Stockholm	1,000	113	113
JM Strandhusen AB	556738-3939	Stockholm	1,000	108	108
JM Suomi OY, Finland	1974161-8	Helsinki	1,000	98,427	106,669
JM Värmdöstrand AB	556001-6213	Värmdö	4,400	158,000	158,000



Company	Registration number	Domicile	Number of shares and participations	Carrying amount	
				2011	2010
JM Värmdöstrand Holding AB	556275-4696	Stockholm	-	-	292,442
JM Älta Centrum AB	556638-5380	Stockholm	1,000	564	564
JM Älta Holding AB	556638-5372	Stockholm	1,000	40,100	40,100
KB Silverfjädern	969676-7525	Stockholm	-	0	0
Klippljuset Holding AB	556872-0527	Stockholm	500	50	-
Lekandria Fastighets AB <sup>1)</sup>	556701-9046	Stockholm	-	-	100
Makaronen 1 AB <sup>1)</sup>	556829-5959	Stockholm	-	-	77,108
Bo Entreprenad AB	556807-5328	Stockholm	1,000	100	100
SBC Bo AB	556754-2138	Stockholm	700	3,550	3,550
Seniorgården AB	556359-9082	Stockholm	1,000	100	100
Slussbron Ett AB	556749-2870	Stockholm	1,000	100	-
Slussbron Två AB	556749-2888	Stockholm	1,000	100	-
Slussbron Tre AB	556749-2896	Stockholm	1,000	100	-
Grönkilen i Solna 4 AB	556746-8680	Stockholm	1,000	23,236	-
Solventilen AB	556869-8327	Stockholm	500	50	-
Stockholm Pundet 1 AB	556852-1297	Stockholm	500	74,722	-
Södra 1 och 2 i Lund AB <sup>1)</sup>	556720-6148	Lund	-	-	113
Tellaplan Fastighets AB <sup>1)</sup>	556733-6010	Stockholm	-	-	100
Årstapaviljongen AB	556069-3425	Stockholm	1,000	142	142
<b>Carrying amount, December 31</b>				<b>998,561</b>	<b>1,234,541</b>

<sup>1)</sup> Group companies that have merged into JM AB.

**Specification of the Group's other holdings of shares and participations in wholly owned Group companies, SEK 000s**

Company	Registration number	Domicile	Number of shares and participations	Carrying amount	
				2011	2010
AB Stockholms Badmintonhall <sup>2)</sup>	556037-3655	Stockholm	2,520	0	391
Brf Mården	716300-0499	Stockholm	3,800,000	0	0
Byggholt AS, Norway	991460012	Bærum	100	119	118
AB Vävnaden 1 (formerly Fabege V 27 AB)	556806-1419	Solna	50,000	1,183	1,183
AB Grammet 1 (formerly Fabege V 28 AB)	556806-1427	Solna	50,000	90,223	90,223
Förvaltnings AB Hyresrätten 2	556810-9580	Stockholm	1,000	9,642	-
Förvaltnings AB Valdor	556742-1283	Stockholm	1,000	1,030	1,030
Förvaltnings AB Vilgur	556220-7984	Stockholm	1,000	24,664	24,664
Förvaltnings AB Vistet	556121-1979	Stockholm	1,000	17,743	17,743
Grafiken i Stockholm AB	556149-6034	Stockholm	-	-	300
JM Norge Entreprenør AS, Norway (formerly JM Byggholt Proff)	934787889	Bærum	50	766	672
JM Norge AS, Norway (formerly Sjølandsgaten Sjøfront AS)	987558733	Stavanger	1	489	482
JM Vaxholm AB	556390-9174	Stockholm	13,300	1,333	1,333
JM Värmdöstrand Holding AB	556275-4696	Stockholm	3,300,120	396,014	-
Lervig Maritim Utbyggingselskap AS, Norway	984295707	Stavanger	-	-	627
Lervig Maritim Næring I AS, Norway	996294447	Stavanger	100	153	150
Lervig Maritim Næring II AS, Norway	996122999	Stavanger	100	185	150
Lervig Maritim Næring III AS, Norway	996040917	Stavanger	100	153	150
Lidingöstrand Fastighets AB <sup>1)</sup>	556740-2648	Stockholm	-	-	100
Mariastaden AB	556228-8596	Stockholm	100	2,000	2,000
Månstrålen Holding AB	556072-9492	Stockholm	5,000	132,786	708,759
Nærnesutbyggingen AS, Norway <sup>3)</sup>	963574061	Bærum	-	-	19,179
Naturtomter AS, Norway	930586595	Tønsberg	15	-1,357	-1,165
Nor-Invest AS, Norway	934223144	Tønsberg	514,396	10,889	23,349
Rodelunden Utvikling AS, Norway (formerly Sophies Minde Utvikling AS) <sup>3)</sup>	990291977	Oslo	-	-	7,312
Sjövikshöjden Gruppbostad AB	556829-1016	Stockholm	1,000	100	100
Slussbron Ett AB	556749-2870	Stockholm	-	-	100
Slussbron Två AB	556749-2888	Stockholm	-	-	100
Slussbron Tre AB	556749-2896	Stockholm	-	-	100
Stavanger Naeringsselskap AS, Norway	968487272	Stavanger	13,924	16,013	20,294
Trulsrudmarka AS, Norway <sup>3)</sup>	978695493	Bærum	-	-	1,022
Äldreboendet Solbacka AB	556768-3924	Stockholm	-	-	100
Äldreboendet Fjäderholmsvyn AB	556826-3429	Stockholm	1,000	100	100
Öie AS	961314941	Rasta	100	187,543	-

<sup>1)</sup> Group companies that have merged into JM AB. <sup>2)</sup> Group companies that have been liquidated. <sup>3)</sup> Group companies that have merged.

**NOTE 16 PROJECT PROPERTIES AND DEVELOPMENT PROPERTIES**

	Project properties <sup>1)</sup>		Development properties	
	2011	2010	2011	2010
Opening cost				
On January 1	661	596	5,776	5,491
New purchases	95	74	1,201	1,069
Corporate acquisitions	196	-	384	586
Reclassifications	-	-6	-	-1
Translation differences	0	-3	-6	-167
Transferred to production	-3	-	-1,113	-1,150
Sales	-90	-	-25	-52
On December 31	859	661	6,217	5,776

Note 16 cont.

	Project properties <sup>1)</sup>		Development properties	
	2011	2010	2011	2010
Accumulated impairment losses				
On January 1	-	-	-402	-501
Translation difference	-	-	1	29
Transferred to production	-	-	-	70
On December 31	0	-	-401	-402
Closing residual value according to plan	859	661	5,816	5,374

<sup>1)</sup> Interest expenses added to the cost of project properties amounted to SEK 1m (1).

Reported residual value for the part of development properties recognized at net realizable value amounts to SEK 1,385m (1,465).

**NOTE 17 PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.**

	2011	2010
Opening cost		
On January 1	115	353
New purchases	289	325
Reclassifications	-	-5
Translation difference	0	-16
Sales	-254	-542
On December 31	150	115

**NOTE 18 OTHER CURRENT RECEIVABLES**

	2011	2010
Receivables from property sales	0	35
Receivables from participations sold in tenant-owners associations	65	75
Deposit investment development properties	39	107
Other	161	196
Total	265	413

**NOTE 19 RECOGNIZED REVENUE LESS PROGRESS BILLINGS**

	2011	2010
Recognized revenue in work in progress	4,060	2,955
Accumulated billing on account for work in progress	-3,476	-2,506
Total	584	449

**NOTE 20 WORK IN PROGRESS**

	2011	2010
Accumulated costs incurred	1,384	1,264
Accumulated billing on account for work in progress	-1,314	-1,147
Total	70	117

Work in progress only relates to projects within JM International.

**NOTE 21 CASH AND CASH EQUIVALENTS**

	2011	2010
Cash and bank balances	1,837	1,387
Short-term investments	600	700
Total	2,437	2,087

Short-term investments have a maturity of between one day and up to three months.

**NOTE 22 FINANCIAL LIABILITIES**

	2011	2010
Non-current interest-bearing liabilities		
Liabilities to credit institutions maturity date		
1–5 years from closing day	145	92
Long-term promissory notes, development properties 1–5 years	75	55
Convertible loan 1–5 years	73	111
Total	293	258

Current interest-bearing liabilities	2011	2010
Liabilities to credit institutions, interest-bearing –1 year	514	372
Convertible loan –1 year	52	142
Total	566	514

Interest-bearing net liabilities/receivables	2011	Change	2010	Change	2009
Current interest-bearing liabilities	566	52	514	-437	951
Non-current interest-bearing liabilities	293	35	258	-68	326
Transferred to pensions	608	23	585	20	565
Less cash and cash equivalents	-2,437	-350	-2,087	-57	-2,030
Less interest-bearing receivables	0	0	-	1	-1
Interest-bearing net liabilities (+)/receivables (-), Dec. 31	-970	-240	-730	-541	-189

Other financial liabilities	2011	2010
Other non-current liabilities 1–5 years		
from closing day	172	218
Accounts payable	637	466
Derivative instruments, short-term	0	1
Short-term promissory notes, development properties	223	236
Other current liabilities	328	236
Total	1,360	1,157

Financial liabilities are divided into non-current and current liabilities, where current liabilities are due within 1 year. Other non-current liabilities relate to promissory notes for property acquisitions that become payable when various terms and conditions are met. See note 23 Financial risk management and financial derivative instruments.

**NOTE 23 FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVE INSTRUMENTS**

The JM Group is exposed to different types of financial risks which may influence profit, cash flow and equity. These risks mainly comprise:

- Interest risk for borrowing and cash and cash equivalents
- Financing and liquidity risks pertaining to the Group's capital requirements
- Currency risk pertaining to profit and net investments in foreign subsidiaries
- Credit risk attributable to financial and commercial activities.

JM's Board of Directors has adopted a policy for how to handle and control these risks within the Group. Financial risk management is largely concentrated to Finance and Treasury, which is also mandated to support operational activities. At the same time, the international companies are responsible for local activities in accordance with finance policy guidelines. The finance policy also includes interest risk management rules for construction loans during ongoing production, as well as final financing of tenant-owners' associations.

The accounting principles are described in note 1. The Risk and risk management section on pages 26–29 describes the Group's risk management and financial policy.

**Interest rate risk**

Interest risk refers to the risk that changes in interest rates would have a negative effect on the Group's net interest and cash flow. One of the biggest risk factors involves choosing the interest rate period for the Group's loan portfolio. JM chooses its fixed-interest period based on the tied up capital and cash flows of ongoing projects, the volume of long-term borrowing, as well as the current market situation for interest rates with different maturities. To achieve the desired fixed-interest period, the Group primarily works with interest rate derivatives, mainly interest rate swaps.

Since the volume of long-term borrowing is relatively limited, the Group mainly works with short time to maturity. The average fixed-interest period excluding pension liability on December 31, 2011 was 0.2 years (0.2). Fair value on interest-bearing loans was SEK 859m (772). The fair value of interest-bearing liabilities to credit institutions is assumed to correspond to the carrying amount since they mainly have a short fixed term of less than three months. The JM Group has no outstanding interest rate derivatives as of December 31, 2011.

**Interest risk exposure, including derivatives**

	2011		2010	
	Loan amount	Average interest	Loan amount	Average interest
Year for interest conversion	(SEKm)	(%)	(SEKm)	(%)
2011	-	-	772	2.8
2012	859	3.7	-	-
Pension liability <sup>1)</sup>	608	4.0	585	4.5
Total	1,467	3.8	1,357	3.6

<sup>1)</sup> Pension interest adjusted annually.

The average interest rate on interest-bearing liabilities as of December 31, 2011 excluding pension liabilities was 3.8 percent (3.6). A 1 percent change in the market interest rate corresponds with an effect on earnings of about SEK 7m for the part of the loan portfolio traded during 2012. The calculation is an approximation and is based on the assumption of a simultaneous change in all interest rate curves.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments. According to JM's finance policy, the company may only invest excess liquidity in liquid instruments issued by issuers with a credit rating of at least A- according to Standard & Poor's or similar credit rating agency. The investments are short-term with a term of between one day and three months. See note 21 for a breakdown between cash and short-term investments.

#### Financing and liquidity risk

Financing and liquidity risk refers to the risk that loans could become more difficult and more expensive to refinance and that the Group cannot fulfill its current payment obligations due to inadequate liquidity. The Group manages its financing risk by signing long-term binding credit agreements with different maturities with several different institutions. According to the policy, the average term of framework agreements should be two to three years.

Binding loan commitments	Over-draft				
Maturity	Total	facility	2012	2013	2014–2016
Loan commitments (SEKm)	2,800	400	1,200	150	1,050

The Group has unutilized approved credit lines of SEK 2,800m.

The Group maintains cash and cash equivalents, together with approved credit lines, of at least 10 percent of JM's revenues in order for the Group to handle investments and current payments.

#### Currency risk

During the year the Group extended loans to subsidiaries abroad. The exposure is hedged in its entirety. Because of extremely limited transaction volumes in foreign currency, the Group has not engaged in hedging activities for these volumes.

#### Credit risk

##### Credit risk associated with financial services

Credit risk exposure in the form of counterparty risk arises with investment of cash and cash equivalents and during derivative trading. In order to limit credit risks the Group has prepared a counterparty list that sets a maximum exposure in relation to each approved party. ISDA agreements (International Swaps and Derivative Association) or equivalent Swedish bank agreements have been prepared with those counterparties that are used for transactions with derivative instruments.

##### Credit risk associated with accounts receivable

The JM Group's customers are mainly tenant-owners associations and future owners of private homes. The Group also engages in project development of commercial premises and contracting services. The Group has tenants in both residential and commercial premises.

Credit risk exposure relating to tenant-owners associations is deemed to be limited since financing of production takes place through the association's bank loan, purchased by JM. A similar arrangement applies for customers who buy their own homes. To ensure the customer's ability to pay, a credit check is always carried out. Uncertainty relating to projects is managed by applying the rules for profit recognition; see note 1 Accounting principles. Accounts receivable for housing production amounts to SEK 498m (325).

Credit risk exposure in relation to commercial customers, contracting and rentals of residential and commercial premises has a somewhat different nature. Accounts receivable for these groups amounts to SEK 279m (119).

The provision for doubtful accounts receivable amounts to SEK 4.6m (5.3). During the year the Group used SEK 0.4m (0.6) of earlier provisions. Accounts receivable older than 60 days amounts to SEK 113m (82). Provision and utilization of the provision for doubtful accounts receivable were recognized in the income statement.

#### Aged accounts receivable

Dec. 31, 2011 SEKm	Nomi- nal	Not due	< 30 days	31–60 days	61–90 days	> 90 days
Residential development	498	314	73	12	37	62
Contracting	279	204	32	29	14	0
Other	4	4	-	-	-	-
<b>Total</b>	<b>781</b>	<b>522</b>	<b>105</b>	<b>41</b>	<b>51</b>	<b>62</b>
Number of invoices	1,494	1,012	118	52	21	291

Dec. 31, 2010 SEKm	Nomi- nal	Not due	< 30 days	31–60 days	61–90 days	> 90 days
Residential development	325	183	59	11	3	70
Contracting	120	97	14	0	0	9
Other	-1	-1	-	-	-	-
<b>Total</b>	<b>444</b>	<b>279</b>	<b>73</b>	<b>11</b>	<b>3</b>	<b>79</b>
Number of invoices	1,222	684	154	50	56	278

#### Credit risk analysis customers

Dec. 31, 2011 Interval	Number of customers	in % of number	in % of portfolio
Exposure interval < SEK 1m	1,008	88	13
Exposure interval SEK 1–5m	100	9	29
Exposure interval > SEK 5m	39	3	58
<b>Total</b>	<b>1,147</b>	<b>100</b>	<b>100</b>

Dec. 31, 2010 Interval	Number of customers	in % of number	in % of portfolio
Exposure interval < SEK 1m	749	90	19
Exposure interval SEK 1–5m	64	8	40
Exposure interval > SEK 5m	20	2	41
<b>Total</b>	<b>833</b>	<b>100</b>	<b>100</b>

#### Valuation of financial assets and liabilities

JM used generally accepted methods for calculating the fair value of the Group's financial instruments as of December 31, 2011 and 2010. The fair value of interest-bearing liabilities to credit institutions is assumed to correspond to the carrying amount since they mainly have a short fixed term of less than three months. Notes payable for property acquisitions become payable in conjunction with fulfillment of various conditions, such as approval of local plans or when the project begins. The fair value of notes payable for property acquisitions is therefore assumed to be equal to the carrying amount when the liabilities are payable on demand. For all other financial assets and liabilities, such as cash and cash equivalents, accounts receivable, and accounts payable, the carrying amount is assumed to provide a good approximation of fair value/cost. The Group applies trade date accounting.

The following table shows fair value, carrying amount and information about the category to which the JM Group's financial instruments belong in accordance with IAS 39 Financial instruments: Recognition and measurement.

Fair value financial instruments	Category according to IAS 39 <sup>1)</sup>	Dec. 31, 2011	Dec. 31, 2010
		Carrying amount*	Carrying amount*
<b>Assets</b>			
Interest-bearing financial assets	L&R	0	1
Other financial assets	L&R	18	63
<i>Of which other long-term receivables</i>	L&R	18	63
<i>Of which other long-term securities</i>	AFS	0	0
Current receivables	L&R	781	444
Other current receivables	L&R / n/a	265	413
<i>Of which derivative instruments <sup>2)</sup></i>	FAvPL	0	0
<i>Of which receivables from property sales</i>	L&R	0	35
<i>Of which other</i>	n/a	265	378
Cash, cash equivalents, and short-term investments	L&R	2,437	2,087
<i>Of which cash and bank balances</i>	L&R	1,837	1,387
<i>Of which short-term investments</i>	L&R	600	700
<b>Liabilities</b>			
Non-current interest-bearing liabilities	FLAC	293	258
<i>Of which convertible loan</i>	FLAC	73	111
<i>Of which other non-current interest-bearing loans</i>	FLAC	220	147
Other non-current liabilities	FLAC	172	218
Accounts payable	FLAC	637	466
Current interest-bearing liabilities	FLAC	566	514
Other current liabilities	FLAC	551	473
<i>Of which derivative instruments <sup>2)</sup></i>	FLrIS	0	1
<i>Of which other current liabilities</i>	FLAC	551	472

\* Carrying amount corresponds with fair value.

<sup>1)</sup> Classification in accordance with IAS 39, explanation of abbreviations:

AFS Available-for-sale financial assets  
L&R Loans and receivables  
FAVPL Financial assets at fair value through profit or loss  
FLAC Financial liabilities measured at amortized cost  
FLrIS Financial liabilities recognized at fair value through profit or loss  
n/a IAS 39 does not apply

<sup>2)</sup> Measurement of fair value for all assets and liabilities at fair value is based on directly or indirectly observable prices, corresponding with level 2, according to IFRS 7.

Note 23 cont.

#### Financial derivative instruments

JM uses financial derivative instruments to manage interest risks and on a selective basis, occasional currency risks. Derivative instruments may only be used to minimize risks. All gains and losses that arise in market valuations of instruments are recognized directly in profit and loss, since the JM Group does not apply hedge accounting for existing derivatives.

The JM Group has no outstanding interest rate derivatives as of December 31, 2011. Currency derivatives for Group loan to international company was market valued at SEK 0.3m (–1).

#### Asset Management

JM manages capital, which comprises the consolidated equity, with the purpose of providing JM shareholders with a higher total return than shareholders in companies with similar operations and risk profile.

JM's ambition is to maintain an optimal composition of assets and capital structure over time, suitable for the Company's project development activities. According to the stated objectives for capital structure, the equity ratio should be at least 35 percent. The equity ratio target is a simplified consequence of a more extensive analysis where shareholders' equity has been allocated to the different asset classes and types of operations in the balance sheet, taking assessed operating risk into account. The relevant key indicators can be seen in the five-year overview on page 87.

Also see the "Business concept, financial targets" and "The JM Share" sections.

### NOTE 24 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

#### Defined-benefit plans

JM has a defined-benefit plan for pensions, the ITP 2 plan in Sweden, which is financed in-house.

#### Defined-contribution plans

These plans mainly comprise retirement pension and family pension.

Premiums are paid regularly during the year by the Group company concerned to separate legal entities. The pension cost for the period is recognized in the income statement.

#### Obligations regarding employee benefits, defined-benefit plans

The following provisions for pension obligations have been made in the balance sheet:

Group	2011	2010
Pension obligations, unfunded plans	841	691
Unrecognized actuarial gains (+), losses (–), pension commitments	–233	–106
<b>Net liability according to the balance sheet</b>	<b>608</b>	<b>585</b>

Pension commitments, plan assets and provisions for pension obligations as well as actuarial gains/losses for the defined-benefit pension plans have developed as follows:

Total pension commitments	2011	2010
<b>On January 1</b>	<b>691</b>	<b>708</b>
Benefits earned during the year	17	19
Interest expense	31	27
Benefits paid	–27	–23
Reclassification	–	–21
Unrecognized actuarial gains (–), losses (+)	129	–19
<b>On December 31</b>	<b>841</b>	<b>691</b>

The actuarial loss in 2011 primarily increased due to new assumptions related to discount rate and new life expectancy.

Reconciliation pension provisions	2011	2010
<b>On January 1</b>	<b>585</b>	<b>565</b>
Pension costs, defined-benefit plans	50	51
Benefits paid	–27	–23
Reclassification	–	–8
<b>On December 31</b>	<b>608</b>	<b>585</b>

Actuarial gains (+), losses (–)	2011	2010	2009	2008	2007
Total pension commitments	841	691	708	1,000	843
Plan assets, fair value	–	–	11	261	215
Experience adjustments, percentage of this year's unrecognized actuarial gains (+) and loss (–):					
Pension obligations (SEKm)	–14	–37	–10	–10	3
Percent of total value of pension commitments (%)	–1.7	–5.3	–1.4	–1.0	0.4
Plan assets (SEKm)	–	–	–0.4	–3.0	17.0
Percent of fair value of managed assets (%)	–	–	–3.3	–1.1	7.9

Pension expenses	2011	2010
Benefits earned during the year	17	19
Interest on obligations	31	27
Amortization actuarial loss	2	5
<b>Pension costs, defined-benefit plans</b>	<b>50</b>	<b>51</b>
Pension costs, defined-contribution plans	116	124
Social security expenses, defined-benefit and defined-contribution plans	33	33
<b>Total</b>	<b>199</b>	<b>208</b>

Of the above pension costs, SEK 31m (27) is recognized as a financial cost, corresponding with the interest on the obligation.

JM is currently using the "corridor" approach, which means actuarial gains and losses are gradually amortized onto the income statement and balance sheet. Actuarial gains and losses arise when the outcome deviates from underlying assumptions. Since JM's total actuarial loss as of December 31, 2011 is greater than 10 percent of the actual pension obligation, JM must expense a small part of the actuarial loss in 2011. For JM this means an increased pension cost in 2012 of SEK 11m, including social security expenses, relating to this part.

The "corridor" approach will no longer be allowed in the revised IAS 19 that will go into effect on January 1, 2013 with restated opening balance values for 2012. Pension liabilities are to be valued at fair value on the balance sheet, and the actuarial loss expensed via comprehensive income and shareholders' equity. For JM this means a reduction of shareholders' equity of approximately SEK 220m including social security expenses and deferred tax.

JM's expects cash flow for the pension provision in 2012 to be SEK –30m.

#### Actuarial assumptions

The most important actuarial assumptions as per closing day can be seen in the following table.

	Sweden	
%	2011	2010
Discount rate	4.00	4.50
Expected salary increases	3.50	3.50
Inflation	2.00	2.00
Income base amount	3.00	3.00
Attrition rate	3.00	3.00

The discount rate is determined for each geographic market taking the market return on corporate bonds on the closing day into account. In Sweden, where there is no functioning market for such bonds, the market return on mortgage bonds is used and a premium for a longer maturity added based on the duration of the pension obligations.

The anticipated salary increase factor corresponds to anticipated future salary increases as a composite effect of inflation, period of service, and promotion.

The inflation factor corresponds in most pension plans to the anticipated pension upward adjustment (or indexing). In this component JM has chosen to use the inflation targets set up by the Swedish Riksbank.

Commencing in 2011, JM in Sweden uses new mortality assumptions to calculate its pension liability, which in practical terms means that JM assumes that a man in Sweden who is currently 65 years of age will live for 23 (21) years after retirement and a woman for 25 years (23).

### NOTE 25 OTHER PROVISIONS

Warranty provisions	2011	2010
<b>On January 1</b>	<b>318</b>	<b>318</b>
Utilized/Reversals	–92	–80
Provisions	74	80
<b>On December 31 <sup>1)</sup></b>	<b>300</b>	<b>318</b>
<sup>1)</sup> Of which short-term part of warranty provisions	104	111

Provisions for guarantee commitments relate to costs that could arise during the guarantee period and that are reported as non-current and current liabilities in the balance sheet.

The amount of the provision is primarily based on the number of residential units per project and is charged to the project upon conclusion. The longest term for warranty provisions is ten years, while the majority of warranty provisions are for approximately two to three years.

Since the effect of when in time payment occurs is immaterial, expected future payments are not calculated at present value.



**NOTE 26 DEFERRED TAX ASSETS AND LIABILITIES**

	2011	2010
Deferred tax liability on tax allocation reserves <sup>1)</sup>	287	218
Other deferred tax liabilities*	1,094	906
<b>Sub-total</b>	<b>1,381</b>	<b>1,124</b>
Less deferred tax assets	-62	-83
<b>Net deferred tax liabilities</b>	<b>1,319</b>	<b>1,041</b>
<b>Deferred tax receivables</b>	<b>69</b>	<b>76</b>
<b>*Other deferred tax liabilities allocated to:</b>		
Development properties <sup>2)</sup>	378	325
Provision for taxation for impairment loss/loss carry-forward not yet approved	637	573
Other current assets	79	8
<b>Total</b>	<b>1,094</b>	<b>906</b>

<sup>1)</sup> Tax rules in Sweden allow companies to postpone taxation through provisions to untaxed reserves in the balance sheet via appropriations in the income statement. However, untaxed reserves or appropriations are not stated in the consolidated financial statements. Untaxed reserves are divided between deferred tax liability and shareholders' equity.

<sup>2)</sup> Fiscal difference and carrying amount.

In addition to the above, JM has loss-carryforwards and temporary differences in JM International, which are not reported as deferred tax assets, for SEK 295m, including SEK 142m that is time-based.

In 2008 the Swedish National Tax Agency (Skatteverket) audited JM for tax years 2006 and 2007. The tax notice in December 2008 levied a tax of SEK 66m, which was paid in January 2009. JM appealed parts of the decision to the Administrative Court, which ruled on the case during the year. The Administrative Court cleared a small part (SEK 20m) of the appealed assessment for arrears. JM has appealed to the Administrative Court of Appeal. After analysis and with support of an external tax consultant, JM expects that the remaining SEK 40m will be refunded; no provision was made for this amount.

The Supreme Administrative Court rulings in 2009 in legal cases relating to application of the Swedish Tax Avoidance Act to transactions in which properties are sold at a loss has resulted in the National Tax Agency submitting a request to apply the Tax Avoidance Act to some of JM AB's impairment losses. The National Tax Agency has also called some of JM AB's other reported impairment losses into question. Supported by a ruling from the Stockholm Administrative Court of Appeal, JM AB does not deem an increased income assessment likely under the Tax Avoidance Act. The provision for this risk, however, remains on Group level.

**NOTE 27 PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE**

	2011	2010
Accumulated billing on account for work in progress	13,444	12,973
Recognized revenue in work in progress	-12,127	-11,759
<b>Total</b>	<b>1,317</b>	<b>1,214</b>

**NOTE 28 ACCRUALS AND DEFERRED INCOME**

	2011	2010
Personnel-related items	455	397
Prepaid rental income	18	14
Other accruals	304	349
<b>Total</b>	<b>777</b>	<b>760</b>

**NOTE 29 PLEDGED ASSETS AND CONTINGENT LIABILITIES**

	2011	2010
<b>Assets pledged to secure own provisions and liabilities</b>		
Corporate mortgages	100	100
Property mortgages	322	259
<b>Total</b>	<b>422</b>	<b>359</b>

**Contingent liabilities**

Guarantee commitments, other	4,983	3,960
Guarantees in connection with assignments	897	676
Payment and rental guarantees	22	27
Other contingent liabilities	13	12
<b>Total</b>	<b>5,915</b>	<b>4,675</b>

The corporate mortgage relates to the pension liability that JM Sweden has with PRI. Property mortgages are only granted to a limited extent for financing with credit institutions.

During a tenant-owners association's production period, the JM Group provides guarantees for the part of the short-term financing in a bank that exceeds an association's future long-term loans. Guarantee commitments, other relate entirely to the short-term financing. The long-term loans are secured by the mortgage deeds taken out by the association. The increase in guarantee commitments is due to the increased volume that occurred in the operation.

The Group has an obligation to acquire unsold participations in tenant-owners associations formed by JM six months after final inspection. This obligation ensures that the tenant-owners association can settle its short-term bank financing. Starting projects in phases, with requirements for a specific level of sales and reservations, reduces the risk of unsold units. See note 17 Participations in tenant-owners associations, etc. for a summary of this year's purchases and sales.

A tenant-owners association's only current revenue is its monthly charges. In the past, JM provided a seven-year guarantee to ensure that the association received the estimated monthly charges. This guarantee comprises an undertaking to buy such apartments as are returned to the association from the first owner. JM then buys the apartment for SEK 1 and pays the monthly charge to the association until JM in its turn has sold the apartment. This guarantee has existed since 1993 but has never been utilized. JM considers it unlikely that the guarantee will need to be met in other than exceptional cases. No new guarantees will be issued after the end of 2010.

AB Bostadsgaranti has a recourse agreement against JM AB regarding its investment guarantee for paid contributions and charges for grant of enjoyment. The guarantee primarily ensures that the association can repay a reasonable amount (maximum contribution and charges) to a tenant-owner who has a right of termination due to significant increases in charges during the first year after final accounts, after which Bostadsgaranti has no liability to pay anything. Bostadsgaranti has not paid out anything since 1962.

Guarantees in connection with assignments largely relate to performance guarantees for contract work with municipalities and municipality-owned companies. These guarantees are in effect during production and for 2–5 years after completion. The commitment initially amounts to 10 percent of the contract price until completion of the work, after which it drops to 5 percent of the contract sum. To the extent that it is considered likely that JM will be held accountable, the commitment is recognized as a liability in the statement of financial position.

**NOTE 30 RELATED PARTY DISCLOSURES**

Related party disclosures can be seen in notes 3 and 15. The Group's transactions with associated companies, over and above what is specified in note 3 Employees and personnel costs, only address associated companies and joint ventures, are limited in scope and have occurred at market rates.

**NOTE 31 ACQUISITION OF OPERATIONS****Acquisition balance sheet Öie AS**

	July 1, 2011
<b>Assets</b>	
Current receivables	58
Recognized revenue less progress billings	67
Other assets	11
Cash and cash equivalents	63
<b>Total assets</b>	<b>199</b>
<b>Liabilities</b>	
Accounts payable	71
Tax liability	27
Deferred tax	11
Other liabilities	38
<b>Total liabilities</b>	<b>147</b>
<b>Acquired net assets</b>	<b>52</b>
Goodwill	147
<b>Purchase consideration</b>	<b>199</b>

<sup>1)</sup> The acquisition balance sheet is preliminary and may be adjusted in the future.

As of July 1, 2011, JM Norge acquired all shares in Öie AS, Oslo. The cost of the acquisition was SEK 199m and net cash flow was SEK 136m. Goodwill totaled SEK 147m, based on the earnings and market position of the business. Öie AS is a construction and project development company with about 70 employees. The building rights portfolio is mainly located in northern Oslo. The company's 2010 revenues amounted to just over SEK 600m.

INCOME STATEMENT – PARENT COMPANY, SEKm	Note	2011	2010
Net sales	1	8,436	6,553
Production and operating costs	2, 3	–6,934	–5,465
<b>Gross profit</b>		<b>1,502</b>	<b>1,088</b>
Selling and administrative expenses	2, 3, 4	–499	–442
Gains on the sale of properties	5	1	20
<b>Operating profit</b>		<b>1,004</b>	<b>666</b>
<b>Result from financial items</b>	6		
Result from Group companies <sup>1)</sup>		834	–25
Result from associated companies		3	80
Result from other financial assets		0	4
Result from financial current assets		55	56
Interest expenses and similar income statement items		–61	–101
<b>Profit before appropriations and tax</b>		<b>1,835</b>	<b>680</b>
Appropriations	7	–263	–232
<b>Profit before tax</b>		<b>1,572</b>	<b>448</b>
Taxes <sup>1)</sup>	8	–200	–107
<b>Net profit for the year</b>		<b>1,372</b>	<b>341</b>

PARENT COMPANY'S STATEMENT ON COMPREHENSIVE INCOME, SEKm	Note	2011	2010
<b>Net profit for the year</b>		<b>1,372</b>	<b>341</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,372</b>	<b>341</b>

<sup>1)</sup> Comparative figures for 2010 were restated due to revised accounting of Group contribution.  
For more information on Group contribution, see the Parent Company's accounting policies on page 67.

CASH FLOW STATEMENT – PARENT COMPANY, SEKm	Note	2011	2010
<b>OPERATING ACTIVITIES</b>	1		
Operating profit		1,004	666
Impairment losses		3	4
Adjustment for non-cash items		–11	–19
<b>Sub-total, cash flow from operating activities</b>		<b>996</b>	<b>651</b>
Interest received		52	56
Dividends received		3	7
Interest paid and other financial expenses		–28	–59
Repaid/paid tax		–196	–180
<b>Cash flow from operating activities before change in working capital</b>		<b>827</b>	<b>475</b>
Investment in development properties, etc.		–991	–1,508
Payment on account for development properties, etc.		1,213	1,257
Increase/decrease in other current receivables, etc.		–68	203
Increase/decrease in other current operating liabilities		110	–130
<b>Cash flow before investments and sales of project properties</b>		<b>1,091</b>	<b>297</b>
Investment in project properties, etc.		–11	1
Sale of project properties, etc.		2	0
<b>Cash flow from operating activities</b>		<b>1,082</b>	<b>298</b>
<b>INVESTING ACTIVITIES</b>			
Investment in property, plant, and equipment		–2	0
Investment in Group companies and associated companies, etc.		–304	–183
Change in financial assets		-	2
<b>Cash flow from investing activities</b>		<b>–306</b>	<b>–181</b>
<b>FINANCING ACTIVITIES</b>			
Loans raised		25	84
Amortization of debt		–154	-
Dividend		–375	–208
<b>Cash flow from financing activities</b>		<b>–504</b>	<b>–124</b>
<b>Cash flow for the year</b>		<b>272</b>	<b>–7</b>
<b>Cash and cash equivalents, January 1</b>		<b>1,871</b>	<b>1,878</b>
<b>Cash and cash equivalents, December 31</b>		<b>2,143</b>	<b>1,871</b>

BALANCE SHEET – PARENT COMPANY, SEKm	Note	Dec. 31, 2011	Dec. 31, 2010
<b>ASSETS</b>	1		
<b>Non-current assets</b>			
<b>Plant, property, and equipment</b>			
Machinery and equipment	9	6	8
<b>Financial fixed assets</b>	10		
Participations in Group companies		999	1,235
Participations in associated companies		151	164
Long-term receivables in associated companies		43	43
Other long-term receivables		16	16
Deferred tax receivables	8	-	48
		<b>1,209</b>	<b>1,506</b>
<b>Total non-current assets</b>		<b>1,215</b>	<b>1,514</b>
<b>Current assets</b>			
Project properties	11	478	11
Development properties	11	3,131	2,421
Participations in tenant-owners associations, etc.	12	145	107
<b>Current receivables</b>			
Accounts receivable		269	181
Other current receivables		173	252
Current interest-bearing receivables in Group companies		2,290	1,717
Recognized revenue less progress billings	13	440	362
Prepaid expenses and accrued income		13	7
		<b>3,185</b>	<b>2,519</b>
<b>Cash and cash equivalents</b>	14	<b>2,143</b>	<b>1,871</b>
<b>Total current assets</b>		<b>9,082</b>	<b>6,929</b>
<b>TOTAL ASSETS</b>		<b>10,297</b>	<b>8,443</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity <sup>1)</sup></b>			
Share capital		83	83
<b>Restricted equity</b>		<b>83</b>	<b>83</b>
Share premium reserve		30	17
Undistributed earnings <sup>2)</sup>		1,880	1,717
Net profit for the year <sup>2)</sup>		1,372	341
<b>Unrestricted equity</b>		<b>3,282</b>	<b>2,075</b>
<b>Total shareholders' equity</b>		<b>3,365</b>	<b>2,158</b>
<b>Untaxed reserves</b>	15	<b>1,092</b>	<b>829</b>
<b>Provisions</b>			
Provisions for pensions and similar commitments	16	609	557
Deferred tax liabilities	8	77	-
Warranty provisions	17	226	261
		<b>912</b>	<b>818</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	18	128	166
Other long-term liabilities		152	178
		<b>280</b>	<b>344</b>
<b>Current liabilities</b>			
Accounts payable		321	249
Current interest-bearing liabilities	18	52	203
Other current liabilities		215	226
Current interest-bearing liabilities to Group companies	18	2,362	2,085
Derivatives		0	1
Current tax liabilities		95	71
Progress billings in excess of recognized revenue	19	1,089	931
Accrued expenses and deferred income	20	514	528
		<b>4,648</b>	<b>4,294</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,297</b>	<b>8,443</b>
<b>Pledged assets</b>	21	<b>169</b>	<b>169</b>
<b>Contingent liabilities</b>	21	<b>6,806</b>	<b>5,555</b>

<sup>1)</sup> See the Statement of Changes in equity – Parent Company.

<sup>2)</sup> Comparative figures for 2010 were restated due to revised accounting of Group contribution.

For more information on Group contribution, see the Parent Company's accounting policies on page 67.

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY, SEKm	Share capital	Share premium reserve	Undistributed earnings	Total share-holders' equity
<b>Opening balance, January 1, 2010</b>	<b>83</b>	<b>14</b>	<b>1,805</b>	<b>1,902</b>
Total comprehensive income for the year	-	-	341	341
Dividend	-	-	-208	-208
Merger of Group companies	-	-	118	118
Equity component of convertible debentures	-	3	-	3
Share-based payments regulated with equity instruments	-	-	2	2
<b>Closing balance, December 31, 2010</b>	<b>83</b>	<b>17</b>	<b>2,058</b>	<b>2,158</b>
<b>Opening balance, January 1, 2011</b>	<b>83</b>	<b>17</b>	<b>2,058</b>	<b>2,158</b>
Total comprehensive income for the year	-	-	1,372	1,372
Dividend	-	-	-375	-375
Merger of Group companies	-	-	199	199
Redemption of convertible loan	0	11	-	11
Equity component of convertible debentures	-	2	-	2
Share-based payments regulated with equity instruments	-	-	-2	-2
<b>Closing balance, December 31, 2011</b>	<b>83</b>	<b>30</b>	<b>3,252</b>	<b>3,365</b>

Number of shares (1 vote/share) as of December 31, 2011 amounts to 83,530,371 (83,401,883), of which JM AB repurchased 150,964 shares (164,825) which do not participate in dividends. Par value per share is SEK 1.

The proposed dividend for 2011 is SEK 6.50 per share (4.50).



**NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES**

Amounts in SEK million unless stated otherwise.

For the Parent Company's accounting policies, please refer to the Group's accounting and valuation principles on pages 64–67.

**NOTE 2 EMPLOYEES AND PERSONNEL COSTS**

	2011	2010
<b>Average number of employees (all in Sweden)</b>	<b>1,566</b>	<b>1,349</b>
men, %	(82)	(82)
<b>Wages, salaries, other remuneration and social security expenses</b>		
<b>Board of Directors and President</b>	<b>9</b>	<b>8</b>
(variable compensation)	(2)	(2)
<b>Other employees</b>	<b>696</b>	<b>599</b>
(variable compensation)	(54)	(49)
<b>Total salaries and other remuneration</b>	<b>705</b>	<b>607</b>
(variable compensation)	(56)	(51)
<b>Social security expenses</b>	<b>393</b>	<b>321</b>
(pension costs)	(177) <sup>1)</sup>	(131) <sup>1)</sup>
<b>Total Parent Company</b>	<b>1,098</b>	<b>928</b>

<sup>1)</sup> Of the Parent Company's pension costs, SEK 1.9m (1.8) pertains to the Group's President. The Company's outstanding pension commitments to the President amount to SEK 0.5m (0.4). The Company has no pension costs or pension commitments to the rest of the Board.

Benefits to JM AB senior executives; please see the Group's note 3.

**NOTE 3 DEPRECIATION ACCORDING TO PLAN**

	2011	2010
Equipment and other tools	–3	–4
<b>Total</b>	<b>–3</b>	<b>–4</b>

The following depreciation rates are applied:  
Computers and other equipment 20–33 percent.

**NOTE 4 FEES AND REMUNERATION TO AUDITORS**

	2011	2010
<b>Ernst &amp; Young</b>		
Auditing services	3.3	3.2
Other services	0.2	0.2
<b>Total</b>	<b>3.5</b>	<b>3.4</b>

**NOTE 5 GAINS ON THE SALE OF PROPERTIES**

	2011	2010
<b>Sales values</b>		
Project properties	1	9
Development properties	26	63
<b>Total</b>	<b>27</b>	<b>72</b>
<b>Carrying amount</b>		
Development properties	–26	–52
<b>Total</b>	<b>–26</b>	<b>–52</b>
<b>Results</b>		
Project properties	1	9
Development properties	0	11
<b>Total</b>	<b>1</b>	<b>20</b>

**NOTE 6 RESULT FROM FINANCIAL ITEMS**

	Result from Group companies		Result from associated companies		Result from other financial assets		Result from financial current assets		Interest expense and similar expense profit/loss items		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Dividend	739	-	52	127	0	4	-	-	-	-	791	131
Sales	107	4	-	6	-	-	-	-	-	-	107	10
Impairment loss	–87	–82	–49	–53	-	-	-	-	-	-	–136	–135
Group contribution received <sup>1)</sup>	75	53	-	-	-	-	-	-	-	-	75	53
Interest income	-	-	-	-	-	-	30	8	-	-	30	8
Income, reassessment of derivative	-	-	-	-	-	-	8	32	-	-	8	32
Interest income, Group companies	-	-	-	-	-	-	17	16	-	-	17	16
Interest expense	-	-	-	-	-	-	-	-	–27	–41	–27	–41
Expense, revaluation of derivative	-	-	-	-	-	-	-	-	–8	–33	–8	–33
Interest portion in this year's pension costs	-	-	-	-	-	-	-	-	–26	–27	–26	–27
<b>Total</b>	<b>834</b>	<b>–25</b>	<b>3</b>	<b>80</b>	<b>0</b>	<b>4</b>	<b>55</b>	<b>56</b>	<b>–61</b>	<b>–101</b>	<b>831</b>	<b>14</b>

<sup>1)</sup> Comparative figures for 2010 were restated due to revised accounting of Group contribution. For more information on Group contribution, see the Parent Company's accounting policies on page 67.

**NOTE 7 APPROPRIATIONS**

	2011	2010
Appropriation to tax allocation reserve	–270	–232
Adjustment for previous years' appropriation to tax allocation reserve	7	-
<b>Total</b>	<b>–263</b>	<b>–232</b>

**NOTE 8 TAXES**

	2011	2010
<b>Profit before tax<sup>1)</sup></b>	<b>1,572</b>	<b>448</b>
Current tax <sup>1)</sup>	-212	-183
Deferred tax	12	76
<b>Total tax</b>	<b>-200</b>	<b>-107</b>
<b>Difference between reported tax and nominal tax rate 26.3%</b>		
<b>Profit before tax × 26.3%<sup>1)</sup></b>	<b>-413</b>	<b>-118</b>
Adjustment of tax from previous years	4	1
Non-taxable revenues	237	37
Non-deductible expenses	-24	-23
Tax untaxed reserve (tax allocation reserve)	-4	-4
<b>Total</b>	<b>-200</b>	<b>-107</b>

In 2008 the Swedish National Tax Agency (Skatteverket) audited JM for tax years 2006 and 2007. The tax notice in December 2008 levied a tax of SEK 66m, which was paid in January 2009. JM appealed parts of the decision to the Administrative Court, which ruled on the case during the year. The Administrative Court cleared a small part (SEK 20m) of the appealed assessment for arrears. JM has appealed to the Administrative Court of Appeal. After analysis and with support of an external tax consultant, JM expects that the remaining SEK 40m will be refunded; no provision was made for this amount.

The Supreme Administrative Court rulings in 2009 in legal cases relating to application of the Swedish Tax Avoidance Act to transactions in which properties are sold at a loss have resulted in the National Tax Agency submitting a request to apply the Tax Avoidance Act to some of JM AB's impairment losses. The National Tax Agency has also called some of JM AB's other reported impairment losses into question.

Supported amongst other things by a ruling from the Stockholm Administrative Court of Appeal, JM AB does not deem an increased income assessment likely under the Tax Avoidance Act.

<sup>1)</sup> Comparative figures for 2010 were restated due to revised accounting of Group contribution. For more information on Group contribution, see the Parent Company's accounting policies on page 67.

<b>Deferred tax assets and liabilities</b>	<b>2011</b>	<b>2010</b>
Deferred tax assets attributable to personnel-related provisions	-25	-48
Deferred tax liability attributable to temporary difference in current assets	102	-
<b>Net deferred tax liabilities/assets</b>	<b>77</b>	<b>-48</b>

**NOTE 9 MACHINERY AND EQUIPMENT**

	2011	2010
<i>Opening cost</i>		
<b>Opening balance, January 1</b>	<b>71</b>	<b>70</b>
New purchases	1	1
Sales	-37	-
<b>Closing balance, December 31</b>	<b>35</b>	<b>71</b>
<i>Accumulated depreciation according to plan</i>		
<b>Opening balance, January 1</b>	<b>-63</b>	<b>-59</b>
Depreciation for the year	-3	-4
Sales	37	-
<b>Closing balance, December 31</b>	<b>-29</b>	<b>-63</b>
<b>Closing residual value according to plan</b>	<b>6</b>	<b>8</b>

**NOTE 10 FINANCIAL FIXED ASSETS**

	Participations in Group companies		Long-term interestbearing receivables in Group companies		Participations in associated companies		Long-term receivables in associated companies		Other investments held as fixed assets		Long-term receivables		Deferred tax assets		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<i>Opening cost</i>																
<b>Opening balance, January 1</b>	<b>1,235</b>	<b>1,145</b>	-	<b>189</b>	<b>164</b>	<b>124</b>	<b>43</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>19</b>	<b>48</b>	<b>58</b>	<b>1,506</b>	<b>1,578</b>
New purchases	832	302	-	-	36	94	-	-	-	-	-	-	-	-	868	396
Additional receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled receivables	-	-	-	-189	-	-	-	-	-	-	0	-3	0	-10	0	-202
Merger	-689	-130	-	-	-	-	-	-	-	-	-	-	-	-	-689	-130
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-48	-	-48	-
Sales	-292	-	-	-	0	-1	-	-	-	-	-	-	-	-	-292	-1
Impairment losses for the year <sup>2)</sup>	-87	-82	-	-	-49	-53	-	-	-	-	-	-	-	-	-136	-135
<b>Closing balance, December 31</b>	<b>999</b>	<b>1,235</b>	-	<b>0</b>	<b>151</b>	<b>164</b>	<b>43</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>	-	<b>48</b>	<b>1,209</b>	<b>1,506</b>

For specification of the Parent Company's and the Group's participation in associated companies and Group companies, see the Group's notes 13 and 15.

<sup>2)</sup> Shares in subsidiary were written down to equal the value of equity.

**NOTE 11 PROJECT PROPERTIES AND DEVELOPMENT PROPERTIES**

	Project properties		Development properties	
	2011	2010	2011	2010
<i>Opening cost</i>				
<b>Opening balance, January 1</b>	<b>11</b>	<b>18</b>	<b>2,522</b>	<b>2,162</b>
New purchases	11	0	653	612
Merger	458	-	1,074	706
Reclassifications	-	-7	-	-15
Transferred to production	-2	-	-901	-891
Sales	-	-	-26	-52
<b>Closing balance, December 31</b>	<b>478</b>	<b>11</b>	<b>3,322</b>	<b>2,522</b>
<i>Accumulated impairment losses</i>				
<b>Opening balance, January 1</b>	<b>-</b>	<b>-</b>	<b>-101</b>	<b>-120</b>
Merger	-	-	-90	-15
Transferred to production	-	-	-	34
<b>Closing balance, December 31</b>	<b>-</b>	<b>-</b>	<b>-191</b>	<b>-101</b>
<b>Closing residual value according to plan</b>	<b>478</b>	<b>11</b>	<b>3,131</b>	<b>2,421</b>

Reported residual value for the part of development properties recognized at net realizable value amounts to SEK 1,096 (231).

**NOTE 12 PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.**

	2011	2010
<i>Opening cost</i>		
<b>Opening balance, January 1</b>	<b>107</b>	<b>148</b>
New purchases	289	323
Sales	-251	-364
<b>Closing balance, December 31</b>	<b>145</b>	<b>107</b>

**NOTE 13 RECOGNIZED REVENUE LESS PROGRESS BILLINGS**

	2011	2010
Recognized revenue in work in progress	3,029	1,756
Accumulated billing on account for work in progress	-2,589	-1,394
<b>Total</b>	<b>440</b>	<b>362</b>

**NOTE 14 CASH AND CASH EQUIVALENTS**

	2011	2010
Cash and bank balances	1,543	1,171
Short-term investments	600	700
<b>Total</b>	<b>2,143</b>	<b>1,871</b>

Short-term investments have a maturity of between one day and up to three months.

**NOTE 15 UNTAXED RESERVES**

	2011	2010
Tax allocation reserve, 2007 taxation	129	129
Tax allocation reserve, 2008 taxation	209	209
Tax allocation reserve, 2009 taxation	79	79
Tax allocation reserve, 2010 taxation	180	180
Tax allocation reserve, 2011 taxation	225	232
Tax allocation reserve, 2012 taxation	270	-
<b>Total</b>	<b>1,092</b>	<b>829</b>

**NOTE 16 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS**

	2011	2010
<b>Opening balance, January 1</b>	<b>557</b>	<b>543</b>
Benefits earned during the period	14	11
Interest expense	21	20
Pensions paid	-27	-22
Other	44	5
<b>Closing balance, December 31</b>	<b>609</b>	<b>557</b>

In the Parent Company, the ITP plan is posted as a liability under pension provisions.

**NOTE 17 WARRANTY PROVISIONS**

	2011	2010
<b>Opening balance, January 1</b>	<b>261</b>	<b>245</b>
Utilized/Reversals	-92	-62
Provisions	57	78
<b>Closing balance, December 31</b>	<b>226</b>	<b>261</b>

**NOTE 18 INTEREST-BEARING LIABILITIES**

	2011	2010
<b>Long-term interest-bearing liabilities</b>		
Other liabilities 1–5 years from closing day	55	55
Convertible loan 1–5 years	73	111
<b>Total</b>	<b>128</b>	<b>166</b>
<b>Current interest-bearing liabilities</b>		
Other current liabilities	-	50
Convertible loan 1 year	52	153
Liabilities to Group companies	2,362	2,085
<b>Total</b>	<b>2,414</b>	<b>2,288</b>

**Liabilities to credit institutions, confirmed credits**

	2011	2010
<b>Credit agreement</b>		
Bank overdraft facility	400	400
Granted credit agreement maturity within 1 year	1,200	650
Granted credit agreement maturity more than 1 year	1,200	1,750
Unused part	-2,800	-2,800
<b>Unused credit agreement</b>	<b>-</b>	<b>-</b>

Credit agreements carry fixed interest.

**NOTE 19 PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE**

	2011	2010
Accumulated billing on account for work in progress	12,097	11,326
Recognized revenue in work in progress	-11,008	-10,395
<b>Total</b>	<b>1,089</b>	<b>931</b>

**NOTE 20 ACCRUALS AND DEFERRED INCOME**

	2011	2010
Personnel-related items	320	302
Prepaid rental income	12	5
Other accruals	182	221
<b>Total</b>	<b>514</b>	<b>528</b>

**NOTE 21 PLEDGED ASSETS AND CONTINGENT LIABILITIES**

	2011	2010
<b>Assets pledged to secure own provisions and liabilities</b>		
Corporate mortgages <sup>1)</sup>	100	100
Property mortgages	69	69
<b>Total</b>	<b>169</b>	<b>169</b>
<b>Contingent liabilities</b>		
Guarantee commitments, other <sup>2)</sup>	4,983	3,960
Guarantees on behalf of Group companies <sup>3)</sup>	1,452	1,207
Guarantees in connection with assignments	350	367
Payment and rental guarantees	8	9
Other contingent liabilities	13	12
<b>Total</b>	<b>6,806</b>	<b>5,555</b>

<sup>1,2)</sup> See the Group's note 29 for comments.

<sup>3)</sup> Guarantees on behalf of Group companies mainly relate to commitments for foreign companies and the Seniorgården AB and JM Entreprenad AB subsidiaries.

**NOTE 22 RELATED PARTY DISCLOSURES**

The Parent Company has a related party relationship with its subsidiaries and associated companies; see Group notes 13 and 15.

	2011	2010
Purchase of goods and services from Group companies	687	437
Interest income from Group companies	17	16
Interest expenses to associated companies	-	-1
Dividend from Group companies	739	-
Dividend from associated companies	52	127
Long-term receivables in associated companies	43	43
Current receivables from Group companies	2,290	1,717
Current liabilities to Group companies	2,362	2,085
Guarantees on behalf of Group companies	1,452	1,207

Transactions with key individuals in leading positions can be found in note 2, Employees and personnel costs. All transactions with related parties and companies were conducted on market-based terms.

Amounts in SEK million unless stated otherwise.

<b>INCOME STATEMENT <sup>1)</sup></b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Revenue	12,001	9,136	9,620	12,229	12,731
Production and operating costs	-9,798	-7,608	-8,361	-10,180	-9,939
<b>Gross profit</b>	<b>2,203</b>	<b>1,528</b>	<b>1,259</b>	<b>2,049</b>	<b>2,792</b>
Selling and administrative expenses	-717	-649	-615	-719	-673
Gains on the sale of properties	27	28	89	73	182
Impairment losses on properties	-	-	-87	-320	-
<b>Operating profit</b>	<b>1,513</b>	<b>907</b>	<b>646</b>	<b>1,083</b>	<b>2,301</b>
Financial income and expenses	-50	-67	-117	-31	-4
<b>Profit before tax</b>	<b>1,463</b>	<b>840</b>	<b>529</b>	<b>1,052</b>	<b>2,297</b>
Taxes	-421	-246	-164	-234	-632
<b>Net profit for the year</b>	<b>1,042</b>	<b>594</b>	<b>365</b>	<b>818</b>	<b>1,665</b>

#### INCOME STATEMENT BY FUNCTION

<b>Production</b>					
Recognized revenue	11,840	9,016	9,486	12,027	12,555
Production costs	-9,668	-7,498	-8,237	-10,002	-9,805
<b>Profit from production operations</b>	<b>2,172</b>	<b>1,518</b>	<b>1,249</b>	<b>2,025</b>	<b>2,750</b>
<b>Development properties</b>					
Rental revenue	88	58	65	85	94
Operating expenses	-51	-38	-34	-57	-58
Property tax	-23	-21	-21	-21	-18
<b>Profit from development properties</b>	<b>14</b>	<b>-1</b>	<b>10</b>	<b>7</b>	<b>18</b>
<b>Project properties</b>					
Rental revenue	73	62	69	117	82
Operating expenses	-54	-48	-66	-98	-56
Property tax	-2	-3	-3	-2	-2
<b>Profit from project properties</b>	<b>17</b>	<b>11</b>	<b>0</b>	<b>17</b>	<b>24</b>
<b>Gross profit</b>	<b>2,203</b>	<b>1,528</b>	<b>1,259</b>	<b>2,049</b>	<b>2,792</b>
<b>Selling and administrative expenses</b>	<b>-674</b>	<b>-614</b>	<b>-569</b>	<b>-662</b>	<b>-624</b>
<b>Property sales</b>					
Sales values	142	80	665	748	653
Carrying amount	-115	-52	-576	-675	-471
<b>Gains on the sale of properties</b>	<b>27</b>	<b>28</b>	<b>89</b>	<b>73</b>	<b>182</b>
Impairment losses on properties	-	-	-87	-320	-
Group-wide expenses	-43	-35	-46	-57	-49
<b>Operating profit</b>	<b>1,513</b>	<b>907</b>	<b>646</b>	<b>1,083</b>	<b>2,301</b>

<b>BALANCE SHEET <sup>1)</sup></b>	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2009</b>	<b>Dec. 31, 2008</b>	<b>Dec. 31, 2007</b>
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>315</b>	<b>219</b>	<b>259</b>	<b>184</b>	<b>121</b>
Project properties	859	661	596	614	790
Development properties	5,816	5,374	4,990	5,620	5,282
Participations in tenant-owners associations, etc.	150	115	353	171	104
Current receivables <sup>2)</sup>	1,719	1,437	1,659	2,355	1,558
Cash and cash equivalents	2,437	2,087	2,030	1,111	2,061
<b>Total current assets</b>	<b>10,981</b>	<b>9,674</b>	<b>9,628</b>	<b>9,871</b>	<b>9,795</b>
<b>TOTAL ASSETS</b>	<b>11,296</b>	<b>9,893</b>	<b>9,887</b>	<b>10,055</b>	<b>9,916</b>
<b>EQUITY AND LIABILITIES <sup>3)</sup></b>					
<b>Shareholders' equity</b>	<b>4,598</b>	<b>3,923</b>	<b>3,637</b>	<b>3,241</b>	<b>3,893</b>
Long-term interest-bearing liabilities	293	258	326	314	216
Other long-term liabilities	172	218	113	271	978
Long-term provisions	2,123	1,833	1,682	1,579	1,358
<b>Total long-term liabilities</b>	<b>2,588</b>	<b>2,309</b>	<b>2,121</b>	<b>2,164</b>	<b>2,552</b>
Current interest-bearing liabilities	566	514	951	1,137	45
Other current liabilities	3,440	3,036	3,045	3,401	3,321
Current provisions	104	111	133	112	105
<b>Total current liabilities</b>	<b>4,110</b>	<b>3,661</b>	<b>4,129</b>	<b>4,650</b>	<b>3,471</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,296</b>	<b>9,893</b>	<b>9,887</b>	<b>10,055</b>	<b>9,916</b>

<sup>1)</sup> Financial year 2008 and earlier are not restated according to IFRIC 15.

<sup>2)</sup> Of which receivables from property sales

<sup>3)</sup> Of which liabilities for property acquisition



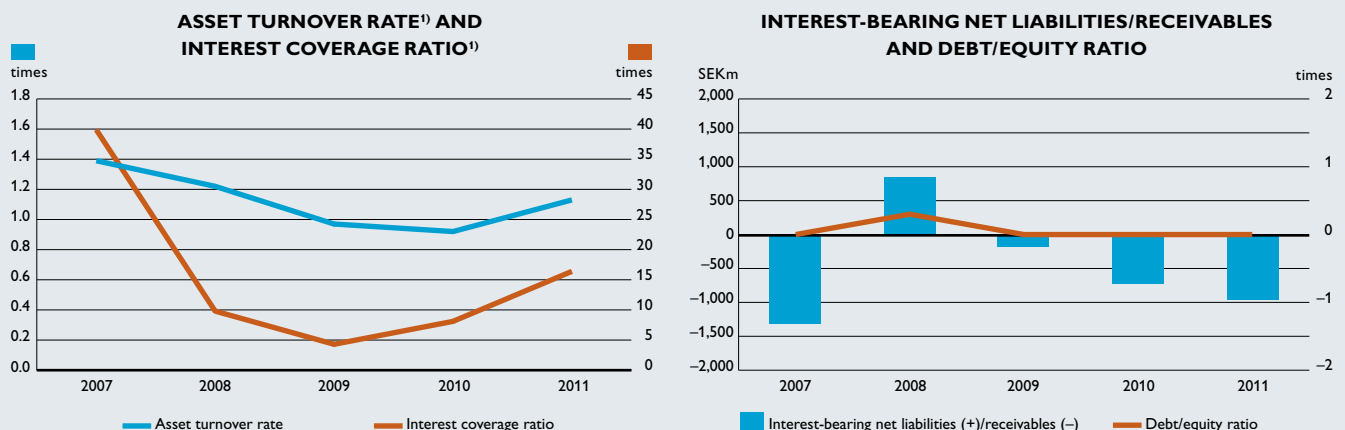
<b>CASH FLOW STATEMENT</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Cash flow from operating activities	733	42	1,124	101	1,826
Cash flow from investing activities	-93	7	-51	-4	-7
Cash flow from financing activities	-290	13	-158	-1,055	-1,279
<b>Total cash flow for the year</b>	<b>350</b>	<b>62</b>	<b>915</b>	<b>-958</b>	<b>540</b>
<b>Cash and cash equivalents, December 31</b>	<b>2,437</b>	<b>2,087</b>	<b>2,030</b>	<b>1,111</b>	<b>2,061</b>
<b>INTEREST-BEARING NET LIABILITIES/RECEIVABLES</b>					
Interest-bearing net liabilities (+)/receivables (-), January 1	-730	-189	842	-1,313	-852
Change in interest-bearing net liabilities/receivables	-240	-541	-1,031	2,155	-461
<b>Interest-bearing net liabilities (+)/receivables (-), December 31</b>	<b>-970</b>	<b>-730</b>	<b>-189</b>	<b>842</b>	<b>-1,313</b>
<b>DEVELOPMENT PROPERTIES</b>					
Carrying amount, January 1	5,374	4,990	5,620	5,282	4,348
New purchases	1,585	1,655	428	1,571	2,130
Transferred to production	-1,113	-1,080	-910	-781	-1,159
Impairment losses	-	-	-87	-320	-
Other	-30	-191	-61	-132	-37
<b>Carrying amount, December 31</b>	<b>5,816</b>	<b>5,374</b>	<b>4,990</b>	<b>5,620</b>	<b>5,282</b>
<b>HOUSING PRODUCTION</b>					
Number of available building rights	27,200	27,500	27,900	31,000	31,000
– recognized in the balance sheet	17,600	17,600	18,400	20,100	19,200
Number of residential units sold	3,112	3,276	3,291	1,871	3,880
Number of housing starts	3,629	3,404	2,150	1,829	4,065
Number of residential units in current production	6,401	5,431	3,744	5,118	6,844
Percentage sold residential units in current production (%)	60	64	54	45	61
Percentage reserved residential units in current production (%)	8	18	25	9	12
Percentage sold and reserved residential units in current production (%)	68	82	79	54	73
<b>PROJECT PROPERTIES</b>					
Market values	854	685	610	669	1,052
Carrying amount	859	661	596	614	790
Surplus values before deferred tax	-5	24	14	55	262
<b>PERSONNEL</b>					
Average number of employees	2,331	2,043	2,095	2,533	2,385
– abroad	306	246	247	353	318
Wages, salaries and remunerations	1,084	924	969	1,086	982
<b>KEY FIGURES<sup>1)</sup></b>					
Operating margin (%) <sup>2)</sup>	12.6	9.9	6.7	8.9	18.1
Return on equity after tax (%)	24.5	15.7	10.6	22.9	44.5
Pre-tax return on capital employed (%)	27.5	17.8	12.9	23.8	52.9
Pre-tax return on total capital (%)	14.7	9.7	6.9	11.7	25.7
Equity/assets ratio (%) <sup>2)</sup>	41	40	37	32	39
Interest-bearing loan (SEKm)	1,467	1,357	1,842	1,964	760
Debt/equity ratio (times)	-	-	-	0.3	-
Interest coverage ratio (times)	16.4	8.1	4.3	9.8	39.9
Interest-bearing liabilities/total assets (%)	13	14	19	20	8
Asset turnover rate (times)	1.13	0.92	0.97	1.22	1.39

<sup>1)</sup> Financial year 2008 and earlier are not restated according to IFRIC 15.

<sup>2)</sup> Financial targets:

Operating margin should amount to 10 percent, including gains from property sales of 1–2 percentage points.

The visible equity ratio should amount to 35 percent over a business cycle. To the extent the visible equity ratio and interest coverage are assessed as exceeding the optimal capital structure on a continuing basis, capital will be transferred to shareholders in a form that is appropriate at the time.



<sup>1)</sup> Financial year 2008 and earlier are not restated according to IFRIC 15

Amounts in SEK million unless stated otherwise.

INCOME STATEMENT	2011					2010				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	12,001	3,702	3,071	2,681	2,547	9,136	3,075	1,947	2,406	1,708
Production and operating costs	-9,798	-3,025	-2,521	-2,162	-2,090	-7,608	-2,532	-1,618	-2,030	-1,428
<b>Gross profit</b>	<b>2,203</b>	<b>677</b>	<b>550</b>	<b>519</b>	<b>457</b>	<b>1,528</b>	<b>543</b>	<b>329</b>	<b>376</b>	<b>280</b>
Selling and administrative expenses	-717	-179	-155	-203	-180	-649	-172	-137	-175	-165
Gains on the sale of properties	27	2	0	23	2	28	11	3	7	7
<b>Operating profit</b>	<b>1,513</b>	<b>500</b>	<b>395</b>	<b>339</b>	<b>279</b>	<b>907</b>	<b>382</b>	<b>195</b>	<b>208</b>	<b>122</b>
Financial income and expenses	-50	-11	-15	-10	-14	-67	-11	-20	-7	-29
<b>Profit before tax</b>	<b>1,463</b>	<b>489</b>	<b>380</b>	<b>329</b>	<b>265</b>	<b>840</b>	<b>371</b>	<b>175</b>	<b>201</b>	<b>93</b>
Taxes	-421	-142	-107	-94	-78	-246	-106	-51	-59	-30
<b>Net profit for the period</b>	<b>1,042</b>	<b>347</b>	<b>273</b>	<b>235</b>	<b>187</b>	<b>594</b>	<b>265</b>	<b>124</b>	<b>142</b>	<b>63</b>

BALANCE SHEET	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010
<b>ASSETS</b>								
<b>Non-current assets</b>	<b>315</b>	<b>334</b>	<b>173</b>	<b>176</b>	<b>219</b>	<b>252</b>	<b>256</b>	<b>254</b>
Project properties	859	796	783	854	661	670	647	622
Development properties	5,816	5,814	5,570	5,593	5,374	4,882	4,954	4,993
Participations in tenant-owners associations, etc.	150	115	99	115	115	138	166	301
Current receivables	1,719	1,731	1,687	1,404	1,437	1,629	1,755	1,710
Cash and cash equivalents	2,437	1,917	1,790	2,024	2,087	1,826	1,747	2,190
<b>Total current assets</b>	<b>10,981</b>	<b>10,373</b>	<b>9,929</b>	<b>9,990</b>	<b>9,674</b>	<b>9,145</b>	<b>9,269</b>	<b>9,816</b>
<b>TOTAL ASSETS</b>	<b>11,296</b>	<b>10,707</b>	<b>10,102</b>	<b>10,166</b>	<b>9,893</b>	<b>9,397</b>	<b>9,525</b>	<b>10,070</b>

**EQUITY AND LIABILITIES**

<b>Shareholders' equity</b>	<b>4,598</b>	<b>4,276</b>	<b>3,990</b>	<b>4,099</b>	<b>3,923</b>	<b>3,661</b>	<b>3,577</b>	<b>3,657</b>
Long-term interest-bearing liabilities	293	287	247	305	258	258	236	324
Other long-term liabilities	172	205	198	198	218	124	125	155
Long-term provisions	2,123	1,918	1,867	1,852	1,833	1,742	1,717	1,692
<b>Total long-term liabilities</b>	<b>2,588</b>	<b>2,410</b>	<b>2,312</b>	<b>2,355</b>	<b>2,309</b>	<b>2,124</b>	<b>2,078</b>	<b>2,171</b>
Current interest-bearing liabilities	566	640	752	445	514	574	532	1,178
Other current liabilities	3,440	3,272	2,942	3,159	3,036	2,913	3,211	2,936
Current provisions	104	109	106	108	111	125	127	128
<b>Total current liabilities</b>	<b>4,110</b>	<b>4,021</b>	<b>3,800</b>	<b>3,712</b>	<b>3,661</b>	<b>3,612</b>	<b>3,870</b>	<b>4,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,296</b>	<b>10,707</b>	<b>10,102</b>	<b>10,166</b>	<b>9,893</b>	<b>9,397</b>	<b>9,525</b>	<b>10,070</b>

CASH FLOW STATEMENT	2011					2010				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Cash flow from operating activities	733	560	316	-78	-65	42	305	-27	-148	-88
Cash flow from investing activities	-93	12	-145	-1	41	7	11	-4	0	0
Cash flow from financing activities	-290	-50	-44	-158	-38	13	-55	112	-293	249
<b>Total cash flow for the period</b>	<b>350</b>	<b>522</b>	<b>127</b>	<b>-237</b>	<b>-62</b>	<b>62</b>	<b>261</b>	<b>81</b>	<b>-441</b>	<b>161</b>

Cash and cash equivalents at end of the period	2,437	2,437	1,917	1,790	2,024	2,087	2,087	1,826	1,747	2,190
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INTEREST-BEARING NET LIABILITIES/RECEIVABLES	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Interest-bearing net liabilities (+)/receivables (-) at beginning of period	-730	-388	-191	-683	-730	-189	-409	-400	-115	-189
Change in interest-bearing net liabilities/receivables	-240	-582	-197	492	47	-541	-321	-9	-285	74
Interest-bearing net liabilities (+)/receivables (-) at end of period	-970	-970	-388	-191	-683	-730	-730	-409	-400	-115

DEVELOPMENT PROPERTIES	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Opening balance at beginning of period	5,374	5,814	5,570	5,593	5,374	4,990	4,882	4,954	4,993	4,990
New purchases	1,585	324	599	247	415	1,655	933	183	290	249
Transferred to production	-1,113	-280	-341	-325	-167	-1,080	-424	-184	-281	-191
Other	-30	-42	-14	55	-29	-191	-17	-71	-48	-55
<b>Closing balance at end of period</b>	<b>5,816</b>	<b>5,816</b>	<b>5,814</b>	<b>5,570</b>	<b>5,593</b>	<b>5,374</b>	<b>5,374</b>	<b>4,882</b>	<b>4,954</b>	<b>4,993</b>

KEY RATIOS	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Operating margin (%)	12.6	13.5	12.9	12.6	11.0	9.9	12.4	10.0	8.6	7.1
Debt/equity ratio (times)	-	-	-	-	-	-	-	-	-	-
Equity/assets ratio (%)	41	41	40	39	40	40	40	39	38	36
Earnings per share (SEK)	12.50	4.20	3.30	2.80	2.20	7.10	3.20	1.50	1.70	0.80
Number of available building rights	27,200	27,200	28,000	26,500	26,300	27,500	27,500	26,700	27,400	27,600
Number of residential units sold	3,112	746	705	821	840	3,276	1,056	758	705	757
Number of housing starts	3,629	773	1,005	943	908	3,404	972	811	872	749
Number of residential units in current production	6,401	6,401	6,439	6,027	5,957	5,431	5,431	5,285	4,959	4,392

JM RESIDENTIAL STOCKHOLM	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue	5,141	1,579	1,197	1,320	1,045	3,824	1,350	819	899	756
Operating profit <sup>1)</sup>	1,028	341	258	246	183	634	266	123	133	112
Operating margin (%)	20.0	21.6	21.6	18.6	17.5	16.6	19.7	15.0	14.8	14.8
Average operating capital	2,286	2,286	2,153	1,985	1,843	1,776	1,776	1,765	1,817	1,938
Return on operating capital (%) <sup>2)</sup>	45.0	45.0	44.3	41.2	38.3	35.7	35.7	30.5	28.4	25.2
Operating cash flow	641	356	395	-211	101	-34	169	-44	-291	132
Carrying amount, development properties	2,888	2,888	2,813	2,691	2,679	2,562	2,562	2,100	2,155	2,122
Number of available building rights	11,800	11,800	12,100	10,900	10,700	11,100	11,100	10,000	10,500	10,700
Number of residential units sold <sup>3)</sup>	1,401	329	308	369	395	1,408	477	274	299	358
Number of housing starts <sup>3)</sup>	1,684	349	468	439	428	1,604	414	399	427	364
Number of residential units in current production	3,290	3,290	3,353	3,116	2,931	2,691	2,691	2,590	2,505	2,126
<sup>1)</sup> Of which property sales	-	-	-	-	-	2	2	-	-	-
<sup>3)</sup> Of which rental units	77	-	77	-	-	211	104	-	62	45

JM RESIDENTIAL SWEDEN	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue	3,355	862	725	976	792	2,749	819	604	785	541
Operating profit <sup>1)</sup>	301	76	69	88	68	219	73	54	58	34
Operating margin (%)	9.0	8.8	9.5	9.0	8.6	8.0	8.9	8.9	7.4	6.3
Average operating capital	1,478	1,478	1,443	1,462	1,469	1,471	1,471	1,465	1,540	1,601
Return on operating capital (%) <sup>2)</sup>	20.4	20.4	20.7	19.4	17.2	14.9	14.9	15.4	13.7	11.7
Operating cash flow	317	-8	196	83	46	312	-165	230	125	122
Carrying amount, development properties	1,406	1,406	1,460	1,512	1,539	1,497	1,497	1,422	1,429	1,518
Number of available building rights	8,800	8,800	8,800	9,000	8,900	9,600	9,600	9,800	10,200	10,100
Number of residential units sold	1,056	204	229	303	320	1,207	352	354	276	225
Number of housing starts	1,157	201	297	332	327	1,230	350	338	321	221
Number of residential units in current production	1,973	1,973	2,009	1,955	1,953	1,708	1,708	1,767	1,561	1,371
<sup>1)</sup> Of which property sales	4	1	0	3	-	0	-	-	0	-

JM INTERNATIONAL	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue	2,349	799	669	464	417	1,570	457	369	408	336
Operating profit	159	67	38	30	24	48	28	11	8	1
Operating margin (%)	6.8	8.4	5.7	6.5	5.8	3.1	6.1	3.0	2.0	0.3
Average operating capital	1,822	1,822	1,764	1,718	1,774	1,838	1,838	1,870	1,895	1,948
Return on operating capital (%) <sup>2)</sup>	8.7	8.7	6.8	5.4	4.0	2.6	2.6	1.6	1.2	-6.3
Operating cash flow	-197	76	-288	-10	25	236	184	1	126	-75
Carrying amount, development properties	1,462	1,462	1,481	1,306	1,315	1,255	1,255	1,252	1,263	1,245
Carrying amount, project properties	51	51	33	35	33	34	34	34	35	35
Number of available building rights	6,600	6,600	7,100	6,600	6,700	6,800	6,800	6,900	6,700	6,800
Number of residential units sold	655	213	168	149	125	661	227	130	130	174
Number of housing starts	788	223	240	172	153	570	208	74	124	164
Number of residential units in current production	1,138	1,138	1,077	956	1,073	1,032	1,032	928	893	895

JM PROPERTY DEVELOPMENT	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue	73	21	19	17	16	72	16	15	15	26
Operating profit <sup>1)</sup>	15	-1	2	13	1	12	2	3	6	1
Average operating capital	822	822	797	770	739	708	708	798	845	922
Return on operating capital (%) <sup>2)</sup>	1.8	1.8	2.3	2.5	1.6	1.7	1.7	6.5	7.7	9.4
Operating cash flow	-134	-18	-131	86	-71	-118	-8	-24	-60	-26
Carrying amount, development properties	60	60	60	61	60	60	60	108	107	108
Carrying amount, project properties	808	808	763	748	821	625	625	636	612	587
<sup>1)</sup> Of which property sales	23	1	-	20	2	26	9	3	7	7

JM PRODUCTION	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue	1,986	669	490	480	347	1,496	405	311	431	349
Operating profit	84	28	24	19	13	91	38	18	21	14
Operating margin (%)	4.2	4.2	4.9	4.0	3.7	6.1	9.4	5.8	4.9	4.0
Operating cash flow	-18	28	10	-49	-7	36	64	-24	16	-20

JM OTHER	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue (elimination)	-687	-260	-141	-160	-126	-437	-115	-106	-121	-95
Operating profit (group-wide expenses)	-43	-14	-9	-9	-11	-35	-10	-5	-9	-11

RESTATEMENT JM INTERNATIONAL	Full-year	2011				Full-year	2010			
		Q 4	Q 3	Q 2	Q 1		Q 4	Q 3	Q 2	Q 1
Revenue	-216	32	112	-416	56	-138	143	-65	-11	-205
Operating profit	-31	3	13	-48	1	-62	-15	-9	-9	-29

<sup>2)</sup> Calculated on 12-month rolling profits and average capital.

The Board of Directors and the President propose that the Parent Company's net profit for the year of SEK 1,371,888,559 and retained earnings and share premium reserve of SEK 1,909,542,169, for a total of SEK 3,281,430,728, be distributed as follows:

Dividend to shareholders: SEK 6.50 per share	SEK 541,994,453
to be carried forward to new account	SEK 2,739,436,275
	SEK 3,281,430,728

The number of registered shares as of January 31, 2012 was 83,534,726, including 150,964 at this time that are repurchased shares and not entitled to dividend. The number of shares entitled to dividend is 83,383,762.

*The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Company, and that the management reports of the Group and the Company give a fair review of the development of the operations, financial positions and results of the Group and the Company and describes substantial risks and uncertainties that the Group companies face.*

Stockholm February 22, 2012

Lars Lundquist  
Chairman of the Board

Elisabet Annell Åhlund  
Board Member

Anders Narvinger  
Board Member

Kia Orback Pettersson  
Board Member

Åsa Söderström Jerring  
Board Member

Torbjörn Torell  
Board Member

Peter Skogert  
Board Member, appointed  
by the employees

Johan Wegin  
Board Member, appointed  
by the employees

Johan Skoglund  
Board Member  
President and Chief Executive Officer



TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
IN JM AB, COMPANY REG. NO. 556045-2103

## REPORT ON THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of JM AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 53–90.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December

2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the President of JM AB (publ) for the year 2011.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the President is liable to the Company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm February 22, 2012  
Ernst & Young AB

Ingemar Rindstig  
Authorized Public Accountant

Jonas Svensson  
Authorized Public Accountant

**DEFINITIONS KEY FINANCIAL FIGURES**

Amounts in SEKm unless stated otherwise.

**Dividend yield**

Proposed dividend in relation to market price as of December 31, 2011.

Proposed dividend	SEK 6.50
Share price	SEK 112
	5.8%

**Total return**

The sum of the change in share price during the year, dividend paid and redemption rights in relation to the share price at the beginning of the year.

Change in share price	SEK -45.50
Dividend paid	SEK 4.50
Share price, January 1	SEK 157.50
	-26%

**Earnings per share, basic**

Profit for the year attributable to shareholders of the Parent Company in relation to weighted average number of shares.

Profit for the year	1,042
Average number of shares	83,305,326
	SEK 12.50

**Operating margin (segment reporting)**

Operating profit as stated in segment reporting in relation to revenues as stated in segment reporting.

Operating profit	1,544
Revenue	12,217
	12.6%

**Operating margin**

Operating result including property sales and impairment losses on properties in relation to revenues.

Operating profit	1,513
Revenue	12,001
	12.6%

**Return on equity**

Profit for the year as a percentage of average shareholders' equity.

Profit for the year	1,042
Average shareholders' equity	4,261
	24.5%

**Return on capital employed**

Profit before tax plus financial expenses as a percentage of average capital employed.

Profit before tax plus financial expenses	1,558
Average capital employed	5,673
	27.5%

**Return on equity on total capital**

Profit before tax plus financial expenses as a percentage of average total assets.

Profit before tax plus financial expenses	1,558
Average total assets	10,595
	14.7%

**Equity/assets ratio**

Shareholders' equity as a percentage of total assets.

Shareholders' equity	4,598
Total assets	11,296
	41%

**Interest coverage ratio**

Profit before tax plus financial expenses in relation to financial expenses.

Profit before tax plus financial expenses	1,558
Financial expenses	95
	16.4 times

**Interest-bearing liabilities/total assets**

Interest-bearing liabilities and provisions in relation to total assets.

Interest-bearing liabilities	1,467
Total assets	11,296
	13%

**Asset turnover rate**

Revenue divided by average total assets.

Revenue	12,001
Average total assets	10,595
	1.13 times

**GLOSSARY****Development properties**

Mainly refers to land that can be developed for future projects; classified as current assets.

- Land with residential building rights
- Land with commercial building rights
- Developed properties for residential projects or further development to project properties.

A presentation of a selection of JM's larger development properties can be found on pages 105–106.

**Revenues**

Rental revenue and recognized revenue according to the percentage of completion method in the Swedish operations. Outside Sweden, accrued revenue is usually reported at the time the home is transferred to the customer.

**Revenue as stated in segment reporting (according to the percentage of completion method)**

Revenue is recognized period by period, as projects are completed and sold.

**Operating capital**

Total goodwill, project properties, development properties, participations in tenant-owners associations etc., receivables from property sales, receivables from sold participations in tenant-owners associations, and accounts receivable, revenue less progress billings minus accounts payable, liabilities to tenant-owners associations and progress billings in excess of recognized revenue.

Average operating capital is calculated as closing operating capital on five measurement dates (five most recent quarters).

**Operating cash flow**

Change in operating capital plus profit for the period adjusted for non-cash items.

**Project properties**

Classified as current assets and comprise large property portfolios for further development and commercial properties.

- Residential units (rental units)
- Properties under development
- Fully developed commercial properties.

A summary of JM's project properties can be found on page 107.

**Interest-bearing net liabilities/receivables**

Interest-bearing receivables and cash and cash equivalents minus interest-bearing liabilities and provisions.

**Operating margin (segment reporting)**

Operating profit as stated in segment reporting in relation to revenues as stated in segment reporting.

**Debt/equity ratio**

Interest-bearing net debt in relation to shareholders' equity.

**Capital employed**

Shareholders' equity plus interest-bearing loans.

A more detailed description can be found in the Accounting and valuation principles section on pages 64–67.

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# CORPORATE GOVERNANCE REPORT FOR THE 2011 FINANCIAL YEAR

## CORPORATE GOVERNANCE PRINCIPLES

In addition to the rules laid down by law or regulation, JM applies the Swedish Code of Corporate Governance (the Code). The code allows noncompliance with the rules, provided that the reason is clearly presented according to the “comply or explain” principle. However, JM complies with the Code without exception.

JM’s aspiration is to continue working systematically to further strengthen its internal control and governance, while increasing the knowledge of shareholders and other stakeholders about how the Board of Directors and the administration operate in order to ensure that shareholders’ demands for return on invested capital is met. Priority areas include high ethical standards, JM’s core values, professionalism, transparency and JM’s contribution to social development. For more information about JM’s contributions to sustainable urban planning, please refer to pages 34–43.

JM has been working on corporate governance issues for several years, which has resulted in improved control and oversight with respect to investment, sales and production decisions, as well as during the project implementation phase. Internal control and governance are also exercised through the systematic committee work of the Board. The Board undergoes an annual evaluation process to promote its development.

## ANNUAL GENERAL MEETING

The Annual General Meeting is the decision-making body at which all shareholders can participate. The Annual General Meeting (the general meeting at which the consolidated accounts and auditors’ report on the consolidated accounts are presented) addresses the company’s developments, and decisions are made on several key

issues, such as dividends, discharge from liability for the Board, election of auditors, compensation to the Board of Directors and auditors, as well as election of a new Board to serve up until the next Annual General Meeting.

The Company publishes notification of the Annual General Meeting no earlier than six weeks and no later than four weeks before the meeting. The Company announces the time and place of the Annual General Meeting in connection with the third quarter report, usually in late October. The possibility of foreign shareholders following or participating in the Annual General Meeting through simultaneous interpretation or translation of presented materials into other languages has not been considered necessary since to date, such shareholders have been represented by Swedish representatives.

The 2011 Annual General Meeting was held on April 28. A total of 265 shareholders were represented, representing about 57 percent of the total votes. Minutes from the Annual General Meeting can be found on JM’s website ([www.jm.se](http://www.jm.se)). The 2012 Annual General Meeting will be held on April 26.

AMF Pension is the only shareholder with a direct or indirect shareholding in the Company that represents at least one tenth of the voting rights for all shares in the Company:

JM’s Articles of Association do not limit shareholders’ voting rights for any owned or represented shares.

The Articles of Association do not contain any provisions on the appointment and dismissal of Board members or on amendments to the articles.

The AGM 2011 did not authorize the Board to issue new shares or acquire treasury shares.

JM does not apply any special arrangements relating to the function of the annual meeting of shareholders, either due to provisions in the Articles of Association or, as far as is known to the Company, shareholder agreements.

#### NOMINATION COMMITTEE

Board Members are nominated by the Nomination Committee prior to election at the Annual General Meeting. This committee consists of representatives for the four largest shareholders in the Company that wish to participate. The Chairman of the Board is the fifth member and convenes the meeting. The Nomination Committee's task is mainly to submit proposals for Board members and their remuneration and to submit proposals for election of and remuneration to auditors.

The Chairman of the Board convened the Nomination Committee for the 2012 Annual General Meeting in August 2011, and it consists of the following people:

Lars-Åke Bokenberger, AMF Pension  
Björn Franzon, Swedbank Robur fonder  
Anders Algotsson, AFA Försäkringar  
Jan Särilvik, Nordea Fonder

Lars Lundquist, Chairman of the Board of JM.

At the time it was appointed, the Nomination Committee represented about 31 percent of the total number of JM shares. Lars-Åke Bokenberger is Chairman of the Committee. The Nomination Committee convened four times and also corresponded by e-mail and spoke on the telephone.

Members of the Nomination Committee have not received any compensation from JM.

At the recommendation of the Nomination Committee, the 2008 Annual General Meeting re-elected Ernst & Young AB as its auditing company. Responsible auditors are Ingemar Rindstig and Jonas Svensson. The election covers the period up until the 2012 Annual General Meeting. In addition to JM, Ingemar Rindstig provides auditing services to clients such as Atrium Ljungberg, Besqab, Byggesta, Jernhusen, Fastighetsägarna Sverige, Heba, Einar Mattsson, John Mattsson, Sagax, Svenska Bostäder, Vasakronan and Vasallen.

In addition to JM, Jonas Svensson provides auditing services to clients such as Atrium Ljungberg, ALM Equity, ByggPartner Dalarna, ElektronikGruppen BK, Sagax, Strukton Rail, Sveriges Byggindustrier and Vattenfall. Ingemar Rindstig and Jonas Svensson have no assignments with other companies that affect their independence as auditors for JM. Information about the auditing company's services to JM in addition to auditing is provided in note 5 on page 72.

#### JM's BOARD OF DIRECTORS

##### COMPOSITION

According to the Articles of Association, JM's Board of Directors shall consist of a minimum of three and a maximum of nine Directors. No deputies shall be appointed. The Board's Directors are elected by the Annual General Meeting for one year at a time. In addition, the employee organizations are legally entitled to appoint two ordinary members as well as two deputies.

The 2011 Annual General Meeting elected seven Directors. The employee organizations appointed two representatives and two deputies.

The composition of the Board of Directors can be seen below, as can participation in committees

(A = Audit Committee, C = Compensation Committee, I = Investment Committee). Attendance during the 2011 calendar year is also presented.

Approved remuneration is reported on page 97.

The Board of Directors held eleven meetings.

The Audit Committee held four meetings.

The Compensation Committee held six meetings.

The Investment Committee held five meetings.

Name	Function	Elected	Com- mittee	Attend- ance B	Attend- ance C
Lars Lundquist	Chairman	2005	(chair) C (chair) I	11	C 6 I 4
Elisabet Annell Åhlund	Board member	2002	(chair) A	11	A 4
Anders Narvinger	Board member	2009	A	10	A 4
Kia Orback Pettersson	Board member	2010	A	11	A 4
Johan Skoglund	Board member	2003	<sup>1)</sup>	11	<sup>1)</sup>
Åsa Söderström Jerring	Board member	2007	C I	8	C 5 I 5
Torbjörn Torell	Board member	2004	I	10	I 4
Jonatan Sundelin	Emp. rep.	2004	-	10	
Johan Wegin	Emp. rep.	2002	-	11	
Peter Skogert	Emp. rep., dep.	2005	-	11	
Stefan Brodén	Emp. rep., dep.	2007	-	3	
Jan Strömberg	Emp. rep., dep.	2011	-	6	

<sup>1)</sup> Although Johan Skoglund is not a member of any of the Board's committees, he attended the committee meetings together with the reporting business unit manager and chief of staff.

Further information about the Board's Directors according to article 2.6 in the Code is specified on page 100.

#### INDEPENDENT

All Directors elected at the Annual General Meeting, with the exception of Johan Skoglund as President, are to be considered independent in relation to the Company and all are independent in relation to the owners. Employee representatives are not independent of the Company.

#### DUTIES/RESPONSIBILITIES

##### Duties of the Board of Directors

The Board's duties concern strategic issues such as JM's business concept, key policies, the market, finance and financial position, risks, human resources and leadership, control and efficiency, as well as decisions concerning production starts of projects, acquisition and sale of development properties and project properties.

The most important governing documents are:

- Articles of Association
- Rules of Procedure for the Board of Directors, Instructions for the Allocation of Duties between the Board and the President, and Instructions for Financial Reporting
- JM's Authorization Regulations
- JM's policies (Quality and Environmental Policy, Employee Policy, Communication policy, Financial Policy and Purchasing Policy)
- JM's Ethical Guidelines and Guidelines for Communication and Procurement.



Newly elected Directors are introduced to the Company's business concept, market, policies and its systems for internal control and risk management.

#### *Duties of the Chairman of the Board*

The Chairman of JM's Board of Directors has ultimate responsibility for the Company complying with the established strategic focus. In this context the Chairman has regular contact with the Company's President and serves as a discussion partner to the President. The Chairman's duties in general comply with the requirements of the Code.

#### *Secretary to the Board*

The Company's General Counsel is the secretary to the Board. The General Counsel is not a member of the Board of Directors.

#### **Board of Directors' evaluation of its own performance**

The performance of the Board of Directors is evaluated every autumn. The results of the evaluation are submitted to the Nomination Committee.

#### **The Board's evaluation of the President**

The Board of Directors evaluates the President's performance annually.

#### **Important matters during 2011**

Among other things, in 2011 the Board of Directors decided on housing starts for two residential projects, which have an estimated total project expense exceeding the maximum level delegated to the President of SEK 400 million per project.

The Board of Directors also decided on six acquisitions of development properties, which have a purchase sum exceeding the maximum level delegated to the President of SEK 100 million. The Board also decided on acquisition of a project development and contracting company in Oslo, Norway.

The Board of Directors also decided to set forth proposals to the Annual General Meeting on short-term and long-term variable salary programs, as well as a convertible debenture and warrant program for all personnel in the Group equivalent to programs offered in previous years. Additional information on the guidelines for salary and other remuneration to senior executives can be found on page 56.

The Board of Directors held a separate strategy meeting at which it adopted the strategic plan for the Company. JM's policies and guidelines were addressed at the strategy meeting and a competitor analysis was reviewed.

#### **The duties of the committees**

The committees usually meet in conjunction with Board meetings or when necessary. Minutes are kept and shared with the Board of Directors and the auditors. No committees have been delegated the right of decision except for the

- Compensation Committee, which approves salaries and other terms and conditions for the Executive Management excluding the President and

- the Audit Committee, which in consultation with the external auditors discusses and approves the plan for the work of the external auditors and approves the plan for the internal audit. The Audit Committee approves remuneration and compensation to the external auditors for special assignments and initiates more in-depth initiatives in selected areas.

With the exception of the President, all members elected at the Annual General Meeting also sit on one or more committees. The President attends the committee meetings together with the reporting business unit manager and chief of staff.

The Chairman of the Board chairs the Compensation Committee and the Investment Committee. Elisabet Annell Åhlund is the chairperson of the Audit Committee.

The Director of Human Resources reports for the Compensation Committee. Each business unit manager reports for the Investment Committee. The Chief Financial Officer reports for the Audit Committee.

#### *The Audit Committee*

The Audit Committee has three members: Elisabet Annell Åhlund (Chairperson), Anders Narvinger and Kia Orback Pettersson.

The Committee met four times during the calendar year.

During the year the Audit Committee mainly focused on:

- Approval of remuneration and compensation to the auditors for special assignments
- Review of the short-term and long-term audit plan
- Quality assessment of internal control systems and control procedures
- Progress report and analysis of areas or projects of special interest
- Review and analysis of financial statements and interim reports
- Report and present to the Board of Directors observations noted during review sessions with auditors and management
- Initiate more intense initiatives in selected areas
- Preparation of the Corporate Governance Report and the Board of Directors' Report on Internal Control and Risk Management regarding Financial Reporting
- Review of potential incident investigations.

#### *Compensation Committee*

The Compensation Committee has two members: Lars Lundquist (Chairman) and Åsa Söderström Jerring.

The Committee held six meetings during the year.

The duties of the Compensation Committee during the year have been to:

- Prepare recommendations for salary, pension benefits and other terms and conditions for the President of the Company
- Prepare recommendations relating to general principles for remuneration to all other employees, especially in terms of variable compensation
- Prepare recommendations for convertible bond and warrant programs that will be presented to the Annual General Meeting
- Approve salary and other terms and conditions for the Executive Management (excluding the President), based on Board-approved general principles.

#### Investment Committee

The Investment Committee has three members: Lars Lundquist (Chairman), Torbjörn Torell and Åsa Söderström Jerring.

The committee held five meetings during the year.

The Investment Committee's duties during the year have been, within the framework of JM's order of delegation, to:

- Evaluate the strategy for scope and focus pertaining to development properties and project properties
- Prepare recommendations to purchase or sell development properties and project properties or shares and participation rights in companies as owner of such properties
- Prepare recommendations relating to investments in existing project properties
- Prepare recommendations relating to production start of housing projects
- Prepare recommendations relating to external contractors.

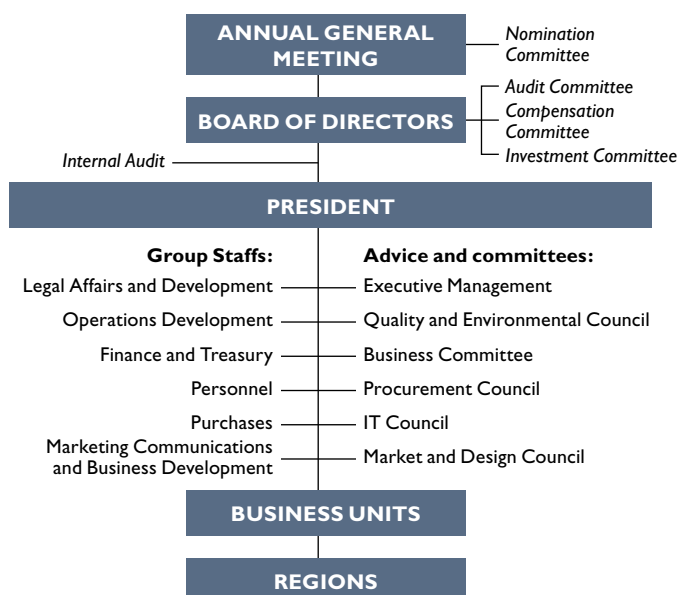
#### FINANCIAL REPORTING

The President shall ensure that the Board receives progress reports on JM's operations, including JM's financial performance, position and liquidity as well as information about the status of larger projects and other significant events. These reports shall be of such nature that the Board can make a well informed evaluation. The financial reporting that the Board receives is presented in the Monitoring section below.

#### THE BOARD OF DIRECTORS' DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING Governance Structure

The Board has ultimate responsibility for establishing an effective internal control and risk management system. The responsibility for maintaining an effective control environment and regular work with internal control and risk management is delegated to the President. Risk management is an integrated part of decision-making at all

The Governance Structure can be seen below:



levels within JM and is incorporated as a natural element in JM's business processes.

For a detailed description of JM's risk management procedures please refer to pages 26–29.

In recent years the Board of Directors has placed special emphasis on building effective control structures. Development of risk reporting continued during the year through additional systematic follow-up of macroeconomic, operational and financial risks. Follow-up focuses on trend changes as measured by probability and materiality criteria.

The quality of JM's processes and systems for ensuring good internal control is based on the control environment, which includes the Board's adopted rules of procedure and instructions for financial reporting. By establishing the Audit Committee, the Board has facilitated closer contact with both internal and external auditors, enabling the Board and its Committees to learn about the Company's financial position in various ways. Consequently, the external and internal auditors meet the Audit Committee four to five times per year. In addition the external auditors meet the entire Board twice a year.

The main task of JM's central Internal Audit function is to examine the suitability of the operation and its efficiency by checking compliance with the business-critical requirements of JM's Operations System. JM's Operations System is a comprehensive process-oriented work structure with the purpose of ensuring the efficiency of JM's business processes. JM's central Internal Audit has the special task of examining the financial risks associated with larger projects. The Board ensures that JM has solid project and financial management through regular communication with internal and external auditors.

As part of the objective to develop and standardize methods and processes within the Group, work is ongoing to achieve structured project development; see page 24 for more information. JM's management and support processes are also being reviewed as a means to further systematize JM's structural capital in the form of processes, documentation and systems, thus facilitating the work of all employees.

#### Control Environment

JM's core values and corporate culture comprise the basis of internal controls with respect to financial reporting. Control environment refers to both the infrastructure built for internal control and governance, as well as JM's core values. The control environment consists, for example, of the organization, channels for decisions, authorities and responsibilities documented and communicated in normative documents such as internal policies, guidelines, manuals and codes; for example, the distribution of work between the Board on the one hand and the President on the other hand, and the other bodies that the Board establishes, instructions for approval powers, as well as accounting and reporting instructions.

#### Risk assessment

The Company applies a method or process for risk assessment and risk management to ensure that those risks to which the Company is exposed are managed within the established frames and that the risks are handled within the framework of existing processes and systems. JM's Operations System, which describes JM's business from a process perspective with established business-critical requirements, along with procedures for control, monitoring

and follow-up of projects, comprises an important element of risk management.

### Control activities

The risks identified with respect to financial reporting are managed via the Company's control activities, which are documented in process and procedure descriptions. The purpose of control activities is to continually improve while preventing, detecting and correcting errors and deviations.

Examples of control activities in which risk assessments are managed:

- The Operations System that documents the operation's processes and established business-critical demands
- Project reviews before initiating acquisitions, pre-construction, production and sales starts
- Business committee meetings and Group Executive Management meetings preparing for investments in properties and initiation of residential production projects. Business unit managers, heads of corporate staff units and regional managers/subsidiary managers participate at these meetings (monthly)
- Forecast reviews with business unit managers (quarterly)
- Close monitoring of large projects at which the President, Chief Financial Officer, business unit manager and regional manager/subsidiary manager participate (quarterly)
- Group management meetings in larger projects (quarterly)
- Board meetings at subsidiaries
- JM Internal Audit's review and control of the business-critical requirements and review of the economic risks in the larger projects (ongoing)
- Special review of JM's Code of Conduct for suppliers through on-site visits, for example
- Incident reporting system that ensures systematic and professional management of reported irregularities
- Special VAT audit of specific projects, performed by JM's external auditors.

### Information and communication

The Company has implemented information and communication channels to encourage completeness and accuracy in financial reporting; for example, by notifying concerned personnel about normative documents such as internal policies, guidelines, manuals and codes pertaining to financial reporting and making such documents available to them over JM's Intranet.

JM's principal normative documents are the Rules of Procedure for the Board of Directors, Instructions for the Allocation of Duties between the Board and the President, Instructions for Financial Reporting and JM's Authorization Regulations.

Other normative documents such as policies, guidelines, instructions and manuals for financial reporting are available on JM's Intranet as well as in the Operations System.

The most important documents are:

- Schedule and instructions for forecasts and financial statements
- Financial statement and forecast processes
- Instructions on project management
- Instructions for purchases and sales
- Finance policy
- Controlling within JM
- Accounting principles
- Procedure descriptions.

### Monitoring

The Board of Directors receives financial reports in conjunction with the interim reports. In addition to the outcome and forecast reports, the Audit Committee receives financial audit reports for larger projects. In connection with the delegation rules, the Board of Directors/Investment Committee receive regular acquisition and project estimates, summaries of planned and current projects, investments, and purchases/sales of properties. In addition, the Board of Directors' various committees serve an important function in follow-up of activities.

The Board follows up and reviews internal control to ensure that it works satisfactorily, in part through JM's external auditors, in part through the Company's central Internal Audit function, which both operate based on a plan approved by the Board's Audit Committee. The results of the audits and proposals for any measures that need to be taken are regularly reported to the Audit Committee.

### REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

After a recommendation from the Nomination Committee, the 2011 Annual General Meeting resolved that:

- the Chairman of the Board will be paid a fee of SEK 635,000 and regular Directors who are not employed by the Company will be paid SEK 280,000;
- remuneration for work in the Audit Committee will be SEK 120,000 to the Chairperson and SEK 90,000 to the Directors, and SEK 60,000 will be paid to the respective Chairs and Directors of the Compensation and Investment Committees.

Recommendations for compensation guidelines for JM's senior executives will be presented as required by law at the 2012 Annual General Meeting for resolution. The Board of Directors will decide on salary, pension benefits and other remuneration for the President, and the Compensation Committee decides on such matters for the Executive Management excluding the President. Information about compensation guidelines for JM's senior executives can be found in the Board of Directors' report on page 56. Information about compensation to the President and Executive Management can be found in note 3, page 70, Group notes.

About 820 of JM's managers and leaders, including the President and Executive Management, participate in a performance-based salary system. The total salary comprises a basic and a variable component with a maximum result for the variable component that, depending on position, varies between one and seven monthly salaries. In addition to financial result, which carries the greatest weight, the variable salary component is based on individual target fulfillment and the Customer Satisfaction Index. The principle is that the basic salary combined with a normal result for the variable component should result in a market salary.

### CONVERTIBLE PROGRAM AND THE WARRANT PROGRAM 2011

The 2011 Annual General Meeting resolved that JM would raise a debenture loan with a maximum nominal value of SEK 120,000,000 by issuing a maximum of 530,000 convertible debentures, aimed at all employees in Sweden, and issue a maximum of 95,000 warrants aimed at all employees outside Sweden.

The purpose of the 2011 Convertible Program and Warrant Program is to enhance and strengthen employees' interest in JM's

operations and future financial performance through an ownership commitment. Increased employee motivation and participation in JM's operations is in the interest of the Company, the employees and existing shareholders.

Upon expiry of the subscription period, the loan amounts to about SEK 24,000,000 through the issue of about 114,000 convertible debentures and the number of warrants issued is approximately 5,000. In accordance with IAS 32, the liability and equity components of the convertible debenture loan are reported separately, which means that the debenture loan is reported in the balance sheet as a liability initially with the nominal amount excluding the equity component. The convertible debenture loan was settled against cash in July 2011.

The subscribed convertible bonds and warrants may be converted to, or entitle the holder to subscribe for, one ordinary share at a price of SEK 214. Conversion of convertible bonds or subscription of ordinary shares with support of warrants may occur during the period from June 2, 2014 through May 22, 2015, with the exclusion of the period January 1 through the record date for dividends each year, or if the Annual General Meeting should not resolve on a dividend during a year, the day that falls three banking days after the Annual General Meeting.

Through conversion of convertibles and subscription for warrants, JM's share capital could increase by a maximum of SEK 119,094 through the issue of a maximum of 119,094 ordinary shares, each with a par value of SEK 1. This corresponds with dilution of about 0.1 percent of the shares and votes in the Company.

The convertible debenture loan falls due for payment on June 19, 2015, insofar as conversion has not already been undertaken.

## MANAGEMENT AND CORPORATE STRUCTURE

### ORDER OF DELEGATION – PRESIDENT'S RIGHT OF DECISION

The Board has delegated to the President the right of decision for:

- purchases and sales of development and project properties up to SEK 100 million
- investments in existing project property up to SEK 400 million for implementation of housing projects, or SEK 200 million for implementation of office projects

- production start of housing project, up to a maximum project cost of SEK 400 million excluding the purchase price for the property
- signing of external contracting agreements up to SEK 400 million
- raising of new loans that are not linked to acquisition of a property, up to a total of SEK 400 million per year for loans with a shorter maturity than one year, up to a total of SEK 250 million per year for loans with maturity longer than one year.

In other cases the Board decides. These amounts are chosen to meet the Board's needs to exercise control and management's need for freedom of action. The President has the right to further delegate some of the above decision rights.

Matters requiring decisions are prepared in part by the Business Committee, consisting of business unit and regional managers from the Group, as well as by the Executive Management.

JM's operational organization can be seen in the diagram on page 99.

### EXECUTIVE MANAGEMENT

JM's business is operationally divided into six business units. External financial reporting takes place in five business segments. Each business unit manager reports directly to the President. Executive Management comprises the President, all heads of business units and heads of corporate staff units, a total of nine people, and meets at least once a month.

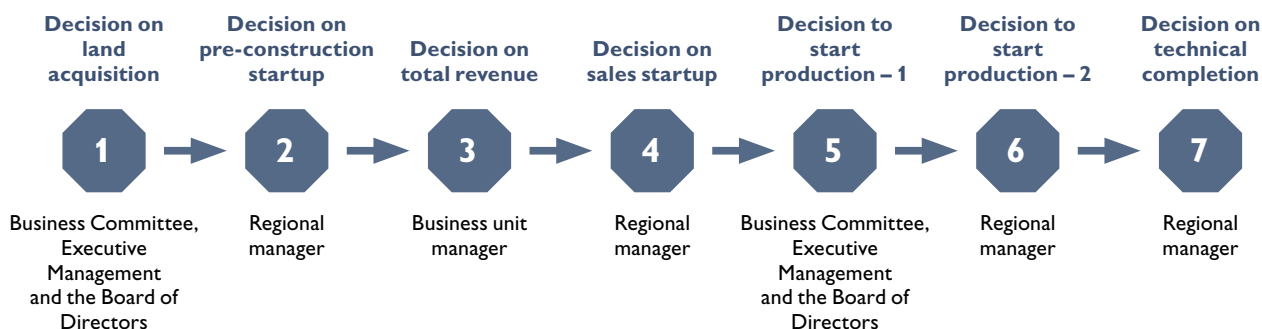
Management responsibility includes always working to ensure compliance with guidelines issued by the Board and the President.

### GOVERNANCE AND REPORT STRUCTURE

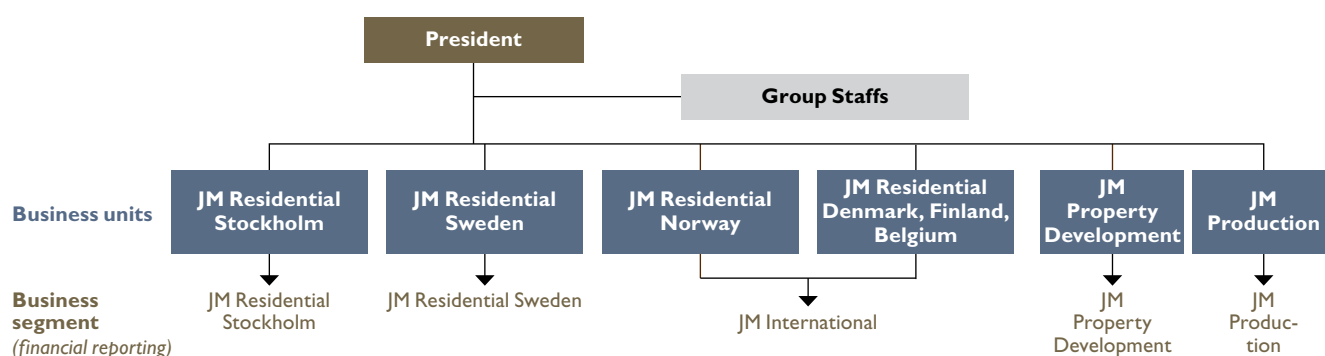
At JM, a large number of projects are in production at any given time. It is not unusual for a project to involve more than 100 people and have an estimated order value of more than SEK 100 million. Every project is run by a project manager who is responsible for the project's revenues and expenses. The project manager reports to the regional manager who is directly subordinate to the business unit manager. All these people have profit responsibility. The business unit manager is responsible for deciding the revenue level in the projects.

The decision process can be seen below:

### DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT







Decisions to begin work on a project are made by business unit management or Executive Management; for major projects such decisions are made by the Board. Follow-up of sold and reserved residential units takes place on a weekly basis, with reporting to the regional manager, business unit manager and President. Complete analyses and reconciliation of each project's revenues and expenses are performed every quarter.

More intense monitoring routines have been introduced for large projects. The business unit manager and the regional manager/head of subsidiary present quarterly reports to the President and CFO. Assessment data include the financial history of the project, future anticipated revenues and expenses and the current sales and reservations situation. The largest projects have special steering groups and are audited by JM's Internal Audit function and presented in the Audit Committee.

Stockholm February 22, 2012  
Board of Directors

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of JM AB (publ), corporate identity number 556045-2103.

It is the Board of Directors who is responsible for the corporate governance statement for the year 2011 on pages 93–99 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the Company.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm February 22, 2012

Ingemar Rindstig  
Authorized Public Accountant

Jonas Svensson  
Authorized Public Accountant


**Lars Lundquist**

Chairman of the Board,  
Chairman of the Compensation  
Committee and  
the Investment Committee

**Appointed to the Board:** 2005  
**Shares in JM:** 85,000

**Age:** 64  
**Education:** MSc Econ., Stockholm School of Economics;  
MBA, University of Wisconsin.

**Work experience:** 32 years at various banks, brokerage  
firms and insurance companies.

**Other significant appointments:** Chairman of  
the Board of Vasakronan, Intrum Justitia AB and  
Försäkrings AB ERIKA. Board member and treasurer of  
Hjärt-Lungfonden.

**Independent:** The Director is considered to be indepen-  
dent in relation to the Company and its management as  
well as major shareholders in the Company.


**Elisabet Annell  
Ahlund**

Board member  
and Chairperson of  
the Audit Committee

**Appointed to the Board:** 2002  
**Shares in JM:** 2,070

**Age:** 66  
**Education:** M.Pol.Sc., Stockholm University.

**Work experience:** 14 years at KPMG as an authorized  
public accountant and corporate finance consultant,  
11 years as VP and President of three different service  
companies: MGruppen, Tönnervikgruppen and Sifo  
Group, 6 years as President and strategic consultant  
at SMG and 5 years as President and CEO of Univero  
Group.

**Other significant appointments:** Board member of  
Upplands Motor AB, Öresundsbrokonsortiet, Knightec  
AB, Mercuri International AB and LRF Konsult AB.

**Independent:** The Director is considered to be  
independent.


**Anders Narvinger**

Board member  
and member of  
the Audit Committee

**Appointed to the Board:** 2009  
**Shares in JM:** 5,000

**Age:** 63  
**Education:** MSc Eng. Faculty of Engineering at Lund  
University; MSc Econ. Uppsala University.

**Work experience:** 8 years as President of  
Teknikföretagen and active 30 years within the ABB  
Group, as e.g. President and CEO of ABB Sverige.

**Other significant appointments:** Chairman of  
the Board of Telia Sonera AB, Alfa Laval AB, Capio AB,  
Trelleborg AB and Coor Service Management AB.  
Board member of Pernod Ricard S.A. and ÅF AB.

**Independent:** The Director is considered to be  
independent.


**Johan Skoglund**

President and CEO  
Board member

**Appointed to the Board:** 2003  
**Shares in JM:** 28,586 including 2,000 in endowment  
insurance

**Convertibles:** SEK 4,606,992  
**Material shareholdings or part ownerships in  
companies with which the Company has material  
business relationships:** 0

**Age:** 49  
**Education:** MSc Eng. Royal Institute of Technology,  
Stockholm; MSc Program Stockholm School of  
Economics.

**Work experience:** 25 years at JM in various positions  
such as site engineer, project manager, regional manager,  
business unit manager and President.

**Other significant appointments:** Board member  
of Castellum AB, Sveriges Bygginndustrier and Mentor  
Sverige.

**Independent:** The Director is considered to be depen-  
dent in his capacity as President and CEO.


**Åsa Söderström  
Jerring**

Board member  
and member of the  
Investment Committee and  
Compensation Committee

**Appointed to the Board:** 2007  
**Shares in JM:** 5,000

**Age:** 55  
**Education:** MSc Econ. Stockholm University.

**Work experience:** 25 years of experience from the  
building and real estate industry in various positions such  
as Communications Manager at NCC Bygg, President at  
Ballast Väst and President at SWECO Theorells.

**Other significant appointments:** Board member of  
Geveko AB, Rejlers AB, Comfort-kedjan AB, ELU Konsult  
AB, Arkitekterna Krook & Tjäder AB and San Sac AB.  
Partner in Infobooks AB.

**Independent:** The Director is considered to be  
independent.


**Torbjörn Torell**

Board member  
and member of  
the Investment Committee

**Appointed to the Board:** 2004  
**Shares in JM:** 5,000

**Age:** 56  
**Education:** MSc Eng. Royal Institute of Technology;  
management programs, Stockholm School of Economics.

**Work experience:** President and CEO of Bravida AB for  
7 years, President and CEO of Scandiaconsult AB (publ.)  
for 6 years, President of Åke Larson Byggare for 3 years  
and 13 years at Skanska in various management positions.  
Chairman of the Board of Arsenalen AB, Point Gruppen  
AB. Board member of Carl Bro AS.

**Other significant assignments:** President and CEO of  
Svevia AB since 2011. Board member of Bravida AB and  
Polygon AB. Chairman of the Board of Nordomatic.

**Independent:** The Director is considered to be  
independent.


**Kia Orback  
Pettersson**

Board member  
and member of  
the Audit Committee

**Appointed to the Board:** 2010  
**Shares in JM:** 740

**Age:** 52  
**Education:** MSc Econ.

**Work experience:** 20 years experience from leading  
positions within retail, real estate and media business;  
President of Sturegallerian and VP of Guldfynd/Hallbergs.

**Other significant appointments:** Partner in  
Konceptverkstan. Chairman of the Board of NAI Svefa  
AB, Ponderus Invest AB and Forsen Projekt AB. Board  
member of Garbergs AB, Jernhusen AB, Kungsleden AB,  
Springtime AB and Tengbomgruppen AB.

**Independent:** The Director is considered to be  
independent.

**EMPLOYEE REPRESENTATIVES<sup>1)</sup>**

**Peter Skogert**

Concrete worker  
**Age:** 38  
Member of the Board since  
2012.  
**Shares in JM:** 0  
**Convertibles:** SEK 113,104


**Johan Wegin**

Construction engineer  
**Age:** 46  
Member of the Board  
since 2002.  
**Shares in JM:** 0  
**Convertibles:** SEK 352,018


**Thomas Mattsson**

Constructor  
**Age:** 49  
Deputy member of the  
Board since 2012.  
**Shares in JM:** 0  
**Convertibles:** SEK 0


**Jan Strömberg**

MSc Eng.  
**Age:** 53  
Deputy member of the  
Board since 2011.  
**Shares in JM:** 0  
**Convertibles:** SEK 560,511

**SECRETARY OF THE BOARD**
**Urban Lilja**

General Counsel at JM AB  
**Age:** 59  
Secretary to the Board of Directors since 1996.  
**Shares in JM:** 14,295  
**Convertibles:** SEK 2,044,364

**AUDITORS**
**Ernst & Young AB**

Ingemar Rindstig, Authorized Public Accountant  
Jonas Svensson, Authorized Public Accountant  
Ernst & Young AB was re-elected to serve as auditors of  
JM AB at the Annual General Meeting in April 2008.

Shareholdings pertain to personal holdings or a related physical or legal person's holdings of JM AB shares and other financial instruments, as of February 22, 2012.

<sup>1)</sup> Jonatan Sundelin was an employee representative on the Board during 2011.



**Johan Skoglund**  
President and CEO

**JM employee since:** 1986

**Member of Executive Management:** 2000

**Shares in JM:** 28,586 including 2,000 in endowment insurance

**Convertibles:** SEK 4,606,992

**Age:** 49. MSc Eng. Royal Institute of Technology, Stockholm 1986, and MSc Program Stockholm School of Economics, 1998.

**Former positions at JM:** 16 years in various positions such as site engineer, project manager, regional manager and business unit manager. President and CEO since Nov. 1, 2002.

Board member of Castellum AB, Sveriges Byggsindustrier and Mentor Sverige.



**Sören Bergström**  
Business unit manager  
JM Residential Sweden and  
Director of Purchasing

**JM employee since:** 1988

**Member of Executive Management:** 2001

**Shares in JM:** 1,000

**Convertibles:** SEK 1,494,026

**Age:** 55. MSc Eng. Royal Institute of Technology. MSc Program Stockholm School of Economics 1996. Executive Management Program, Stockholm School of Economics 2001.

**Former positions at JM:** Project manager, President of three different subsidiaries and regional manager. Head of JM Production business unit 2002–2006. Head of JM Residential Sweden business unit 2007–.

Board member of JM Danmark A/S, JM Construction S.A., JM Suomi Oy, Seniorgården AB and AB Borätt.



**Martin Asp**  
Business unit manager  
JM Residential Norway as well as  
JM Residential Denmark, Finland  
and Belgium

**JM employee since:** 1996

**Member of Executive Management:** 2011

**Shares in JM:** 2,000

**Convertibles:** SEK 180,005

**Age:** 38. MSc Eng. Faculty of Engineering at Luleå University of Technology 1997, MSc Program Stockholm School of Economics 2000, BA economics Stockholm University 2010.

**Former positions at JM:** Foreman, pre-construction manager and project manager at JM and President of Kvarnholmen Utveckling AB.

Chairman of the Board of JM Norge AS, JM Suomi Oy, JM Danmark A/S and JM Construction S.A.



**Lennart Henriz**  
Director Operations  
Development  
(Technology, Quality and  
Environment, IT)

**JM employee since:** 1978

**Member of Executive Management:** 1999

**Shares in JM:** 9,445

**Convertibles:** SEK 2,044,364

**Age:** 59. MSc Eng. Royal Institute of Technology 1978.

**Former positions at JM:** Head of development, IT manager, VP and regional manager AB Projektgaranti, Quality and Environment Manager. Director of Operations Development 2000–.



**Urban Lilja**  
General Counsel

**JM employee since:** 1996

**Member of Executive Management:** 1996

**Shares in JM:** 14,295

**Convertibles:** SEK 2,044,364

**Age:** 59. LL.B., Lund University 1978.

Articled clerk Borås district court.

Lawyer Friman & Carlander Advokatbyrå, company lawyer Celsius Industrier AB and Akzo Nobel AB.

Board member of JM Entreprenad AB.



**Zdravko Markovski**  
Business unit manager  
JM Residential Stockholm,  
JM Property Development,  
as well as head of Marketing  
Communications and  
Business Development

**JM employee since:** 1987

**Member of Executive Management:** 2002

**Shares in JM:** 9,883

**Convertibles:** SEK 803,196

**Age:** 47. MSc Eng. Royal Institute of Technology 1987.

**Former positions at JM:** Project manager, regional manager and business unit manager JM Residential. Business unit manager JM Residential Stockholm 2003–.

Chairman of the Board of AB Borätt and Seniorgården AB.



**Helena Söderberg**  
Director Human Resources

**JM employee since:** 2010

**Member of Executive Management:** 2010

**Shares in JM:** 500

**Convertibles:** SEK 0

**Age:** 44. Degree in Human Resources, Uppsala University 1991.

Nordic HR Director Alstom Transport and 16 years in various HR positions within the Skanska Group.



**Fredric Kastevik**  
Business unit manager  
JM Production and President  
JM Entreprenad AB

**JM employee since:** 1997

**Member of Executive Management:** 2010

**Shares in JM:** 12,000 in endowment insurance

**Convertibles:** SEK 1,594,426

**Age:** 38. MSc Eng. Royal Institute of Technology 1997. MSc Program IFL/Stockholm School of Economics 2007.

**Former positions at JM:** Regional manager JM Entreprenad, work supervisor, contracting engineer, foreman. Business unit manager JM Production 2010–.

Board member of JM Entreprenad AB, Stockholms Byggmästarförening and Sveriges Byggsindustrier Region Öst.



**Claes Magnus Åkesson**  
Chief Financial Officer, IR

**JM employee since:** 1998

**Member of Executive Management:** 1998

**Shares in JM:** 50,000, including 46,000 in endowment insurance

**Convertibles:** SEK 3,112,438

**Age:** 52. MSc Econ. Stockholm School of Economics 1984. Advanced Management Programme, INSEAD, France.

Ericsson Group: Senior controller Asia, head of finance and treasury Malaysia and regional controller Asia.

Board member of Concentric AB, JM Norge AS and JM Construction S.A.

#### OTHER SENIOR EXECUTIVES

Annika Berg, Stockholm North Region

Jonas Håkansson, South Region

Per Johansson, East Region

Per-Anders Olsson, Malmö Region

Anne Schönberg, Sales Residential Stockholm

Martin Svahn, West Region

Pär Vennerström, Stockholm South Region

Anders Wimmerstedt, Production Residential Stockholm

Mikael Åslund, Stockholm City Region

Lars-Olof Höglund, JM Property Development and Acquisition Residential Stockholm

Birgitta Seeman, Seniorgården AB and AB Borätt

Jonny Änges, JM Stombbyggnad AB and JM Inredning i Stockholm AB

Magnus Berg, JM Norge AS

Ronny Engebretsen, Oslo North Region

Sigbjørn Myhre, South and West Region

Hilde Vatne, Oslo West Region

Anders Wahrer, JM Danmark A/S

Christopher Lee, JM Construction S.A., Belgium

# NEGATIVE SHARE PRICE DEVELOPMENT 2011

## SHARE CAPITAL

The JM share is listed on NASDAQ OMX Stockholm, Mid Cap segment. Share capital amounts to SEK 83.5m, represented by 83.5 million shares, each with a par value of SEK 1 and equal voting rights. Each trading block consists of 200 shares.

## GOAL FOR SHAREHOLDER VALUE

JM's shareholders will receive a higher total return, total of dividend and increased value, than shareholders in companies with a similar risk profile and business activities.

## SHARE PRICE TREND AND RETURN

The JM share was included in the SX252010 Stockholm Household Durables Index of the NASDAQ OMX Nordic through 2011. In 2011 JM's share price dropped –29 percent, compared with a drop of –42 percent for the SX252010, and a drop of –19 percent for the SX201030, another relevant comparative index for JM. The general index on the OMX Stockholm Stock Exchange, OMX Stockholm\_PI, dropped –17 percent in 2011. The highest listed price for the JM share during the year was SEK 176.50 on May 2 and the lowest was SEK 79.75 on September 23. Dividend yield (proposed dividend in relation to the market price at year-end) was 5.8 percent (2.9). Total return in 2011 was –26 percent (30). From 2012, the JM share is included in the SX8630 Stockholm Real Estate Investment & Services Index of the NASDAQ OMX Nordic.

Total return, %	2011	Average per year 2007–2011
JM	–26	23
OMX Stockholm Stock Exchange	–14	4

Total return JM, 2007–2011	%	Index
2011	–26	92
2010	30	125
2009	186	96
2008	–60	34
2007	–16	84
2007-01-01	-	100
Average, 5 years	23	

## TRADING AND MARKET CAPITALIZATION

JM shares were traded for a value of SEK 14.3bn (13.5) in 2011. Average daily trading was about SEK 57m (53). The turnover rate (the liquidity of the share) was 127 percent (129) during the year compared with an average for the entire stock exchange of 96 percent (96). The Company's market capitalization amounted to SEK 9.3bn (13.1) at year-end.

## OWNERSHIP STRUCTURE

The number of shareholders as of December 31, 2011 was 11,661 (12,968). The ten largest Swedish shareholders accounted for 47.9 percent (51.5) of capital and foreign shareholders for 27.2 percent (18.9).

## DIVIDEND POLICY

Over time, the dividend should reflect the earnings trend in total operating activities. The average dividend over a business cycle should 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 are therefore included in the calculation of dividends. The proposed dividend for 2011 amounts to SEK 6.50 (4.50) per share.

The strong balance sheet and cash flow enable capital transfer to shareholders in addition to regular dividends. In light of this, the Board of Directors will propose that the Annual General Meeting resolve to authorize the Board of Directors, during the period up until the next Annual General Meeting and on one or more occasions, to make a resolution on buying back shares so that the Company's holdings do not at any point in time exceed 10 percent of all the Company's shares. Acquisition should take place on NASDAQ OMX Stockholm. Considering the continued uncertainty in the international financial system, the strategy is to spread out the buybacks on NASDAQ OMX Stockholm until the 2013 Annual General Meeting. The objective of empowering the Board of Directors is to give it greater freedom of action and the possibility to adjust the Company's capital structure on a continuous basis.

Transfer to shareholders, SEKm	Dividend	Redemption	Total
2007	415	1,013	1,428
2008	489	992	1,481
2009	-	-	-
2010	208	-	208
2011	375	-	375
<b>Total</b>	<b>1,487</b>	<b>2,005</b>	<b>3,492</b>

Shareholders as of December 31, 2011	% of shares
AMF Försäkring och Fonder	11.1
Swedbank Robur fonder	9.3
Nordea fonder	4.7
AFA Försäkringar	4.5
Heirloom Asset Management AB	4.1
SEB fonder and Gamla Livförsäkringsbolaget	3.9
Enter fonder	3.5
Handelsbanken fonder	2.6
Folksam	2.3
Fourth Swedish National Pension Fund	1.9
Länsförsäkringar – funds	1.3
Second Swedish National Pension Fund	1.3
Skandia fonder	0.8
Foreign shareholders	27.2
Other shareholders	21.5
<b>Total</b>	<b>100.0</b>

Number of shareholders as of Dec. 31, 2011: 11,661

Number of shares as of Dec. 31, 2011 amounts to 83,530,371



SHARE DATA<sup>1)</sup>

SEK per share	2011	2010	2009	2008	2007
Share price as of Dec. 31	112	157.50	123	43	132.50
Highest/lowest price paid during the year	176.50/79.75	160/98.50	129.50/33.40	152/26.30	264/107.25
Dividend yield as of Dec. 31 (%)	5.8	2.9	2.0	0	4.2
Market capitalization as of Dec. 31 (SEKm)	9,355	13,110	10,236	3,578	11,777
Earnings per share, basic and diluted	12.50	7.10	4.40	9.50	18.30
Development properties					
Market value	99	96	83	88	91
Carrying amount	70	65	60	68	59
Project properties					
Market value	10	8	7	8	12
Carrying amount	10	8	7	7	9
Shareholders' equity (reported)	55	47	44	39	44
Dividend	6.50 <sup>2)</sup>	4.50	2.50	0	5.50
Dividend in % of earnings per share	52	63	57	0	30
P/E ratio as of Dec. 31	9	22	28	5	7
Number of shares as of Dec. 31	83,379,407 <sup>3)</sup>	83,237,058 <sup>4)</sup>	83,216,883 <sup>4)</sup>	83,216,883 <sup>5)</sup>	88,879,308 <sup>6)</sup>
Average number of shares, basic	83,305,326	83,229,492	83,216,883	85,968,011	91,076,274
Average number of shares, diluted	84,560,636	84,671,817	84,376,081	85,991,380	91,090,084

<sup>1)</sup> Financial year 2008 and earlier years are not restated according to IFRIC 15.

<sup>2)</sup> Proposed by the Board.

<sup>3)</sup> 150,964 repurchased shares not included.

<sup>4)</sup> 164,825 repurchased shares not included.

<sup>5)</sup> 185,000 repurchased shares not included.

<sup>6)</sup> 35,000 repurchased shares not included.

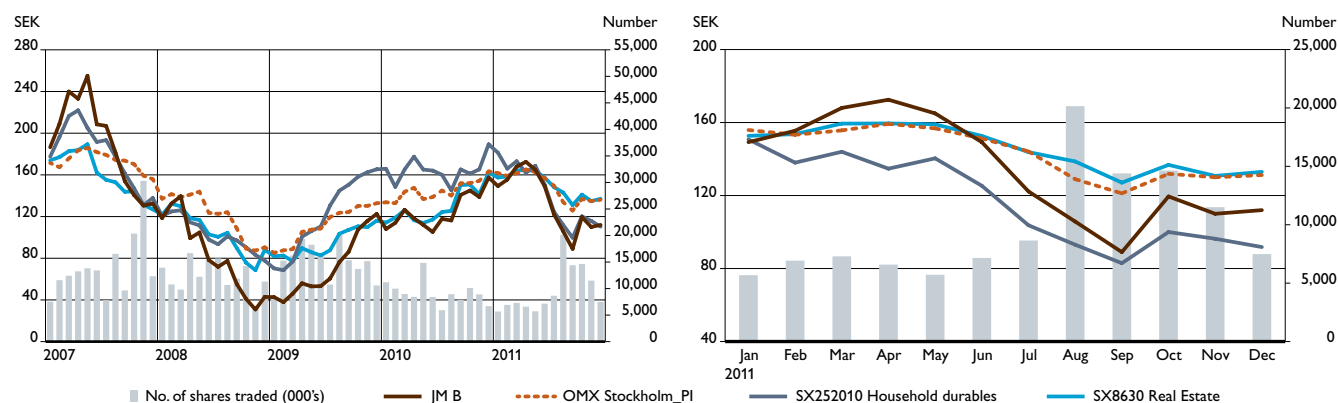
## OWNERSHIP STRUCTURE AS OF DEC. 31, 2011

Size of holding	No. of shareholders	% of all shareholders	Total number of shares owned	% of share capital
1–500	8,037	68.9	1,443,968	1.7
501–1,000	1,670	14.3	1,398,638	1.7
1,001–5,000	1,394	12.0	3,204,365	3.8
5,001–20,000	281	2.4	2,754,476	3.3
20,001–100,000	148	1.3	6,971,608	8.4
100,001–	131	1.1	67,757,316	81.1
<b>Total</b>	<b>11,661</b>	<b>100</b>	<b>83,530,371</b>	<b>100.0</b>

## CHANGES IN SHARE CAPITAL 2007–2011

Year	Redemption of shares, SEKm	Utilization convertible program, SEKm	Number of shares	Par value/share	Share capital, SEKm
2007	–3.4		88,914,308	SEK 1	88.9
2008	–5.5		83,401,883	SEK 1	83.4
2009			83,401,883	SEK 1	83.4
2010			83,401,883	SEK 1	83.4
2011		+1.1	83,530,371	SEK 1	83.5

## SHARE PRICE DEVELOPMENT



# WELCOME TO JM'S ANNUAL GENERAL MEETING

Shareholders in JM AB are hereby invited to attend the Annual General Meeting to be held on April 26, 2012 at 4 p.m. at JM's head office, Gustav III:s boulevard 64 in Solna, Sweden.

## REGISTRATION

Shareholders who wish to participate at the meeting must be entered in the register of shareholders maintained by Euroclear Sweden AB by Friday April 20, 2012, and must have informed the Company of their intention to participate by Friday April 20, 2012 at 4 p.m. using one of the following channels:

JM AB's website: [www.jm.se](http://www.jm.se) (only for private individuals)  
E-mail: [monica.charron@jm.se](mailto:monica.charron@jm.se)  
Mail: JM AB, SE-169 82 Stockholm  
Telephone: +46 8-782 87 00  
Fax: +46 8-782 86 24

In order to be entitled to participate at the meeting, shareholders whose shares are registered in the name of a nominee must request that their shares be temporarily registered in their own name in the register of shareholders by Friday April 20, 2012.

Admission cards to the Annual General Meeting will be sent out.

## DIVIDEND

The Board of Directors proposes that a dividend of SEK 6.50 per share be paid to shareholders. The proposed record date for the dividend is Wednesday, May 2, 2012. If the Annual General Meeting resolves to adopt the recommendation, Euroclear Sweden AB will send out the dividend on May 7, 2012.

## FINANCIAL CALENDAR

April 26, 2012	Interim report January–March 2012 Annual General Meeting 2012
August 23	Interim report January–June 2012
October 26	Interim report January–September 2012
February 12, 2013	Year-end Report 2012
April 25, 2013	Interim report January–March 2013 Annual General Meeting 2013

The reports are available in Swedish and English and may be ordered from JM AB, Finance and Treasury, Tel. +46 8-782 87 00 or via [www.jm.se/investors](http://www.jm.se/investors).

# A SELECTION OF DEVELOPMENT PROPERTIES AND PROJECT PROPERTIES

Development properties were chosen based on the size of the projects and the time aspect – they have been or will be started in the next few years.

DEVELOPMENT PROPERTIES – RESIDENTIAL							
SWEDEN							
Country	Property/project Municipality Location	Number of residential units in housing projects not yet started approx.	Development period	Current rentable space Dec. 2011 m <sup>2</sup>	Rental revenue 2011 SEKm	Form of tenure	Planning process Planning phase Production
Sweden	Liljeholmskajen Stockholm	1,070	2001–2018		0.6	Tenant-owners association	Detailed plan – 410 units Production start 2001
Sweden	Liljeholmen Stockholm	280	2014–2017	2,800	4.4	Tenant-owners association	Detailed plan 2014 Production start 2014
Sweden	Brommaplan Stockholm	295	2015–2022	approx. 13,400	16.7	Tenant-owners association	Detailed plan 2014 Production start 2015
Sweden	Sandhamn Farsta Stockholm	230	2011–2014			Tenant-owners association	Detailed plan Production start 2011
Sweden	Järvastaden Solna/Sundbyberg North Solna and Sundbyberg	465	2007–2018			Tenant-owners association Freehold	Detailed plan Production start 2007
Sweden	Dalénium Lidingö Close to water	700	2007–2018			Tenant-owners association	Detailed plan Production start 2010
Sweden	Söderdalen Järfälla Jakobsberg	600	2012–2020	6,150	1.8	Tenant-owners association	Detailed plan 2012 Production start 2012
Sweden	Kvarnholmen Nacka Close to water	1,150	2009–2020	approx. 10,000	12.1	Tenant-owners association	Detailed plan – 320 units Production start 2010
Sweden	Charlottendal/Farstadal Värmdö Gustavsberg	390	2002–2017			Tenant-owners association Freehold	Detailed plan – 300 units Production start 2003
Sweden	Östermalm Västerås City	290	2005–2017			Tenant-owners association	Detailed plan Production start 2005
Sweden	Industristaden Uppsala Kungsängen	350	2002–2016		1.8	Tenant-owners association	Detailed plan Production start 2003
Sweden	Librobäck Uppsala Yttre Luthagen	330	2011–2017	4,700	3.2	Tenant-owners association	Detailed plan 2011 Production start 2012
Sweden	Kviberg Gothenburg By the Sæveån river	240	2003–2016			Tenant-owners association	Detailed plan Production start 2010
Sweden	Västra Eriksberg Gothenburg Norra Älvstranden	215	2009–2015			Tenant-owners association	Detailed plan Production start 2009
Sweden	Juvel Kvarnen Gothenburg Norra Älvstranden	270	2006–2017			Tenant-owners association	Detailed plan – 140 units Production start 2006

## SWEDEN (CONTINUED)

Country	Property/project Municipality Location	Number of residential units in housing projects not yet started approx.	Development period	Current rentable space Dec. 2011 m <sup>2</sup>	Rental revenue 2011 SEKm	Form of tenure	Planning process Planning phase Production
Sweden	Kolla Kungsbacka Central	230	2012–2016			Tenant-owners association Freehold	Detailed plan 2010 Production start 2011
Sweden	Dockan Malmö Västra Hamnen	210	2003–2016			Tenant-owners association	Detailed plan Production start 2003
Sweden	Lomma Lomma Lomma Hamn	550	2003–2017			Tenant-owners association Freehold	Detailed plan Production start 2004
Sweden	Kugghjulet Lund West Lund	475	2014–2021	17,500	8.5	Tenant-owners association	Detailed plan 2014 Production start 2015
Sweden	Raffinaderiet Lund By rail the station	260	2009–2017	4,150	3.0	Tenant-owners association	Detailed plan Production start 2011
<b>Total</b>		<b>8,600</b>					
Other building rights, not specified		12,000					
<b>Total building rights, Sweden</b>		<b>20,600</b>					

Freehold = ownership (single-family home).

## INTERNATIONAL

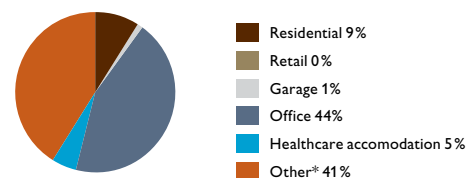
Country	Property/project Municipality Location	Number of residential units in housing projects not yet started approx.	Development period	Current rentable space Dec. 2011 m <sup>2</sup>	Rental revenue 2011 SEKm	Form of tenure	Planning process Planning phase Production
Norway	Stongafjellet Askøy Bergen Close to nature, ocean view	385	2005–2022			Freehold apartments	Control plan Production start 2005
Norway	Koltveit Fjell, Bergen Close to water	320	2012–2018			Freehold apartments	Control plan Production start 2011
Norway	Grefsen Grefsen Stasjon Oslo	240	2011–2016			Freehold apartments	Control plan Production start 2011
Denmark	Enghave Brygge Copenhagen By the harbor	485	2013–2020			Freehold apartments	Local plan 2012 Production start 2013
<b>Total</b>		<b>1,430</b>					
Other building rights, not specified		5,170					
<b>Total building rights, international</b>		<b>6,600</b>					



## PROJECT PROPERTIES

Rental space, m <sup>2</sup> (including garage)	Residential properties (leasehold)	Properties under development	Fully developed project properties
Greater Stockholm	7,110	65,915	427
Rest of Sweden	-	-	-
International	-	-	3,948
<b>Total</b>	<b>7,110</b>	<b>65,915</b>	<b>4,375</b>

## RENTABLE SPACE, BY CATEGORY



\*Warehouse, industry

## RESIDENTIAL PROPERTIES (LEASEHOLD)

No.	Property	Age	Tax year 2011	Total rentable space	Rentable space, by category		Revenue 2011	Rental revenue by category		Major tenants
	Municipality Address Description	Construction year Renovation year	Tax value		Hotel Office Retail	Housing Other Garage	Rental revenue	Hotel/Offices Retail Housing Other/Garage		
			SEKm	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	SEKm	%		
1	<b>Gästabudet</b>	1959	61.0	7,110	0	7,110	7.3	0		
	Nälsta				0	0		0		
	Residential property				0	0		100.00		
								0		

## PROPERTIES UNDER DEVELOPMENT

No.	Property	Age	Total rentable space	Rentable space, by category		Rental revenue 2011	Rental revenue by category		Development
	Municipality Address Description	Construction year Renovation year		Hotel Office Retail	Housing Other Garage		Hotel/Offices Retail Housing Other/Garage		Description Major tenants
			m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	SEKm	%		
2	<b>Haifa 1</b>	1962	3,749	0	0	3.4	0		
	Frihamnen			2,500	1,249		0		
	Office/warehouse			0	0		0		
							100		
3	<b>Kallhäll 1:22</b>	1907	17,123	0	0	12.0	16		Development of
	Järfälla			2,794	13,599		0		offices and industry
	Fabriksvägen			0	730		0		Haglöfs, Friskis & Svettis,
	Light industry						84		and others
4	<b>Dalénum</b>	1912–1960	40,790	0	0	41.6	58		Development of offices
	Lidingö	2009		24,248	16,542		0		AGA
	Södra Kungsvägen			0	0		42		Bring
	Office, etc.						0		Recco, and others
5	<b>LSS Sjövikshöjden</b>	2012	575	0	575	0	0		
	Liljeholmen			0	0		0		
	Sheltered housing			0	0		0		
							0		
6	<b>Dalénum senior housing</b>	2012	3,678	0	3,678	0	0		
	Lidingö			0	0		0		
	Residential care facility and healthcare accommodation			0	0		0		
							0		

## FULLY DEVELOPED PROJECT PROPERTIES

No.	Property	Age	Tax year 2011	Total rentable space	Rentable space, by category		Revenue 2011	Rental revenue by category	Major tenants
	Municipality Address Description	Construction year Renovation year	Tax value		Hotel Office Retail	Housing Other Garage	Rental revenue	Hotel/Offices Retail Housing Other/Garage	
			SEKm	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	SEKm	%	
7	<b>Stavanger</b> Breivikalléen Lervig næring 2	2011	15.7	1,300	0 0 1,300	0 0 0	1.3	0 100 0 0	
8	<b>Beitostølen</b> Beitostølen, Norway Øystre Slidre Cabins/Lodge	1990	2.3	90	0 0 0	90 0 0	0	100 0 0 0	Used internally by JM
9	<b>Norway, Grefsen (50%)</b> Oslo, Norway Hans Nielsens Haugesgt Office	1978 1986	25.0	2,558	0 2,003 0	0 555 0	1.7	100 0 0 0	Fredr A. Nilsson AS Danmon Norge AS Grefsen Utvikling AS
10	<b>Yxlö</b> Nynäshamn Ådudden	1984 2009	1.5	427	0 0 0	0 427 0	0	0 0 0 0	Used internally by JM

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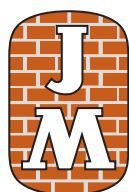
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