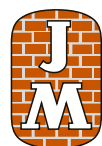


ANNUAL
REPORT
2013



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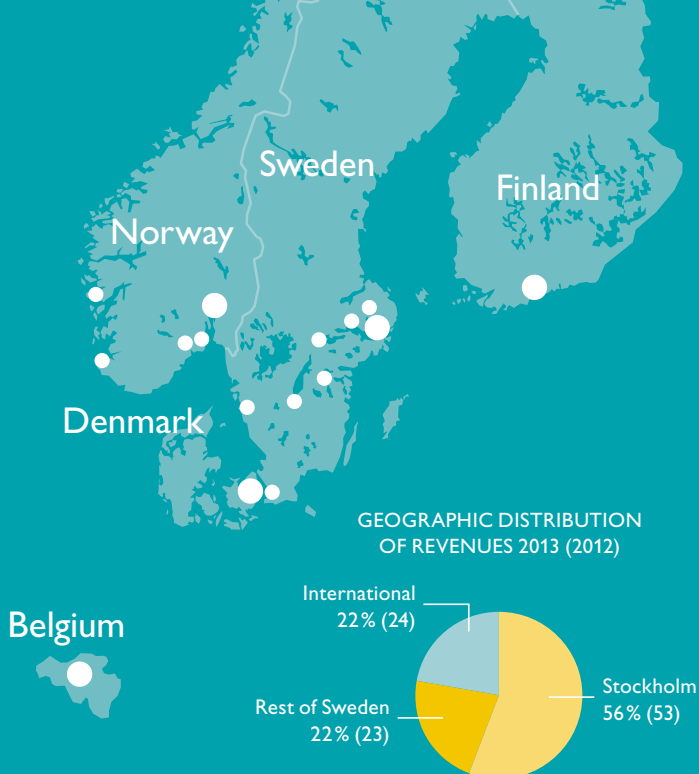
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JM is one of the leading developers of housing and residential areas in the Nordic region. Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway, 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 13 billion, and the company has around 2,200 employees.

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



Cover: Solid craftsmanship and materials that meet environmental standards – how we build real homes that last for generations.

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

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.

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.

STABLE END TO THE YEAR – STRONG CASH FLOW

- According to segment reporting revenue decreased to SEK 12,652m (13,134) but operating profit increased to SEK 1,576m (1,398). The operating margin increased to 12.5 percent (10.6)
- Restated in accordance with IFRIC 15, revenue amounted to SEK 12,603m (12,480) and operating profit increased to SEK 1,523m (1,374)
- Profit before tax increased to SEK 1,464m (1,318). Profit after tax increased to SEK 1,104m (961)
- Return on equity for the past twelve months increased to 25.0 percent (21.9). Earnings per share during the year increased to SEK 14.10 (11.70)
- Consolidated cash flow including net investment in properties decreased to SEK 898m (979)
- The number of sold residential units increased to 3,265 (2,952) and housing starts decreased to 2,953 (3,163). Limited number of housing starts in JM International
- Surplus value of development properties SEK 2.4bn (2.6)
- The Board of Directors proposes a dividend of SEK 7.25 (6.75) for 2013, as well as renewed buy-back authorization.

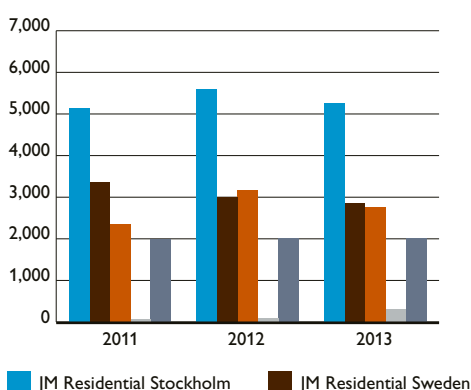
SEKm	2013	2012	2011
Revenue (segment reporting)	12,652	13,134	12,217
Operating profit (segment reporting) ¹⁾	1,576	1,398	1,544
Operating margin (segment reporting), %	12.5	10.6	12.6
Revenue ²⁾	12,603	12,480	12,001
Operating profit ^{1) 2)}	1,523	1,374	1,513
Profit before tax ²⁾	1,464	1,318	1,463
Operating margin, % ²⁾	12.1	11.0	12.6
Cash flow from operating activities	898	979	733
Return on equity, % ²⁾	25.0	21.9	24.5
Equity/assets ratio, % ²⁾	40	38	41
Earnings per share, SEK ²⁾	14.10	11.70	12.50
Number of residential units sold	3,265	2,952	3,112
Number of housing starts	2,953	3,163	3,629
Number of residential units in current production	5,609	5,988	6,401

¹⁾ Of which impairment loss on project property

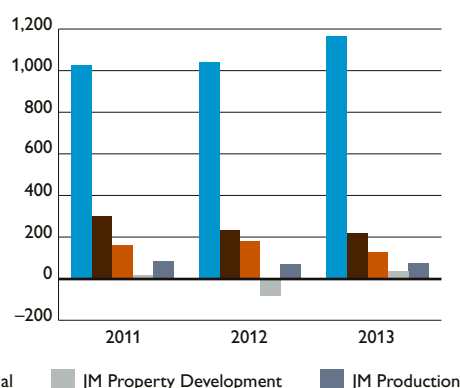
²⁾ According to IFRIC 15.

The Group applies IFRIC 15 Agreements for the Construction of Real Estate to its income statement and balance sheet. This means that revenue and profit and loss for JM's operations outside of Sweden, JM International, are reported according to the completed contract method. Segment reporting and project management are reported according to IAS 11, percentage of completion method. The description of operations is based on segment reporting. For definitions, see page 96.

REVENUE BY BUSINESS SEGMENT, SEKm



OPERATING PROFIT BY BUSINESS SEGMENT, SEKm



DEMAND HAS DEVELOPED IN A POSITIVE DIRECTION

We can look back on yet another good year for JM – the third year in a row with stable development since the financial crisis. The past year, 2013, has also been a good one for JM's shareholders with a total return of 62 percent.

Demand for JM's residential units developed favorably with continued strong sales in Stockholm. Demand also improved in the rest of Sweden during the year. In Norway, however, both demand and sales on the existing home market slowed during the second half of the year.

Both revenue and profit improved in 2013, and Stockholm continues to be JM's largest market, generating just over 50 percent of the revenue. It is also primarily in Stockholm that we are acquiring new building rights, even if we are doing so selectively since competition for land in attractive locations is stiff. On the whole, the Group has a good building rights portfolio corresponding to six years of production.

The number of housing starts decreased mostly due to drawn out planning processes, primarily in Stockholm. We started construction on 2,953 residential units, including 200 rental units and residential care units in Stockholm. The Group started construction on 3,163 residential units the previous year.

Our core business consists of tenant-owned apartments in apartment buildings in attractive locations, but we also have a certain amount of project development of rental units. For example, JM and Uppsala Municipality have signed a letter of intent regarding JM acquiring land and producing approximately 100 rental units a year over a five-year period. We are also taking part in the Municipality of Stockholm's initiative for apartments to be built for students and young adults.

There are 5,609 residential units in current production, which is almost at the same level as the previous year.

STRONG BALANCE SHEET

Good profitability and a strong cash flow helped us reach our financial targets; the operating margin was 12.1 percent (target 10 percent) and the equity/assets ratio was 40 percent (target 35 percent).

JM has a strong balance sheet, and during the year we distributed SEK 537m to shareholders as the regular dividend for 2012. For the period following the 2013 Annual General Meeting (AGM) until the end of December, we bought back our own shares for a total of SEK 375m and we plan to continue buying back shares until the AGM in April 2014.

JM'S HOUSING DAY

The topics for JM's Housing Day in December were housing and infrastructure. Politicians and experts shared their know-how and ideas on the best way to approach the fact that an increasing number of people want to live in growth areas. The government

in Sweden has initiated an investigation on how to simplify building regulations, which would pave the way for simpler construction processes. One interesting reflection during the day concerned the concept of a regional planning perspective and how it could facilitate housing construction in the Greater Stockholm area.

Stockholm alone is expected to increase its population by 500,000 people by 2030. Demand for our housing is good and we want to start more projects, but the planning processes for building new housing take a long time. JM and the municipalities work closely together to produce projects that are of interest to both customers and the municipalities. However, when we more densely populate cities and build upwards, neighbors are increasingly likely to complain and appeal the decisions as part of the democratic process. The municipalities' resources are in some cases also a limiting factor for the planning processes, and for JM this has been a limiting factor for housing starts in 2013, primarily in Stockholm.

SUSTAINABILITY MORE ENCOMPASSING THAN ENVIRONMENTAL ISSUES

Sustainability work is an integrated part of JM's strategy. It establishes that our corporate culture is to be characterized by sound values, responsibility, a long-term approach, sustainability and respect for individuals.

We have signed the UN's Global Compact, which is a voluntary initiative for companies. It supports ten universal principles related to human rights, labor law, the environment and combating corruption. In practice this means, for example, that our purchasing process includes a stringent evaluation of suppliers as regards sustainability, including the environment, work environment, ethics and social responsibility. We visit selected suppliers on-site at their factories to demonstrate the importance of the issues; this is also important in terms of being able to assess the individual supplier's ability to satisfy JM's Code of Conduct for suppliers.

From 2013, JM has an integrated account of our sustainability work based on Global Compact Communication on Progress (Active) and GRI G4 (Core). GRI stands for Global Reporting Initiative, and is a framework for sustainability work. We look upon GRI as a support mechanism for our sustainability work which is to be transparent to investors and other stakeholders. Read more in the Sustainability section.

FOCUS ON ENERGY USE AND SELECTION OF MATERIALS

As a residential project developer, we are accountable for the environmental impact of the building during its entire life cycle.

We also work proactively to reduce the environmental impact of energy use during the production phase. For example, only green electricity is purchased in Sweden, and we can reduce energy use further by using early startup of district heating to heat the building frames during the construction phase.



JM's low-energy housing concept, with an airtight and well-insulated climate shell, enables an energy-efficient building at the usage stage. Using, for example, weather forecast controls to heat the units also helps reduce energy use. Measuring hot water usage individually in each apartment helps the residents control and impact energy use.

In conjunction with the purchase, it is important to ensure customer benefit in both the short and long term to the same high degree as JM's resource requirements are secured. Our housing is built with tested natural materials that are sustainable from the perspectives of both quality and the environment. As a means of steering our building materials toward reduced usage of chemicals and reduced burden on the environment, we have had our own environmental assessment system in place for many years.

As regards streamlining production, logistics is growing in importance in our relationship with suppliers. During the year we tested a new system for call-off ordering and delivery planning of materials for the construction sites.

CHANGE MANAGEMENT

We are carrying out extensive change management in order to implement and improve understanding of standardized working methods. The aims are to continuously lower long-term

production costs and reduce production times, at the same time that we continue to offer customers attractive housing. JM's employees are currently more active, for example, in terms of working methods and material selections, and we have a good system in place for managing ideas and suggestions for improvement. We are aware that a higher level of commitment results in improved quality and a better work environment. JM will continue being a sustainable company that operates on professional terms and conditions.

WORK ENVIRONMENT EVERYONE'S RESPONSIBILITY

Our construction sites are unfortunately subjected to accidents and incidents, despite our control measures aimed at minimizing the risks. The "Safe Lifting" course, which is one aspect of JM's major initiative to educate craftsmen, is an appreciated course that has provided understanding for how lifting material wears out and needs to be checked on a regular basis. We formed a clear organization for our work environment program over the year with the aim of supporting day-to-day work. Our motto is that it should be easy to make the right decisions, and we have a zero tolerance vision on accidents on the job. In December we had a Work Environment Day for all employees in Sweden and Finland; response in the form of commitment and suggestions for improvement was very positive.

CONDITIONS AHEAD

Economic development will govern the conditions for sales and housing starts for new projects, and the planning processes in Stockholm will continue to pose a challenge. Migration to the cities will continue, however, and we recognize a positive development in the major infrastructure investments that are being made and planned in Gothenburg, Malmö and Stockholm. Conditions for our business are in general favorable, including an underlying demand for housing and the fact that we have competent and committed employees, a good project portfolio and financial strength.

Based on the strong balance sheet and good cash flow, the Board of Directors proposes that dividends of SEK 7.25 per share be paid to shareholders and that the Annual General Meeting resolve to authorize the Board to formulate a resolution on a renewed buy-back program.

Stockholm, March 2014

Johan Skoglund

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. We focus 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
- The real thing and genuine craftsmanship
- The growing green city and the environment.

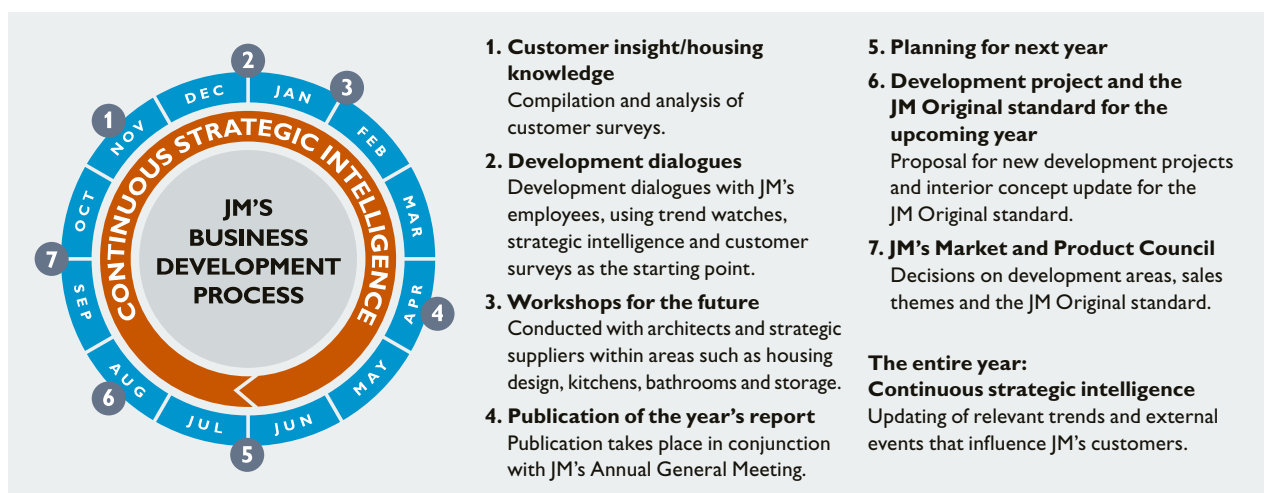
GOOD INSIGHT RESULTS IN THE BEST CONDITIONS

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 use has been in focus the past few years. Thus for a number of years, JM has been producing solutions that reduce energy use 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 the residential unit's design, desired service in the neighborhood and alternative ways of using shared premises.

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 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.

Storage: A constant high-priority area for most people. There never seems to be enough storage space. JM is working to create even smarter and better planned storage space.

Urban development: JM takes a comprehensive approach to how we think and what we do to create attractive city districts and residential areas that are a natural part of the constantly growing large metropolitan areas.

Bathroom: One of the more important rooms in the house that perhaps should be considered "Your own room".

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 the loan ratio
 - Households have high indebtedness.

MARKET OVERVIEW

HOUSING

JM is one of the Nordic region's leading developers of new 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.

Demand for new residential units in Sweden was cautious during the year, but improved slightly during the last six months of the year. Demand slowed down in Norway, and the weak demand in Denmark persisted.

In all, JM started construction on 2,953 residential units in 2013, compared with 3,163 residential units the previous year. Sweden had 2,465 housing starts; 96 percent were units in apartment blocks (2,170 tenant-owned apartments, 146 rental units and 54 residential care units) and 4 percent were single-family homes (95 freehold units). Norway had a total of 331 housing starts; 75 percent were apartments and 25 percent were single-family homes. Belgium had 99 housing starts, all of which were apartments. In Finland and Denmark, production on 46 and 12 single-family homes was started, respectively. JM's assessed market position in Sweden is number one and in Norway number seven.

MARKET FOR NEW PRODUCTION IN 2013

The housing market developed positively in 2013. Housing prices in Sweden, Denmark and Finland rose, while they were at a standstill in Belgium and fell in Norway. Continued strong population growth, low interest rates and improved private finances have impacted housing prices positively, while the European debt crisis is still leaving traces in the form of weak economic growth and cautious households, which influence prices negatively.

SWEDEN

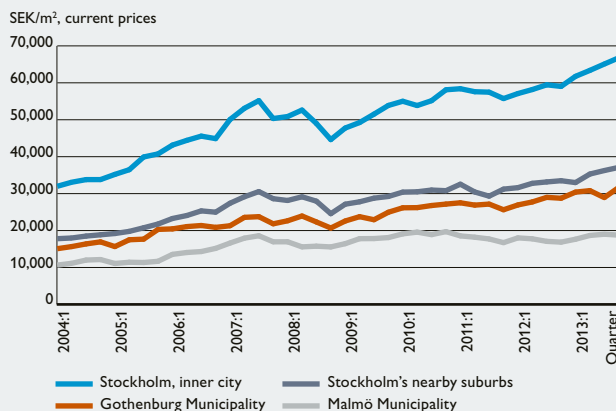
The Swedish gross domestic product (GDP) grew by approximately 1 percent over the year. Growth was primarily slowed



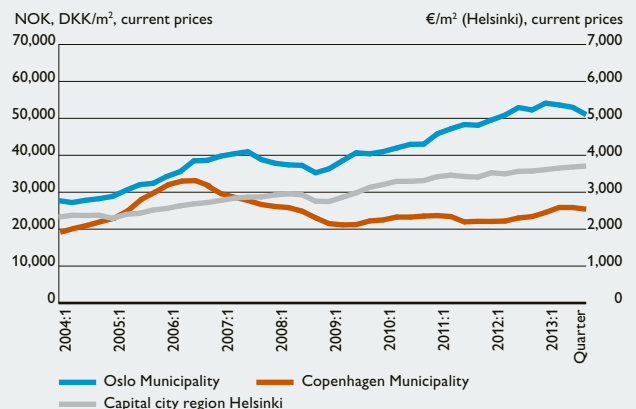
down due to the weak development of export companies and cautious households, which kept down consumption.

Housing prices continued to rise throughout 2013. Stockholm, Gothenburg and Malmö all experienced strongly rising prices. The positive price development can be explained by high population

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



growth, continued low interest rates and strong development of households' financial and real assets.

For Malmö, this means that housing prices are rising for the first time since 2011.

Both the number of completed residential units and housing starts increased during the year.

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 ongoing projects include Liljeholmskajen in Stockholm, Kvarnholmen in Nacka and Dalénium on Lidingö.

NORWAY

The economy slowed down in 2013 and GDP growth reached approximately 2 percent. The lower rate of growth compared with the previous year is primarily due to subdued export where companies have experienced slow sales, which has resulted in an accumulation of stock. The single most important factor driving Norwegian growth was domestic consumption by households.

After some improvement during the first half of the year, housing prices dropped to a slightly lower level than at the beginning of the year. The explanation for the weak price development is that household financial assets have developed weakly over the year, in combination with a relatively large number of completed residential units.

The number of housing starts and completed residential units increased marginally in Norway in 2013.

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

DENMARK

Denmark had negative GDP growth of approximately half a percent. The fall was the result of reduced export due to weak

MAJOR COMPETITORS IN 2013, PRIVATE RESIDENTIAL HOUSING MARKET

Country	Major competitors
Sweden	NCC, Peab, Skanska and HSB
Norway	Selvaag Bolig, OBOS, Skanska, NCC and Veidekke
Denmark*	NCC and Arkitekt Gruppen
Belgium**	Thomas & Piron, Immoel, Bouygues, Besix RED, Bouwfonds and Matexi-Wilma
Finland***	YIT, Skanska, SRV, Lemminkäinen Talo and NCC

* Copenhagen region

** Brussels, Namur and Brabant Wallon

*** Capital region

demand in Europe. In 2013, interest rates remained low, and population growth in the Copenhagen region was high. Housing prices rose in Copenhagen in 2013, while prices in the rest of the country were at a standstill.

Both the number of completed residential units and housing starts fell in 2013.

JM's operations are concentrated to the Copenhagen area.

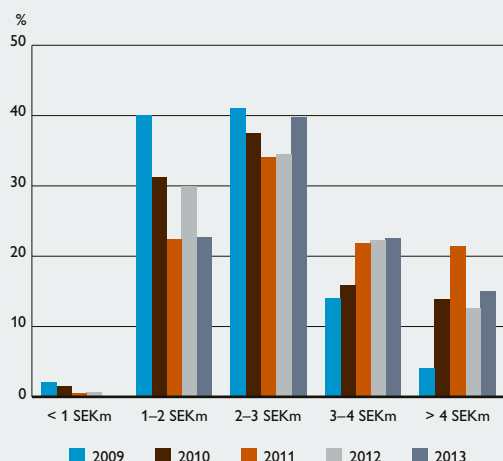
FINLAND

In 2013, GDP fell by approximately half a percent. Population in the Helsinki region grew by just over 1 percent; population development in the rest of Finland was at a standstill. Housing prices rose in the Helsinki region while they fell in the rest of the country.

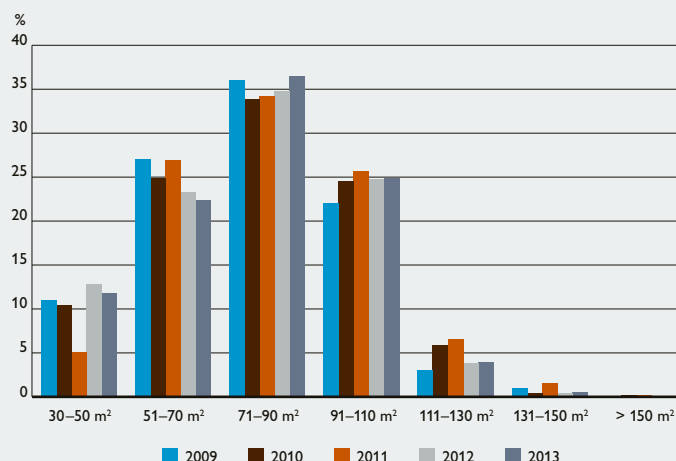
Both number of completed residential units and housing starts decreased.

JM conducts operations in the Helsinki area.

BREAKDOWN OF SALES STARTS, JM'S TENANT-OWNED APARTMENTS BY PRICE BAND 2009–2013, SWEDEN



BREAKDOWN OF SALES STARTS, JM'S TENANT-OWNED APARTMENTS BY SIZE BAND 2009–2013, SWEDEN





BELGIUM

Belgian GDP remained unchanged in 2013, and housing prices in the Brussels region rose weakly.

JM develops housing in the Brussels region. During 2013, JM started production of residential units in apartment blocks in Anderlecht, Brussels.

RESIDENTIAL CONSTRUCTION – NUMBER OF HOUSING STARTS

Country	2013	2012	2011
Sweden	29,900	21,400	26,100
Norway	30,300	30,200	27,700
Denmark*	9,000	13,000	16,200
Finland*	27,300	28,300	31,100

* Refers to the period Q4 2012 through Q3 2013

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

JM'S SOLD RESIDENTIAL UNITS

Country	2013	2012	2011
Sweden	2,718	2,209	2,457
Norway	433	649	577
Denmark	11	13	28
Finland	43	26	14
Belgium	60	55	36
Total	3,265	2,952	3,112

JM'S HOUSING STARTS

Country	2013	2012	2011
Sweden	2,465	2,286	2,841
Norway	331	815	640
Denmark	12	2	18
Finland	46	34	59
Belgium	99	26	71
Total	2,953	3,163	3,629

JM'S RESIDENTIAL UNITS IN CURRENT PRODUCTION

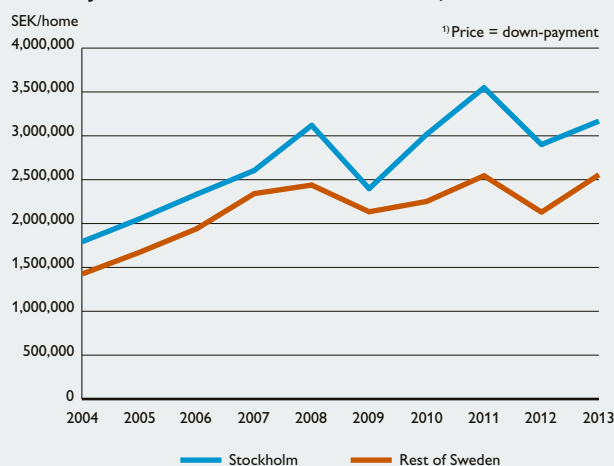
	12/31/2013	12/31/2012
Number of residential units in current production ^{1) 3)}	5,609	5,988
Percentage sold residential units in current production, % ^{2) 3)}	54	55
Percentage reserved residential units in current production, % ³⁾	17	11
Percentage sold and reserved residential units in current production, % ³⁾	71	66

¹⁾ Beginning with production startup through final occupancy according to plan

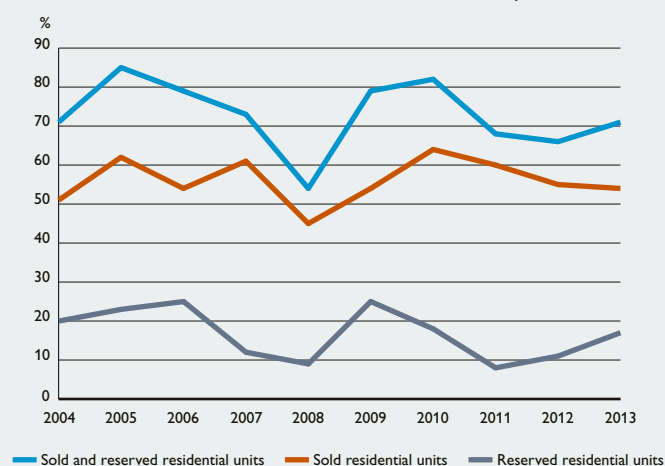
²⁾ Percentage sold residential units expressed as binding contract with end customer

³⁾ Including 308 rental units and residential care units in current production in JM Property Development – not included in the percentage of sold and reserved residential units in current production. Of these, 54 residential units are in projects where costs incurred are only reported as project properties under construction.

**AVERAGE PRICE¹⁾ AT SALES START,
JM'S RESIDENTIAL UNITS 2004–2013, 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.

Monday
Tuesday
Wednesday





JM THE 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 fifth 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 74 of 100 potential points (Source: Prognoscentret).

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

Being a VIP customer at JM means the customer has priority and receives advance information about when, where and how we will build new homes before they are offered to the general public. VIP customers receive regular newsletters with the latest residential projects, along with priority to our homes. JM's customer magazine *entré* is mailed 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. Being a VIP customer costs SEK 200 per year.

Interest from, and the influx of, new VIP customers was positive in 2013 as well, with the addition of 3,700 new VIP customers.



DEVELOPMENT OF JM ORIGINAL

JM Original consists of carefully selected interior designs for the home. We focus on the right style and design for today – and tomorrow. JM makes environmentally conscious selections and ensures that its interior designs maintain good functionality and high quality for many years.



GOOD MATERIAL CHOICES AND JM ORIGINAL

The importance of selecting materials that are long lasting in terms of both quality and design is an important aspect of our homes, especially in terms of our JM Original interior design. It is for this reason that planning of the home's interior space begins early, to ensure positive interplay between the character of the neighborhood and the building's architecture as well as good functionality and design. Interior design is an important part of the home. In conjunction with reserving a home, the customer receives an Interior Selections catalogue for the project, in which the well-planned JM Original interior selections are presented.

The customer then meets with the project's interior designer to discuss the various selections that are available for the future dream home.

JM continuously works to monitor materials and trends, which is a prerequisite for creating the appropriate basis for the individual project. Our most satisfied customers have selected JM Original as the interior design for their new home.

DIGITAL MEETINGS WITH CUSTOMERS

JM is to be accessible where our customers are, which is why digital channels play an important role in our communication with customers and the surrounding world. 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.



The website serves as the hub for our digital communication, and it acts together with all of our digital initiatives and marketing activities. We were among the first in the industry to offer housing via our website, and we have remained at the forefront in terms of offering products and services through new, emerging digital channels.

JM aims to provide inspiration, ideas and trends. In order to help our customers find the right feeling of “home”, two of our interior designers author an interior design blog called “Hitta hem”.

We constantly develop our digital initiatives such as new design for all of JM’s websites. In order to satisfy demands for mobility and new customer behaviors, the new websites will be completely responsive. The new sites will also contribute to improved costs and efficiency gains since the information only needs to be updated in one place. The content will then automatically be adapted for each unit used by the customer to integrate with us, regardless of whether it is a tablet, computer or mobile phone. The new websites will also enable us to personalize and customize our offer additionally.

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. All of JM’s markets hosted an open house on the same day in 2013, and they all had the same theme: in the spring,

“Bathroom” and “Location”, and in the autumn, “Real thing, solid materials” and “Craftsmanship”.

The open house days are popular, with a visitor count of just over 2,300 people on each occasion. These events attract many new potential buyers, most of whom are first-time visitors. The majority of visitors state that the visit increased their interest in buying a JM home in the future.

If you have an iPhone, iPad or Android mobile, you can download our home app, search term: JM.





FIVE REASONS TO SELECT A NEWLY BUILT HOME FROM JM

Choosing a newly built home from JM has several advantages. Well-planned designs and functionality, modern architecture and that we build where people want to live. Everything is ready at occupancy and will last for a long time. JM customers can invest both their time and money in activities other than renovation.

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 transit and infrastructure. It is also important to us that aspects such as streets, lawns and playgrounds are finished when customers move in.

One very important component for us as community builders is to build safe neighborhoods and residential environments. Together with the Tryggare Sverige foundation (More Secure Sweden), 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.

FOCUS ON HOUSING

Our operations are focused on new production of homes, and we are one of the industry leaders in the Nordic area in our field.

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 consists of carefully selected interior designs that focus on design, trend, quality and environment.

Our Interior Selections catalogue is customized for each residential area and makes it easy for customers who want to influence the character of their new home.

ENERGY USE 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 non-allergenic, proven and natural materials should be used in our housing.

EVERYONE IS OFFERED A SECURE WAY TO PURCHASE A HOME

Our customers should feel secure when they buy a home from JM. We offer a security package that takes a comprehensive approach to purchasing a home – the security package covers not only the customer, but also the home, property and tenant-owners association. For example, the customer is protected against double housing costs, and with the access protection, the customer may postpone occupancy for up to three months if it is not possible to move in on the designated date for some reason. The work performed in the home has a five-year warranty period. Appliances, plumbing fixtures, painting and wallpapering have a two-year warranty period. In addition, there is also a ten-year construction defect insurance that goes into effect after the final inspection.

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, which is why JM has employed a customer advocate. The customer advocate's job is to examine customer complaints about projects and to mediate, when needed, between the customer and JM.

THE BUILDINGS WE CONSTRUCT TODAY WILL IMPACT 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 33–43.

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 correlation between problems with allergy in children and PVC. JM's residential units have PVC-free walls and flooring.

The landscaping surrounding JM's homes avoids the use of plants and trees that are toxic or unsuitable for people with allergies. 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 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 USE

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 use. 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 and tile. We use natural materials to the greatest extent possible. We have been developing an environmental product database since 1996 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: 2001–2019

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 3,400

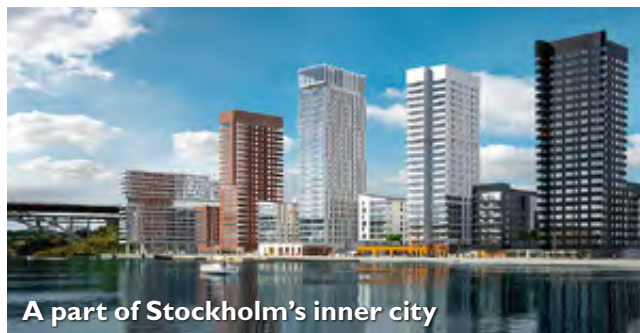
– Started: 2,434

– Housing starts in 2013: 116

Apartment sizes: 35–122 m², 1–5 rooms and kitchen

Remaining number of building rights: Just over 1,000

Location: Central, 5 km from downtown Stockholm



A part of Stockholm's inner city

KVARNHOLMEN, NACKA

Development period: 2010–2024

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 1,200

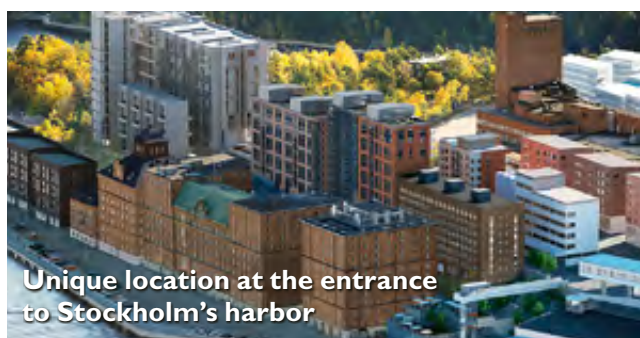
– Started: 198

– Housing starts in 2013: 0

Apartment sizes: 41–156 m², 1–5 rooms and kitchen

Remaining number of building rights: Approx. 1,000

Location: Central, 6 km from downtown Stockholm



Unique location at the entrance to Stockholm's harbor

SÖDERDALEN, JÄRFÄLLA

Development period: 2013–2025

Housing type: Single-family homes/Apartment blocks

Number of residential units:

– Total: Approx. 1,100

– Started: 72 (housing start Q1 2014)

– Housing starts in 2013: 0

Apartment sizes: 34–128 m², 1–5 rooms and kitchen

Remaining number of building rights: Approx. 1,100

Location: Approx. 20 km from downtown Stockholm



A part of the new Jakobsberg

JÄRVASTADEN, SOLNA AND SUNDBYBERG

Development period: 2007–2018

Housing type: Single-family homes/Apartment blocks

Number of residential units:

– Total: Just over 1,100

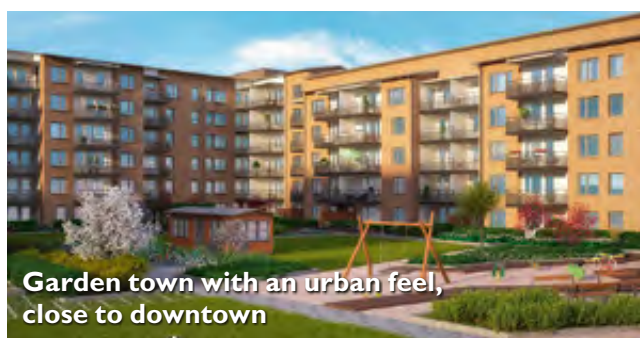
– Started: 783, of which 174 single-family homes

– Housing starts in 2013: 141, of which 32 single-family homes

Apartment sizes: 43–116 m², 2–5 rooms and kitchen

Remaining number of building rights: Approx. 330

Location: Close to nature, 8 km from downtown Stockholm



Garden town with an urban feel, close to downtown

DALÉNUM, LIDINGÖ

Development period: 2010–2019

Housing type: Apartment blocks

Number of residential units:

– Total: Just over 750¹⁾

– Started: 261²⁾

– Housing starts in 2013: 124²⁾

Apartment sizes: 64–175 m², 2–5 rooms and kitchen

Remaining number of building rights: Approx. 500³⁾

Location: Central, 9 km from downtown Stockholm



Land with a tradition on Lidingö

¹⁾ In addition there are 220 building rights for rental units. ²⁾ In addition there are 146 rental units. ³⁾ In addition there are 74 building rights for rental units.



KUNGSÄNGEN, UPPSALA

Development period: 2002–2020

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 1,100

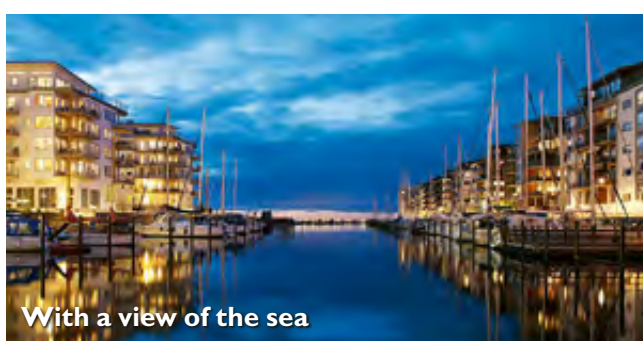
– Started: 664

– Housing starts in 2013: 72

Apartment sizes: 51–109 m², 2–5 rooms and kitchen

Remaining number of building rights: Approx. 300

Location: Close to the city center



DOCKAN AREA, MALMÖ

Development period: 2003–2017

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 950

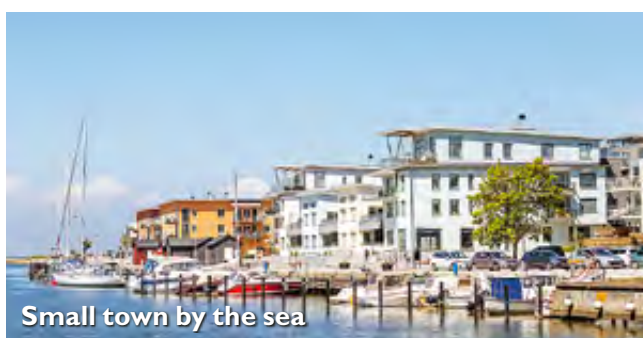
– Started: 779

– Housing starts in 2013: 0

Apartment sizes: 64–183 m², 2–5 rooms and kitchen

Remaining number of building rights: 175

Location: Close to the city center/by the sea



LOMMA STRANDSTAD, LOMMA

Development period: 2003–2020

Housing type: Apartment blocks/Single-family homes

Number of residential units:

– Total: Just over 1,000

– Started: 539

– Housing starts in 2013: 0

Apartment sizes: 39–118 m², 1–4 rooms and kitchen

Remaining number of building rights: Approx. 500

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



NORRA ÄLVSTRANDEN, GOTHENBURG

Development period: 1998–2021

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 1,900

– Started: 1,482

– Housing starts in 2013: 141

Apartment sizes: 46–141 m², 2–4 rooms and kitchen

Remaining number of building rights: Approx. 450

Location: Close to water, 5 km to downtown Gothenburg



GREFSEN STASJON, OSLO, NORWAY

Development period: 2010–2020

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 330¹⁾

– Started: 160

– Housing starts in 2013: 57

Apartment sizes: 39–90 m², 2–4 rooms and kitchen

Remaining number of building rights: Approx. 170¹⁾

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

¹⁾ Number on the balance sheet. In addition, there are approximately 170 building rights under agreement.

SOUND LIVING ENVIRONMENT ON SUSTAINABLE LAND

Our point of departure when looking for land to build on is where our customers want to live. A central location, preferably close to water, is attractive, and we frequently find this type of land in old industrial areas.

In order to build housing on old industrial land, knowledge and management are required in order to fulfill the special regulations that govern contaminated soil. JM has its own employees with expertise in the field, as well as agreements with environmental consultants, business analysis firms, approved landfills and accredited laboratories to ensure proper implementation and control in its remediation projects.

Jessica Paulin is the land remediation coordinator at JM. She helps ensure that remediation is conducted in accordance with established procedures, which are based on extensive experience and expertise at JM. Her job touches on many disciplines such as geology, law, toxicology and building construction. She guides projects in the right direction from concept to implementation and final documentation.

"I don't think very many customers are aware of these efforts, which actually provide the prerequisites for a sound living environment," says Jessica.

NEED FOR LAND REMEDIATION

In order for a construction project to progress as smoothly as possible, sound understanding of the contamination situation is important to obtain as early as possible in the acquisition process. One example is the Dalénium area on Lidingö where JM is building housing, as well as parks, walking areas and meeting places. The land was previously used for industry and had to be remediated.

In consultation with the supervisory authorities, which generally means the



"I don't think very many customers are aware of these efforts, which actually provide the prerequisites for a sound living environment," says Jessica.

municipal environmental office, environmental and financial aspects are taken into consideration regarding suitable remediation measures for every project.

"We ensure that the land is examined, perform risk assessments, maintain contact with environmental agencies, and draft proposals for action plans for the supervisory authorities and for project management. Lead times are often long during the examination and investigation phase, and to obtain official permission."

"For example, we might find residue from previous industrial activities and back-fill of unknown origin. This might include scrap-iron, heavy metals and oil pollution. Even farming land or land for plant cultivation can have traces from pesticides."

IMPLEMENTATION AND CONTROL

Many parties are involved in the process from acquisition to completed remediation: JM's business developers, municipal plan administrators, consultants, supervisory authorities, project managers and contractors.

During the year, 14 projects have been examined prior to acquisition, 18 have started or completed remediation measures and supervisory authorities have received the final report for nine projects. Excavated material that is deemed safe after excavation inspections is saved and re-used in the area, which helps avoid unnecessary transports. Most of JM's remediation measures entail us excavating the most contaminated material and taking it to landfills.

Land remediation is an important part of JM's day-to-day operations as a sustainable urban planner.



PROFITABILITY

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



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
- Company culture that is characterized by good values, responsibility, a long-term approach, sustainability and respect for individuals.

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 five 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 6.6–7.7 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 6.6–7.7 percent of the basic investment.

AVERAGE COST – SHAREHOLDERS' EQUITY*

Risk-free return of 3.5–4.5 percent (10-year government bond) plus risk premium of 6.5–7.0 percent (assessed risk premium for the JM share) give a 10.0–11.5 percent required rate of return on shareholders' equity.

AVERAGE COST OF CAPITAL – BORROWED CAPITAL*

Risk-free return of 2.5–3.5 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 3.1–3.9 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 6.6–7.7 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 2004–2013 was 25.4 percent, and 19.5 percent for the 5-year period of 2009–2013.

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

FINANCIAL TARGETS

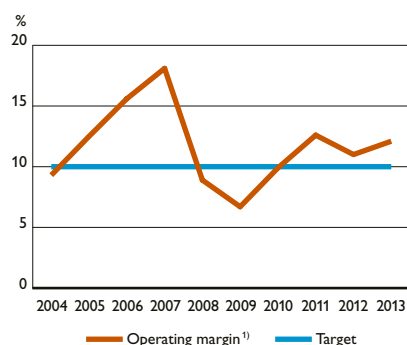
JM has an overarching goal to generate value for its shareholders. The aim is for investors in JM shares to receive a higher total return than they would receive from investing in other companies with a similar risk profile and business activities. Total return refers to the sum of dividend and increased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

For the period 2004–2013, JM shares gave a total return of 27 percent (average).

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

OPERATING MARGIN

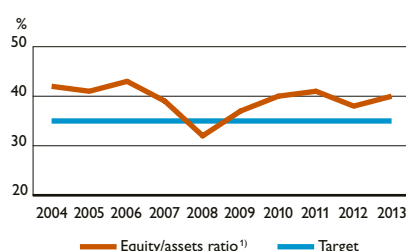
Operating margin should amount to 10 percent, including gains from property sales. During the 10-year period of 2004–2013, operating margin was an average of 11.7 percent. During the 5-year period of 2009–2013, operating margin was an average of 10.5 percent.



EQUITY/ASSETS RATIO

The visible equity ratio should amount to 35 percent over a business cycle. During the 10-year period of 2004–2013, the equity ratio was an average of 39.3 percent.

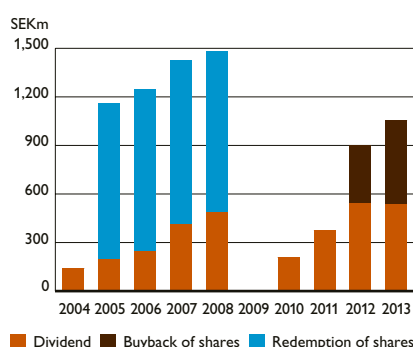
It was 39.2 percent during the 5-year period of 2009–2013.



DIVIDEND

The average dividend over a business cycle should correspond to 50 percent of consolidated profit after tax. During the 10-year period of 2003–2012, the average dividend pay-out ratio was 43 percent. During the 5-year period of 2008–2012, it was 46 percent. Dividends for 2008, with payment in 2009, were not paid due to increased caution during the ongoing financial crisis.

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 10-year period 2004–2013, JM shares gave a total return of 27 percent (average). Corresponding figure for the 5-year period 2009–2013 was 37 percent.



VALUE GENERATION IN JM'S CORE BUSINESS

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 28).

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

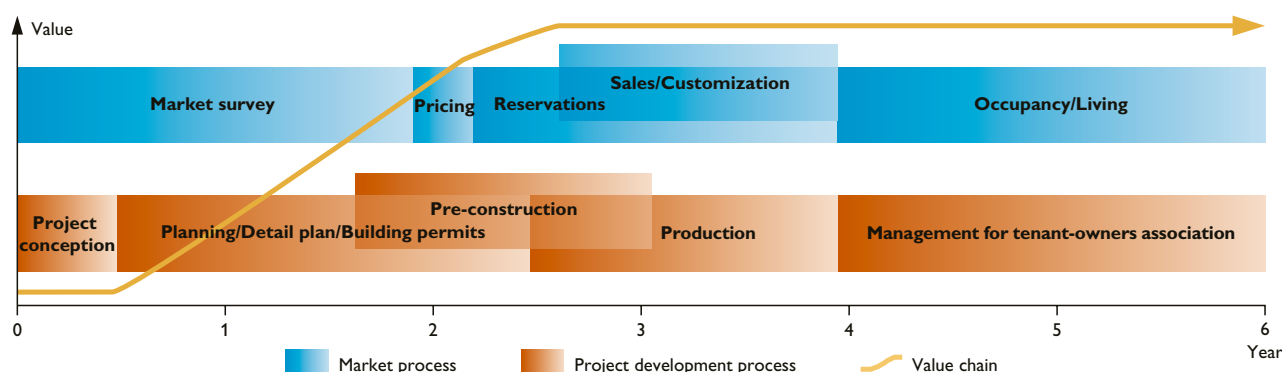
Good understanding of market development, customer need and demand forms the basis for generating value through project development. Thus JM regularly performs market surveys among its customer groups in order to ascertain need and preferences for issues ranging from type of housing to location and design. 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.

PROCESSES ¹⁾ AND VALUE CHAIN ²⁾ IN PROJECT DEVELOPMENT



¹⁾ Timing is indicative and can vary considerably in different projects.

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

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 channels, 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.

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.

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 27,700 available residential building rights (26,600). Capital tied up in building rights (development properties on the balance sheet) for residential units increased to SEK 5,902m (5,691) 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.

The assessed market value of JM's residential development properties amounts to SEK 8.3bn (8.3). The corresponding

BUILDING RIGHTS PORTFOLIO

The building rights portfolio comprises two types of building rights:

- building rights on the balance sheet, 17,800 (17,400), corresponding to six years of production at the current rate of production
- building rights that are available through conditional acquisitions or cooperation agreements, 9,900 (9,200). 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 five 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).

carrying amount is SEK 5.9bn (5.7). The 9,900 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 demolition. The appraisal of these buildings is based on current rental revenue and future use, taking costs for possible demolition into account. The market value of these buildings is included in the summary above.

The appraisal company classified the phases of the planning process into the following phases: general plan, detailed plan and building permit. The diagrams on the next page show a

DISTRIBUTION OF JM'S BUILDING RIGHTS IN DIFFERENT PHASES OF THE PLANNING PROCESS, SWEDEN ¹⁾



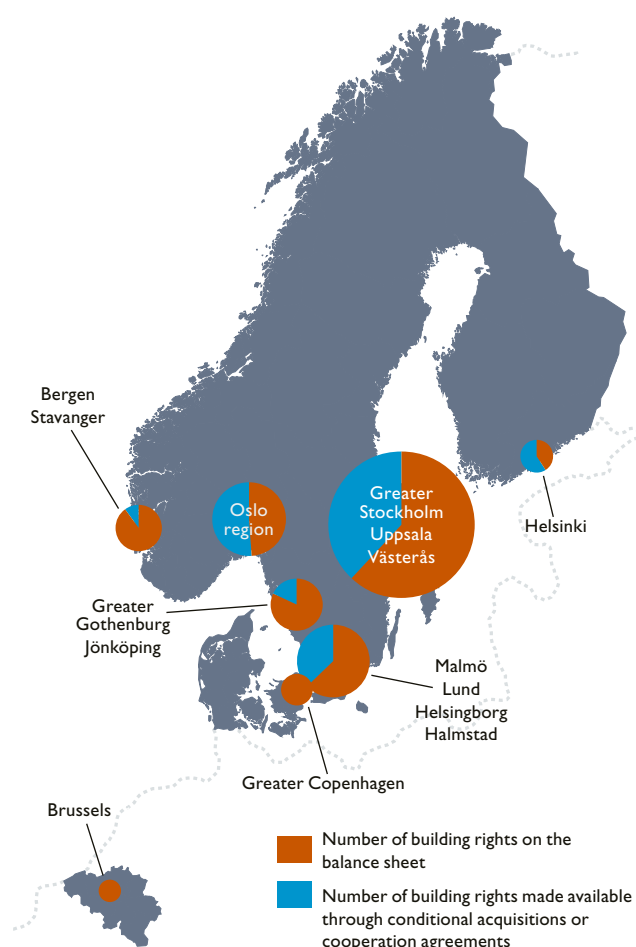
¹⁾ Number of building rights on the balance sheet.

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 61 percent of the residential building rights recognized on the balance sheet in Sweden are in the Greater Stockholm area. About 23 percent of them are located in downtown Stockholm, including Lidingö and Liljeholmskajen, 36 percent in nearby suburbs and 41 percent in outlying suburbs.



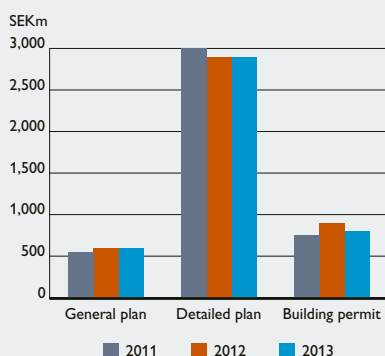
JM'S AVAILABLE RESIDENTIAL BUILDING RIGHTS

Area	Number of building rights	
	2013	2012
Greater Stockholm excluding Sigtuna, Vallentuna, Norrtälje	11,900	10,900
Malmö, Lund, Helsingborg, Halmstad	3,700	4,300
Greater Gothenburg including Jönköping	1,900	2,000
Uppsala, Sigtuna, Vallentuna, Norrtälje, Linköping, Västerås, Örebro	3,100	2,900
Oslo region, Norway	3,800	3,300
Bergen and Stavanger, Norway	1,500	1,450
Greater Copenhagen, Denmark	700	700
Helsinki, Finland	750	600
Brussels, Belgium	350	450
Total (approx.)	27,700	26,600

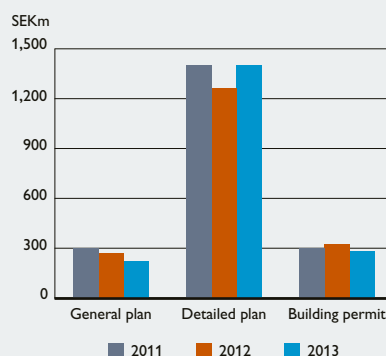
MARKET VALUE IS BROKEN DOWN AS FOLLOWS:

SEK billion	Market value		Carrying amount	
	2013	2012	2013	2012
Stockholm	4.3	4.4	3.0	2.9
Rest of Sweden	1.9	1.8	1.4	1.3
International	2.1	2.1	1.5	1.5
Total	8.3	8.3	5.9	5.7

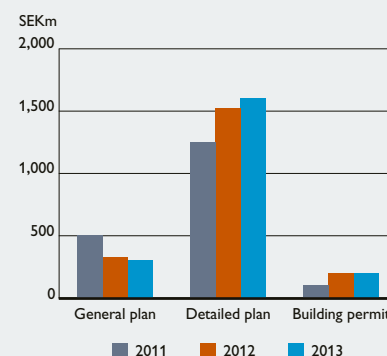
MARKET VALUE RESIDENTIAL BUILDING RIGHTS GREATER STOCKHOLM



MARKET VALUE RESIDENTIAL BUILDING RIGHTS REST OF SWEDEN



MARKET VALUE RESIDENTIAL BUILDING RIGHTS INTERNATIONAL



PROPERTY DEVELOPMENT SUPPORTS THE HOUSING BUSINESS

Project development of commercial premises mainly takes place in the Stockholm region, and is primarily to support residential development projects. An area under development may need both residential and commercial buildings in order to create an appealing neighborhood.

Attractive locations and modern, flexible and efficient offices are factors of success in this work, but value is also created by densifying the population in older neighborhoods and modernizing downtown areas. The commercial operations also include developing rental units, and JM's aim is to keep the developed rental units for the long term or sell them to an external party for long-term management.

RESIDENTIAL PROPERTIES

During the year, JM has continued to search for land with leasehold rights for rental units, preferably in Stockholm. Land was allocated in Bredäng for approximately 120 apartments by the City of Stockholm. The form of tenure is leasehold rights.

In Täby in northern Stockholm, a senior housing project was started during the year with 54 residential units. Occupancy is planned for autumn 2014.

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. Seniorgården is also monitoring developments concerning a new type of housing for the elderly – sheltered housing.

JM RENTAL HOUSING

In the Stockholm region, there is a politically expressed ambition to build 140,000 new residential units by 2030. The City of Stockholm has specified that 50 percent of them should be rental units. JM's goal is to have continuous and long-term production of rental housing, including units for internal management. Project development of rental units is growing, primarily with projects in the Stockholm region, as well as in Uppsala Municipality where there is a similar shortage of rental units.

We also build housing for students and young adults, as well as rental housing for the +55 age group.

The first stage of production of 146 rental units is underway in Dalénium on Lidingö. JM is working on a turnkey contract basis and will hand over a turnkey property to the buyer, John Mattsson Fastighets AB in 2015. Production start-up for around 50 more rental units is planned for 2014.

Planning is underway for a project in Stureby, Stockholm with 180 rental units. Project start-up is planned for 2014.

Local planning is underway in Hökarängen, Stockholm for approximately 160 rental apartments. Planning is underway in Hägernäs, Täby to convert office building rights into approximately 120 residential building rights.

At present, there is a great need for student housing in all university towns in Sweden. Local planning is underway for student apartments in Alphyddan, Nacka and KTH Campus in Stockholm, with a view to the student housing fair in Stockholm in 2017.

COMMERCIAL PROPERTIES

Even though demand has leveled out somewhat, the real estate market in Sweden has mostly remained stable with rent and price levels staying at the same level in several sub-markets and segments. (Source: NAI Svefa)

The premises in Dalénium, Lidingö are located in old industrial buildings that are being converted into offices and facilities for light industry. Work has entered the management phase. Over the autumn, parts of the fully developed properties were sold with a total rentable space of approximately 23,000 square meters.

Bolinder Strand in Järfälla, north om Stockholm, has been under project management during the year.

Brommaplan is one of the main focal areas in Stockholm's new general plan, and JM is planning to build housing, service, a commercial center and offices there. JM Property Development is responsible for service, commerce and offices in this urban development project. Planning is underway and the detailed plan is expected to come into legal force in 2014.

MARKET VALUATION – PROJECT PROPERTIES	12/31/2013			
	Market value, SEKm	Carrying amount, SEKm	Area, (000) m ²	Occupancy rate annual rent, %
Properties under development	247	208	35,800	84
Fully developed commercial properties	47	36	3,100	53
Total	294	244	38,900	83

STRUCTURED PROJECT DEVELOPMENT

JM's project development is to be performed profitably and help create 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.

STRUCTURED PRE-CONSTRUCTION

The Structured Pre-Construction Project was conducted in 2003, and it 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 should be a proven way of working 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 running 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.

STRUCTURED SALES

Experience from other industries clearly demonstrated that operational process orientation is a natural development. In 2008, JM decided sales activities should be subjected to process orientation. A uniform sales process in JM's operations system was the ultimate objective, 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**
- **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.**

STRUCTURED PROJECT DESIGN

In 2012, Project Design was process-oriented to be synchronized with other operations.

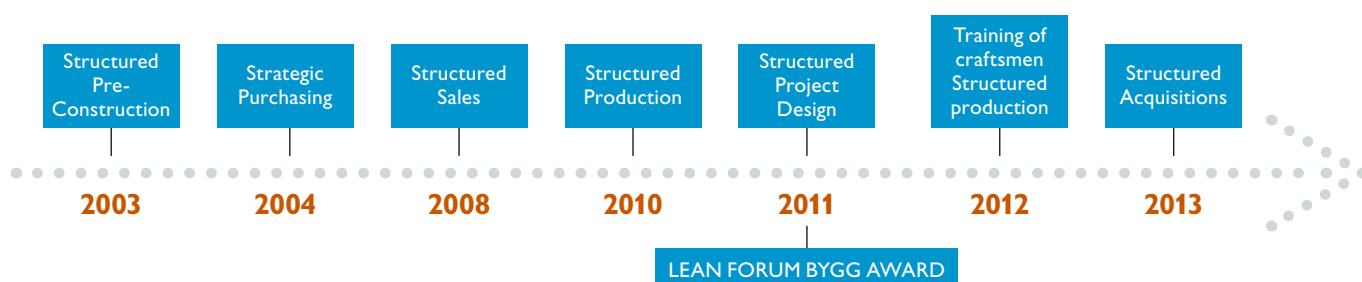
STRUCTURED ACQUISITIONS

During 2013, the acquisition process was revamped in order to make it more efficient and relevant on a Groupwide basis.

In conjunction with this, the process was also process-oriented in our operations system in order to be synchronized with other tasks.

COORDINATION OF THE FINNISH OPERATIONS

The operations system is designed so that it can handle all of the Group's operations. In 2013, parts of the Finnish operations began to be integrated into our joint system.



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.

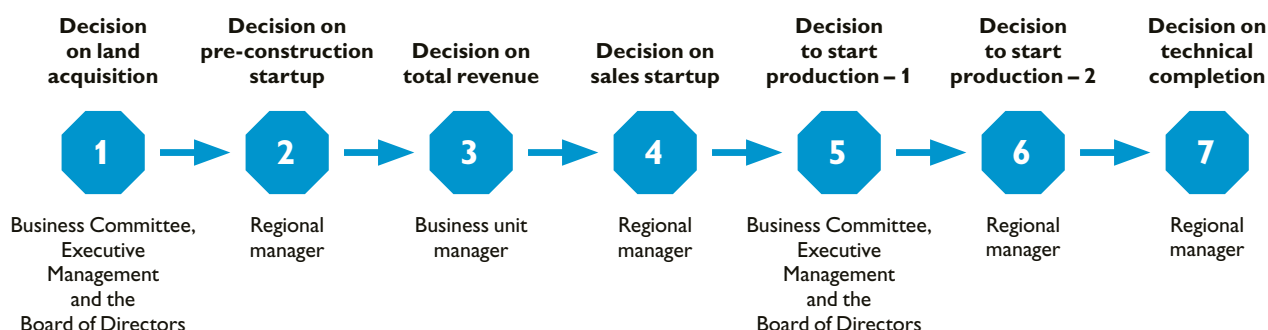
ANALYSIS OF RISKS AND OPPORTUNITIES IN THE DIFFERENT PHASES OF PROJECT DEVELOPMENT – EXAMPLES

Decision situation	Risks	Opportunities
Land acquisition	Misjudgement of customer demand Modified municipal planning Misjudgement of technical difficulties and soil contamination	Attractive building rights Technical development with regard to management of environmental risks
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

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

The most significant risks faced by JM in 2013 continued to be related to the debt crisis in Europe, at the same time that demand for housing in Sweden continued to improve. Housing

DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT



starts over the year, however, have been limited by the planning processes, primarily in Stockholm.

The situation for 2014 is similar to that in 2013: business will be largely dependent on how well the debt situation is stabilized in Europe, but primarily how the economic situation develops. This in turn will govern the conditions for sales and housing starts for new projects. The planning processes in our primary markets also constitute a limiting criteria.

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 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.

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.

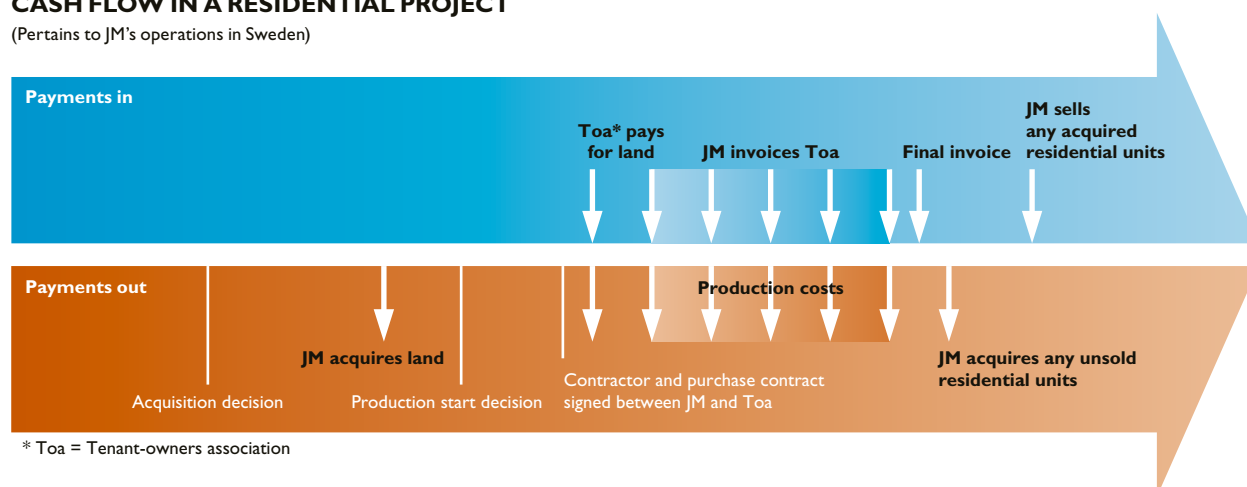
The policy specifies the objectives for finance operations, overall responsibility and specific rules and limits. The objectives for the finance operations are to:

- 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.

CASH FLOW IN A RESIDENTIAL PROJECT

(Pertains to JM's operations in Sweden)



SENSITIVITY ANALYSIS, PRESENT VALUE

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.

27,700 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 22.0 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 tables shows the assumed revenue and project expenses 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 revenue 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 1,300m, or just under SEK 17 per share according to the basis for this calculation.

The sensitivity analysis to the right excludes cash flows from previously recognized land (SEK 5,894m) after adjustment of liabilities for property acquisitions (SEK 387m). The present value of these cash flows amounts to about SEK 3.2bn.

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

Revenue/m ² , SEK	27,000	28,000	29,000	30,000	31,000
Cost/m ² , SEK					
22,000	6,400	7,700	9,000	10,300	11,600
23,000	5,100	6,400	7,700	9,000	10,300
24,000	3,800	5,100	6,400	7,700	9,000
25,000	2,500	3,800	5,100	6,400	7,700
26,000	1,300	2,500	3,800	5,100	6,400

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

Revenue/m ² , SEK	27,000	28,000	29,000	30,000	31,000
Cost/m ² , SEK					
22,000	83	99	116	133	150
23,000	66	83	99	116	133
24,000	49	66	83	99	116
25,000	32	49	66	83	99
26,000	15	32	49	66	83

SENSITIVITY ANALYSIS, VARIOUS COST CATEGORIES, PROJECT DEVELOPMENT HOUSING

Category	Percentage of cost, % ¹⁾	Change, %	Effect, SEKm
Salaries/wages	13	+/-10	+/-83
Material	15	+/-10	+/-94
Land	13	+/-10	+/-81
Developer's costs	16	+/-10	+/-102
Pre-construction	5	+/-10	+/-34
Overhead	6	+/-10	+/-39
Subcontracting	32	+/-10	+/-194

¹⁾ Share of cost base for project development of housing in Sweden was SEK 6.3bn in 2013.

Land refers to historic cost for land expensed. 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.

RISKS AND RISK MANAGEMENT

Significant risks and uncertainty factors are listed below. JM's largest risks are attributable to changes in macroeconomic conditions.

MACROECONOMIC RISKS

Risk	Description of risk	Management	Comments/outcome 2013
Economic growth	Demand for housing is influenced by economic growth and consumer buying power, as well as development in housing prices.	Requirement of well balanced level of sold/reserved residential units before housing start. Efficiency measures in order to reduce production costs.	The abating debt crisis in Europe has resulted in an improved housing market. A good level of risk has been maintained in current production.
Demographics	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.
Competitive scenario	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.
Political risks	Political decisions such as conditions for different forms of tenure, investments in infrastructure and municipal planning, etc., can change the prerequisites.	Flexible local plans and decisions on form of tenure as late as possible.	Unchanged political risks.
Climate change	Requirements on lower energy use. Higher water levels and recurring downpours.	JM builds low energy buildings. Local plans are adapted to higher water levels. Description of moisture protection prepared in all projects.	JM's low energy buildings are below the current standard by around 30 percent.

OPERATIONAL RISKS

Risk	Description of risk	Management	Comments/outcome 2013
Risks related to building rights portfolio	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.
Implementation risk	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.
Unsold units	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 only 98 unsold units with a carrying amount of SEK 325m on the balance sheet.
Price development during production	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.	Slightly higher prices for new production have resulted in a stable level of sales and equally large project phases.

FINANCIAL RISKS (see note 24, Financial risk management on page 78)

Risk	Description of risk	Management	Comments/outcome 2013
Interest rate risk	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.	Expectation of stable interest rates in the financial and housing market.
Financing risk	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 at stable margins.
Liquidity risk	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.
Currency risk	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.

SUSTAINABILITY

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.



SUSTAINABLE URBAN PLANNING

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

Sustainable urban planning refers to economic, social, ethical and environmental accountability, and includes the concept of Corporate Social Responsibility (CSR).

JM's clear strategic focus has given the company good profitability and a leading position in the market. Sustainability work and application of the Precautionary Principle are central and integrated parts of our operations.

Amongst other things, in 2013 we implemented:

- Stakeholder dialogue on sustainability issues
- Sustainability appraisals of suppliers
- Improved reporting system for incidents and accidents
- Work environment day in Sweden and Finland.

In 2013 JM presents an integrated account of our sustainability work based on GRI G4, Core level. A GRI index is found on pages 109–112.

ORGANIZATION

JM's quality and environmental council has overall responsibility for common governance of the Group's project development

activities. The CEO and the company's business unit and regional managers are members of the council. Operations Development and JM's Sustainability Manager are responsible for coordinating the Group's sustainability work. We address sustainability issues in all our daily work and expect extensive commitment from both craftsmen and salaried employees.

GOVERNANCE AND FOLLOW-UP

In every substantial way, the operations system for residential project development meets 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 operations, but the organization is also well prepared for a possible certification in the future.

The measures we implement to reduce our impact within sustainability will be implemented in all of our projects that are regulated by JM's operations system, rather than only in certain pilot projects. We constantly develop our quality and environmental initiatives using an operations program with measurable and detailed objectives in areas such as customer satisfaction, waste management and energy use in our homes. This program is updated at least every three years, most recently for the 2014–2016 objectives. JM follows up on targets and requirements with nonconformity and key figure reports, as well as with internal audits; see pages 97–103 of the Corporate Governance Report.



Construction on residential units and development of new commercial property are underway in Frösunda Park, Solna, which is a popular neighborhood close to both the city and nature. JM is responsible for the entire extension of the area including development work for roads and green areas, for example.

STAKEHOLDER DIALOGUE

It is of great importance that JM has an open dialogue with our surroundings and is sensitive to the preferences and wishes of our customers and other stakeholders on various issues.

JM has an ongoing dialogue with customers, employees, owners, investors, cooperation partners and other stakeholders.

In 2013 JM also performed an internal analysis of stakeholders based on in-depth interviews with a number of key individuals.

Based on the identified stakeholder groups, a stakeholder dialogue on sustainability issues was conducted and then supplemented with an internal process; this resulted in us being able to identify the aspects of sustainability that our stakeholders believe are most relevant for JM.

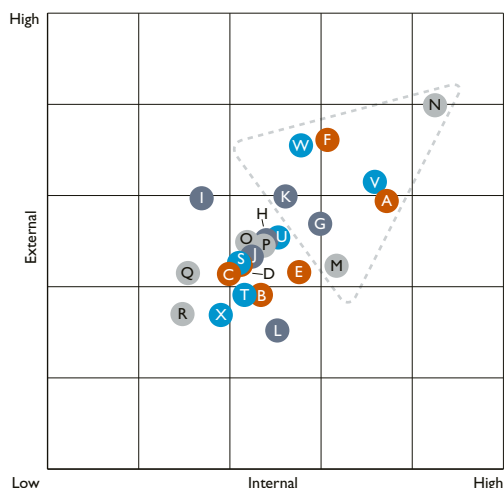
Below is an account of how JM approaches these areas, as well as some examples of our activities during the year.

Stakeholder group	Examples of activities in 2013	Primary areas	How we work
Customers: existing and potential	Customer surveys	Customer satisfaction Customer insight – housing needs	Occupancy questionnaires, focus groups, at-home interviews and web panels Strategic intelligence Market surveys
Employees: existing	Performance appraisals Training	Health and safety Skills development Succession planning Remuneration	Employee survey Work environment day in Sweden and Finland
Employees: potential	Around 100 students have been offered an internship, primarily in production Started a two-year trainee program with participants from Sweden and Norway	Recruitment Employer branding	Possibility to write degree project Cooperation with schools and universities Participation in labor market days
Shareholders and investors	Personal meetings Telephone meetings Analyst meetings Capital Market Day	Corporate update	Ongoing communication in a structured manner
Cooperation partners/Suppliers	Questionnaires to suppliers Delivery inspections Factory inspections Workshop for the future with architects and strategic suppliers within areas such as kitchens, bathrooms and storage	Environmental program Health and safety Development work	Code of Conduct for JM's suppliers and subcontractors Suppliers have been audited via surveys, which were then followed up by on-site audits in the factory
Society: officials and politicians	Ongoing dialogue with municipalities Participation in Almedal Week Mentor	Involvement in the community Environmental program	Ongoing dialogue with officials and politicians
Special interest organizations	Participation in projects for environmentally optimized transport in the building industry Participation in business networks on issues related to the climate Development projects	Climate issue Systems for environmental standards in construction Energy efficiency	Member Ongoing dialogue

MATERIALITY ANALYSIS

The materiality analysis method enables JM to identify the issues within sustainability that our stakeholders deem essential for the company, and it forms the basis for JM's sustainability work as well as what we report. The analysis is based on in-depth interviews with key individuals, as well as questionnaires that were completed by a number of stakeholders from all of the identified stakeholder groups. The diagram shows how both external and internal stakeholders have weighted the various

aspects of sustainability. The aspects deemed most relevant by the stakeholders are found in the triangle; these are essential as regards the subsequent prioritization of relevant measures. Aspects rated as less important in the materiality analysis require special interpretation as a next step. For example, efforts related to anti-corruption are rated as having a low degree of materiality in the analysis since risk exposure is assessed as limited and suitable measures are self-evident for both external and internal stakeholders.



Financial aspects and control

- A. Good business
- B. Financial result
- C. Financial values outside JM
- D. Anti-corruption
- E. Ensure adherence to laws
- F. Activities that restrict fair competition

Environment

- G. Materials
- H. Energy
- I. Chemicals
- J. Surrounding environment
- K. Emissions and waste
- L. Transport

Work environment and human rights

- M. Employee satisfaction
- N. Health and safety
- O. Skills development
- P. Diversity and equal opportunity
- Q. Freedom of association and collective agreements
- R. Reports of irregularities

Product and social responsibility

- S. Social responsibility
- T. Transparent relationships with politicians
- U. Supplier control
- V. Customer's health and safety
- W. Sustainable housing
- X. Certified buildings

METHOD:

The relevant aspects of sustainability (24) were produced based on the GRI guidelines, and supplemented with strategic intelligence, analysis of the industry and in-depth interviews with key individuals. Stakeholders subsequently completed a web questionnaire where they ranked the various aspects in four categories: Financial aspects and control; Environment; Work environment and human rights; and Product and social responsibility. There are six relevant aspects under each category. The aspects deemed relevant are those that JM focuses on in the GRI report. We also address other aspects in the annual report.

COOPERATION

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 of such a conflict is minor since JM operates in the Nordic countries and Belgium where these 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. See the table below.

JM belongs to the Haga Initiative, and has also signed the "Climate petition". This means we have 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 Sustainable Shareholder Value and the Carbon Disclosure Project (CDP). In 2013, JM improved its result from the CDP assessment to B 80¹⁾ (compared to B 78 in 2012).

Sustainability issues are at times industry-wide, and initiatives, therefore, require broad cooperation across business boundaries in order to succeed. Examples of organizations in which JM is involved:

Haga Initiative, a network of companies in which JM was one of the initiators. The aim is to reduce emissions from the business world, highlight the climate as one of the most important issues to address for the future and serve as a role model for companies that adopt a proactive approach to climate change.

Sweden Green Building Council, a non-profit organization in the Swedish construction and real estate sector that wants to develop and influence environmental and sustainability initiatives in the industry by, for example, providing a certification system for buildings.

Sustainable Innovation AB, a national center for energy efficiency in daily life. The primary purpose is to contribute to the development of Swedish industry in the field through commercialization of new technology and to gather the strength of Swedish know-how in environmental engineering and energy efficiency.

IQ Samhällsbyggnad (Swedish Centre for Innovation and Quality in the Built Environment), a special interest association with members from the entire urban planning sector; drives current issues related to research, innovation and quality.

JM is listed on the OMX GES Sustainability Sweden Index.

¹⁾ Companies receive points in two categories:

Performance: the firm's performance in reducing its environmental impact is evaluated on a scale of A to E.

Disclosure: the answers' quality and completeness are evaluated on a scale of 0–100 points.

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

ENVIRONMENT

THE ENVIRONMENT IS 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 residential project developer. 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 use in the buildings' usage stage
- Building materials' impact on the environment
- Building waste management
- Emissions from construction machinery and transport
- Management of soil contamination.

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 in 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, which receives support from the central staff. A successful environmental program should primarily benefit the company's customers, employees and the future of our children.

The Group's quality and environment department is responsible, together with regional quality and environment coordinators, for coordination, development and support in environmental initiatives.

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. Construction site visits are also conducted to entrench and improve environmental initiatives in production.

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.

New in 2013

- Sustainability appraisals of framework suppliers
- New environmental policy drafted
- New operations program for 2014–2016 (Groupwide quality and environmental goals for residential development)
- Waste council introduced in each region within residential project development in Sweden
- Improved procedures for managing returned pallets at the work sites
- Wood safety railing has been replaced with a re-useable metal system. Results in less waste
- More energy-efficient elevators in apartment buildings.

OPERATIONS IN SWEDEN

RESIDENTIAL PROJECT DEVELOPMENT

In its role as project developer, JM has – as opposed to other players in the building industry such as contractors – far-reaching responsibility for the environmental impact of the building during its entire life cycle. At the same time, project development work offers great opportunities to manage our operations and products so that their environmental impact is minimized. Residential project development 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 use

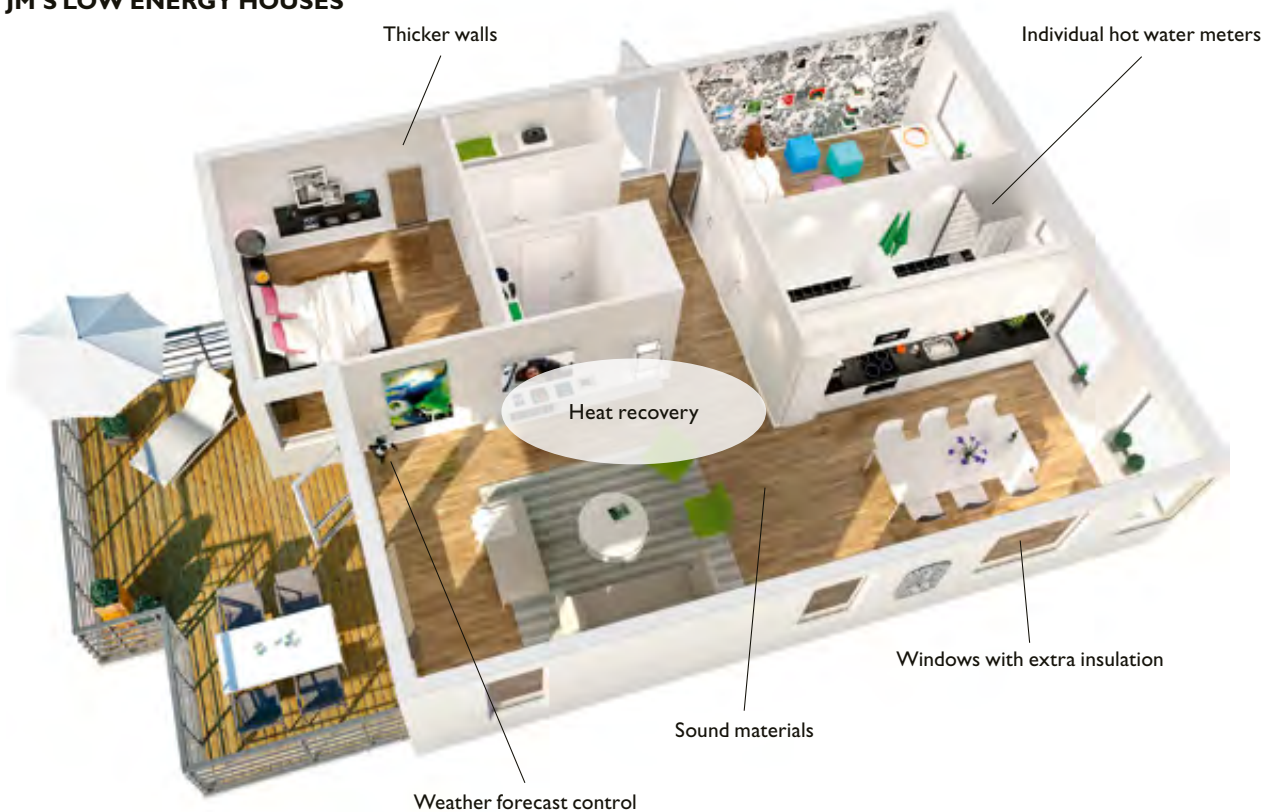
Climate change is one of the greatest challenges we face in our times, which is why the buildings' energy use is in focus. JM focuses on reducing energy use and energy requirements during both the production and usage stages, which also reduces the impact the buildings have on the greenhouse effect. Our ambition is to be a leader in the construction of low-energy houses in all of our projects – not just in individual pilot projects.

JM is a European leader in building energy-efficient housing

All residential project development 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.

We never stop working with our product development, for example within the area of energy. Today's improved low-energy houses will consume 40–70 kWh of energy per square meter and year. The requirement in the National Board of Housing, Building and Planning's building regulations, currently 90 kWh energy use measured per square meter and year excluding household electricity, is satisfied by a comfortable margin in JM's housing.

JM'S LOW ENERGY HOUSES



JM's low-energy houses have extra insulation in the walls, energy-efficient appliances, low energy lighting, and they recover heat from ventilation and have individual hot water meters. We have high standards for energy-efficient windows in apartment buildings (U_w value 0.9 W/sqmK), and we 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 more evenly, which subsequently provides savings on purchased energy.

Energy use during the production phase

JM also works proactively to reduce energy use during the production phase. Only eco-electricity is purchased in Sweden (Bra Miljöval - Good Environmental Choice). All job sites have energy-efficient sheds and low-energy lighting with light and motion detectors, and energy use can be further reduced by using early startup of district heating to heat the building frames during construction.

JM's energy rating

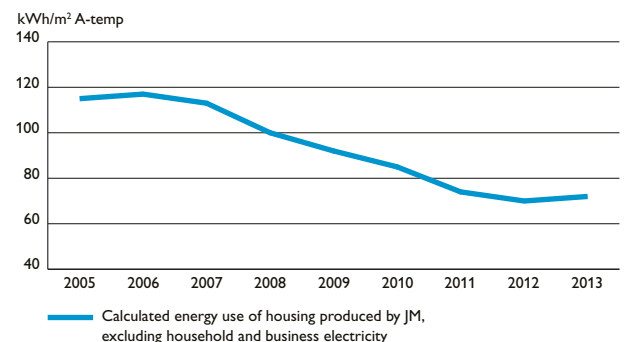
JM applies a system for rating energy in residential units, an initiative that benefits our customers. The energy rating system is similar to the one used for major appliances, and it indicates a residential unit's energy use.

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/en/ (section About JM, Sustainability) to ensure the system is open and transparent.

Energy rating also provides JM with increased understanding of the energy use 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 use will nevertheless vary depending on the inhabitants' behavior, the design of the energy system and where in the country the building is located.

CALCULATED ENERGY USE OF HOUSING PRODUCED BY JM IN SWEDEN



JM uses a standardized method to calculate the energy use of newly produced homes, which enables a comparison over time. The diagram shows the average of housing projects that were completed each year. The calculated energy use has been reduced by around 40 percent since 2005.



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 wall constructions. Stringent requirements are also placed on vapor barriers for bathroom walls in accordance with current construction regulations.

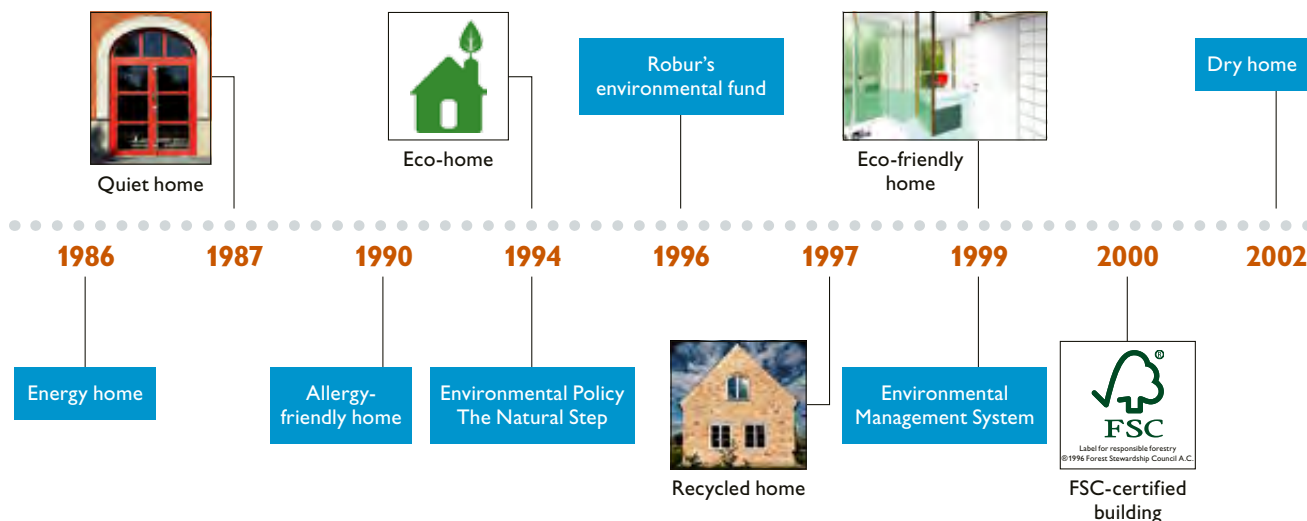
Building waste

In 2013, JM's residential development projects in Sweden generated around 8,400 tons of waste (of which 0.1 percent was hazardous waste). JM endeavors to reduce the amount of unsorted waste and waste sent to the landfill from construction sites in collaboration with our suppliers, waste management companies and by offering internal courses. During a three-year period that started in 2011, we aimed 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; see facts and key figures on page 43. The Ecocycle Council industry guidelines for waste management during construction and demolition are integrated in procedures for all JM projects in Sweden. Studies show that packaging and temporary constructions such as protective railings and molding material comprise a significant portion of our waste.

As a means of increasing pallet re-usage, JM has been active for a number of years in the industry's joint system for

LONG-TERM ENVIRONMENTAL PROGRAM

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.



pallet management – Retursystem Byggpall (Return System Construction Pallets). Over the year we have taken part in development projects aimed at simplifying pallet pick-up at the work sites and introducing additional pallet sizes. JM has been the initiator for several of the improvement projects.

Transport and construction machinery

Construction machinery and transport 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.

- we make demands on the fuel that suppliers use – alkylate-based fuel is to be used in small gasoline-driven machines
- we make demands on age, Euro class and the maximum greenhouse gas emissions from vehicles
- suppliers must be able to demonstrate that they follow up on their fuel consumption and that they take measures to decrease their consumption
- we test and assess consolidated shipments of materials, degree of utilization in trucks and the right type of delivery vehicle to the work sites
- 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.

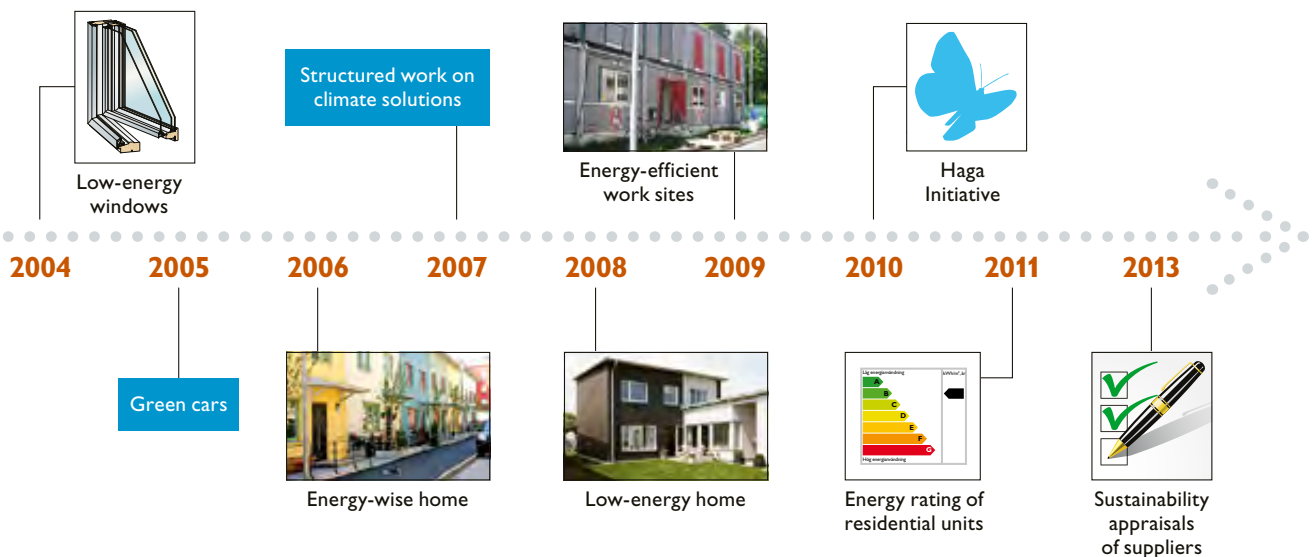
JM'S ENVIRONMENTAL PRODUCT DATABASE

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. When there is not enough information about a material's qualities, we employ a precautionary approach and do not use the material. 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.

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.



Business trips for JM must be conducted so that impact on the environment is minimized as regards carbon dioxide emissions.

- all company cars are green cars (according to the definition in the Road Traffic Tax Act)
- train travel is prioritized over air travel, and public transit 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

Most buildable land shows traces of human impact and contains small or large amounts of contamination. Various remediation measures are performed to prevent the contamination from negatively impacting the environment. JM's land remediation coordinator organizes studies and investigations prior to acquisition and pre-construction start-up. Suitable remediation measures are produced in consultation with the supervisory authority. It is important to know where the contamination is placed; when remediation is complete, a report is sent to the supervisory authority.

In 2013, 14 projects have been examined prior to acquisition, 18 have started or completed remediation measures and supervisory authorities have received the final report for 9 projects. Many projects run for several years and have to be divided into stages. JM's operations system includes requirements and instructions aimed at helping project management understand what needs to be done at the different stages. These requirements and instructions are reviewed on a continuous basis to ensure adherence to them and to new legal requirements.

JM PRODUCTION

The JM Entreprenad subsidiary carries out contracting work within residential construction, civil engineering and facades for external and internal clients in the Greater Stockholm area. JM Entreprenad is certified according to ISO 9001 and ISO 14001; its environmental program focuses on reduced energy use, 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 and methods. JM's agreements with partners and suppliers stipulate that they must meet environmental requirements.

Before goods are purchased, the products are checked against the BASTA criteria. Construction machinery and transportation must meet the requirements set out in the Swedish Transport Administration's "general environmental requirements when procuring contract work".

JM Entreprenad performs land remediation for both JM and external clients. The organization has its own skilled employees within land remediation, but it also collaborates with environmental consultants, analysis firms and reception facilities in order to facilitate the process for our clients.

Group's environmental policy

JM is to pursue its long-term environmental program as a natural part of our operations. We want to actively contribute to sustainable development of a society that satisfies today's needs, without jeopardizing the opportunities future generations have to satisfy their needs.

To accomplish this, we will:

- reduce energy use in our operations and in our delivered buildings
- utilize materials and methods that have a reduced impact on the environment
- prevent the production and dispersal of pollutants
- promote resource conservation and closed cycles
- manage our operations to ensure that our climate impact consistently diminishes
- aim for constant environmental improvements
- adhere to or exceed current legislation.

ENVIRONMENTALLY SOUND LOGISTICS SOLUTIONS

JM's environmentally friendly 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 management of the excavated material and in part of a digital deployment service.

There are currently two facilities in operation in the Stockholm area – what are known as "Ekobackar". The goal is to have at least four sites in operation in the Stockholm area, one at each end of the city.

A digital service has been developed to deploy clean excavated material within the company. This service provides an internal overview of available excavated material as well as external crushing plants and landfills. The service improves planning of excavated material transports for site preparation projects, which cuts down on the number of transports and carbon dioxide emissions, thus benefitting both the environment and project finances.

ENVIRONMENTAL CERTIFICATION OF BUILDINGS

JM Entreprenad is well equipped to run property projects on the basis of various environmental certification systems.

Over the year, JM Entreprenad has successfully implemented environmentally certified projects for external clients. For example:

- Vargen preschool (Sundbyberg Municipality) has been environmentally certified at Gold level in the Sweden Green Building Council's classification system
- The Trettondagen apartment building (Stockholms hem) has been certified at Gold level in the Sweden Green Building Council's classification system. The project was awarded by the Sweden Green Building Council, and is the first residential project in Sweden to receive such an award.



Together with Vasakronan and Cramo, JM Entreprenad is taking part in another cooperation project aimed at identifying factors that can reduce environmental impact during production. The primary focal area is logistics and transport for the Rosenberg project in Frösunda, Solna.

PROJECT DEVELOPMENT OF COMMERCIAL PROPERTIES

JM Property Development's environmental program is very similar to the program implemented within residential project development. The same operations system is used for quality and environmental management, and the technical solutions developed by JM Residential are also applied in commercial projects.

Buildings with a high standard, sound material selections and low energy use are one way to generate customer benefit as well as long-term value in the property we develop and manage. JM Property Development chooses to obtain environmental certification for its buildings under different systems depending on the nature of the project and the client's requirements.

The environmental management and environmental requirements that apply to residential project development also apply when JM Property Development develops housing for the elderly and rental units. Senior housing, which includes both housing and commercial premises, is environmentally certified according to the Swedish Green Building Council's classification system. A senior housing project in Täby outside Stockholm is one example.

OPERATIONS IN NORWAY

RESIDENTIAL PROJECT DEVELOPMENT

A growing focus on sustainability issues and a genuine interest in making strides in the area is discernible at JM in Norway. During the year, new environmental goals were set for the operations. All of the offices have videoconferencing equipment, which has resulted in less business travel.

In Norway, we energy label all new buildings on the basis of Norwegian guidelines that were introduced on July 1, 2010. From a long-term perspective, energy labeling is expected to influence the attractiveness and competitiveness of JM's residential units.

Low energy houses have been implemented as the standard in all projects started since March 2012. Low energy houses are designed to use at least 25 percent less energy for heating than

required by law, and are distinguished by a well-insulated climate shell that is combined with balanced ventilation and a requirement to recover over 80 percent of heat.

Heating and hot water in apartment buildings are generally based on district heating. Estimated delivered energy for heating is 70–80 kWh per square meter and year.

A heat pump is installed in single-family homes that transfers surplus heat from ventilation to hot water and airborne heating, combined with electric heaters. Estimated delivered energy for heating is 45–50 kWh per square meter and year.

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



Grefsen Stasjon, new residential area in Oslo, Norway.

Facts and key figures environment

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

JM in Sweden		2013	2012	2011
Implemented internal audits of operations		136	130	133
Carbon dioxide emissions JM, tons		21,962	22,810	22,468
Carbon dioxide emissions JM, tons/home		7.5	7.2	6.4
Newly produced homes' estimated carbon dioxide emissions from energy use, kg CO ₂ /m ² UFA		4	6	5
Percentage of building waste that goes to landfill, %		11	14	11
Carbon dioxide emissions from company cars, g/km		119	114	101
Projects with key indicators, %		91	100	100
Projects with key indicators, number		41	47	40
JM in Sweden, Housing operations	Target 2014	2013	2012	2011
Newly produced homes' estimated energy requirement, excluding household and business electricity, kWh/m ² A-temp	75 ¹⁾	72	70	74
Building waste to landfill, kg/m ² GFA	2	3	4,2	3,2
Percentage unsorted building waste, %	10	14	15	20
Total quantity building waste kg/m ² GFA	20	28	29	28
JM in Norway		2013	2012	2011
Newly produced homes' estimated energy requirement, kWh/m ² UFA		113	123	146
Percentage unsorted building waste, %		39	34	40
Total quantity building waste, kg/m ² GFA		35	38	36

¹⁾ Intermediate goal: The estimated energy requirement for housing planned in Sweden from 2011 is below 75 kWh/m² (A-temp). From 2013, the estimated energy requirement for housing will be 25 percent below each nation's current standard.

UFA = Useful floor area. GFA = Total floor area.

HOUSES WHERE PEOPLE FEEL AT HOME ARE CREATED BY SATISFIED EMPLOYEES

One prerequisite for being the most attractive employer in the industry is offering a secure work environment, good opportunities for development and a big portion of job satisfaction.

After a couple of years where we focused on recruitment, we now have a slightly lower number of employees. On the whole, personnel levels have been stable except for in Skåne, where we had slight overstaffing due to a more cautious market and fewer housing starts. At the end of the year, we had 2,176 employees; 940 were wage-earners and 1,236 were salaried employees. Of these, just over 95 percent were permanent employees.

As part of our aim to be the most attractive employer in the industry, JM conducted an employer survey in the autumn for the fifth time. We improve our chances of keeping our employees by asking them what functions well and what can be improved. The focus areas for this year's survey were work environment, diversity and equal opportunity. Salaried employees are on the whole very satisfied, while the results for wage-earners were slightly less positive. The survey shows that we have quite a few areas to improve upon; for example, we need to get better at sharing our know-how and experience. At the same time, there are areas that demonstrate very positive results that we need to maintain and develop; for example, many employees feel they can recommend JM as an employer.

EMPLOYEES TODAY AND TOMORROW

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 and by investing in internal mobility. Our recruitment strategy is to have a good mix of senior and less experienced employees.

We have seen that former employees are increasingly interested in returning to JM, so we initiated alumni activities during the year to be able to stay in contact in a structured manner.

As a means of attracting future employees, JM cooperates extensively with schools and universities at the locations we are active. Examples include Rönninge Gymnasium, Nackademin and KTH Royal Institute of Technology. Over the year, we attended twelve labor market days at, for example, KTH Royal Institute of Technology in Stockholm, Chalmers University of Technology in Gothenburg and Lund 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. During the year we offered internships to around 150 students, primarily within production. We have also initiated cooperation with Tekniksprånget, where we offer insight into the construction industry by offering internships to young people as a means of inspiring them to study

WORK ENVIRONMENT EVERYONE'S RESPONSIBILITY

JM's work environment goal is to cut the number of accidents in half that result in absence by 2016. Clear strategies and sub-goals were produced over the year as a means of achieving this goal. Mona Backlund, who has been the work environment manager at JM since December 2012, formed a clear organization for JM's work environment program over the year.

"Most important is that employees understand that they are accountable themselves and that they show concern for one another," says Mona. "Each individual's behavior in his or her everyday work impacts that individual's work environment, as well as that of other employees. Everyone is responsible for reacting if something is amiss."

All of JM Residential's construction sites are subjected to a "Neatness and Order" check twice a year in order to minimize the risk of accidents. Work environment issues are also an important aspect of JM's major initiative to educate craftsmen.

"My first year at JM has been both invigorating and challenging. For a long time the construction industry has relied on us having a fairly okay work environment, but that is not enough anymore; rather, we have to clearly improve and be a sustainable company where not getting injured at work is the natural state," says Mona.

Mona Backlund

Work Environment Manager JM Group



engineering. In August 2013 we started a two-year trainee program that focuses on project development. The participants come from Sweden and Norway.

SKILLS DEVELOPMENT

Our employees' skills and experience are important for the success of JM's efforts to structure our production into effective processes. To ensure the success of these efforts, all 561 craftsmen in Sweden completed a seven-day course. Teamwork, work environment and the value of doing the right thing from the start were important ingredients of the course.

We also conducted several other internal courses over the year within areas such as contract knowledge, certified supervisor training and purchasing.

Site managers hold a key role in our production. Since JM's need for good managers should primarily be satisfied through internal recruitment, we continued to offer a development program for future site managers during the year. The 18-month program is held in Sweden.

Our annual succession planning shows we have a good supply of managers for strategically important positions. We monitor our managers with respect to JM's management skills using,

for example, performance reviews.

Clear leadership paves the way for high performance and job satisfaction levels among our staff. As one aspect of these efforts, JM holds an introduction course for managers in Sweden. The course clarifies the role of the manager, as well as the related responsibility and authority. New managers and leaders at JM also complete a course on our core values and leadership skills.

Sharing experiences between JM's different countries has developed over the year, and internal mobility between the countries has increased. An increasing number of employees are also cooperating over country borders.

OUR WORK ENVIRONMENT

All JM employees should feel secure about going to work.

We have a zero tolerance vision on accidents on the job, and endeavor for employees to be able to work their entire career without being inflicted by occupational disease. The work environment organization has been fortified and clarified over the year. Our preventative safety program, which includes initiatives such as the "Neatness and Order" check at JM's construction sites, has been further developed. As part of the preventive safety program, JM checks risk management procedures, the use of personal protective gear, that workplaces are neat, that there are scheduled inspections and that appropriate permits are obtained. Reporting and follow-up of accidents and incidents was improved over the year, and we are working on the introduction of a new incident reporting system.

As a means of further emphasizing work environment as a focus area, JM in Sweden and Finland held their first work environment day at the beginning of December for both craftsmen and salaried employees.

FEEL GOOD

During the year we observed that short-term sick leave increased. We are therefore placing a larger focus on follow-up of absence due to illness and on early rehabilitation. New system support for reporting illness and returning to work after illness has been implemented in Sweden. Amongst other things, employees can obtain medical advice from a nurse. Our active wellness program contributes to healthier and more satisfied employees. Morning

EMPLOYEES – GROUP	2013	2012	2011
Number of employees as of Dec. 31	2,176	2,290	2,370
– number of salaried employees	1,236	1,239	1,227
– number of wage-earners	940	1,051	1,143
Average age, salaried employees	43	43	43
Average age, wage-earners	41	40	39
Percentage of women among salaried employees, %	30	30	31

AVERAGE NUMBER OF EMPLOYEES PER COUNTRY	2013	2012	2011
Sweden	1,874	2,021	2,025
Norway	335	324	271
Denmark	8	13	12
Finland	20	17	13
Belgium	10	11	10
Total	2,247	2,386	2,331

ABSENCE DUE TO ILLNESS – SWEDEN, %	2013	2012	2011
Total absence due to illness	3.9	3.8	3.4
29 years or younger	3.7	4.6	4.1
30–49 years	2.9	2.8	2.8
50 years and older	5.6	5.0	4.0
Absence due to illness during consecutive period of at least 60 days/total absence	32	29	30
Absence due to illness, salaried employees	1.8	1.6	1.6
Absence due to illness, wage-earners	6.4	6.0	5.2

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. Around 150 JM employees took part in the Midnight Run, which is a good example of a common fitness activity.

Employees in Sweden receive up to twelve months of parental leave with compensation for loss of income. The purpose is to support parents and help achieve increased gender equality. In 2013, 104 women and 339 men took parental leave.

LONG AND VARIED JOURNEY AT JM

Peter Skogert started at JM as a concrete apprentice 22 years ago, and became active in the union as a safety representative in 1998. He is currently a member of JM Stombyggnad's co-determination group and an employee representative on JM's Board.

"There are so many important issues to raise with the Board," says Peter. "For example, that there are enough projects to build."

Over the past few years, Peter has been involved in JM's craftsmen training as regards planning, implementation and follow-up.

"Those of us who have been involved in the craftsmen courses have different experience from our jobs at JM; some of us are craftsmen with different roles and others are salaried employees with different positions. The mix has been important both when producing the course, and then in implementing it," says Peter.

By the end of the year, 561 craftsmen had attended the course. They obtained better understanding for why JM has chosen to work

with production in a structured manner and that all employees are highly involved in JM's future development. One of the most important aspects of the course is that everyone was able to have their questions answered.

"Now we will make sure that all new employees attend the course so that they have the same point of departure. We are also looking into what the next step should be in craftsmen education."



Peter Skogert
concrete worker,
member of JM Stombyggnad AB's co-determination group
and an employee representative on JM's Board.

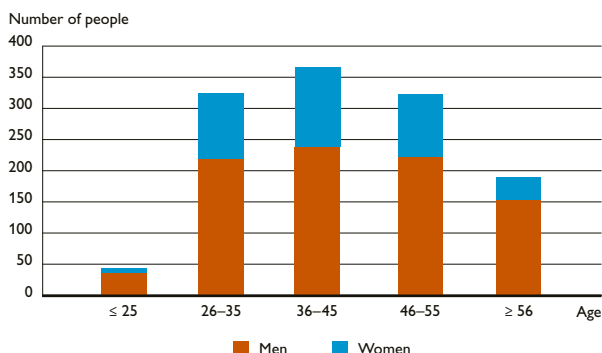
EQUALITY

High ethical standards are important for us, and our ethical guidelines emphasize, for example, that we have zero tolerance for discrimination and harassment. To support this vision, there is an Ethics Council and an incident reporting system, “Whistle Blowing”. JM’s core values are to characterize our relationship with employees: quality, a long-term approach, reliability, commitment, sensitivity and a sense of style.

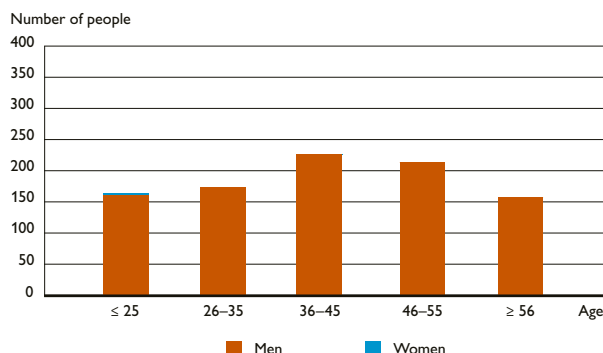
JM endeavors to attract more women to the industry, as well as to keep the women at the company who select JM. We have

experienced some difficulty recruiting female employees, primarily to production. As a result, the East Region started a network for women during the year. One goal is to have a more even gender distribution within all parts of the organization. At JM, 30 percent of the salaried employees are women, while the corresponding figure among wage-earners is 0.4 percent. The 2013 employee survey confirms that JM offers good conditions for combining work and parenting. JM’s diversity plan was developed over the year to ensure a holistic perspective in terms of equality and diversity.

**AGE AND GENDER DISTRIBUTION
OF SALARIED EMPLOYEES**



**AGE AND GENDER DISTRIBUTION
OF WAGE-EARNERS**



JM's ethical guidelines

SAFEGUARD OUR EMPLOYEES

At JM, we

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

We do not tolerate harassment or discrimination. We do not look away when our colleagues are inflicted by illness or harassment, since employees faced with problems may have difficulty influencing their situation on their own.

TAKE RESPONSIBILITY

At JM, we

- do not risk making short-term decisions that might weaken the value of the JM brand
- take responsibility for keeping ourselves informed about our own activities, even if this leads to difficult decisions having to be made
- do not accept time and cost requirements taking precedence over worker protection and a good work environment
- do not make commitments outside our professional mandates
- categorically do not accept theft or stealing
- adhere to legislation and collective agreements.

Time and cost requirements can lead to us promising too much and being lax about security regulations. It can also mean we do not notice if something is amiss. Time and cost requirements may never take precedence over life and health or damage our brand.

SERIOUS ACTION

At JM, we

- adhere to and respect signed contracts and agreements
- do not accept unauthorized workers at our workplaces
- do not accept actions that are in conflict with competition law such as price cartels, other cartels or abuse of a dominant position.

Taking shortcuts in our work is not allowed. Breaches of competition law can have devastating consequences on our business. To ensure our long-term success, it is important to conduct business in an appropriate manner and that the other party can always rely on what we say.

PROFESSIONAL RELATIONSHIPS WITHOUT PERSONAL GAIN

At JM, we

- do not act in such a way that places either the other party or us in a position of personal dependence
- are highly restrictive as regards gifts and benefits to and from suppliers and business partners

- do not allow suppliers or business partners to pay for our travel and subsistence, nor does JM pay for travel and subsistence for suppliers and business partners (unless regulated by agreement)
- do not utilize the company's resources privately.

We must not risk us or the other party being in a position of dependence or having a debt of gratitude in business relationships. For this reason, we are restrictive in giving or receiving gifts, and we allow each party to pay for its own travel and subsistence.

ETHICAL COUNCIL AND INCIDENT REPORTING

At JM, we

- rely on JM's ethical council for advice when help is needed to interpret the ethical guidelines
- provide the conditions required for employees and others to report suspected serious irregularities, poor conditions or shortcomings in the internal controls without being subjected to repercussions.

Ethical issues do not always have an obvious solution. For this reason, JM has set up an ethical council whose members are part of company management and to which employees can turn for advice. JM also has an incident reporting system where employees and other people can anonymously report suspected irregularities or poor conditions.



WORK ENVIRONMENT DAY 2013

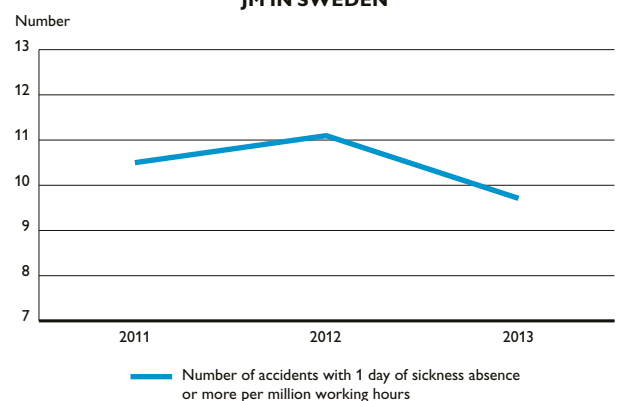
In December, all craftsmen and salaried employees in Sweden and Finland gathered at their workplaces for information on the work environment program.

The information was followed up by small-group discussions on how each of us perceives the work environment and what can be done to improve safety at the individual workplaces.

President Johan Skoglund visited the Solvåndan project in Järvastaden, Solna, where he discussed with craftsmen and site managers the importance of everyone understanding and respecting our General Conduct and Safety Regulations and of everyone taking personal responsibility.

In 2013, reporting and follow-up of accidents and incidents was improved, and we are working on the introduction of a new reporting system for incidents and accidents. The work environment day and our continued joint work environment program will help us improve as well as help us achieve our zero tolerance vision on accidents.

**RATE OF ACCIDENTS
JM IN SWEDEN**



ENVIRONMENTAL CONSIDERATIONS AND SOCIAL RESPONSIBILITY IN THE SUPPLIER CHAIN

Corporate Purchasing is responsible for the Group's framework agreements. The supplier base consists of manufacturers, wholesalers, contractors and consultants. The majority of suppliers are based in Sweden, but the proportion of suppliers outside Sweden is steadily growing.

PURCHASING PROCESS

JM must purchase the right materials and services from professional suppliers at the lowest total cost. At present, 400 suppliers have a framework agreement with JM. Good support is achieved for these efforts by involving the organization in the work and decision-making process. Contract compliance within the Group is very high. Over 80 percent of material purchases in Sweden are framework agreement call-off orders.

DEVELOPMENT

All framework agreement suppliers are regularly monitored to ensure that both parties are behaving as stipulated in the agreements. Opinions on the suppliers and the agreements can be forwarded, and the projects assess the suppliers on the basis of a "Satisfied Purchaser Index". The assessments form a good basis for active supplier coaching, and a low index can cause initiation of an action plan.

Our new call-off system which was launched in 2013 allows us to measure delivery precision in a structured manner.

A "Satisfied Supplier Index" was implemented in 2013 which allows our suppliers to evaluate us as purchasers.

One very important aspect of our long-term collaboration with framework agreement suppliers is the opportunity to develop products and services. The scope and complexity of development work is growing and is a natural and important part of our buyers' work.

RISK MANAGEMENT

The risk profile of our framework agreement suppliers is continuously monitored from both a financial and a delivery perspective. Continuity plans are available for the supplier categories that are deemed to have a high risk profile or which are critical for production.

CODE OF CONDUCT FOR SUPPLIERS

JM has a Code of Conduct for our suppliers to ensure that they share our basic values – JM's Supplier Code of Conduct.

All of our Swedish framework agreement suppliers have for many years been subjected to an environmental assessment before being approved as a supplier. We introduced a new system in 2013 for assessing sustainability; in addition to the environment, the new system covers other aspects such as working conditions, corruption, health and safety and governance.

An auditing program was also produced in 2013 to assess our suppliers' sustainability work. Audits were introduced in 2012, and they have been followed up by additional on-site audits at factories in 2013. In one case, the follow-up resulted in us stopping delivery of materials from one of the factories. Around 20 selected suppliers will be audited via questionnaires annually; the questionnaires will then be followed up by a number of on-site audits at the factories. The factory visits can result in JM producing plans for corrective measures that the companies must take in order to remain a JM supplier.

LOGISTICS

The conditions faced by the construction industry entail logistical challenges. Logistics has grown in importance in relation to our suppliers and is perhaps the area experiencing the most development right now. In parallel with the development of JM's internal workplace logistics, we see this area as a natural next step for further improvement of our supplier chain.



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

The average prices on the existing home market increased slightly during the year. The supply of residential units is lower and the time to closing shorter compared to the same point in time the previous year. The supply of new homes continues to be low in relation to long-term demand in the Stockholm area. Competition for land appropriate for housing in good locations continues to be intense.

Interest in JM's projects is strong. The customers' tendency to sign a contract early in the process is at a normal level.

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, Jakobsberg in Järfälla, Järvastaden in Solna/Sundbyberg and Täby Centrum in Täby.

EARNINGS TREND

The business segment's revenue decreased to SEK 5,254m (5,591) and operating profit increased to SEK 1,167m (1,041). The operating margin was 22.2 percent (18.6). The lower volume is a result of a lower number of residential units in current production. The high margin is explained by strong sales and a large revaluation effect in completed projects. Cash flow is limited due to investment in development properties.

BUILDING RIGHTS

During the year building rights equivalent to about 1,250 residential units (800) were acquired in Huddinge, Järfälla, Stockholm, Täby and Österåker.

HOUSING STARTS

During the year, there were housing starts for 1,404 residential units (1,507).

1,352 (1,445) were units in apartment buildings including 36 in Botkyrka, 124 on Lidingö, 109 in Solna, 855 in Stockholm, 64 in Tyresö, 43 in Värmdö and 55 in Österåker.

52 (62) were single-family homes, including 32 in Solna and 20 in Tyresö.

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	2013	2012
Revenue	5,254	5,591
Operating profit	1,167	1,041
Operating margin, %	22.2	18.6
Average operating capital	2,881	2,406
Return on operating capital, %	40.5	43.3
Operating cash flow	671	1,051
Carrying amount, development properties	3,051	2,904
Number of available building rights	11,200	10,900
– of which building rights on the balance sheet	7,700	7,400
Number of residential units sold	1,513	1,307
Number of housing starts	1,404	1,507
Number of residential units in current production	2,516	3,071
Number of employees	750	798
– of which salaried employees	393	388
– of which wage-earners	357	410



Liljeholmskajen, part of Stockholm's inner city.

JM RESIDENTIAL SWEDEN

MARKET

Average prices on the existing home market increased in all markets during the year, although it was noted that they leveled off somewhat during the end of the year. The supply of residential units continues to be slightly lower and the time to closing shorter compared to the previous year.

There is strong interest in JM's projects but the customers' decision-making process is still long in southern Sweden.

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 Kviberg in Gothenburg, in Kungsbacka, in the Dockan area in Malmö, at Lomma Strandstad in Lomma Municipality, in Lund Södra 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 decreased to SEK 2,860m (3,003) and operating profit was SEK 221m (231). The operating margin was 7.7 percent (7.7). The somewhat lower volume is primarily a result of a lower number of housing starts during 2012 and 2013. Cash flow is in balance.

BUILDING RIGHTS

During the year building rights equivalent to about 625 residential units (approximately 400) were acquired in Skåne, the Gothenburg area and Västerås.

HOUSING STARTS

During the year, there were housing starts for 861 residential units (779).

818 (738) were units in apartment buildings, including 196 in Skåne (129 in Malmö and 67 in Lund), 238 in Gothenburg, 40 in Kungälv, 35 in Linköping, 106 in Örebro, 32 in Västerås, 135 in Uppsala and 36 in Norrtälje.

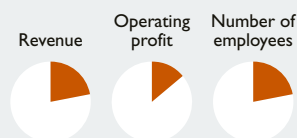
43 (41) were single-family homes, including 30 in Skåne (10 in Vellinge and 20 in Staffanstorps) and 13 in Kungsbacka.



Lomma Strandstad, small town 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	2013	2012
Revenue	2,860	3,003
Operating profit ¹⁾	221	231
Operating margin, %	7.7	7.7
Average operating capital	1,515	1,490
Return on operating capital, %	14.6	15.5
Operating cash flow	294	243
Carrying amount, development properties	1,358	1,333
Number of available building rights	8,700	9,200
– of which building rights on the balance sheet	5,400	5,700
Number of residential units sold ²⁾	951	902
Number of housing starts ²⁾	861	779
Number of residential units in current production ²⁾	1,460	1,492
Number of employees	477	538
– of which salaried employees	261	284
– of which wage-earners	216	254
¹⁾ Of which property sales	9	-
²⁾ Of which rental units	64	-

JM INTERNATIONAL

EARNINGS TREND

The business segment's revenue decreased to SEK 2,745m (3,152). Operating profit decreased to SEK 126m (181). The operating margin decreased to 4.6 percent (5.7). Operating profit and the operating margin were burdened by negative results in Denmark and Finland, where the number of residential units in current production has decreased.

Cash flow limited due to investment in development properties.

NORWAY

Demand for both newly built residential units and homes on the existing home market was stable during the year but leveled off after the summer. After some improvement during the first half of the year, the price level on the existing home market dropped to a slightly lower level than at the beginning of the year. The banks in Norway took a slightly more cautious approach to granting mortgages during fall.

During the year 433 residential units (649) were sold and production began on 331 units (815). The number of residential units in current production amounts to 1,133 (1,246).

Approximately 1,000 building rights (700) were acquired during the year. Available building rights correspond to 5,300 residential units (4,700).

DENMARK

The level of activity on the housing market in Copenhagen is increasing. Banks continued to be generally restrictive in their lending practices to mortgage customers, which

offsets the positive effect of low interest rates. The price level on the existing home market increased from a low level during the year.

During the year 11 residential units (13) were sold and production began on 12 units (2). The number of residential units in current production amounts to 12 (20). No acquisitions were made during the year (-). Available building rights correspond to 700 residential units (700).

FINLAND

The level of activity on the housing market in Helsinki remains stable. However, customers are still cautious and time to closing is long. The price level in the capital region was stable during the year.

During the year 43 residential units (26) were sold and production began on 46 units (34). The number of residential units in current production amounts to 46 (62). Acquisitions of approx. 200 building rights (40) were made. Available building rights correspond to 800 residential units (600).

BELGIUM

The level of activity on the housing market in the Brussels region continues to be stable. The price level in the region increased slightly during the year.

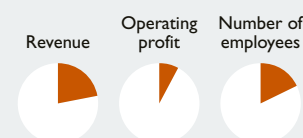
During the year 60 residential units (55) were sold and production began on 99 units (26). The number of residential units in current production amounts to 134 (97). No acquisitions were made during the year (-). Available building rights correspond to 400 residential units (500).



Hovinbekken in Oslo, Norway.

JM INTERNATIONAL

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



	January–December	
SEKm	2013	2012
Revenue	2,745	3,152
Operating profit ¹⁾	126	181
Operating margin, %	4.6	5.7
Average operating capital	2,131	2,202
Return on operating capital, %	5.9	8.2
Operating cash flow	61	74
Carrying amount, development properties	1,485	1,454
Carrying amount, project properties	30	69
Number of available building rights	7,100	6,500
– of which building rights on the balance sheet	4,600	4,300
Number of residential units sold	547	743
Number of housing starts	488	877
Number of residential units in current production	1,325	1,425
Number of employees	392	364
– of which salaried employees	262	236
– of which wage-earners	130	128
¹⁾ Of which property sales	2	-

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 314m (77), including contracting revenue of SEK 244m (4) and rental revenue of SEK 70m (73). Operating profit increased to SEK 37m (–83). Net rental income for project properties was SEK 29m (30). The cash flow was strengthened by cash from property sales.

PROPERTY TRANSACTIONS

Properties were sold for a total of SEK 561m with gains of SEK 13m (0). The largest sales included the commercial premises in Dalénium and the Agadir senior housing, both of which are on Lidingö, and the Gästabudet 2 residential property in Nälsta.

The Svänghjulet 2 property in Täby, Stockholm was acquired for the construction of special housing for the elderly.

PROJECT DEVELOPMENT

Phase one of special housing for the elderly was completed in Sköndal in southern Stockholm, including occupancy. Phase two occupancy will take place in February 2014. The project consists of a total of 108 apartments. Stiftelsen Stora Sköndal is the tenant and has a 15-year agreement. An agreement

was signed in July with an external buyer regarding the construction and sales for the project.

Construction on new special housing for the elderly started in Täby in northern Stockholm. There will be 54 apartments, and the housing has been leased to Attendo Sverige AB for 15 years. Occupancy is planned for November 2014.

In the Dalénium area on Lidingö, 146 rental units are produced for external buyers, with occupancy in 2015. Pre-construction is on-going for an additional 74 rental units in the area.

At Bolinder Strand in Kallhäll, Järfälla, commercial premises adjacent to JM's residential project are under development. The occupancy rate was 86 percent at the end of the year.

The remaining commercial properties in the Dalénium area are being managed with the aim of increasing the occupancy rate, which was 78 percent at the end of the year.

BUILDING RIGHTS

JM's building rights for commercial project development amount to approximately 40,000 square meters. The carrying amount is SEK 31m (31).



Sköndal, a special housing for the elderly south of Stockholm.

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.



	January–December	
SEKm	2013	2012
Revenue	314	77
Operating profit ¹⁾	37	–83
Average operating capital	812	939
Return on operating capital, %	4.6	–8.8
Operating cash flow	567	–161
Carrying amount, development properties	39	61
Carrying amount, project properties	214	864
Number of available building rights ²⁾	700	
– of which building rights on the balance sheet	100	
Number of residential units sold ²⁾	254	
Number of housing starts ²⁾	200	
Number of residential units in current production ²⁾	308	
Number of employees	18	16
– of which salaried employees	18	16
¹⁾ Of which		
– property sales	13	0
– impairment loss on property	-	–95
²⁾ Refers to rental units and residential care units.		

JM PRODUCTION

MARKET

Demand in the contracting market in Stockholm is at a good level. Both the building and civil engineering markets are stable, although there are many actors competing for the assignments. Orders are good in the business segment, with a large number of projects in current production.

EARNINGS TREND

Business segment revenue increased to SEK 2,011m (2,006) and the operating profit was SEK 73m (71). The operating margin was 3.6 percent (3.5). Cash flow is burdened by a temporary increase in working capital.

PROJECTS

JM received several new assignments during the year, of which the largest include new construction of apartment buildings in Upplands Väsby (AB Väsbyhem), renovation of and addition to offices in Södertälje (Söderenergi AB) and new production of a cogeneration plant in Värtan, Stockholm (Fortum Värme).

The largest projects currently underway include the two phases of the new

E18 motorway between Hjulsta and Kista (Swedish Transport Administration), new production of a biofuel cogeneration plant in Stockholm (Fortum Värme), new production of two office buildings in Frösunda, Solna (Vasakronan), new construction of apartment building in Norra Djurgårdsstaden (AB Stockholmshem), additions to baggage handling at Arlanda airport (Swedavia), renovation of the University Library at Campus Frescati (Akademiska Hus), track work for the expansion of railway tracks in Bromma (Storstockholms Lokaltrafik) and engineering projects for future track work in Rosersberg (Swedish Transport Administration). In addition, preparatory work for the renovation of Slussen and engineering projects in Norra Djurgårdsstaden (City of Stockholm) are underway.

The business segment is carrying out site work within the Dalénum area on Lidingö for JM Residential Stockholm. In addition, senior housing is being constructed in Sköndal and Täby for JM Property Development.

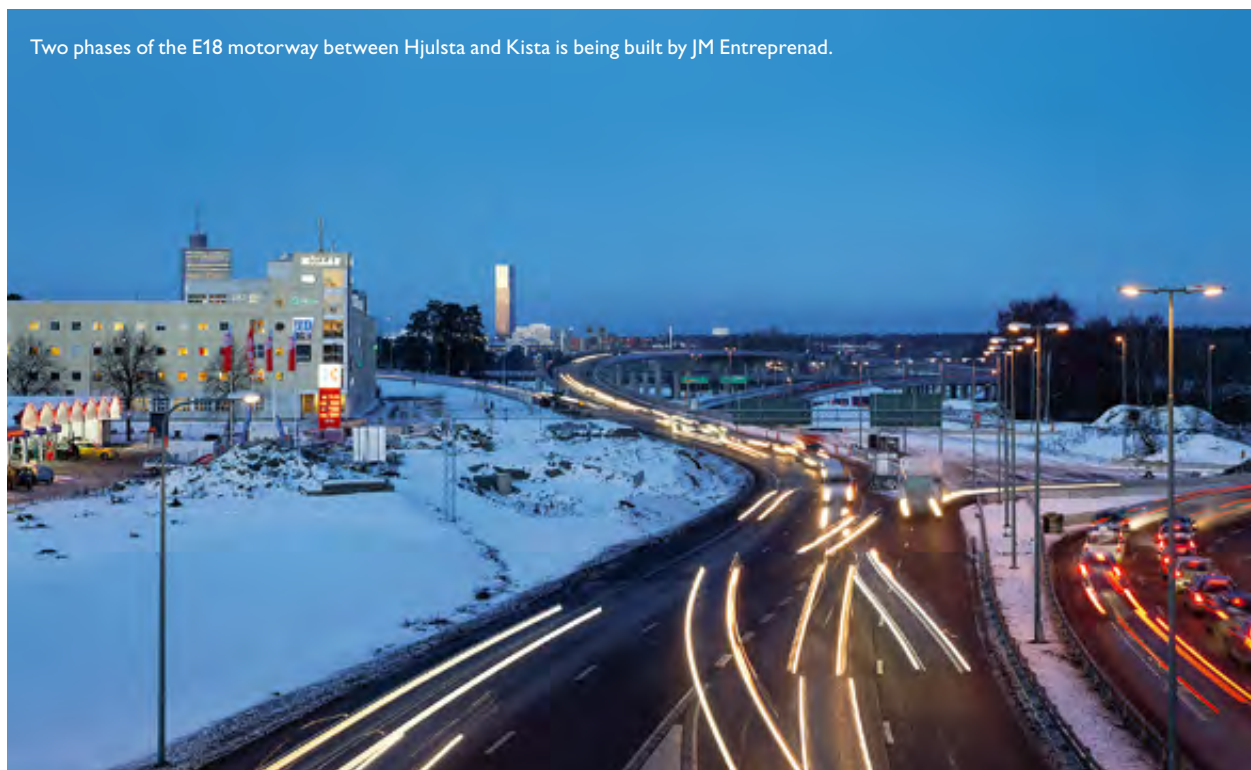
JM PRODUCTION

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



SEKm	January–December	
	2013	2012
Revenue ¹⁾	2,011	2,006
Operating profit	73	71
Operating margin, %	3.6	3.5
Operating cash flow	–39	38
Number of employees	419	459
– of which salaried employees	187	200
– of which wage-earners	232	259
¹⁾ Of which internal	532	695

Two phases of the E18 motorway between Hjulsta and Kista is being built by JM Entreprenad.



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The Board of Directors and the President of JM AB (publ), CIN 556045-2103, hereby submit the annual accounts and consolidated financial statements for 2013.

The number of residential units in current production amounts to 5,609 (5,988), of which 308 are rental units and residential care units.

MARKET, SALES AND HOUSING STARTS

Demand for newly built residential units in Stockholm continued to improve during the year. At the same time, demand in the rest of Sweden is continuing to improve. Interest in JM's projects is strong. Demand weakened in Norway during the second half of the year. Population growth in our main markets, coupled with continued low interest rates, supports demand for housing.

The number of sold residential units in the form of signed contracts amounted to 3,265 (2,952), including 254 rental units and residential care units. The percentage of sold or reserved homes in relation to current production amounts to 71 percent (66), with an interval of 60–65 percent considered normal. JM Residential Stockholm sold 1,513 residential units (1,307), JM Residential Sweden sold 951 (902) and JM International 547 (743).

The number of housing starts decreased to 2,953 (3,163) with a large share of housing starts during the fourth quarter. In the Stockholm area housing starts totaled 1,404 (1,507) and in the rest of Sweden 861 (779). The housing starts include 200 rental units and residential care units in Stockholm. Housing starts in international operations totaled 488 (877).

REVENUE

Consolidated revenue in accordance with segment reporting for the year decreased to SEK 12,652m (13,134). Revenue restated according to IFRIC 15 amounted to SEK 12,603m (12,480).

OPERATING PROFIT

Operating profit according to segment reporting increased to SEK 1,576m (1,398) and the operating margin increased to 12.5 percent (10.6). Operating profit restated according to IFRIC 15 increased to SEK 1,523m (1,374). Profit for the previous year was burdened by an impairment loss on project property totaling SEK 95m.

During the year, properties were sold for SEK 623m (0), with gains of SEK 24m (0), of which SEK 18m refers to the gains from the sale of a senior housing project in Malmö.

Rental income from JM's project properties totaled SEK 71m (77), with residential units accounting for SEK 17m (7). Net rental income was SEK 29m (33).

Operating profit for the business segment JM Residential Stockholm increased to SEK 1,167m (1,041). The operating margin was 22.2

percent (18.6). The high margin is explained by strong sales and a large revaluation effect in completed projects.

Operating profit in JM Residential Sweden was SEK 221m (231). The operating margin was 7.7 percent (7.7).

Operating profit in JM International decreased to SEK 126m (181). The operating margin decreased to 4.6 percent (5.7). Operating profit and the operating margin were burdened by negative results in Denmark and Finland, where the number of residential units in production has decreased.

Operating profit for JM Property Development increased to SEK 37m (–83). The improvement in profit is attributable primarily to the profit from the previous year being burdened by an impairment loss on project property of SEK 95m and an increase in gains from property sales during the year.

Operating profit for JM Production was SEK 73m (71). The operating margin was 3.6 percent (3.5).

BUSINESS SEGMENT

SEKm	Revenue		Operating profit		Operating margin, %	
	2013	2012	2013	2012	2013	2012
JM Residential Stockholm	5,254	5,591	1,167	1,041	22.2	18.6
JM Residential Sweden	2,860	3,003	221	231	7.7	7.7
JM International	2,745	3,152	126	181	4.6	5.7
JM Property Development	314	77	37	–83		
JM Production	2,011	2,006	73	71	3.6	3.5
Elimination	–532	–695	–	–		
Group-wide expenses	–	–	–48	–43		
Total (segment reporting)	12,652	13,134	1,576	1,398	12.5	10.6
Restatement						
JM International ¹⁾	–49	–654	–53	–24		
Total	12,603	12,480	1,523	1,374	12.1	11.0

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

RESIDENTIAL UNITS IN CURRENT PRODUCTION

	12/31/2013	12/31/2012
Number of residential units in current production ^{1) 3)}	5,609	5,988
Percentage sold residential units in current production, % ^{2) 3)}	54	55
Percentage reserved residential units in current production, % ³⁾	17	11
Percentage sold and reserved residential units in current production, % ³⁾	71	66

¹⁾ Beginning with production startup through final occupancy according to plan.

²⁾ Percentage sold residential units expressed as binding contract with end customer.

³⁾ Including 308 rental units and residential care units in current production in JM Property Development – not included in the percentage of sold and reserved residential units in current production. Of these, 54 residential units are in projects where costs incurred are only reported as project properties under construction.

COMPLETED PRODUCTION, UNSOLD UNITS

	12/31/2013	12/31/2012
Completed production, number of unsold units ¹⁾	177	176
– including the balance sheet item reported as “Participations in tenant-owners associations, etc.”	98	70

¹⁾ After final occupancy according to plan.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses totaled SEK –59m (–56), a decrease of SEK 3m compared to the previous year attributable to higher interest expenses.

SEKm	12/31/2013	12/31/2012
Financial income ¹⁾	42	38
Financial expenses ²⁾	–101	–94
Financial income and expenses	–59	–56
¹⁾ Of which revaluation and currency hedging	8	4
²⁾ Of which revaluation and currency hedging	–8	–4

PROFIT BEFORE TAX

Profit before tax increased to SEK 1,464m (1,318). Profit for the previous year is burdened by an impairment loss on project property totaling SEK 95m.

PROFIT FOR THE YEAR

Profit for the year was SEK 1,104m (961). Total tax expense was SEK –360m (–357) including current tax of SEK –349m (–408) and deferred tax of SEK –11m (51). Tax expense for 2013 slightly exceeds the nominal tax rate for the Group. Tax expense for the year was affected negatively by a revaluation of deferred tax for loss-carryforwards and temporary differences in JM International totaling SEK –24m. A charge of SEK 28m (23) was taken against earnings for the property tax, which is treated as an operating expense.

OPERATIONS

RESIDENTIAL BUILDING RIGHTS

The number of available residential building rights amounts to 27,700 (26,600), of which 17,800 (17,400) are recognized in the balance sheet. This means that 9,900 building rights (9,200) 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 5,902m (5,691) at year-end. In addition the JM Property Development business segment has access to building rights for commercial project development equivalent to about 40,000 square meters with a total carrying amount of SEK 31m (31).

TOTAL NUMBER OF RESIDENTIAL BUILDING RIGHTS (Including rights carried in the balance sheet as development properties)

	2013		2012	
JM Residential Stockholm	11,200	(7,700)	10,900	(7,400)
JM Residential Sweden	8,700	(5,400)	9,200	(5,700)
JM International	7,100	(4,600)	6,500	(4,300)
JM Property Development	700	(100)		
Total	27,700	(17,800)	26,600	(17,400)

Valuation of JM's total development properties with a carrying amount of SEK 6.0bn (5.8) shows a surplus value of SEK 2.4bn (2.6). This valuation was carried out in cooperation with an independent appraisal company. During 2013, JM purchased development properties for residential units for SEK 1,222m (1,259), of which SEK 672m relates to JM Residential Stockholm, SEK 249m to JM Residential Sweden and SEK 301m to JM International. Net investments in

development properties during the year totaled SEK 228m (–41). The building rights portfolio amounts to SEK 5,988m (5,769). These holdings are essential for JM's residential development projects.

DEVELOPMENT PROPERTIES (HOUSING)

SEK billion	12/31/2013		12/31/2012	
	Market value	Carrying amount	Market value	Carrying amount
JM Residential Stockholm	4.3	3.0	4.4	2.9
JM Residential Sweden	1.9	1.4	1.8	1.3
JM International	2.1	1.5	2.1	1.5
Total	8.3	5.9	8.3	5.7

PROJECT PROPERTIES

Rental income from JM's project properties totaled SEK 71m (77), with residential units accounting for SEK 17m (7). Net rental income was SEK 29m (33). During the year, properties were sold for SEK 623m (0), with gains of SEK 24m (0), of which SEK 18m refers to the gains from the sale of a senior housing project in Malmö. An external appraiser calculated the market value of JM's project properties to be SEK 294m (959) with a carrying amount of SEK 244m (933).

PROJECT PROPERTIES

12/31/2013	Market value, SEKm	Carrying amount, SEKm	Occupancy rate	
			Area (000) m ²	annual rent, %
Properties under development	247	208	35,800	84
Completed commercial properties	47	36	3,100	53
Total	294	244	38,900	83

Investments in properties totaled SEK 118m (178).

FINANCIAL ITEMS

INTEREST-BEARING LIABILITIES AND AVERAGE INTEREST RATES

As of December 31, 2013, interest-bearing net receivables amounted to SEK 642m (667). At year-end, non-interest-bearing liabilities for implemented property acquisitions amounted to SEK 348m (602). SEK 204m (503) of these liabilities are short-term. The total interest-bearing loan on December 31, 2013, was SEK 1,743m (1,808), of which the provision for pensions comprised SEK 920m (931). At the end of the year, the average interest rate for the total loan stock including pension liabilities was 3.5 percent (3.5). The average term for fixed-rate loans excluding the pension liability was 0.2 years (0.3). Since the volume of long-term borrowing is relatively limited, the Group mainly works with short time to maturity.

CASH FLOW

Cash flow from operating activities was SEK 898m (979) during the year. Net investments in development properties resulted in a cash flow of SEK –548m (278). Despite an increase in the holdings of unsold residential units, the item results in a positive cash flow of SEK 6m (–204), primarily attributable to settled receivables for sold residential units. Consolidated cash flow from project properties (sales minus investment) during the year was SEK 486m (–175m).

Cash flow was burdened by tax payments during the second quarter of SEK 167m attributable to a ruling by the Administrative Court of Appeals for the years 2005 and 2006. The proceedings

referred to impairment losses on shares in Group companies, which the Administrative Court of Appeals ruled to be non-deductible.

LIQUIDITY

Consolidated available liquidity was SEK 5,185m (5,275). Aside from cash and cash equivalents of SEK 2,385m (2,475), 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 1.6 years (2.2).

EQUITY

Consolidated shareholders' equity as at December 31, 2013, totaled SEK 4,455m (4,393). Share capital totaled SEK 80m (84), other capital contributions SEK 818m (789), and reserves SEK –91m (–31). Undistributed earnings totaled SEK 3,648m (3,551) including net profit for the year of SEK 1,104m (961). In 2013 the dividend to shareholders was SEK 6.75 per share (6.50), for a total of SEK 537m (542). Buy-back of own shares during the year was SEK 517m (359). The equity ratio was 40 percent (38).

PERSONNEL

The number of employees decreased during 2013 by 5 percent and at the end of the year amounted to 2,176 (2,290). Current staffing is considered well balanced for the current project volume and some adjustments are made on a regular basis. There were 940 (1,051) wage-earners and 1,236 (1,239) salaried employees. The average number of employees during the year was 2,247 (2,386) including 373 (365) employed in JM's foreign subsidiaries. Wages, salaries, and social security expenses totaled SEK 1,742m (1,794), of which social security expenses comprised SEK 591m (596).

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, improved quality and greater sustainability in the home. JM continuously develops its environmental work using its operations system, improvement work, 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 use, choice of materials, building waste, transports and machinery and contaminated soil.

WORK OF THE BOARD IN 2013

The 2013 Annual General Meeting elected eight ordinary members. The employee organizations appointed two directors and two deputies. The Board of Directors held thirteen meetings. In addition the Audit Committee held four meetings, the Compensation Committee four meetings and the Investment Committee seven meetings. The most important issues for the Board during 2013 were decisions to start production on large housing projects, major acquisitions of development properties, the sale of four project properties, the strategic plan, a proposal regarding the decision to buy back shares,

proposals for the short- and long-term variable salary program and a proposal for a convertible debenture program for all personnel in Sweden. The Board members' participation in meetings can be seen in the chart on page 98. Each year the Chairman of the Board evaluates the work of the Board with the Directors and reports the results to the Nomination Committee. A description of committees and members can be seen on pages 99–100.

DIVIDEND

For 2013 the Board of Directors proposes a dividend of SEK 7.25 per share (6.75), for a total of SEK 562m (542). The dividend rate is justified by good earnings combined with a strong balance sheet. The proposed record date for the dividend is Tuesday, April 29, 2014. If the Annual General Meeting resolves to adopt the recommendation the dividend will be sent on Monday, May 5, 2014.

BUY-BACK AND HOLDINGS OF OWN SHARES

After the 2013 Annual General Meeting, a total of 2,263,299 shares were bought back for SEK 375m.

The number of outstanding shares, excluding holdings of own shares, at December 31, 2013, totals 77,550,383.

The Board of Directors intends to propose to the Annual General Meeting that the holdings of own shares be eliminated through a decrease in the share capital for appropriations to unrestricted equity. The Board of Directors' complete proposal for a resolution regarding the elimination of shares will be available in conjunction with the notice of Annual General Meeting on March 26, 2014.

The strong balance sheet and cash flow continue to 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 to 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 shares in the Company. Acquisition should take place on NASDAQ OMX Stockholm.

The strategy is to spread out the buy-backs on NASDAQ OMX Stockholm up until the 2015 Annual General Meeting. The objective of empowering the Board of Directors is to give it 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 in conjunction with the notice of Annual General Meeting on March 26, 2014.

SHARE CAPITAL

JM's share capital on December 31, 2013, was SEK 80m (84), represented by 79,813,682 shares, of which 2,263,299 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 2013 Annual General Meeting. The new agreements entered into with senior executives following the 2013 Annual General Meeting has followed applicable guidelines.

PROPOSAL FOR 2014 RESOLUTIONS ON GUIDELINES FOR SALARIES 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 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 President 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. The Parent Company's net sales for 2013 were SEK 8,218m (8,695). The Parent Company's profit before appropriations and tax was SEK 1,172m (1,108). Investments in properties totaled SEK 367m (464). The average number of employees was 1,427 (1,545), including 1,154 men (1,268) and 273 women (277). Wages, salaries, and social security expenses totaled SEK 1,093m (1,129). An account of the number of employees and payroll expenses is provided in the Parent Company's notes, Note 2, page 85.

CONSOLIDATED INCOME STATEMENT, SEKm	Note	2013	2012
Revenue	1, 2	12,603	12,480
Production and operating costs	3, 4	–10,365	–10,273
Gross profit		2,238	2,207
Selling and administrative expenses	3, 4, 5	–739	–738
Gains/losses on the sale of property	6	24	0
Impairment loss on properties	7	–	–95
Operating profit		1,523	1,374
Financial income	8	42	38
Financial expenses	8	–101	–94
Profit before tax		1,464	1,318
Taxes	9	–360	–357
Net profit for the year		1,104	961
Other comprehensive income			
<i>Items that will be reclassified as income</i>			
Translation differences from the translation of foreign operations		–60	–2
<i>Items that will not be reclassified as income</i>			
Restatement of defined-benefit pensions		55	–62
Tax attributable to other comprehensive income		–12	1
Total comprehensive income for the year		1,087	898
Net profit for the year attributable to shareholders of the Parent Company		1,104	961
Comprehensive income for the year attributable to shareholders of the Parent Company		1,087	898
Earnings per share, basic, attributable to shareholders of the Parent Company, SEK	10	14.10	11.70
Earnings per share, diluted, attributable to shareholders of the Parent Company, SEK	10	14.00	11.60
Proposed dividend per share, SEK	10	7.25	6.75

COMMENTS

REVENUE

(2013: SEK 12,603m, 2012: SEK 12,480m)
Consolidated revenue during the year increased by 1 percent to SEK 12,603m (12,480). Of the revenue, SEK 9,907m refer to Sweden and SEK 2,696m refer to international operations.

Revenue from the Swedish operations mainly consists of recognized revenue in housing projects. Recognized revenue is 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.

Revenue for residential project development outside Sweden is reported according to the completed contract method as a result of IFRIC 15.

Restatement according to IFRIC 15 relating to JM International had an impact on revenue of SEK –49m (–654).

OPERATING PROFIT

(2013: SEK 1,523m, 2012: SEK 1,374m)
Operating profit was up 11 percent to SEK 1,523m. Profit for the previous year was burdened by an impairment loss on project property totaling SEK 95m. Restatement

according to IFRIC 15 had an impact on profit of SEK –53m (–24).

FINANCIAL INCOME AND EXPENSES

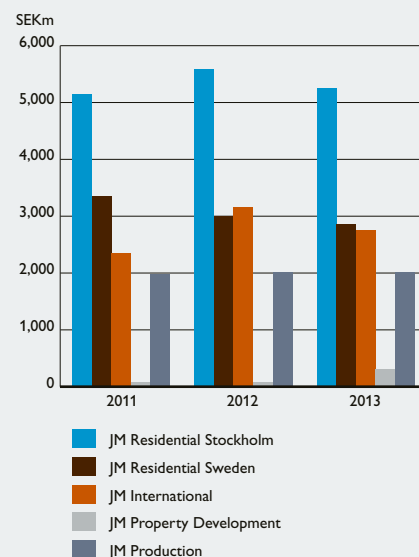
(2013: SEK –59m, 2012: SEK –56m)
Net financial items decreased by SEK 3m compared to the previous year due to an increase in interest expenses.

TAXES

(2013: SEK –360m, 2012: SEK –357m)
Reported tax expense was 25 percent in 2013, compared with 27 percent for 2012.

The difference between reported tax and the nominal tax rate for 2013 is primarily explained by a negative impact of SEK –24m, which is mainly attributable to the revaluation of deferred tax relating to a loss-carryforward and temporary differences within JM International.

REVENUE BY BUSINESS SEGMENT

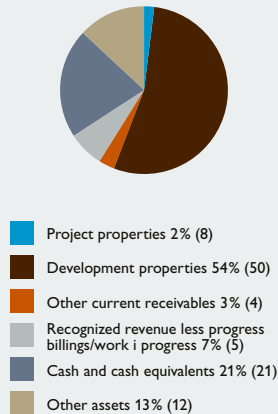


CONSOLIDATED BALANCE SHEET, SEKm	Note	12/31/2013	12/31/2012 ¹⁾	01/01/2012 ¹⁾
ASSETS	1 2			
Non-current assets				
Goodwill	11	186	205	202
Machinery and equipment	12	8	11	17
Participations in associated companies	13, 14	10	10	9
Financial assets	15, 16	17	18	18
Deferred tax receivables	27	15	10	69
Total non-current assets		236	254	315
Current assets				
Project properties	17	244	933	859
Development properties	17	5,988	5,769	5,816
Participations in tenant-owners associations, etc.	18	325	214	150
Accounts receivable	24	640	758	781
Other current receivables	19	386	449	265
Prepaid expenses and accrued income		17	16	19
Recognized revenue less progress billings	20	761	528	584
Work in progress	21	168	160	70
Cash and cash equivalents	22	2,385	2,475	2,437
Total current assets		10,914	11,302	10,981
TOTAL ASSETS		11,150	11,556	11,296
EQUITY AND LIABILITIES	2			
Equity attributable to shareholders of the Parent Company²⁾				
Share capital		80	84	83
Other capital contributions		818	789	779
Reserves		-91	-31	-23
Undistributed earnings (including net profit for the year)		3,648	3,551	3,546
Total shareholders' equity		4,455	4,393	4,385
Liabilities				
Long-term liabilities				
Long-term interest-bearing liabilities	23, 24	319	296	293
Other long-term receivables	23, 24	144	100	172
Provisions for pensions and similar obligations	25	920	931	841
Other non-current provisions	26	160	188	196
Deferred tax liabilities	27	1,032	1,113	1,243
Total non-current liabilities		2,575	2,628	2,745
Current liabilities				
Accounts payable	23, 24	600	587	637
Current interest-bearing liabilities	23, 24	504	581	566
Other current liabilities	23, 24	480	983	551
Current tax liabilities		174	273	214
Progress billings in excess of recognized revenue	28	1,296	1,155	1,317
Accrued expenses and deferred income	29	976	848	777
Current provisions	26	90	108	104
Total current liabilities		4,120	4,535	4,166
Total liabilities		6,695	7,163	6,911
TOTAL EQUITY AND LIABILITIES		11,150	11,556	11,296
Pledged assets and contingent liabilities	30			

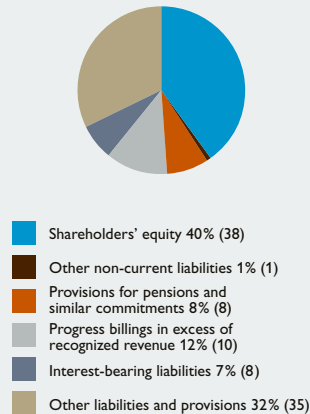
¹⁾ Defined-benefit pension liabilities (IAS 19) have been restated, see pages 92–93.

²⁾ Please see the section on Consolidated statement of changes in equity, page 64.

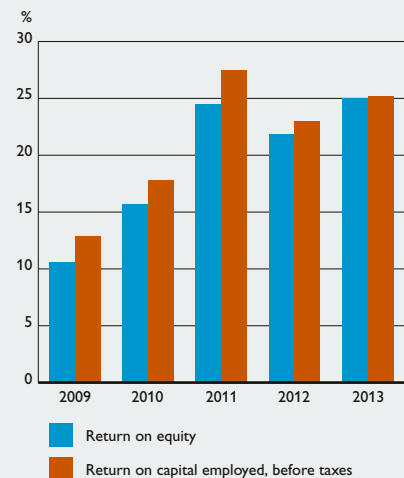
CONSOLIDATED ASSETS
12-31-2013



CONSOLIDATED CAPITAL STRUCTURE
12-31-2013



RETURN ON EQUITY AND CAPITAL EMPLOYED



COMMENTS

GOODWILL

(2013: SEK 186m, 2012: SEK 205m)

The reported goodwill pertains to goodwill at the acquisition of JM Norge AS, AS Prosjektfinans and Öie AS.

The change in 2013 refers exclusively to a change in the foreign exchange rate.

PROJECT PROPERTIES

(2013: SEK 244m, 2012: SEK 933m)

The portfolio of project properties decreased during the year due to a number of sales. In total, property was sold for a carrying value of SEK 570m with gains of SEK 5m. The properties remaining in the portfolio are primarily commercial properties in the Stockholm area.

An external appraiser calculated the market value to be SEK 294m (959) with a surplus value of SEK 50m (26).

DEVELOPMENT PROPERTIES

(2013: SEK 5,988m, 2012: SEK 5,769m)

In 2013 JM acquired development properties at relatively the same pace as the previous year. During the year JM acquired development properties for SEK 1,274 m (1,259), while development properties for SEK 1,017m (1,300) were transferred to production. All acquisitions consist of development properties intended for residential units.

The market value of the development properties shows a surplus value of SEK 2.4bn (2.6).

In all, JM has 17,800 residential building rights (17,400) on the balance sheet.

PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.

(2013: SEK 325m, 2012: SEK 214m)

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 98 (70), and relates mainly to JM Residential Stockholm and JM Residential Sweden.

RECOGNIZED REVENUE LESS PROGRESS BILLINGS

(2013: SEK 761m, 2012: SEK 528m)

The assets item refers to the net of accrued revenue in current projects and accumulated billing in these projects. Ongoing projects that show a positive balance are reported in this assets item.

WORK IN PROGRESS

(2013: SEK 168m, 2012: SEK 160m)

The net of expenses and invoicing/financing received in housing projects that have not been transferred to the customer are recognized in the balance sheet item, work in progress.

PENSION PROVISIONS

(2013: SEK 920m, 2012: SEK 931m)

IAS 19, which regulates the accounting of pension liabilities, was modified on 01/01/2013. The modified standard no longer allows unreported actuarial gains and losses. For JM this means that reported liabilities increased by SEK 283m in the closing balance for 2012 and by SEK 233m in opening balance in 2012. For annual and quarterly restatements for 2012, see pages 92–93. Debt decreased during the year primarily due to a changed assumption regarding the discount rate, which resulted in actuarial gains of SEK 44m, which were reported under other comprehensive income.

DEFERRED TAX LIABILITIES

(2013: SEK 1,032m, 2012: SEK 1,113m)

The deferred tax liabilities item refers, amongst other things, to the fiscal value of the difference between accounting and tax values (temporary differences) that will be realized in the future. In JM's case it is primarily related to tax allocation reserves, development properties and provisions for taxation not yet approved.

LONG-TERM INTEREST-BEARING LIABILITIES

(2013: SEK 319m, 2012: SEK 296m)

Refers primarily to long-term interest-bearing liabilities in JM International. No large changes compared to the previous year.

CURRENT INTEREST-BEARING LIABILITIES

(2013: SEK 504m, 2012: SEK 581m)

Refers primarily to short-term interest-bearing liabilities in JM International. No large changes compared to the previous year.

PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE

(2013: SEK 1,296m, 2012: SEK 1,155m)

The liability item refers to the net of accrued revenue in current projects and accumulated billing in these projects. Ongoing projects that show a negative balance are reported in this liability item.

CONSOLIDATED CASH FLOW STATEMENT, SEKm	Note	2013	2012
	1		
OPERATING ACTIVITIES			
Operating profit		1,523	1,374
Depreciation and amortization		5	8
Impairment losses		-	95
Other non-cash items		-70	1
Sub-total, cash flow from operating activities		1,458	1,478
Interest received		33	33
Dividends received		4	4
Interest paid and other financial expenses		-63	-60
Paid tax		-669	-330
Cash flow from operating activities before change in working capital		763	1,125
Investment in development properties, etc.		-2,913	-1,762
Payment on account for development properties, etc.		2,371	1,836
Increase/decrease in accounts receivable		118	23
Increase/decrease in other current receivables, etc.		-255	73
Increase/decrease in accounts payable		13	-51
Increase/decrease in other current operating liabilities		315	-90
Cash flow before investments and sales of project properties		412	1,154
Investment in project properties, etc.		-116	-175
Sale of project properties, etc.		602	0
Cash flow from operating activities		898	979
INVESTING ACTIVITIES			
Investment in property, plant, and equipment		-2	-2
Property, plant, and equipment sold		0	1
Change in financial assets		3	-1
Cash flow from investing activities		1	-2
FINANCING ACTIVITIES			
Loans raised		192	232
Amortization of debt		-126	-270
Redeemed options		1	0
Buy-back of own shares		-517	-359
Dividend		-537	-542
Cash flow from financing activities		-987	-939
Cash flow for the year		-88	38
Cash and cash equivalents, January 1		2,475	2,437
Exchange rate difference in cash and cash equivalents		-2	0
Cash and cash equivalents, December 31		2,385	2,475
INTEREST-BEARING NET LIABILITIES/RECEIVABLES	23		
Interest-bearing liabilities and provisions		1,743	1,808
Cash and cash equivalents		-2,385	-2,475
Interest-bearing net liabilities (+)/receivables (-), December 31		-642	-667

COMMENTS

OPERATING ACTIVITIES

(2013: SEK 898m, 2012: SEK 979m)

Cash flow from operating activities decreased to SEK 898m (979), primarily attributable to higher net investment in development properties.

Cash flow from operating activities (sub-total)

(2013: SEK 1,458m, 2012: SEK 1,478m)

Operating activities, before interest and tax, contributed SEK 1,458m (1,478), which is a decrease of SEK 20m after elimination of non-cash items. Cash flow from operating activities decreased compared with the previous year, primarily due to fewer housing starts.

Cash flow from operating activities before change in working capital

(2013: SEK 763m, 2012: SEK 1,125m)

Net interest received and paid increased from SEK –23m in 2012 to SEK –26m in 2013, attributable in part to increased interest expenses.

Paid tax increased from SEK –330m in 2012 to SEK –669m in 2013.

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

(2013: SEK –542m, 2012: SEK 74m)

JM invested in development properties for SEK –1,274m (–1,259). At the same time, SEK 1,017m (1,300) went into production in conjunction with project starts. Despite increased holdings of unsold residential units, the item results in a positive cash flow of SEK 6m (–204), primarily attributable to settled receivables for sold residential units.

Current receivables and liabilities

(2013: SEK 191m, 2012: SEK –45m)

Current receivables and liabilities had a total positive impact on cash flow of SEK 191m (–45), which is a change compared to the previous year of SEK 236m.

Net project properties

(2013: SEK 486m, 2012: SEK –175m)

During the year, project properties were sold for SEK 561m.

FINANCING ACTIVITIES

(2013: SEK –987m, 2012: SEK –939m)

During the year, cash dividends of SEK –537m were paid to shareholders, and buy-back of own shares was SEK –517m. Interest-bearing liabilities decreased net by SEK –54m.

OTHER NON-CASH ITEMS

	2013	2012
Gains/losses on the sale of property	–24	0
Changes in pension liability	–11	40
Other provisions, etc.	–35	–39
Total	–70	1

INVESTMENT IN DEVELOPMENT PROPERTIES, ETC.

	2013	2012
Investment in development properties	–1,274	–1,259
Acquisition of participations in tenant-owners associations	–1,213	–845
Change in promissory notes	–426	342
Total	–2,913	–1,762

PAYMENT ON ACCOUNT FOR DEVELOPMENT PROPERTIES, ETC.

	2013	2012
Payment on account for development properties	1,017	1,300
Sale of development properties	48	0
Change in receivables, development properties sold, etc.	203	–245
Sale of participations in tenant-owners associations	1,103	781
Total	2,371	1,836

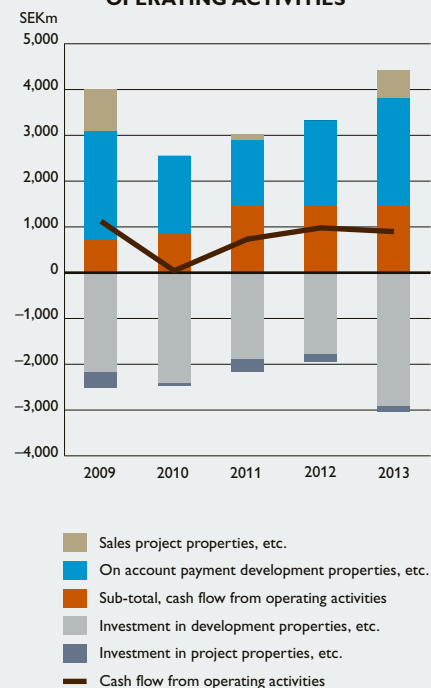
INVESTMENT IN PROJECT PROPERTIES, ETC.

	2013	2012
Investment in project properties	–118	–178
Adjustment for capitalized interest	2	3
Total	–116	–175

SALE OF PROJECT PROPERTIES, ETC.

	2013	2012
Sale of project properties	572	0
Transferred to production	143	–
Change in receivables	–113	–
Total	602	0

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
Opening balance 01/01/2012	83	779	-23	3,759	4,598
Effect of change in accounting principle, IAS 19	-	-	-	-213	-213
Reallocation	-	-	-6	6	-
Adjusted opening balance	83	779	-29	3,552	4,385
Total comprehensive income for the year	-	-	-2	900	898
Dividend to equity holders of the Parent Company	-	-	-	-542	-542
Conversion of convertible loan	1	9	-	-	10
Equity component of convertible debentures	-	1	-	-	1
Share-based payments regulated with equity instruments	-	-	-	0	0
Buy-back of shares	-	-	-	-359	-359
Closing balance 12/31/2012	84	789	-31	3,551	4,393
Opening balance 01/01/2013	84	789	-31	3,551	4,393
Total comprehensive income for the year	-	-	-60	1,147	1,087
Dividend to equity holders of the Parent Company	-	-	-	-537	-537
Conversion of convertible loan	0	28	-	-	28
Equity component of convertible debentures	-	1	-	-	1
Buy-back of shares	-	-	-	-517	-517
Elimination of repurchased shares	-4	-	-	4	-
Closing balance 12/31/2013	80	818	-91	3,648	4,455

As of January 1, 2013, changes to the accounting of defined-benefit pension plans in accordance with IAS 19 are applied. Refer to the conversion tables for the effect of the transition on equity in 2012 on pages 92–93.

COMMENTS

EQUITY

(2013: SEK 4,455m, 2012: SEK 4,393m)
Shareholders' equity increased by SEK 62m compared with the outcome of 2012. Consolidated equity as of December 31, 2013, totaled SEK 4,455m (4,393), which corresponds with SEK 57 (55) per share. Return on equity is 25.0 percent (21.9).

Total comprehensive income for the year

Please see the notes on the Consolidated income statement, page 59.

Translation difference

The change for the year amounts to SEK –60m (–2) and the accumulated translation difference in closing equity is SEK –91m (–31). The Swedish krona strengthened against the Norwegian krona and weakened slightly against the Danish krona and euro during the year.

Actuarial gains and losses on pensions included in comprehensive income for the year

Equity was impacted during the year by actuarial gains and losses on defined-benefit plans totaling SEK 43m (–61) net special employer's contribution and deferred tax. Actuarial gains on pension obligations during the year total SEK 55m (–62) and is due to the net of changed assumptions and experience-based changes, see Note 25.

	2013	2012
Actuarial gains and losses on pension obligations	44	–50
Special employer's contribution	11	–12
Total restatement of defined-benefit pensions	55	–62
Deferred tax	–12	1
Total	43	–61

Dividend to equity holders of the Parent Company

The dividend to equity holders of the Parent Company totaled SEK 537m (542), corresponding to SEK 6.75 (6.50) per share.

Conversion of convertible loan

During the year, 280,402 shares were converted in the 2009 and 2010 Convertible Programs and the 2009 and 2010 Warrant Programs. Share capital has thus increased by SEK 0m and other capital contributions by SEK 28m.

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 convertible debenture loan is reported in the balance sheet as a liability initially with the nominal amount excluding the equity component. Equity increased by SEK 1m upon conclusion of the subscription period.

Buy-back of shares and elimination of own shares

During the year 3,224,205 shares were bought back for a total of SEK 517m. At the beginning of September, the Annual General Meeting resolution on the reduction in the share capital by 4,129,962 shares was taken into effect. Share capital was thus reduced by SEK 4m and retained earnings increased by SEK 4m.

Holdings of own shares totaled 2,263,299 at the end of the year. The number of outstanding shares, excluding holdings of own shares, totals 77,550,383.

Consolidated equity in the balance sheet is broken down into:

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.

Company information

These annual accounts and consolidated accounts for JM AB were approved by the Board and the President on February 21 and will be presented for adoption at the 2014 Annual General Meeting. JM AB is a Swedish public limited company listed on NASDAQ OMX Stockholm, Large 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 are 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 cost, with the exception of certain financial instruments. Unless stated otherwise, all amounts are specified in millions of Swedish kronor (SEK).

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 applies the following new and modified standards as of 2013:

IFRS 13 Fair Value Measurement

The standard includes uniform rules for estimating and disclosing fair values. The new

standard has not had a substantial impact on JM's accounting.

Amendment to IAS 1 Presentation of Financial Statements. Requires separate subtotals in 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 are entirely recognized as liabilities in the consolidated balance sheet. Actuarial gains and losses are reported under other comprehensive income. For more information, please see pages 92–93 in the annual report.

Amendment to IAS 36 Impairment of Assets.

JM has opted to apply in advance the modifications regarding disclosures of recoverable amounts for cash-generating units with goodwill or intangible assets with an indefinite useful life.

Changes in effect commencing in 2014 and approved by the EU**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 have already been 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 will entail more comprehensive disclosure on subsidiaries, etc.

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 estimates and assumptions are important for the reported profits and financial position of each period.

Even the accounting of remuneration to employees/pensions and provisions for guarantee

commitments is based to a large extent on estimations 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 either 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. Transaction costs are expensed directly in the income statement.

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.

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 reported in other comprehensive income and accumulated in 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 currencies

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 translated 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/losses on the sale of property

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 and loss from residential project development

Project revenue 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-owner 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 and loss 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 revenue 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-owner 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 and loss 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 22.0 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.

The state income tax rate in Sweden was lowered as of 2013 to 22.0 percent.

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 indeterminate 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 properties and development properties

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

Note 1 cont.

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 in connection with production start. 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 cost 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 revenue 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 a finance lease or an operating lease. 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 operating 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. Taxes payable on pension costs, in JM's case the Swedish payroll tax on pension costs, are taken into account in the restatements of the pension obligations in accordance with the above.

Information about the period's pension obligations is provided in Note 25. Independent actuaries conduct annual calculations relating to the defined-benefit plans found at JM. Costs for service during the current or earlier periods and gains and losses from any settlements of pension plans are reported in profit for the period. Changes to actuarial gains and losses are reported under other comprehensive income.

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 the change in value is 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 that the maturity is not short. Accounts payable and similar current liabilities are thus recognized at nominal amounts. 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. 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 and/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 analysis. 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”. 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 Law on Safeguarding of Pension Commitments. Untaxed reserves are reported in full, i.e. they are not broken down into 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 the Swedish Accounting Standards Board's general guidelines. 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. As of 2012, Group contributions both paid and received are reported as appropriations.

NOTE 2 SEGMENT INFORMATION

The JM Group's business is managed and reported per business segment in accordance with the following.

- 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 ²⁾	Restatement JM International ³⁾	Total
Group 2013												
Revenue – external	5,254	2,860	314	1,479	-	9,907	2,745	-	12,652	-	-49	12,603
Revenue – internal	-	-	-	532	-532	-	-	-	-	-	-	-
Total revenue	5,254	2,860	314	2,011	-532	9,907	2,745	-	12,652	-	-49	12,603
Production and operating costs ¹⁾	-3,839	-2,480	-270	-1,863	532	-7,920	-2,441	-	-10,361	-	-4	-10,365
Gross profit	1,415	380	44	148	-	1,987	304	-	2,291	-	-53	2,238
Selling and administrative expenses ¹⁾	-248	-168	-20	-75	-	-511	-180	-48	-739	-	-	-739
Gains/losses on the sale of property	-	9	13	-	-	22	2	-	24	-	-	24
Impairment loss on properties	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	1,167	221	37	73	-	1,498	126	-48	1,576	-	-53	1,523
Financial income and expenses	-	-	-	-	-	-	-	-	-	-59	-	-59
Profit before tax									1,576	-59	-53	1,464
Taxes	-	-	-	-	-	-	-	-	-	-374	14	-360
Net profit for the year									1,576	-433	-39	1,104
Operating margin, %	22.2	7.7	-	3.6	-	-	4.6	-	12.5	-	-	12.1

¹⁾ Of which: depreciation of machinery and equipment

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Group 2012

Revenue – external	5,591	3,003	77	1,311	-	9,982	3,152	-	13,134	-	-654	12,480
Revenue – internal	-	-	-	695	-695	-	-	-	-	-	-	-
Total revenue	5,591	3,003	77	2,006	-695	9,982	3,152	-	13,134	-	-654	12,480
Production and operating costs ¹⁾	-4,309	-2,595	-46	-1,866	695	-8,121	-2,782	-	-10,903	-	630	-10,273
Gross profit	1,282	408	31	140	-	1,861	370	-	2,231	-	-24	2,207
Selling and administrative expenses ¹⁾	-241	-177	-19	-69	-	-506	-189	-43	-738	-	-	-738
Gains/losses on the sale of property	-	-	0	-	-	0	-	-	0	-	-	0
Impairment loss on properties	-	-	-95	-	-	-95	-	-	-95	-	-	-95
Operating profit	1,041	231	-83	71	-	1,260	181	-43	1,398	-	-24	1,374
Financial income and expenses	-	-	-	-	-	-	-	-	-	-56	-	-56
Profit before tax									1,398	-56	-24	1,318
Taxes	-	-	-	-	-	-	-	-	-	-371	14	-357
Net profit for the year									1,398	-427	-10	961
Operating margin, %	18.6	7.7	-	3.5	-	-	5.7	-	10.6	-	-	11.0

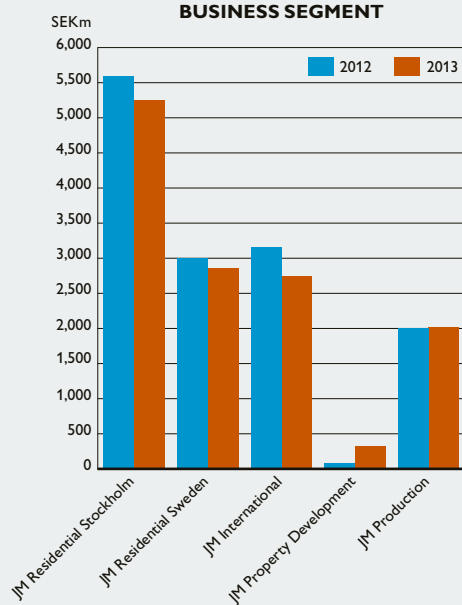
¹⁾ Of which: depreciation of machinery and equipment

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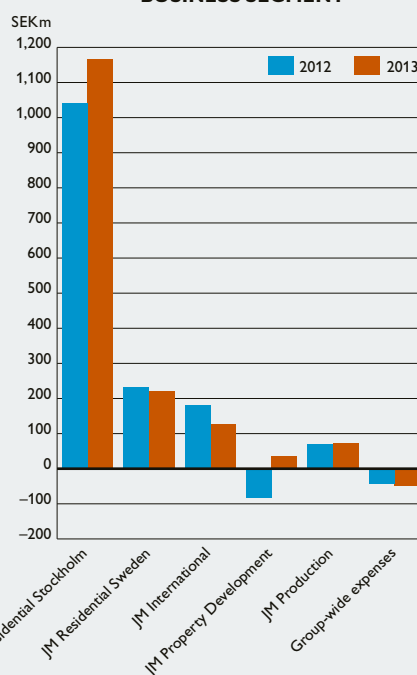
²⁾ Unallocated items within the Group pertain to financial income and expenses, as well as tax.

³⁾ 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 66–69.

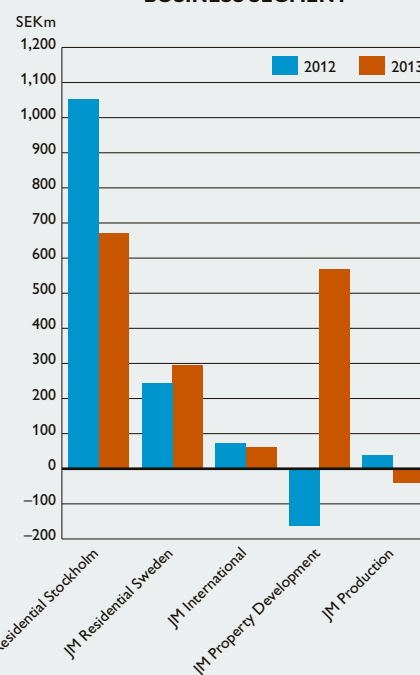
REVENUE BY BUSINESS SEGMENT



OPERATING PROFIT BY BUSINESS SEGMENT



OPERATING CASH FLOW BY BUSINESS SEGMENT



CONSOLIDATED BALANCE SHEET BY BUSINESS SEGMENT

	JM Residential Stockholm	JM Resid- ential Sweden	JM Property Develop- ment	JM Pro- duction	Sub- total Sweden	JM Inter- national	Total as stated in segment reporting	Unal- located items Group ⁴⁾⁵⁾	Restate- ment JM Inter- national ³⁾	Total Group
Group 12/31/2013										
ASSETS										
Non-current assets	-	-	-	-	-	186	186	44	6	236
Project properties	-	-	214	-	214	30	244	-	-	244
Development properties	3,051	1,358	39	55	4,503	1,485	5,988	-	-	5,988
Participations in tenant-owner associations, etc.	193	72	-	-	265	60	325	-	-	325
Current receivables	425	407	145	431	1,408	632	2,040	182	-250	1,972
Cash and cash equivalents	-	-	-	-	-	-	-	2,385	-	2,385
Total current assets	3,669	1,837	398	486	6,390	2,207	8,597	2,567	-250	10,914
TOTAL ASSETS	3,669	1,837	398	486	6,390	2,393	8,783	2,611	-244	11,150
EQUITY AND LIABILITIES										
Shareholders' equity	-	-	-	-	-	-	-	4,595	-140	4,455
Long-term liabilities	-	-	-	-	-	-	-	2,622	-47	2,575
Current liabilities	893	416	16	293	1,618	293	1,911	2,266	-57	4,120
TOTAL EQUITY AND LIABILITIES	893	416	16	293	1,618	293	1,911	9,483	-244	11,150
Total operating capital by business segment	2,776	1,421	382	193	-	2,100	-	-	-	-
Investment in machinery and equipment	-	-	-	-	-	-	-	2	-	2

Group 12/31/2012

ASSETS										
Non-current assets	-	-	-	-	-	205	205	44	5	254
Project properties	-	-	864	-	864	69	933	-	-	933
Development properties	2,904	1,333	61	17	4,315	1,454	5,769	-	-	5,769
Participations in tenant-owner associations, etc.	113	83	-	-	196	18	214	-	-	214
Current receivables	433	552	26	321	1,332	603	1,935	151	-175	1,911
Cash and cash equivalents	-	-	-	-	-	-	-	2,475	-	2,475
Total current assets	3,450	1,968	951	338	6,707	2,144	8,851	2,626	-175	11,302
TOTAL ASSETS	3,450	1,968	951	338	6,707	2,349	9,056	2,670	-170	11,556
EQUITY AND LIABILITIES										
Shareholders' equity	-	-	-	-	-	-	-	4,504	-111	4,393
Long-term liabilities	-	-	-	-	-	-	-	2,665	-37	2,628
Current liabilities	837	475	12	293	1,617	192	1,809	2,748	-22	4,535
TOTAL EQUITY AND LIABILITIES	837	475	12	293	1,617	192	1,809	9,917	-170	11,556
Total operating capital by business segment	2,613	1,493	939	45	-	2,157	-	-	-	-
Investment in machinery and equipment	-	-	-	-	-	-	-	2	-	2

	JM Resid- ential Stockholm	JM Resid- ential Sweden	JM Property Develop- ment	JM Pro- duction	JM Inter- national
Operating cash flow by business segment					
2013	671	294	567	-39	61
2012	1,051	243	-161	38	74

Income by country including adjustment according to IFRIC 15

	Sweden	Norway	Denmark	Finland	Belgium	Total
2013	9,907	2,299	53	193	151	12,603
2012	9,982	2,041	259	79	119	12,480

⁴⁾ 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.

⁵⁾ 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	2013	Of which men, %	2012	Of which men, %
Sweden	1,874	84	2,021	85
Norway	335	82	324	84
Denmark	8	75	13	69
Finland	20	70	17	71
Belgium	10	60	11	55
Total	2,247	84	2,386	84

	2013			2012		
Wages, salaries, other remuneration and social security expenses	Wages, salaries and remuneration	Social security expenses	Total	Wages, salaries and remuneration	Social security expenses	Total
Group (of which pension costs)	1,151	591 (208) ¹⁾	1,742	1,198	596 (216) ¹⁾	1,794

¹⁾ SEK 4.1m (4.4) of the Group's pension costs pertain to the Group Board of Directors and President. The Group's outstanding pension obligations to them amount to SEK 0.5m (0.5).

	2013			2012		
Wages, salaries and other remuneration by country and distribution between the Board and President and other employees	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Sweden	14	902	916	14	952	966
(of which variable remuneration)	(4)	(64)	(68)	(4)	(73)	(77)
Norway	2	207	209	3	202	205
(of which variable remuneration)	(1)	(21)	(22)	(1)	(20)	(21)
Denmark	1	6	7	2	12	14
(of which variable remuneration)	(0)	(1)	(1)	(0)	(1)	(1)
Finland	0	13	13	0	8	8
(of which variable remuneration)	(0)	(0)	(0)	(0)	(0)	(0)
Belgium	1	5	6	1	4	5
(of which variable remuneration)	(0)	(0)	(0)	(0)	(0)	(0)
Total Group	18	1,133	1,151	20	1,178	1,198
(of which variable remuneration)	(5)	(86)	(91)	(5)	(94)	(99)

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

JM's Board, excluding the President, consists of a total of eleven people, eight men and three women. Seven of these eleven people were elected by the Annual General Meeting, four men and three women. The other four are employee representatives, all of whom are men. The Chairman of the Board was paid SEK 815,000 (768,000) in Board fees. The other non-executive Board members (six people) were paid SEK 2,100,000 (1,905,000).

Remuneration to the President and Executive Management

Remuneration to the President and other members of Executive Management comprises basic salary, variable remuneration, other benefits and pension provisions. Remuneration to the President is drafted by the Compensation Committee and decided by the Board. Remuneration for other members of Executive Management is decided by the Compensation Committee. Remuneration 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 remuneration for the President for the 2013 financial year is built as follows: 60 percent 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 remuneration for the President for 2014 may amount to a maximum of SEK 2,580,000. Total short-term variable remuneration for the 2013 financial year was SEK 2,311,000 (1,717,000) to be paid during the spring of 2014. Short-term variable remuneration 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 remuneration varies between three and six monthly salaries, depending on position. The short-term variable remuneration for other members of Executive Management for 2014 may amount to a maximum of SEK 5.8m. The outcome of the short-term variable remuneration for other members of Executive Management for the 2013 financial year totals SEK 4.9m (4.3), to be paid during the spring of 2014.

In addition, long-term variable salary programs have been offered since 2009 to Executive Management (including the President). The long-term variable salary program, which was launched in 2010, amounted to a maximum of 42 percent of fixed salary, and is based on the Group financial results from 2012. The outcome was 100 percent of the possible maximum and payment was made in the spring of 2013 for a total of SEK 1,764,000 for the President and SEK 3.6m for the other members of Executive Management. The 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 financial results from 2013. The outcome was 88 percent and payment will be made in the spring of 2014 for a total of SEK 1,685,000 for the President and SEK 3.6m for the other members of Executive Management. The long-term variable salary program, which was launched in 2012, amounts to a maximum of 42 percent of fixed salary, and is based on the Group financial results from 2014. Payment will be made if appropriate in the spring of 2015, with a maximum of SEK 2,016,000 for the President and SEK 4.7m for other members of Executive Management. The long-term variable salary program, which was launched in 2013, amounts to a maximum of 42 percent of fixed salary, and is based on the Group financial results from 2015. Payment will be made if appropriate in the spring of 2016, with a maximum of SEK 2,102,000 for the President and SEK 5.3m for other members of Executive Management.

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. One member of Executive Management is entitled to retire at the age of 60 with 70 percent of basic salary until the day on which the person turns 65.

Notice periods/Severance pay

The period of notice for the President is twelve months in the event of termination by the Company. If no other employment has been secured by the end of the notice period, remuneration shall be paid for an additional twelve months. In the event of termination by the President, the notice period is six months. No additional remuneration 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 remuneration and pensions to the Board and Executive Management in 2013 and 2012.

SEK 000s	2013						SEK 000s	2012					
	Basic salary/ Board fees	Short-term variable remuneration ¹⁾	Long-term variable remuneration ²⁾	Other benefits	Pension cost	Total		Basic salary/ Board fees	Short-term variable remuneration ¹⁾	Long-term variable remuneration ²⁾	Other benefits	Pension cost	Total
<i>Chairman of the Board</i>							<i>Chairman of the Board</i>						
Lars Lundquist	815	-	-	-	-	815	Lars Lundquist	768	-	-	-	-	768
<i>Other Board members</i>							<i>Other Board members</i>						
Elisabet Annell Åhlund	205	-	-	-	-	205	Elisabet Annell Åhlund	405	-	-	-	-	405
Åsa Söderström Jerring	425	-	-	-	-	425	Torbjörn Torell	170	-	-	-	-	170
Anders Narvinger	400	-	-	-	-	400	Åsa Söderström Jerring	405	-	-	-	-	405
Kia Orback							Anders Narvinger	375	-	-	-	-	375
Pettersson	385	-	-	-	-	385	Kia Orback						
Johan Bergman	355	-	-	-	-	355	Pettersson	375	-	-	-	-	375
Kaj-Gustaf Bergh	150	-	-	-	-	150	Johan Bergman	175	-	-	-	-	175
Eva Nygren	180	-	-	-	-	180							
President	5,868	1,717	1,764	136	1,790	11,275	President	4,949	2,260	1,224	143	1,709	10,285
Others in Executive Management ³⁾	13,845	4,053	3,636	506	7,471	29,511	Others in Executive Management ³⁾	13,671	4,774	2,815	471	6,612	28,343
Total	22,628	5,770	5,400	642	9,261	43,701	Total	21,293	7,034	4,039	614	8,321	41,301

¹⁾ The short-term variable remuneration reported in the table relates to amounts paid in 2013. All payments in 2013 are attributable to the 2012 financial year.

²⁾ The long-term variable remuneration reported in the table relates to amounts paid in 2013. All payments in 2013 are attributable to the 2010-2012 financial years.

³⁾ JM's Executive Management, excluding the President, comprised a total of eight people in 2013, six men and two women.

¹⁾ The short-term variable remuneration reported in the table relates to amounts paid in 2012. All payments in 2012 are attributable to the 2011 financial year.

²⁾ The long-term variable remuneration reported in the table relates to amounts paid in 2012. All payments in 2012 are attributable to the 2009-2011 financial years.

³⁾ JM's Executive Management, excluding the President, comprised a total of eight people in 2012, six men and two women.

Convertible debentures for personnel

The 2013 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 75,249 convertible bonds for a nominal amount of around SEK 14m as well as 135 warrants were issued. The loan matures on June 20, 2017, and entitles the holders to subscribe to one JM share for each debt obligation for SEK 180 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
2009	371,917	20,301	-392,218	-	0	74.00	06-01-2011–05-24-2013
2010	227,045	5,320	-113,505	-	118,860	139.00	06-01-2012–05-22-2014
2011	114,195	5,198	-	-	119,393	214.00	06-02-2014–05-15-2015
2012	84,416	6,592	-	-	91,008	155.00	06-01-2015–05-20-2016
2013	75,249	135	-	-	75,384	180.00	06-01-2016–05-19-2017

NOTE 4 DEPRECIATION ACCORDING TO PLAN

	2013	2012
Machinery and equipment	- 5	- 8
Total	- 5	- 8

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

NOTE 5 FEES AND REMUNERATION TO AUDITORS

	2013	2012
Ernst & Young		
Auditing services	5.1	5.0
Tax advice	1.1	1.4
Other services	1.1	0.9
Total	7.3	7.3

NOTE 6 GAINS ON THE SALE OF PROPERTIES

	2013	2012
Realizable values		
Project properties	575	0
Development properties	48	-
Total	623	0
Carrying amount		
Project properties	- 570	-
Development properties	- 29	-
Total	- 599	-
Results		
Project properties	5	0
Development properties	19	-
Total	24	0

NOTE 7 IMPAIRMENT OF PROPERTIES

	2013	2012
Project properties	-	- 95
Total	-	- 95

Impairment loss in 2012 refers to project property in the Dalénium area of Lidingö.

NOTE 8 FINANCIAL INCOME AND EXPENSES

	Financial income	
	2013	2012
Dividend	4	4
Interest income	28	30
Realized exchange rate gains relating to debt receivable, international company	7	2
Change in value of revaluation of debt receivable and currency hedging	1	2
Gain from sale of shares in associated companies	2	0
Total	42	38
	Financial expenses	
	2013	2012
Interest expense attributable to loans, etc.	-58	-56
Interest portion in this year's pension costs	-35	-34
Realized exchange rate losses relating to debt receivable, international company	-3	-4
Change in value revaluation of debt receivable and currency hedging	-5	0
Total	-101	-94

NOTE 9 TAXES

	2013	2012
<i>Profit before tax</i>		
Sweden	1,434	1,186
International	30	132
Total	1,464	1,318
<i>Current tax</i>		
Sweden	-324	-364
International	-25	-44
Total	-349	-408
<i>Deferred tax</i>		
Sweden	-14	94
International	3	-43
Total	-11	51
<i>Total tax</i>		
Sweden	-338	-270
International	-22	-87
Total	-360	-357

Difference between reported tax and nominal tax rate 22% (26.3)

	2013	2012
Profit before tax 22% (26.3 2012)	-322	-347
Adjustment of tax from previous years	-8	0
Difference foreign tax	-3	-2
Non-taxable revenue	2	4
Non-deductible expenses	-3	-2
Tax untaxed reserve (tax allocation reserve)	-3	-4
Revaluation of deferred tax relating to lowered income tax in 2013 in Sweden and in 2014 in Norway	1	42
Revaluation deferred tax	-24	-48
Total	-360	-357

NOTE 10 EARNINGS AND DIVIDEND PER SHARE

	Basic		Diluted	
	2013	2012	2013	2012
Earnings per share, SEK	14.10	11.70	14.00	11.60

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 2013 is based on the net profit for the year of SEK 1,104m (961), and on a weighted average number of outstanding ordinary shares during 2013 amounting to 78,445,765 (82,414,682).

Number of shares	2013	2012
Total number of outstanding shares, January 1	80,494,186	83,379,407
Conversion and utilization of options	129,197	58,420
Buy-back of shares	-2,177,618	-1,023,145
Weighted average number of shares during the year, basic	78,445,765	82,414,682

Diluted earnings per share

Calculation of diluted earnings per share for 2013 is based on the net profit for the year of SEK 1,107m (966), and on a weighted average number of outstanding ordinary shares during 2013 amounting to 78,983,735 (83,298,832). Profit for the year is attributable in its entirety to shareholders of the Parent Company.

Net profit for the year	2013	2012
Profit for the year attributable to shareholders of the Parent Company	1,104	961
Adjustment of interest on convertible debentures (after tax)	3	5
Profit for the year attributable to shareholders of the Parent Company, diluted	1,107	966

Number of shares	2013	2012
Weighted average number of shares during the year, basic	78,445,765	82,414,682
Estimated number of potential shares for the convertible debenture and warrant program	537,970	884,150
Weighted average of the number of shares during the year, diluted	78,983,735	83,298,832

Outstanding number of shares and instruments with potential dilutive effects

At the end of 2013 JM had 77,550,383 outstanding shares (80,494,186). JM holds a total of 2,263,299 buy-back shares (3,169,056). At the beginning of September 2013, the Annual General Meeting resolution on the reduction in the share capital by 4,129,962 shares that the company held was taken into effect.

Instruments that may have a potentially dilutive effect include JM's four convertible programs (2010, 2011, 2012 and 2013) and JM's four warrant programs (2010, 2011, 2012 and 2013).

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 2010 convertible bond and warrant program is SEK 139, for the 2011 programs SEK 214, for the 2012 programs SEK 155 and for the 2013 programs SEK 180.

For more information about JM's convertible debenture and warrant program, see Note 1, Accounting and valuation principles and Note 3, Employees and personnel costs.

Cash dividend (proposed by the Board for 2013)	2013	2012
– per share, SEK	7.25	6.75
– total, SEKm	562	542

NOTE 11 GOODWILL

	2013	2012
<i>Accumulated cost</i>		
On January 1	205	202
Translation differences	-19	3
On December 31	186	205

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

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 Öie AS merged with JM Norge AS in 2013. These operations are considered fully integrated in JM Norge AS. The JM Norway Group is therefore the lowest cash-generating unit.

The carrying amount for the JM Norway Group was tested as of December 31, 2013, and the recoverable amount was found to exceed the carrying amount. Therefore no impairment loss for goodwill was necessary.

The recoverable amount was determined by calculating the value in use of the cash-generating unit. Value in use for goodwill attributable to the JM Norway Group was calculated based on discounted cash flows. Cash flow for the first two years, after 2013, 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 (2) 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 (11), 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 4 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 8 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 23 percent.

A sensitivity analysis of the discount rate shows that the discount rate would have to exceed about 21 percent (22) 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 12 MACHINERY AND EQUIPMENT

	2013	2012
<i>Accumulated cost</i>		
On January 1	80	78
New purchases	2	2
Translation differences	-2	0
Sales	-10	0
On December 31	70	80
<i>Accumulated depreciation according to plan</i>		
On January 1	-69	-61
Depreciation for the year	-5	-8
Translation differences	2	0
Sales	10	0
On December 31	-62	-69
Closing residual value according to plan	8	11

NOTE 13 PARTICIPATIONS IN ASSOCIATED COMPANIES

	2013	2012
<i>Accumulated cost</i>		
On January 1	10	9
New purchases	-	1
Sales	0	0
On December 31	10	10

NOTE 14 PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Specification of Parent Company's shares and participation in associated companies and joint ventures, SEK 000s

Company	Company identification number	Domicile	Number of shares and participations	% of capital	Carrying amount 2013	2012
AB Ramlösa Brunnsanläggning	556031-6274	Helsingborg	-	-	-	75
Adolfsbergs Brunns AB	556303-8685	Örebro	340	33	34	34
Dockan Exploatering AB ²⁾	556594-2645	Malmö	333	33	5,003	5,003
Exploateringsbolaget Högmora KB	916643-6254	Stockholm	1	25	31	31
Fastighetsbolaget Glasberga KB	916643-1842	Stockholm	1	25	101	101
Glasberga Fastighets AB	556361-0707	Södertälje	1,000	25	100	100
HB Silverdal Exploatering ¹⁾	969674-5802	Sollentuna			1	1
Högmora Exploaterings AB	556395-0707	Stockholm	1,000	25	100	100
Kvarnholmen Utveckling AB ²⁾	556710-5514	Stockholm	50,000	50	135,886	135,886
Kvibergstaden Exploatering HB ²⁾	969731-1695	Göteborg	1	50	1	1
Mälarstrandens Utvecklings AB ²⁾	556695-5414	Västerås	44	44	2,200	2,200
SMÅA AB	556497-1322	Stockholm	35,000	35	9,191	9,408
Carrying amount, December 31					152,648	152,940

¹⁾ Unlimited liability

²⁾ Joint ventures

Specification of the Group's other holdings of shares and participations in associated companies and joint ventures, SEK 000s

Company	Company identification number	Domicile	Number of shares and participations	% of capital	Carrying amount 2013	2012
Fagerborg Eiendom Lillestrøm AS, Norway	935267269	Lillestrøm	150	50	8,235	-
Fastighets AB Kranlyftet	556829-3251	Lidingö	250	50	135,226	135,226
Fjellgata 30 AS, Norway	997484983	Oslo	100	50	4,634	2,327
Fjellgata 30 KS, Norway	997485009	Oslo	100	45	2,209	6,474
Galoppfältet Exploatering AB	556833-6555	Stockholm	500	50	110,500	105,500
Grefsen Utvikling AS, Norway	982913209	Bærum	500	50	48,416	33,742
Hans Nielsen Haugesgate 50 AS, Norway	987719427	Bærum	120,000	50	20,281	21,584
Kjørbokollen Utbygging AS, Norway	981112326	Bærum	10,000	50	0	0
Landmannstorget, Norway	987598387	Asker	100	50	-22	-12
Larvik Saneringselskap AS, Norway	918044051	Larvik	100	50	1,934	2,007
Merbraine, Belgium	450160865	Brussels	625	50	267	267
Son Utvikling AS, Norway	990341419	Oslo	550	50	9,258	2,929
Spireaveien 6 Utvikling AS, Norway	998015340	Oslo	100	50	2,772	7,089
Spireaveien 6 Utvikling KS, Norway	998015375	Oslo	100	45	6,559	10,099
Strømmen Sentrum AS, Norway	911662256	Oslo	14,000	50	6,969	-
Carrying amount, December 31					357,238	327,232

Reclassification in the Group, primarily due to the proportional method

Carrying amount in the Group, December 31 **9,872** **10,164**

Note 14 cont.

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 revenue, expenses, assets and liabilities.

	2013	2012
Revenue	240	203
Expenses	-221	-196
Results	19	7
Development properties	1,151	1,141
Other assets	97	116
Cash and cash equivalents	56	33
Total assets	1,304	1,290
Long-term liabilities	384	371
Current liabilities	183	202
Total liabilities	567	573
Net assets	737	717

NOTE 15 FINANCIAL ASSETS

	2013	2012
<i>Accumulated cost</i>		
On January 1	18	18
Additional receivables	0	0
Settled receivables	-1	0
Reclassification	-	0
Translation differences	0	0
On December 31	17	18

Financial assets mainly relate to promissory notes.

NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

Specification of Parent Company's shares and participation in wholly owned Group companies, SEK 000s

Company	Company identification number	Domicile	Number of shares and participations	Carrying amount	
				2013	2012
AB Bergslussen	556854-1691	Stockholm	500	50	50
AB Borätt	556257-9275	Stockholm	500	1,978	1,978
AB Garantius	556073-0524	Stockholm	5,000	1,000	1,000
AB Kulsinter (previously Fabege Bällsta AB)	556066-7643	Stockholm	10,000	140,056	-
Bo Entreprenad AB	556807-5328	Stockholm	1,000	100	100
BRO Haifa 1 AB	556821-1949	Stockholm	1,000	45,476	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 ²⁾	556668-2463	Stockholm	-	-	93
Fastighets AB Havremust 2	556875-9483	Stockholm	500	94,286	94,286
Fastighetsbolaget Bohusmark KB	916443-1125	Göteborg	1	1,120	1,120
Fastighetsbolaget Grindtorp AB	556810-8764	Stockholm	500	112,915	-
Förvaltnings AB Sträckbommen	556900-8989	Stockholm	500	50	-
Grafiken i Stockholm AB	556149-6034	Stockholm	3,000	300	300
Grönkilen i Solna 4 AB ¹⁾	556746-8680	Stockholm	-	-	23,236
Huddinge Fabriken AB	556694-7049	Stockholm	1,000	41,276	-
InterBygg Göteborg AB	556561-5522	Stockholm	2,400	28,050	-
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	53,081	106,943
JM Entreprenad AB	556060-8837	Stockholm	200,000	107,750	107,750
JM Fastighetsutveckling Holding AB	556847-3259	Stockholm	500	50	50
JM Inredning i Stockholm AB	556202-8653	Stockholm	1,000	50	50
JM Kamarsadeln Holding AB	556853-8465	Stockholm	500	50	50
JM Norge AS, Norway	829350122	Oslo	20,000	127,687	127,687
JM Stombyggnad AB	556173-0564	Stockholm	1,000	113	113
JM Strandhusen AB ²⁾	556738-3939	Stockholm	-	-	108
JM Suomi OY, Finland	1974161-8	Helsinki	1,000	117,149	101,742
JM Värmdöstrand AB	556001-6213	Värmdö	4,400	158,000	158,000
JM Ålta Centrum AB ²⁾	556638-5380	Stockholm	-	-	564
JM Ålta Holding AB ²⁾	556638-5372	Stockholm	-	-	40,100
KB Silverfjädern	969676-7525	Stockholm	-	0	0
Klippjuset Holding AB	556872-0527	Stockholm	500	50	50
SBC Bo AB	556754-2138	Stockholm	700	3,550	3,550
Seniorgården AB	556359-9082	Stockholm	1,000	100	100
Sjölöten AB (previously Caila International AB)	556781-1996	Stockholm	1,000	40,665	-
Slussbron Ett AB	556749-2870	Stockholm	1,000	100	100
Slussbron Två AB	556749-2888	Stockholm	1,000	100	100
Slussbron Tre AB	556749-2896	Stockholm	1,000	100	100
Solventilen AB	556869-8327	Stockholm	500	50	50
Stockholm Pundet 1 AB	556852-1297	Stockholm	500	74,722	74,722
Tölö Ångar AB	556881-8388	Stockholm	50,000	34,853	-
Årstapaviljongen AB ¹⁾	556069-3425	Stockholm	-	-	142
Carrying amount, December 31				1,296,993	1,001,826

¹⁾ Group companies that have merged into JM AB.

²⁾ Group companies that have been wound down.

Specification of the Group's other holdings of shares and participations in wholly owned Group companies, SEK 000s

Company	Company identification number	Domicile	Number of shares and participations	Carrying amount	
				2013	2012
AB Våvnaden 1	556806-1419	Solna	50,000	1,183	1,183
AB Grammet 1	556806-1427	Solna	50,000	90,658	90,658
AB Konsthjulet (previously Klöverns Susanne AB)	556896-7466	Stockholm	50,000	10,800	-
Andebu Næring I AS, Norway	911783770	Tønsberg	100	18	-
Byggholt AS, Norway	991460012	Bærum	100	116	122
Damsgård Brygge Næring AS, Norway	911852691	Bergen	100	17	-
Fernanda Nissens Gate 5–7 DA, Norway	997364341	Bærum	100	40,368	787
Förvaltnings AB Hyresrätten 2	556810-9580	Stockholm	-	-	90,642
Förvaltnings AB Storskogen	556869-2098	Stockholm	-	-	50
Förvaltnings AB Valdor ²⁾	556742-1283	Stockholm	-	-	1,030
Förvaltnings AB Vilgur ²⁾	556220-7984	Stockholm	-	-	24,664
Förvaltnings AB Vistet ²⁾	556121-1979	Stockholm	-	-	17,743
Heggeodden Næring 1 AS Norway	999520847	Asker	100	28	35
JMN AS, Norway ¹⁾	998861179	Bærum	-	-	35
JM Norge Eiendom AS, Norway	987558733	Stavanger	1	501	825
JM Norge Entreprenør AS, Norway	934787889	Bærum	50	121	1,019
JM Vaxholm AB ²⁾	556390-9174	Stockholm	-	-	1,333
JM Värmdöstrand Holding AB ²⁾	556275-4696	Stockholm	-	-	396,014
Lervig Maritim Næring I AS, Norway	996294447	Stavanger	-	-	306
Lervig Maritim Næring II AS, Norway	996122999	Stavanger	-	-	374
Lervig Maritim Næring III AS, Norway	996040917	Stavanger	-	-	614
Mariastaden AB ²⁾	556228-8596	Stockholm	-	-	2,000
Månstrålen Holding AB	556072-9492	Stockholm	5,000	132,786	132,786
Naturtomter AS, Norway ¹⁾	930586595	Tønsberg	-	-	-1,616
Nenusab Holding AB	556924-5995	Stockholm	500	50	-
Nor-Invest AS, Norway	934223144	Tønsberg	514,396	571	600
Sjövikshöjdens Gruppbostad AB	556829-1016	Stockholm	-	-	100
Slussbron Ekonomisk förening	769613-7160	Stockholm	-	-	0
Stavanger Naeringselskap AS, Norway ¹⁾	968487272	Stavanger	-	-	13,657
Åldreboendet Fjäderholmsvyn AB	556826-3429	Stockholm	-	-	100
Øie AS, Norway	961314941	Rasta	1,000	127	185,741

¹⁾ Group companies that have merged.

²⁾ Group companies that have been wound down.

NOTE 17 PROJECT PROPERTIES AND DEVELOPMENT PROPERTIES

	Project properties ¹⁾		Development properties	
	2013	2012	2013	2012
<i>Accumulated cost</i>				
On January 1	1,028	859	6,019	6,217
New purchases	101	178	686	992
Corporate acquisitions	17	-	588	267
Reclassifications	-89	-10	61	-51
Translation differences	-5	1	-66	-13
Transferred to production	-143	-	-1,017	-1,393
Sales	-645	-	-29	-
On December 31	264	1,028	6,242	6,019
<i>Accumulated impairment losses</i>				
On January 1	-95	-	-250	-401
Reclassification	-	-	2	51
Transferred to production	-	-	-	93
Translation difference	-	-	-6	7
Sales	75	-	-	-
Impairment losses for the year	-	-95	-	-
On December 31	-20	-95	-254	-250
Closing residual value according to plan	244	933	5,988	5,769

¹⁾ Interest expenses added to the cost of project properties amounts to SEK 2m (3).

Reported residual value for the part of project properties recognized at net realizable value amounts to SEK 84m (360) and for development properties SEK 472m (654).

NOTE 18 PARTICIPATIONS IN TENANT-OWNER ASSOCIATIONS, ETC.

	2013	2012
<i>Accumulated cost</i>		
On January 1	214	150
New purchases	1,213	845
Translation difference	1	0
Sales	-1,103	-781
On December 31	325	214

The number of unsold homes on the balance sheet amounts to 98 (70).

NOTE 19 OTHER CURRENT RECEIVABLES

	2013	2012
Receivables from property sales	113	0
Receivables from participations sold in tenant-owner associations	107	311
Deposit investment development properties	94	80
Other	72	58
Total	386	449

NOTE 20 RECOGNIZED REVENUE LESS PROGRESS BILLINGS

	2013	2012
Recognized revenue in work in progress	4,107	3,111
Accumulated billing on account for work in progress	-3,346	-2,583
Total	761	528

NOTE 21 WORK IN PROGRESS

	2013	2012
Accumulated costs incurred	2,757	2,004
Accumulated billing on account for work in progress	-2,589	-1,844
Total	168	160

Work in progress only relates to projects within JM International.

NOTE 22 CASH AND CASH EQUIVALENTS

	2013	2012
Cash and bank balances	935	1,075
Short-term investments	1,450	1,400
Total	2,385	2,475

Short-term investments have a maturity between one day and three months.

NOTE 23 FINANCIAL LIABILITIES

Long-term interest-bearing liabilities	2013	2012
Liabilities to credit institutions maturity date 1–5 years from closing day	195	155
Long-term promissory notes, development properties 1–5 years	75	75
Convertible loan 1–5 years	49	66
Total	319	296

Current interest-bearing liabilities	2013	2012
Liabilities to credit institutions, interest-bearing – 1 year	488	498
Short-term promissory notes, development properties – 1 year	-	71
Convertible loan – 1 year	16	12
Total	504	581

Interest-bearing net liabilities/receivables	2013	Change	2012
Current interest-bearing liabilities	504	-77	581
Long-term interest-bearing liabilities	319	23	296
Transferred to pensions	920	-11	931
Less cash and cash equivalents	-2,385	90	-2,475
Interest-bearing net liabilities (+)/receivables (-), December 31	-642	25	-667

Other financial liabilities	2013	2012
Other non-current liabilities 1–5 years from closing day	144	100
Accounts payable	600	587
Derivative instruments, short-term	0	-
Short-term promissory notes, development properties	204	503
Other current liabilities	276	480
Total	1,224	1,670

Financial liabilities are divided into non-current and current liabilities, where current liabilities are due within one year. Other non-current liabilities relate to promissory notes for property acquisitions that become payable when various terms and conditions are met. See Note 24 Financial risk management and financial derivative instruments.

NOTE 24 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 risks for borrowing and cash and cash equivalents.
- Financing and liquidity risks pertaining to the Group's capital requirements.
- Currency risks pertaining to profit and net investments in foreign subsidiaries.
- Credit risks 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 financial policy guidelines.

The accounting principles are described in Note 1. The Risk and risk management section on pages 28–31 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, 2013, was 0.2 years (0.3).

Fair value on interest-bearing loans was SEK 823m (877). 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 12/31/2013.

Interest risk exposure, including derivatives

Year for interest conversion	2013		2012	
	Loan amount, SEKm	Average interest, %	Loan amount, SEKm	Average interest, %
2013	-	-	877	3.2
2014	823	3.0	-	-
Pension liability ¹⁾	920	4.0	931	3.8
Total	1,743	3.5	1,808	3.5

¹⁾ The discount rate for pension obligations is adjusted annually.

The average interest rate on interest-bearing liabilities as of 12/31/2013 including pension liabilities is 3.5 percent (3.5). 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 2014. 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 financial 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 22 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 1.5 to 2.5 years.

Binding loan commitments

Year of maturity	Overdraft		2014	2015	2016
	Total	facility			
Loan commitments, SEKm	2,800	400	800	950	650

The Group has unutilized approved credit lines of SEK 2,800m. The average maturity for credit agreements is 1.6 years.

The Group should maintain cash and cash equivalents, together with approved, unutilized credit lines, of at least 10 percent of JM's revenue 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 operations

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. No financial assets and liabilities have been offset.

Credit risks associated with accounts receivable

The JM Group's customers are mainly tenant-owner 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-owner 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 311m (432).

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 328m (321).

The provision for doubtful accounts receivable amounts to SEK 2.7m (3.6). During the year the Group used SEK 1.7m (4.7) of earlier provisions. Accounts receivable older than 60 days amounts to SEK 141m (113). Provision and utilization of the provision for doubtful accounts receivable were recognized in the income statement.

Aged accounts receivable

12/31/2013			≤ 30	31–60	61–90	> 90
SEKm	Nominal	Not due	days	days	days	days
Residential development	311	185	33	1	41	51
Contracting	328	260	14	4	5	45
Other	1	2	-	-	-	-1
Total	640	447	47	5	46	95
Number of invoices	1,295	732	111	31	34	387

12/31/2012			≤ 30	31–60	61–90	> 90
SEKm	Nominal	Not due	days	days	days	days
Residential development	432	287	47	24	13	61
Contracting	321	230	49	3	2	37
Other	5	5	-	-	-	0
Total	758	522	96	27	15	98
Number of invoices	1,575	1,041	170	47	24	293

Credit risk analysis customers

12/31/2013				
Interval	Number of customers	In % of number	In % of portfolio	
Exposure interval < SEK 1m	773	85	11	
Exposure interval SEK 1–5m	106	12	25	
Exposure interval > SEK 5m	27	3	64	
Total	906	100	100	

12/31/2012				
Interval	Number of customers	In % of number	In % of portfolio	
Exposure interval < SEK 1m	1,111	91	12	
Exposure interval SEK 1–5m	85	7	29	
Exposure interval > SEK 5m	29	2	59	
Total	1,225	100	100	

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, 2013 and 2012. 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 the 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.

Financial instruments	Category according to IAS 39 ¹⁾	12/31/2013 Carrying amount*	12/31/2012 Carrying amount*
Assets			
Financial assets	L&R	17	18
Of which other long-term receivables	L&R	17	18
Of which other long-term securities	AFS	0	0
Accounts receivable	L&R	640	758
Other current receivables	L&R / n/a	386	449
Of which derivative instruments ²⁾	FAVPL	1	1
Of which receivables from property sales	L&R	113	0
Of which other	n/a	272	448
Cash, cash equivalents, and short-term investments	L&R	2,385	2,475
Of which cash and bank balances	L&R	935	1,075
Of which short-term investments	L&R	1,450	1,400
Liabilities			
Long-term interest-bearing liabilities	FLAC	319	296
Of which convertible loan	FLAC	49	66
Of which other non-current interest-bearing loans	FLAC	270	230
Other long-term liabilities	FLAC	144	100
Accounts payable	FLAC	600	587
Current interest-bearing liabilities	FLAC	504	581
Other current liabilities	FLAC	480	983
Of which derivative instruments ²⁾	FLRIS	0	-
Of which other current liabilities	FLAC	480	983

* JM considers there to be no significant difference between the carrying amount and fair value.

¹⁾ 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

²⁾ 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 13.

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 12/31/2013. Currency derivatives for Group loans to international companies were measured at fair value to SEK 0.8m (0.6).

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 89.

Also see the "Business concept and strategy" and "The JM Share" sections.

NOTE 25 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.

JM used the “corridor” approach until December 31, 2012, which meant that the company was allowed to gradually amortize actuarial gains and losses onto the income statement and balance sheet. Actuarial gains and losses arise when the outcome deviates from the previous actuarial assumptions.

The “corridor” approach is no longer allowed in the revised IAS 19 that went into effect on January 1, 2013, with restated opening balance values for 2012. The pension liability is to be valued at fair value on the balance sheet, and the actuarial gains/losses reported via other comprehensive income. For JM this means a reduction in the 2012 opening balance of shareholders' equity of SEK 213m including social security expenses, 24.26%, and deferred tax. For the 2013 opening balance this means a reduction of shareholders' equity of SEK 274m including social security expenses and deferred tax. For annual and quarterly restatements for 2012, see pages 92–93.

Defined-contribution plans

These plans mainly comprise retirement pension and survivor's 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	2013	2012
Pension obligations, unfunded plans	920	931

Pension commitments and provisions for pension obligations as well as actuarial gains/losses for the defined-benefit pension plans have developed as follows:

Total pension commitments	2013	2012
On January 1	931	841
Benefits earned during the year	33	28
Interest expenses	35	34
Benefits paid	–35	–31
Actuarial gains (–), losses (+)	–44	59
On December 31	920	931

The actuarial gain in 2013 is primarily attributable to a new assumption about the discount rate.

Actuarial gains (–) and losses (+) will be reported under other comprehensive income	2013	2012
Opening balance	283	233
Actuarial gains (–) and losses (+) will be reported under other comprehensive income	–44	50
Accumulated	239	283

See also the note for shareholders' equity, which explains the special employer's contribution (24.26%) and the portion of tax that is reported under other comprehensive income.

Actuarial gains (+), losses (–)	2013	2012	2011	2010	2009
Total pension commitments	920	931	841	691	708
Plan assets, fair value	-	-	-	-	11
Experience adjustments, percentage of this year's unrecognized actuarial gains (+) and losses (–):					
Pension obligations, SEKm	2	–21	–14	–37	–10
Percent of total value of pension commitments, %	0.2	–2.3	–1.7	–5.3	–1.4
Plan assets, SEKm	-	-	-	-	–0.4
Percent of fair value of managed assets, %	-	-	-	-	–3.3

Pension costs	2013	2012
Benefits earned during the year	33	28
Interest on obligations	35	34
Pension costs, defined-benefit plans	68	62
Pension costs, defined-contribution plans	134	138
Social security expenses, defined-benefit and defined-contribution plans	42	42
Total	244	240

Of the above pension costs, SEK 35m (34) are recognized as a financial cost, which corresponds to the interest on the obligation.

JM expects cash flow for the pension provision in 2014 to be SEK –37m.

Actuarial assumptions

The most important actuarial assumptions as per closing day can be seen in the following table.

	Sweden	
%	2013	2012
Discount rate	4.00	3.75
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 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.

JM in Sweden uses life expectancy assumptions to calculate its pension liability, which in practical terms means that JM assumes that a man in Sweden who is currently 65 will live for 23 years after retirement and a woman for 25 years.

Sensitivity of the pension obligation to a change in the discount rate

Pension obligations as of 12/31/2013	920
The discount rate increases by 0.25%	883
The discount rate decreases by 0.25%	962

NOTE 26 OTHER PROVISIONS

	Warranty provisions	
	2013	2012
On January 1	296	300
Provisions	125	90
Reclassification	–94	-
Utilized during the year	–56	–91
Reversed provisions	–18	–3
Translation difference	–3	0
On December 31¹⁾	250	296

¹⁾ Of which short-term part of warranty provisions

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 majority of the warranty provisions have a duration of around 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 27 DEFERRED TAX ASSETS AND LIABILITIES¹⁾

	2013	2012
Deferred tax liability on tax allocation reserves ¹⁾	325	289
Other deferred tax liabilities*	850	979
Sub-total	1,175	1,268
Less deferred tax receivables	-143	-155
Net deferred tax liabilities	1,032	1,113
Deferred tax receivables	15	10
*Other deferred tax liabilities allocated to:		
Development properties ²⁾	349	346
Provision for taxation not yet approved ³⁾	471	617
Other current assets	30	16
Total	850	979

¹⁾ Defined-benefit pension plans have been restated, see pages 92–93.

²⁾ 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 610m, including SEK 171m that is time-based within an interval of 3–10 years.

³⁾ 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's impairment losses during the 2007–2009 years of assessment. In May 2013 one of these cases was decided in the Administrative Court of Appeal in favor of the National Tax Agency's claim of tax avoidance. The case referred to an increase in tax expense of SEK 167m for the current assessment year. JM paid the tax in 2013 and dissolved the provision for deferred tax that existed for the process. JM has not appealed the decision to the Supreme Administrative Court. The Swedish Tax Agency also submitted a motion to the Administrative Court for an additional four cases of tax avoidance.

NOTE 28 PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE

	2013	2012
Accumulated billing on account for work in progress	15,337	16,523
Recognized revenue in work in progress	-14,041	-15,368
Total	1,296	1,155

NOTE 29 ACCRUALS AND DEFERRED INCOME

	2013	2012
Personnel-related items	439	468
Prepaid rental income	14	19
Other accruals	523	361
Total	976	848

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2013	2012
Assets pledged to secure own provisions and liabilities		
Corporate mortgages	100	100
Property mortgages	533	386
Total	633	486
Contingent liabilities		
Guarantee commitments, other	4,758	4,894
Guarantees in connection with assignments	1,036	1,027
Payment and rental guarantees	74	77
Other contingent liabilities	14	13
Total	5,882	6,011

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-owner 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 Group has an obligation to acquire unsold participations in tenant-owner associations formed by JM six months after final inspection. This obligation ensures that the tenant-owner association can settle its short-term bank financing. Starting projects in stages, with requirements for a specific level of sales and reservations, reduces the risk of unsold units. See Note 18 Participations in tenant-owner associations, etc. for a summary of this year's purchases and sales.

A tenant-owner 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 31 RELATED PARTY DISCLOSURES

Related party disclosures can be seen in Notes 3 and 16. The Group's transactions with associated companies, over and above what is specified in Note 3 Employees and personnel costs, only addresses associated companies and joint ventures, are limited in scope and have occurred at market rates.

INCOME STATEMENT – PARENT COMPANY, SEKm	Note	2013	2012
Net sales	1	8,218	8,695
Production and operating costs	2	–6,439	–7,059
Gross profit		1,779	1,636
Selling and administrative expenses	2, 3, 4	–465	–456
Gains/losses on the sale of property	5	–51	0
Impairment loss on properties	6	-	–95
Operating profit		1,263	1,085
Result from financial items	7		
Result from Group companies		–50	4
Result from associated companies		6	34
Result from other financial assets		1	0
Result from financial current assets		34	44
Interest expenses and similar income statement items		–82	–59
Profit before appropriations and tax		1,172	1,108
Appropriations	8	–85	–152
Profit before tax		1,087	956
Taxes	9	–439	–297
Net profit for the year		648	659
STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY, SEKm			
		2013	2012
Net profit for the year		648	659
Other comprehensive income		-	-
Comprehensive income for the year		648	659
CASH FLOW STATEMENT – PARENT COMPANY, SEKm			
	Note	2013	2012
OPERATING ACTIVITIES	1		
Operating profit		1,263	1,085
Depreciation and amortization		2	3
Impairment losses		-	95
Other non-cash items		–4	–23
Sub-total, cash flow from operating activities		1,261	1,160
Interest received		32	42
Dividends received		53	85
Interest paid and other financial expenses		–52	–30
Paid tax		–592	–277
Cash flow from operating activities before change in working capital		702	980
Investment in development properties, etc.		–1,690	–1,050
Payment on account for development properties, etc.		2,095	1,329
Increase/decrease in other current receivables, etc.		1,429	41
Increase/decrease in other current operating liabilities		–1,417	–60
Cash flow before investments and sales of project properties		1,119	1,240
Investment in project properties, etc.		–4	–55
Sale of project properties, etc.		268	0
Cash flow from operating activities		1,383	1,185
INVESTING ACTIVITIES			
Change in property, plant, and equipment		0	–1
Investment in Group companies and associated companies, etc.		–465	–29
Change in financial assets		1	-
Cash flow from investing activities		–464	–30
FINANCING ACTIVITIES			
Loans raised		14	13
Amortization of debt		-	–52
Redeemed options		1	0
Buy-back of shares		–517	–359
Dividend		–537	–542
Cash flow from financing activities		–1,039	–940
Cash flow for the year		–120	215
Cash and cash equivalents, January 1		2,358	2,143
Cash and cash equivalents, December 31		2,238	2,358

BALANCE SHEET – PARENT COMPANY, SEKm	Note	2013	2012
ASSETS	1		
Non-current assets			
Plant, property, and equipment			
Equipment and other tools	10	2	3
Financial assets	11		
Participations in Group companies		1,297	1,002
Participations in associated companies		153	153
Long-term receivables in associated companies		43	43
Other long-term receivables		16	16
Deferred tax assets		32	-
		1,541	1,214
Total non-current assets		1,543	1,217
Current assets			
Project properties	12	96	413
Development properties	12	2,308	2,741
Participations in tenant-owners associations, etc.	13	265	196
Current receivables			
Accounts receivable		153	231
Other current receivables		177	379
Current interest-bearing receivables in Group companies		1,125	2,478
Recognized revenue less progress billings	14	515	417
Prepaid expenses and accrued income		15	13
		1,985	3,518
Cash and cash equivalents	15	2,238	2,358
Total current assets		6,892	9,226
TOTAL ASSETS		8,435	10,443
EQUITY AND LIABILITIES			
Shareholders' equity ¹⁾			
Share capital		80	84
Restricted equity		80	84
Share premium reserve		69	40
Undistributed earnings		1,970	2,351
Net profit for the year		648	659
Unrestricted equity		2,687	3,050
Total shareholders' equity		2,767	3,134
Untaxed reserves	16	1,474	1,313
Provisions			
Provisions for pensions and similar obligations	17	629	620
Deferred tax liabilities	9	-	4
Warranty provisions	18	181	218
		810	842
Liabilities			
Long-term liabilities			
Long-term interest-bearing liabilities	19	104	121
Other long-term liabilities		93	79
		197	200
Current liabilities			
Accounts payable		257	275
Current interest-bearing liabilities	19	16	83
Other current liabilities	20	215	508
Current interest-bearing liabilities to Group companies	19	871	2,419
Derivatives		0	-
Current tax liabilities		83	153
Progress billings in excess of recognized revenue	21	1,034	913
Accrued expenses and deferred income	22	711	603
		3,187	4,954
TOTAL EQUITY AND LIABILITIES		8,435	10,443
Pledged assets	23	169	169
Contingent liabilities	23	6,716	6,729

¹⁾ See the Statement of changes in equity – Parent Company.

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY, SEKm	Share capital	Share premium reserve	Undistributed earnings	Total share-holders' equity
Opening balance, January 1, 2012	83	30	3,252	3,365
Comprehensive income for the year	-	-	659	659
Dividend	-	-	-542	-542
Conversion of convertible loan	1	9	-	10
Equity component of convertible debentures	-	1	-	1
Share-based payments regulated with equity instruments	-	-	0	0
Buy-back of shares	-	-	-359	-359
Closing balance, December 31, 2012	84	40	3,010	3,134
Opening balance, January 1, 2013	84	40	3,010	3,134
Comprehensive income for the year	-	-	648	648
Dividend	-	-	-537	-537
Merger of Group companies	-	-	10	10
Conversion of convertible loan	0	28	-	28
Equity component of convertible debentures	-	1	-	1
Buy-back of shares	-	-	-517	-517
Elimination of repurchased shares	-4	-	4	-
Closing balance, December 31, 2013	80	69	2,618	2,767

Number of shares (1 vote/share) as of December 31, 2013, amounts to 79,813,682 (83,663,242), of which JM AB repurchased 2,263,299 shares (3,169,056) which do not participate in dividends. Par value per share is SEK 1.

The proposed dividend for 2013 is SEK 7.25 per share (6.75).

NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

Amounts in SEKm unless stated otherwise.

For the Parent Company's accounting policies, please refer to the Group's accounting and valuation principles on pages 66–69.

NOTE 2 EMPLOYEES AND PERSONNEL COSTS

	2013	2012
Average number of employees (all in Sweden)	1,427	1,545
of which men, %	(81)	(82)

Wages, salaries, other remuneration and social security expenses

Board of Directors and President	12	11
(of which variable compensation)	(3)	(3)
Other employees	709	745
(of which variable compensation)	(58)	(64)
Total salaries and other remuneration	721	756
(of which variable compensation)	(61)	(67)
Social security expenses	372	373
(of which pension costs)	(150) ¹⁾	(142)
Total Parent Company	1,093	1,129

¹⁾ Of the Parent Company's pension costs, SEK 2.2m (2.1) pertains to the Group's President. The Company's outstanding pension obligations to the President amount to SEK 0.5m (0.5). The Company has no pension costs or pension commitments to the rest of the Board.

For information about benefits to JM AB senior executives, please see the Group's Note 3.

NOTE 3 DEPRECIATION ACCORDING TO PLAN

	2013	2012
Equipment and other tools	–2	–3
Total	–2	–3

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

NOTE 7 RESULT FROM FINANCIAL ITEMS

	Result from Group companies		Result from associated companies		Result from other financial assets		Result from financial current assets		Interest expenses and similar income statement items		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Dividend	52	51	4	34	–	0	–	–	–	–	56	85
Sales	–	–	2	–	1	–	–	–	–	–	3	–
Share in profits	5	–23	–	–	–	–	–	–	–	–	5	–23
Impairment loss	–107	–24	–	–	–	–	–	–	–	–	–107	–24
Interest income	–	–	–	–	–	–	18	23	–	–	18	23
Income, reassessment of derivative	–	–	–	–	–	–	8	4	–	–	8	4
Interest income, Group companies	–	–	–	–	–	–	8	17	–	–	8	17
Interest expenses	–	–	–	–	–	–	–	–	–48	–29	–48	–29
Expenses, revaluation of derivative	–	–	–	–	–	–	–	–	–8	–4	–8	–4
Interest portion in this year's pension costs	–	–	–	–	–	–	–	–	–26	–26	–26	–26
Total	–50	4	6	34	1	0	34	44	–82	–59	–91	23

NOTE 8 APPROPRIATIONS

	2013	2012
Appropriation to tax allocation reserve	–370	–350
Reversal of previous years' appropriation to tax allocation reserve	209	129
Group contribution received	76	69
Total	–85	–152

NOTE 4 FEES AND REMUNERATION TO AUDITORS

	2013	2012
Ernst & Young		
Auditing services	3.0	3.0
Tax services	0.3	0.5
Other services	0.3	0.2
Total	3.6	3.7

NOTE 5 GAINS ON THE SALE OF PROPERTIES

	2013	2012
Sales values		
Project properties	270	23
Development properties	6	18
Total	276	41
Carrying amount		
Project properties	–321	–23
Development properties	–6	–18
Total	–327	–41
Results		
Project properties	–51	0
Development properties	0	–
Total	–51	0

NOTE 6 IMPAIRMENT OF PROPERTIES

	2013	2012
Project properties	–	–95
Total	–	–95

Impairment loss in 2012 refers to project property in the Dalén area of Lidingö.

NOTE 9 TAXES

	2013	2012
Profit before tax	1,087	956
Current tax	-487	-361
Deferred tax	48	64
Total tax	-439	-297
Difference between reported tax and nominal tax rate 22 percent		
Profit before tax × 22% (26.3% 2012)	-239	-252
Adjustment of tax from previous years	-184	-40
Non-taxable revenue	13	23
Non-deductible expenses	-26	-15
Tax untaxed reserve (tax allocation reserve)	-3	-4
Revaluation of deferred tax relating to lowered income tax 2013	-	-9
Total	-439	-297

The Swedish Tax Agency conducted an audit in 2008 and 2009 for the fiscal years 2006–2008. In 2012 JM AB received the ruling by the Administrative Court of Appeal regarding a decision on an assessment for arrears by the Swedish Tax Agency which JM AB had appealed. The Administrative Court cleared a small part (SEK 20m) of the appealed assessment for arrears. JM AB appealed the remaining portion to the Administrative Court of Appeal, which in 2012 upheld the Administrative Court's ruling. As a result, JM expensed the outcome of the ruling under the item, adjustment of tax from previous years, SEK 40m. In 2013 JM AB appealed the ruling to the Supreme Administrative Court, but was denied leave to appeal. In May 2013 another case was decided in the Administrative Court of Appeal in favor of the

National Tax Agency's claim of tax avoidance. The case referred to an increase in tax expense of SEK 167m for the current assessment year. JM AB paid the taxes in 2013 and expensed the outcome of the ruling under the item, adjustment of tax from previous year, SEK 187m including interest expenses. JM has not appealed the ruling to the Supreme Administrative Court. JM previously made provisions at the Group level for a negative outcome.

Deferred tax assets and liabilities	2013	2012
Deferred tax assets attributable to personnel-related provisions and warranty provisions	-35	-46
Deferred tax liability attributable to temporary differences in project properties and development properties	3	50
Net deferred tax assets	-32	4

NOTE 10 EQUIPMENT AND OTHER TOOLS

	2013	2012
Accumulated cost		
On January 1	35	35
New purchases	1	0
Sales	-10	-
On December 31	26	35
Accumulated depreciation according to plan		
On January 1	-32	-29
Depreciation for the year	-2	-3
Sales	10	-
On December 31	-24	-32
Closing residual value according to plan	2	3

NOTE 11 FINANCIAL ASSETS

	Participations in Group companies		Participations in associated companies and joint ventures		Long-term receivables in associated companies		Other long-term securities		Long-term receivables		Deferred tax assets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Accumulated cost														
On January 1	1,002	999	153	151	43	43	0	0	16	16	-	-	1,214	1,209
New purchases	478	27	-	2	-	-	-	-	-	-	-	-	478	29
Additional receivables	-	-	-	-	-	-	-	-	-	-	32	-	32	-
Merger	-35	-	-	-	-	-	-	-	-	-	-	-	-35	-
Sales	-41	0	0	0	-	-	0	-	-	-	-	-	-41	0
Impairment losses for the year	-107	-24	-	-	-	-	-	-	-	-	-	-	-107	-24
On December 31	1,297	1,002	153	153	43	43	0	0	16	16	32	-	1,541	1,214

For specification of the Parent Company's and the Group's participation in associated companies, joint ventures and Group companies, see the Group's Notes 14 and 16.

NOTE 12 PROJECT PROPERTIES AND DEVELOPMENT PROPERTIES

	Project properties		Development properties	
	2013	2012	2013	2012
Accumulated cost				
On January 1	508	478	2,788	3,322
New purchases	4	55	307	409
Merger	-	-	56	-
Reclassifications	-	-2	-2	-51
Transferred to production	-	-	-790	-874
Sales	-396	-23	-6	-18
On December 31	116	508	2,353	2,788
Accumulated impairment losses				
On January 1	-95	-	-47	-191
Reclassifications	-	-	2	51
Transferred to production	-	-	-	93
Sales	75	-	-	-
Impairment losses for the year	-	-95	-	-
On December 31	-20	-95	-45	-47
Closing residual value according to plan	96	413	2,308	2,741

Reported residual value for the part of project properties recognized at net realizable value amounts to SEK 84m (360) and for development properties SEK 184m (376).

NOTE 13 PARTICIPATIONS IN TENANT-OWNER ASSOCIATIONS, ETC.

	2013	2012
Accumulated cost		
On January 1	196	145
New purchases	1,160	826
Sales	-1,091	-775
On December 31	265	196

NOTE 14 RECOGNIZED REVENUE LESS PROGRESS BILLINGS

	2013	2012
Recognized revenue in work in progress	2,495	2,354
Accumulated billing on account for work in progress	-1,980	-1,937
Total	515	417

NOTE 15 CASH AND CASH EQUIVALENTS

	2013	2012
Cash and bank balances	788	958
Short-term investments	1,450	1,400
Total	2,238	2,358

Short-term investments have a maturity of between one day and up to three months.

NOTE 16 UNTAXED RESERVES

	2013	2012
Tax allocation reserve for 2008 taxation	-	209
Tax allocation reserve for 2009 taxation	79	79
Tax allocation reserve for 2010 taxation	180	180
Tax allocation reserve for 2011 taxation	225	225
Tax allocation reserve for 2012 taxation	270	270
Tax allocation reserve for 2013 taxation	350	350
Tax allocation reserve for 2014 taxation	370	-
Total	1,474	1,313

NOTE 17 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

	2013	2012
On January 1	620	609
Benefits earned during the period	18	17
Interest expenses	23	22
Pensions paid	-33	-30
Other	1	2
On December 31	629	620

In the Parent Company, the ITP plan is posted as a liability under pension provisions.

NOTE 18 WARRANTY PROVISIONS

	2013	2012
On January 1	218	226
Provisions	92	74
Reclassification	-94	-
Utilized during the year	-35	-80
Reversed provisions	-	-2
On December 31	181	218

NOTE 19 INTEREST-BEARING LIABILITIES

Long-term interest-bearing liabilities	2013	2012
Other liabilities 1–5 years from closing day	55	55
Convertible loan 1–5 years	49	66
Total	104	121

Current interest-bearing liabilities	2013	2012
Other current liabilities	-	71
Convertible loan 1 year	16	12
Liabilities to Group companies	871	2,419
Total	887	2,502

Liabilities to credit institutions, confirmed credits

Credit agreement	2013	2012
Bank overdraft facility	400	400
Granted credit agreement maturity within 1 year	800	350
Granted credit agreement maturity more than 1 year	1,600	2,050
Unused part	-2,800	-2,800
Utilized credit agreement	-	-

Credit agreements carry fixed interest.

NOTE 20 OTHER CURRENT LIABILITIES

	2013	2012
Short-term promissory notes, development properties	53	126
Other current liabilities	162	382
Total	215	508

NOTE 21 PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE

	2013	2012
Accumulated billing on account for work in progress	13,128	14,597
Recognized revenue in work in progress	-12,094	-13,684
Total	1,034	913

NOTE 22 ACCRUALS AND DEFERRED INCOME

	2013	2012
Personnel-related items	302	327
Prepaid rental income	8	8
Other accruals	401	268
Total	711	603

NOTE 23 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2013	2012
Assets pledged to secure own provisions and liabilities		
Corporate mortgages ¹⁾	100	100
Property mortgages	69	69
Total	169	169

Contingent liabilities

Guarantee commitments, other ²⁾	4,757	4,894
Guarantees on behalf of Group companies ³⁾	1,640	1,457
Guarantees in connection with assignments	301	355
Payment and rental guarantees	4	9
Other contingent liabilities	14	14
Total	6,716	6,729

^{1,2)} See the Group's Note 30 for comments.

³⁾ Guarantees on behalf of Group companies mainly relate to commitments for international companies and JM Entreprenad AB.

NOTE 24 RELATED PARTY DISCLOSURES

The Parent Company has a related party relationship with its subsidiaries and associated companies; see Group Notes 14 and 16.

	2013	2012
Purchase of goods and services from Group companies	532	695
Interest income from Group companies	8	17
Dividend from Group companies	52	51
Share in profits from Group companies	5	-23
Dividend from associated companies	4	34
Long-term receivables in associated companies	43	43
Current interest-bearing receivables in Group companies	1,125	2,478
Current interest-bearing liabilities to Group companies	871	2,419
Guarantees on behalf of Group companies	1,640	1,457

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 SEKm unless stated otherwise.

INCOME STATEMENT	2013	2012	2011	2010	2009
Revenue	12,603	12,480	12,001	9,136	9,620
Production and operating costs	–10,365	–10,273	–9,798	–7,608	–8,361
Gross profit	2,238	2,207	2,203	1,528	1,259
Selling and administrative expenses	–739	–738	–717	–649	–615
Gains/losses on the sale of property	24	0	27	28	89
Impairment loss on properties	–	–95	–	–	–87
Operating profit	1,523	1,374	1,513	907	646
Financial income and expenses	–59	–56	–50	–67	–117
Profit before tax	1,464	1,318	1,463	840	529
Taxes	–360	–357	–421	–246	–164
Net profit for the year	1,104	961	1,042	594	365

INCOME STATEMENT BY FUNCTION

Production					
Recognized revenue	12,431	12,311	11,840	9,016	9,486
Production costs	–10,257	–10,168	–9,668	–7,498	–8,237
Profit from production operations	2,174	2,143	2,172	1,518	1,249
Development properties					
Rental revenue	101	92	88	58	65
Operating expenses	–41	–41	–51	–38	–34
Property tax	–25	–20	–23	–21	–21
Profit from development properties	35	31	14	–1	10
Project properties					
Rental revenue	71	77	73	62	69
Operating expenses	–39	–41	–54	–48	–66
Property tax	–3	–3	–2	–3	–3
Profit from project properties	29	33	17	11	0
Gross profit	2,238	2,207	2,203	1,528	1,259
Selling and administrative expenses	–691	–695	–674	–614	–569
Property sales					
Realizable values	623	0	142	80	665
Carrying amounts	–599	–	–115	–52	–576
Gains/losses on the sale of property	24	0	27	28	89
Impairment loss on properties	–	–95	–	–	–87
Group-wide expenses	–48	–43	–43	–35	–46
Operating profit	1,523	1,374	1,513	907	646

BALANCE SHEET ¹⁾	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009
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ASSETS

Non-current assets	236	254	315	219	259
Project properties	244	933	859	661	596
Development properties	5,988	5,769	5,816	5,374	4,990
Participations in tenant-owner associations, etc.	325	214	150	115	353
Current receivables ²⁾	1,972	1,911	1,719	1,437	1,659
Cash and cash equivalents	2,385	2,475	2,437	2,087	2,030
Total current assets	10,914	11,302	10,981	9,674	9,628
TOTAL ASSETS	11,150	11,556	11,296	9,893	9,887

EQUITY AND LIABILITIES³⁾

Shareholders' equity	4,455	4,393	4,598	3,923	3,637
Long-term interest-bearing liabilities	319	296	293	258	326
Other long-term liabilities	144	100	172	218	113
Long-term provisions	2,112	2,232	2,123	1,833	1,682
Total non-current liabilities	2,575	2,628	2,588	2,309	2,121
Current interest-bearing liabilities	504	581	566	514	951
Other current liabilities	3,526	3,846	3,440	3,036	3,045
Current provisions	90	108	104	111	133
Total current liabilities	4,120	4,535	4,110	3,661	4,129
TOTAL EQUITY AND LIABILITIES	11,150	11,556	11,296	9,893	9,887

¹⁾ Defined-benefit pension liabilities have been restated for 2012, see pages 92–93.²⁾ Of which receivables from property sales³⁾ Of which liabilities for property acquisition

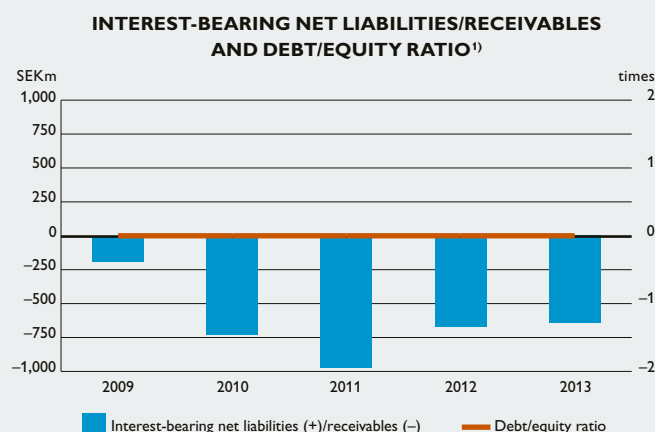
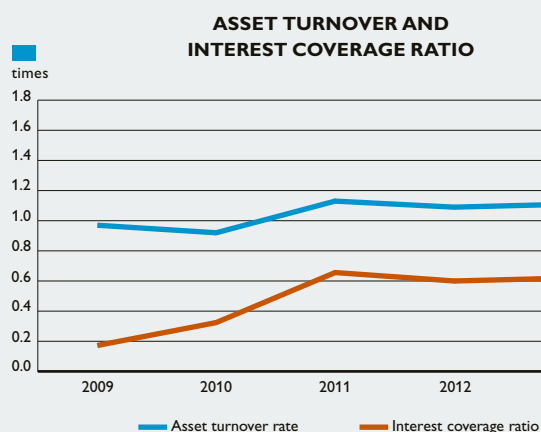
CASH FLOW STATEMENT	2013	2012	2011	2010	2009
From operating activities	898	979	733	42	1,124
From investing activities	1	-2	-93	7	-51
From financing activities	-987	-939	-290	13	-158
Total cash flow for the year	-88	38	350	62	915
Cash and cash equivalents, December 31	2,385	2,475	2,437	2,087	2,030
INTEREST-BEARING NET LIABILITIES/RECEIVABLES¹⁾					
Interest-bearing net liabilities (+)/receivables (-), January 1	-667	-737	-730	-189	842
Change in interest-bearing net liabilities/receivables	25	70	-240	-541	-1,031
Interest-bearing net liabilities (+)/receivables (-), December 31	-642	-667	-970	-730	-189
DEVELOPMENT PROPERTIES					
Carrying amount, January 1	5,769	5,816	5,374	4,990	5,620
New purchases	1,274	1,259	1,585	1,655	428
Transferred to production	-1,017	-1,300	-1,113	-1,080	-910
Impairment losses	-	-	-	-	-87
Other	-38	-6	-30	-191	-61
Carrying amount, December 31	5,988	5,769	5,816	5,374	4,990
HOUSING PRODUCTION					
Number of available building rights	27,700	26,600	27,200	27,500	27,900
– of which recognized in the balance sheet	17,800	17,400	17,600	17,600	18,400
Number of residential units sold	3,265	2,952	3,112	3,276	3,291
Number of housing starts	2,953	3,163	3,629	3,404	2,150
Number of residential units in current production	5,609	5,988	6,401	5,431	3,744
Percentage sold residential units in current production, %	54	55	60	64	54
Percentage reserved residential units in current production, %	17	11	8	18	25
Percentage sold and reserved residential units in current production, %	71	66	68	82	79
PROJECT PROPERTIES					
Market values	294	959	854	685	610
Carrying amount	244	933	859	661	596
Surplus values before deferred tax	50	26	-5	24	14
PERSONNEL					
Average number of employees	2,247	2,386	2,331	2,043	2,095
– of which abroad	373	365	306	246	247
Wages, salaries and remunerations	1,151	1,198	1,084	924	969
KEY RATIOS¹⁾					
Operating margin, % ²⁾	12.1	11.0	12.6	9.9	6.7
Return on equity after tax, %	25.0	21.9	24.5	15.7	10.6
Pre-tax return on capital employed, %	25.2	23.0	27.5	17.8	12.9
Pre-tax return on total capital, %	13.8	12.4	14.7	9.7	6.9
Equity/assets ratio, % ²⁾	40	38	41	40	37
Interest-bearing loan, SEK m	1,743	1,808	1,467	1,357	1,842
Debt/equity ratio, times	-	-	-	-	-
Interest coverage ratio, times	15.5	15.0	16.4	8.1	4.3
Interest-bearing liabilities/total assets, %	16	16	13	14	19
Asset turnover rate, times	1.11	1.09	1.13	0.92	0.97

¹⁾ Defined-benefit pension liabilities have been restated for 2012, see pages 92–93.

²⁾ Financial targets:

The operating margin should amount to 10 percent, including gains/losses from property sales.

The visible equity ratio should amount to 35 percent over a business cycle.



¹⁾ Defined-benefit pension liabilities have been restated for 2012, see pages 92–93.

Amounts in SEKm unless stated otherwise.

INCOME STATEMENT	2013					2012				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Revenue	12,603	3,891	2,618	3,396	2,698	12,480	3,439	3,108	2,946	2,987
Production and operating costs	-10,365	-3,165	-2,122	-2,830	-2,248	-10,273	-2,800	-2,598	-2,403	-2,472
Gross profit	2,238	726	496	566	450	2,207	639	510	543	515
Selling and administrative expenses	-739	-187	-153	-216	-183	-738	-180	-151	-221	-186
Gains/losses on the sale of property	24	2	1	-	21	0	-	-	-	0
Impairment loss on properties	-	-	-	-	-	-95	-95	-	-	-
Operating profit	1,523	541	344	350	288	1,374	364	359	322	329
Financial income and expenses	-59	-12	-18	-14	-15	-56	-14	-17	-12	-13
Profit before tax	1,464	529	326	336	273	1,318	350	342	310	316
Taxes	-360	-120	-88	-87	-65	-357	-91	-94	-83	-89
Profit for the period	1,104	409	238	249	208	961	259	248	227	227

BALANCE SHEET ¹⁾	12/31/2013	09/30/2013	06/30/2013	03/31/2013	12/31/2012	09/30/2012	06/30/2012	03/31/2012
ASSETS								
Non-current assets	236	234	241	243	254	296	311	312
Project properties	244	771	889	906	933	1,000	984	925
Development properties	5,988	6,142	6,314	6,224	5,769	5,722	5,939	5,798
Participations in tenant-owner associations, etc.	325	401	439	327	214	193	147	168
Current receivables	1,972	2,239	2,211	1,906	1,911	1,889	2,154	1,860
Cash and cash equivalents	2,385	1,600	1,607	2,153	2,475	2,022	1,767	2,469
Total current assets	10,914	11,153	11,460	11,516	11,302	10,826	10,991	11,220
TOTAL ASSETS	11,150	11,387	11,701	11,759	11,556	11,122	11,302	11,532
EQUITY AND LIABILITIES								
Shareholders' equity	4,455	4,122	4,030	4,416	4,393	4,281	4,178	4,614
Long-term interest-bearing liabilities	319	290	288	305	296	293	332	340
Other long-term liabilities	144	170	171	131	100	109	163	173
Long-term provisions	2,112	2,207	2,166	2,328	2,232	2,346	2,326	2,306
Total non-current liabilities	2,575	2,667	2,625	2,764	2,628	2,748	2,821	2,819
Current interest-bearing liabilities	504	618	692	684	581	688	742	635
Other current liabilities	3,526	3,862	4,248	3,787	3,846	3,300	3,460	3,359
Current provisions	90	118	106	108	108	105	101	105
Total current liabilities	4,120	4,598	5,046	4,579	4,535	4,093	4,303	4,099
TOTAL EQUITY AND LIABILITIES	11,150	11,387	11,701	11,759	11,556	11,122	11,302	11,532

CASH FLOW STATEMENT	2013					2012				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
From operating activities	898	974	111	122	-309	979	675	442	-140	2
From investing activities	1	0	-1	2	0	-2	0	0	-2	0
From financing activities	-987	-189	-116	-671	-11	-939	-225	-184	-560	30
Total cash flow for the period	-88	785	-6	-547	-320	38	450	258	-702	32
Cash and cash equivalents at end of the period	2,385	2,385	1,600	1,607	2,153	2,475	2,475	2,022	1,767	2,469

INTEREST-BEARING NET LIABILITIES/RECEIVABLES ¹⁾	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Interest-bearing net liabilities (+)/receivables (-) at beginning of period	-667	265	320	-225	-667	-737	-171	168	-643	-737
Change in interest-bearing net liabilities/receivables	25	-907	-55	545	442	70	-496	-339	811	94
Interest-bearing net liabilities (+)/receivables (-) at end of period	-642	-642	265	320	-225	-667	-667	-171	168	-643

DEVELOPMENT PROPERTIES	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Opening balance at beginning of period	5,769	6,142	6,314	6,224	5,769	5,816	5,722	5,939	5,798	5,816
New purchases	1,274	179	43	266	786	1,259	521	153	307	278
Transferred to production	-1,017	-338	-175	-263	-241	-1,300	-503	-336	-162	-299
Other	-38	5	-40	87	-90	-6	29	-34	-4	3
Closing balance at the end of the period	5,988	5,988	6,142	6,314	6,224	5,769	5,769	5,722	5,939	5,798

KEY FIGURES ¹⁾	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Operating margin, %	12.1	13.9	13.1	10.3	10.7	11.0	10.6	11.6	10.9	11.0
Debt/equity ratio, times	-	-	0.1	0.1	-	-	-	-	-	-
Equity/assets ratio, %	40	40	36	34	38	38	38	39	37	40
Earnings per share, SEK	14.10	5.20	3.00	3.20	2.60	11.70	3.20	3.00	2.70	2.70
Number of available building rights	27,700	27,700	27,700	28,200	27,800	26,600	26,600	27,600	27,700	27,200
Number of residential units sold	3,265	803	810	943	709	2,952	1,060	611	654	627
Number of housing starts	2,953	881	690	808	574	3,163	998	759	775	631
Number of residential units in current production	5,609	5,609	5,689	5,633	5,840	5,988	5,988	5,986	5,769	5,786

¹⁾ Defined-benefit pension liabilities have been restated for 2012, see pages 92–93.

JM RESIDENTIAL STOCKHOLM	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue	5,254	1,475	1,078	1,390	1,311	5,591	1,465	1,336	1,376	1,414
Operating profit	1,167	379	257	284	247	1,041	309	249	239	244
Operating margin, %	22.2	25.7	23.8	20.4	18.8	18.6	21.1	18.6	17.4	17.3
Average operating capital	2,881	2,881	2,793	2,672	2,541	2,406	2,406	2,366	2,394	2,349
Return on operating capital, % ²⁾	40.5	40.5	39.3	40.7	41.1	43.3	43.3	45.3	45.2	46.4
Operating cash flow	671	317	53	300	1	1,051	378	194	211	268
Carrying amount, development properties	3,051	3,051	3,161	3,267	3,300	2,904	2,904	2,544	2,741	2,753
Number of available building rights	11,200	11,200	11,000	11,100	11,200	10,900	10,900	11,100	11,500	11,500
Number of residential units sold	1,513	453	366	354	340	1,307	474	273	252	308
Number of housing starts	1,404	426	330	334	314	1,507	344	451	367	345
Number of residential units in current production	2,516	2,516	2,475	2,492	2,777	3,071	3,071	3,167	3,032	3,059

JM RESIDENTIAL SWEDEN	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue	2,860	780	580	796	704	3,003	818	612	790	783
Operating profit ¹⁾	221	63	45	59	54	231	66	46	60	59
Operating margin, %	7.7	8.1	7.8	7.4	7.7	7.7	8.1	7.5	7.6	7.5
Average operating capital	1,515	1,515	1,512	1,516	1,505	1,490	1,490	1,467	1,487	1,485
Return on operating capital, % ²⁾	14.6	14.6	14.8	14.8	15.0	15.5	15.5	16.4	17.7	19.7
Operating cash flow	294	258	53	-58	41	243	-19	213	4	45
Carrying amount, development properties	1,358	1,358	1,420	1,421	1,351	1,333	1,333	1,421	1,465	1,499
Number of available building rights	8,700	8,700	9,000	9,300	9,400	9,200	9,200	9,400	9,500	9,000
Number of residential units sold ³⁾	951	216	230	268	237	902	292	203	231	176
Number of housing starts ³⁾	861	243	223	208	187	779	250	166	210	153
Number of residential units in current production ³⁾	1,460	1,460	1,619	1,596	1,553	1,492	1,492	1,668	1,533	1,571

¹⁾ Of which property sales	9	-	-	-	9	-	-	-	-	-
³⁾ Of which rental units	64	-	-	-	64	-	-	-	-	-

JM INTERNATIONAL	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue	2,745	801	618	750	576	3,152	1,151	645	696	660
Operating profit ¹⁾	126	44	30	28	24	181	74	41	34	32
Operating margin, %	4.6	5.5	4.9	3.7	4.2	5.7	6.4	6.4	4.9	4.8
Average operating capital	2,131	2,131	2,165	2,208	2,205	2,202	2,202	2,188	2,072	1,924
Return on operating capital, % ²⁾	5.9	5.9	7.2	7.6	7.8	8.2	8.2	8.0	8.3	8.7
Operating cash flow	61	64	-24	54	-33	74	193	98	-211	-6
Carrying amount, development properties	1,485	1,485	1,465	1,530	1,455	1,454	1,454	1,678	1,654	1,485
Carrying amount, project properties	30	30	30	32	32	69	69	73	74	51
Number of available building rights	7,100	7,100	7,100	7,100	6,500	6,500	6,500	7,100	6,700	6,700
Number of residential units sold	547	134	106	175	132	743	294	135	171	143
Number of housing starts	488	212	83	120	73	877	404	142	198	133
Number of residential units in current production	1,325	1,325	1,287	1,291	1,402	1,425	1,425	1,151	1,204	1,156

¹⁾ Of which property sales	2	-	-	-	2	-	-	-	-	-
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JM PROPERTY DEVELOPMENT	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue	314	64	171	56	23	77	21	17	18	21
Operating profit ¹⁾	37	16	9	1	11	-83	-90	4	2	1
Average operating capital	812	812	933	960	960	939	939	922	893	864
Return on operating capital, % ²⁾	4.6	4.6	-7.4	-7.7	-7.6	-8.8	-8.8	0.7	0.4	1.7
Operating cash flow	567	442	107	39	-21	-161	-50	-12	-37	-62
Carrying amount, development properties	39	39	39	39	61	61	61	61	61	61
Carrying amount, project properties	214	214	741	857	874	864	864	927	910	874
Number of available building rights ³⁾	700	700	600	700	700					
Number of residential units sold ³⁾	254	-	108	146	-					
Number of housing starts ³⁾	200	-	54	146	-					
Number of residential units in current production ³⁾	308	308	308	254	108					

¹⁾ Of which – property sales	13	2	1	-	10	0	-	-	-	0
– impairment losses on properties	-	-	-	-	-	-95	-95	-	-	-

³⁾ Refers to rental units and residential care units

JM PRODUCTION	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue	2,011	654	468	518	371	2,006	578	463	510	455
Operating profit	73	26	17	18	12	71	28	14	15	14
Operating margin, %	3.6	4.0	3.6	3.5	3.2	3.5	4.8	3.0	2.9	3.1
Operating cash flow	-39	-94	12	49	-6	38	39	5	-23	17

JM OTHER	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue (elimination)	-532	-176	-105	-141	-110	-695	-233	-135	-182	-145
Operating profit (Group-wide expenses)	-48	-14	-5	-16	-13	-43	-8	-9	-13	-13

RESTATEMENT JM INTERNATIONAL	Full-year	2013				Full-year	2012			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenue	-49	293	-192	27	-177	-654	-361	170	-262	-201
Operating profit	-53	27	-9	-24	-47	-24	-15	14	-15	-8

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

GROUP

EFFECTS OF THE TRANSITION IN 2012 INCOME STATEMENT AND BALANCE SHEET ACCORDING TO IAS 19

As of January 1, 2013, changes to the accounting of defined-benefit pension plans in accordance with IAS 19 are applied. The estimated value of JM's pension obligations will be entirely recognized as liabilities in the consolidated balance sheet and the transition will have a negative effect on consolidated equity. See the restatement of full-year 2012 and each quarter in the tables below.

SEKm

INCOME STATEMENT	Jan-Dec 2012	Restatement	Restated Jan-Dec 2012			
Net profit for the year	961	-	961			
Other comprehensive income						
Actuarial gains/losses including special employer's contribution and deferred tax	-	-61	-61			
Translation differences	-2	-	-2			
Comprehensive income for the year	959	-61	898			
BALANCE SHEET	12/31/2012	Restatement	Restated 12/31/2012	12/31/2011	Restatement	Restated 01/01/2012
ASSETS						
Non-current assets	254	-	254	315	-	315
Current assets	11,302	-	11,302	10,981	-	10,981
Total assets	11,556	-	11,556	11,296	-	11,296
EQUITY AND LIABILITIES						
Shareholders' equity	4,667	-274	4,393	4,598	-213	4,385
Long-term interest-bearing liabilities	296	-	296	293	-	293
Other long-term liabilities	100	-	100	172	-	172
Long-term provisions ¹⁾	2,026	206	2,232	2,123	157	2,280
Total long-term liabilities	2,422	206	2,628	2,588	157	2,745
Current interest-bearing liabilities	581	-	581	566	-	566
Other current liabilities ²⁾	3,778	68	3,846	3,440	56	3,496
Current provisions	108	-	108	104	-	104
Total current liabilities	4,467	68	4,535	4,110	56	4,166
Total equity and liabilities	11,556	-	11,556	11,296	-	11,296
¹⁾ Of which provisions for pensions		283			233	
¹⁾ Of which deferred tax liability		-77			-76	
¹⁾ Long-term provisions		206			157	

²⁾ Refers to special employer's contribution, 24.26% of the change in provisions for pensions.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Jan-Dec 2012	Restatement	Restated Jan-Dec 2012			
Opening balance at the beginning of the year	4,598	-	4,598			
Effect of change in accounting principle, IAS 19	-	-213	-213			
Total comprehensive income for the year	959	-61	898			
Dividend	-542	-	-542			
Conversion convertible loan	10	-	10			
Equity component of convertible debentures	1	-	1			
Share-based payments regulated with equity instruments	0	-	0			
Buy-back of shares	-359	-	-359			
Closing balance on December 31	4,667	-274	4,393			

INTEREST-BEARING NET LIABILITIES/RECEIVABLES	Jan-Dec 2012	Restatement	Restated Jan-Dec 2012			
Interest-bearing net liabilities (+)/receivables (-) at beginning of period	-970	233	-737			
Change in interest-bearing net liabilities/receivables	20	50	70			
Interest-bearing net liabilities (+)/ receivables (-) at year-end	-950	283	-667			

KEY RATIOS	12/31/2012	Restated Jan-Dec 2012	12/31/2011	Restated 01/01/2012
Equity/assets ratio, %	40	38	41	39

GROUP

EFFECTS OF THE TRANSITION IN 2012 INCOME STATEMENT AND BALANCE SHEET ACCORDING TO IAS 19

As of January 1, 2013, changes to the accounting of defined-benefit pension plans in accordance with IAS 19 are applied. The estimated value of JM's pension obligations will be entirely recognized as liabilities in the consolidated balance sheet and the transition will have a negative effect on consolidated equity. See the restatement of full-year 2012 and each quarter in the tables below.

QUARTERLY OVERVIEW,
SEKm

	Q4 2012	Restate- ment	Restated Q4	Q3 2012	Restate- ment	Restated Q3	Q2 2012	Restate- ment	Restated Q2	Q1 2012	Restate- ment	Restated Q1
INCOME STATEMENT												
Net profit for the period	259	-	259	248	-	248	227	-	227	227	-	227
Other comprehensive income												
Actuarial gains/losses including special employer's contribution and deferred tax	-	-61	-61	-	-	-	-	-	-	-	-	-
Translation differences	20	-	20	-23	-	-23	-1	-	-1	2	-	2
Comprehensive income for the period	279	-61	218	225	-	225	226	-	226	229	-	229

	12/31/ 2012	Restate- ment	Restated 12/31	09/30/ 2012	Restate- ment	Restated 09/30	06/30/ 2012	Restate- ment	Restated 06/30	03/31/ 2012	Restate- ment	Restated 03/31
BALANCE SHEET												
ASSETS												
Non-current assets	254	-	254	296	-	296	311	-	311	312	-	312
Current assets	11,302	-	11,302	10,826	-	10,826	10,991	-	10,991	11,220	-	11,220
Total assets	11,556	-	11,556	11,122	-	11,122	11,302	-	11,302	11,532	-	11,532
EQUITY AND LIABILITIES												
Shareholders' equity	4,667	-274	4,393	4,494	-213	4,281	4,391	-213	4,178	4,827	-213	4,614
Long-term interest-bearing liabilities	296	-	296	293	-	293	332	-	332	340	-	340
Other long-term liabilities	100	-	100	109	-	109	163	-	163	173	-	173
Long-term provisions ¹⁾	2,026	206	2,232	2,189	157	2,346	2,169	157	2,326	2,149	157	2,306
Total long-term liabilities	2,422	206	2,628	2,591	157	2,748	2,664	157	2,821	2,662	157	2,819
Current interest-bearing liabilities	581	-	581	688	-	688	742	-	742	635	-	635
Other current liabilities ²⁾	3,778	68	3,846	3,244	56	3,300	3,404	56	3,460	3,303	56	3,359
Current provisions	108	-	108	105	-	105	101	-	101	105	-	105
Total current liabilities	4,467	68	4,535	4,037	56	4,093	4,247	56	4,303	4,043	56	4,099
Total equity and liabilities	11,556	-	11,556	11,122	-	11,122	11,302	-	11,302	11,532	-	11,532
¹⁾ Of which provisions for pensions		283			233			233			233	
¹⁾ Of which deferred tax liability		-77			-76			-76			-76	
¹⁾ Long-term provisions		206			157			157			157	

²⁾ Refers to special employer's contribution, 24.26% of the change in provisions for pensions.

	Q4 2012	Restate- ment	Restated Q4	Q3 2012	Restate- ment	Restated Q3	Q2 2012	Restate- ment	Restated Q2	Q1 2012	Restate- ment	Restated Q1
INTEREST-BEARING NET LIABILITIES/RECEIVABLES												
Interest-bearing net liabilities (+)/receivables (-) at beginning of period	-404	233	-171	-65	233	168	-876	233	-643	-970	233	-737
Change in interest-bearing net liabilities/receivables	-546	50	-496	-339	-	-339	811	-	811	94	-	94
Interest-bearing net liabilities (+)/receivables (-) at end of period	-950	283	-667	-404	233	-171	-65	233	168	-876	233	-643

	Q4 2012		Restated Q4	Q3 2012		Restated Q3	Q2 2012		Restated Q2	Q1 2012		Restated Q1
KEY RATIOS												
Equity/assets ratio, %	40		38	40		39	39		37	42		40

The Board of Directors and the President propose that the Parent Company's net profit for the year of SEK 648,380,587 and retained earnings and share premium reserve of SEK 2,038,435,606, for a total of SEK 2,686,816,193, be distributed as follows:

to shareholders a dividend of SEK 7.25	
per share ¹⁾	SEK 562,266,921
to be carried forward	SEK 2,124,549,272
	SEK 2,686,816,193

¹⁾ There are 79,817,357 registered shares in the Parent Company on January 31, 2014, of which the number of dividend-bearing shares amounts to 77,554,058.

In accordance with the decision at the Annual General Meeting in April 2013, a maximum of ten (10) percent of JM's total number of shares may be bought back. To date, 2,263,299 shares have been bought back. Additional shares may be bought back before the Annual General Meeting in April 2014, which could decrease the total dividends.

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 21, 2014

Lars Lundquist
Chairman of the Board

Kaj-Gustaf Bergh
Member

Johan Bergman
Member

Anders Narvinger
Member

Eva Nygren
Member

Kia Orback Pettersson
Member

Åsa Söderström Jerring
Member

Peter Skogert
*Employee-
elected*

Johan Skoglund
*Member
CEO*

Johan Wegin
*Employee-
elected*

Our Auditor's Report was submitted on February 21, 2014.

Ernst & Young AB

Jonas Svensson
Authorized public accountant

Lars Träff
Authorized public accountant

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF JM AB (PUBL), CORPORATE IDENTITY NUMBER 556045-2103

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of JM AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 55–94.

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 Managing Director, 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 2013 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 2013 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 Managing Director of JM AB (publ) for the year 2013.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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 Managing Director 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 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 Managing Director be discharged from liability for the financial year.

Stockholm February 21, 2014
Ernst & Young AB

Lars Träff
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, 2013.

Proposed dividend	SEK 7.25
Share price	SEK 181.50
	4.0%

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 65.50
Dividend paid	SEK 6.75
Share price, January 1	SEK 116
	62%

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	1,104
Average number of shares	78,445,765
	SEK 14.10

Operating margin (segment reporting)

Operating profit as stated in segment reporting in relation to revenue as stated in segment reporting.

Operating profit	1,576
Revenue	12,652
	12.5%

Operating margin

Operating profit including property sales and impairment losses on properties in relation to revenue.

Operating profit	1,523
Revenue	12,603
	12.1%

Return on equity

Profit for the year as a percentage of average shareholders' equity.

Profit for the year	1,104
Average shareholders' equity	4,424
	25.0%

Return on capital employed

Profit before tax plus financial expenses as a percentage of average capital employed.

Profit before tax plus financial expenses	1,565
Average capital employed	6,200
	25.2%

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	1,565
Average total assets	11,353
	13.8%

Equity/assets ratio

Shareholders' equity as a percentage of total assets.

Shareholders' equity	4,455
Total assets	11,150
	40%

Interest coverage ratio

Profit before tax plus financial expenses in relation to financial expenses.

Profit before tax plus financial expenses	1,565
Financial expenses	101
	15.5 times

Interest-bearing liabilities/total assets

Interest-bearing liabilities and provisions in relation to total assets.

Interest-bearing liabilities	1,743
Total assets	11,150
	16%

Asset turnover rate

Revenue divided by average total assets.

Revenue	12,603
Average total assets	11,353
	1.11 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 land for residential projects or further development to project properties.

A presentation of a selection of JM's larger development properties can be found on www.jm.se/en**Revenue**

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-owner associations etc., receivables from property sales, receivables from sold participations in tenant-owner associations, accounts receivable and revenue less progress billings minus accounts payable, liabilities to tenant-owner 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.

- Properties under development
- Completed rental units and residential care units
- Completed commercial properties

A summary of JM's project properties can be found on www.jm.se/en**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 revenue 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 66–69.

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CORPORATE GOVERNANCE REPORT FOR THE 2013 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 has been implementing a long-term and systematic project over the past few years to continuously develop its internal governance and control. This project has resulted in, for example, additional enhancements to the company’s governance and control with regard to investment, selling and production decisions as well as project implementation. Internal governance and control are also exercised through the systematic committee work of the Board. The Board undergoes an annual evaluation process to promote its development while increasing the knowledge of shareholders and other stakeholders about how the Board of Directors and the Executive Management operate in order to ensure that shareholders’ demands for return on invested capital are 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 32–48.

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, remuneration 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 2013 Annual General Meeting was held on April 25. A total of 247 shareholders were represented, representing about 54 percent of the total votes. Minutes from the Annual General Meeting can be found on JM’s website (www.jm.se). The 2013 Annual General Meeting authorized the Board of Directors to resolve on the acquisition of own shares.

The 2014 Annual General Meeting will be held on April 24.

None of the shareholders have a direct or indirect shareholding in the Company representing 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.

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 Chairperson 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 Chairperson of the Board convened the Nomination Committee for the 2014 Annual General Meeting in August 2013, and it consists of the following people:

Åsa Nisell, Swedbank Robur Fonder
Jan Särilvik, Nordea Investment Funds
Lars-Åke Bokenberger, AMF Försäkring och Fonder
Anders Algotsson, AFA Försäkringar
Lars Lundquist, Chairperson of the Board of JM.

At the time it was appointed, the Nomination Committee represented about 34 percent of the total number of JM shares. Åsa Nisell is Chairperson. The Nomination Committee convened three times and also corresponded by e-mail. Members of the Nomination Committee have not received any compensation from JM.

At the recommendation of the Nomination Committee, the 2013 Annual General Meeting re-elected Ernst & Young AB as its auditing company. Auditors-in-charge are Jonas Svensson and Lars Träff. The election covers the period up until the end of the 2014 Annual General Meeting.

Jonas Svensson and Lars Träff 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 73.

In addition to JM, Jonas Svensson provides auditing services to clients such as Atrium Ljungberg, Sagax, Odd Molly, ALM Equity and Besqab. In addition to JM, Lars Träff provides auditing services to clients such as Scania, Boliden, BillerudKorsnäs and ÄF.

JM'S BOARD OF DIRECTORS

COMPOSITION

According to the Articles of Association, JM's Board of Directors shall consist of a minimum of five and a maximum of nine members. No deputies shall be appointed. The Board members 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 2013 Annual General Meeting elected eight members. The employee organizations appointed two members 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 2013 calendar year is also presented. Approved remuneration is reported on page 101.

Name	Function	Elected	Com- mittee	Attend- ance B	Attend- ance C
Lars Lundquist	Chairperson	2005	(Chair) C	13	C 4
			A ¹⁾		A 2 ¹⁾
			I ¹⁾		I 2 ¹⁾
Elisabet Annell Åhlund	Board Member	2002	A ²⁾	4 ²⁾	A 2 ²⁾
Kaj-Gustaf Bergh	Board Member	2013	-	7 ³⁾	-
Johan Bergman	Board Member	2012	I	13	I 7
Anders Narvinger	Board Member	2009	(Chair) A	13	A 4
Eva Nygren	Board Member	2013	I ⁴⁾	8 ⁴⁾	I 4 ⁴⁾
Kia Orback Pettersson	Board Member	2010	A	13	A 4
Johan Skoglund	Board Member	2003	⁵⁾	13	⁵⁾
Åsa Söderström Jerring	Board Member	2007	(Chair) I	13	I 6
			C		C 4
Peter Skogert	Emp. rep.	2012	-	13	
Johan Wegin	Emp. rep.	2002	-	13	
Thomas Mattsson	Emp. rep., dep.	2012	-	9 ⁶⁾	
Jan Strömberg	Emp. rep., dep.	2011	-	9 ⁶⁾	

¹⁾ In 2013 Lars Lundquist was Chairperson of the Investment Committee until the Board's first meeting following the Annual General Meeting. He was present at the two meetings held by the Investment Committee up to this Board meeting. Since the Board's first meeting following the Annual General Meeting, Lars Lundquist has been a member of the Audit Committee and he has been present at the two meetings held thereafter by the Audit Committee.

²⁾ In 2013 Elisabet Annell Åhlund was a Board member up until the Annual General Meeting, and she was present at four of the five meetings held up until the Meeting. She was also present at the two meetings held by the Audit Committee up until the Meeting.

³⁾ Kaj-Gustaf Bergh was elected to the Board of Directors at the 2013 Annual General Meeting and he was present at seven of the eight meetings held thereafter.

⁴⁾ Eva Nygren was elected to the Board of Directors at the 2013 Annual General Meeting and she was present at the eight meetings held thereafter. She was also present at four of the five Investment Committee meetings held thereafter.

⁵⁾ 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.

⁶⁾ Deputy employee representatives do not participate in decisions per capsulam.

The Board of Directors held 13 meetings.

The Audit Committee held four meetings.

The Compensation Committee held four meetings.

The Investment Committee held seven meetings.

Further information about the members of the Board of Directors according to article 2.6 in the Code is specified on page 104.

INDEPENDENT

All members 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

Work 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, internal control and risk management, personnel, leadership and 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 policies (Quality Policy, Environmental Policy, Employee Policy, Communication Policy, Financial Policy and Purchasing Policy)
- JM's Ethical Guidelines, Guidelines for Communication and Guidelines for Procurement.

Newly elected members are introduced to the Company's business concept, market, policies and its systems for internal control and risk management.

Board of Directors' duties

The Chairperson of JM's Board of Directors has ultimate responsibility for the Company complying with the established strategic focus. In this context the Chairperson has regular contact with the Company's President and serves as a discussion partner to the President. The work of the Chairperson otherwise complies with the requirements of the Code.

Secretary to the Board

The company's General Counsel is the Secretary to the Board. She is not a member of the Board of Directors.

Evaluation by the Board of its own work

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 2013

The Board of Directors made decisions about the following in 2013.

The Board of Directors decided on housing starts for four residential projects, which have an estimated total project expense exceeding the maximum level delegated to the President of SEK 400m per project.

The Board of Directors also decided on five acquisitions of development properties (two of which are in Norway), which have a purchase sum exceeding the maximum level delegated to the President of SEK 100m. In addition, the Board decided on the acquisition of three development properties in Finland.

The Board also decided on the sale of four project properties, which had a purchase sum exceeding the maximum level delegated to the President of SEK 100m, as well as to sign a contract for external contracting for a sum exceeding the maximum level delegated to the President of SEK 400m.

The Board resolved to propose that the Annual General Meeting authorize the Board to decide on acquisitions of own shares for the period up to the next Annual General Meeting. The Board also resolved to propose to the Annual General Meeting that the Meeting decide on the elimination of own shares through a decrease in the share capital for allocation to unrestricted equity.

The Board decided on short-term and long-term variable salary programs and proposed to the Annual General Meeting a convertible debenture program for all employees in Sweden.

The Board of Directors held a separate strategy meeting at which it adopted the strategic plan for the Company and JM's policies and guidelines.

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 adopts the plan for the work of the external auditors as well as the plan for how JM's internal audit should work. 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 and Kaj-Gustaf Bergh, 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 Chairperson of the Board chairs the Compensation Committee. The Chairperson of the Audit Committee is Anders Narvinger and the Chairperson of the Investment Committee is Åsa Söderström Jerring.

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.

Audit Committee

The Audit Committee has three members: Anders Narvinger (Chairperson), Lars Lundquist and Kia Orback Pettersson.

The Committee held four meetings during the calendar year.

The work of the Audit Committee during the year was primarily 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
- Reporting and presentation to the Board of Directors of 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 (Chairperson) and Åsa Söderström Jerring.

The Committee held four meetings during the calendar year.

The Compensation Committee's tasks during the year were 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 program 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
- Evaluate current programs for variable compensation for Executive Management as well as those that concluded during the year
- Evaluate the application of the guidelines for remuneration to Executive Management resolved by the Annual General Meeting as well as applicable remuneration structures and remuneration levels in the Company.

Investment Committee

The Investment Committee has three members: Åsa Söderström Jerring (Chairperson), Johan Bergman and Eva Nygren.

The Committee met seven times during the calendar year.

The Investment Committee's duties during the year, within the framework of JM's order of delegation, have been 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 contract work.

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 reports the Board receives are presented in the Follow-up 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 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 28–31.

In recent years the Board of Directors has placed special emphasis on building effective control structures. 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.

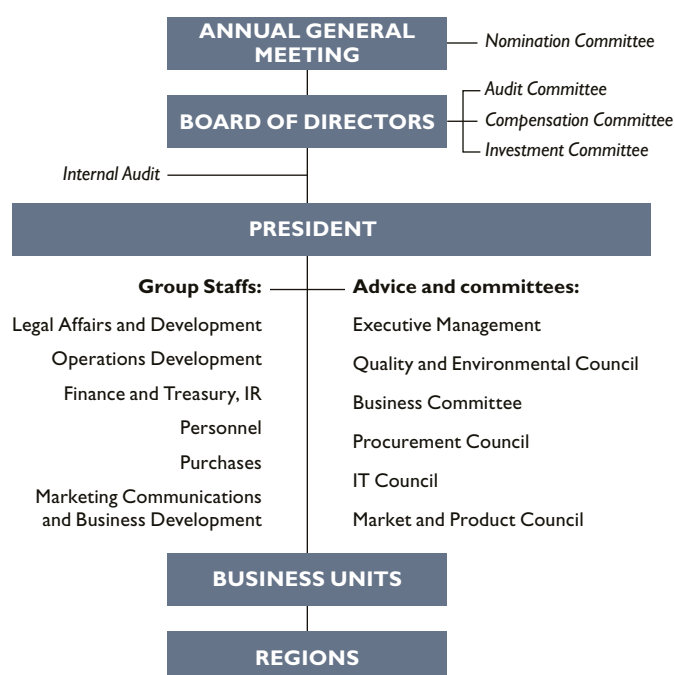
The main task of JM's Internal Audit function is to examine the suitability of the operation and its efficiency by checking compliance with the business-critical requirements of JM's Operations System. JM's Operations System is a comprehensive process-oriented work structure with the purpose of ensuring the efficiency of JM's business processes. JM's Internal Audit has the special task of also 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 working methods and processes within the Group, work is ongoing to achieve structured project development (see page 27 for more information). JM's management and support processes have been 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. A plan was implemented earlier for the follow-up of compliance with JM's Code of Conduct for suppliers.

Control Environment

JM's core values, culture and values comprise the basis of internal controls with respect to financial reporting. Control environment refers

The Governance Structure can be seen below:



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, authorizations 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
- The 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 compliance with JM's Code of Conduct for suppliers through, for example, on-site visits
- Incident reporting system that ensures systematic and professional management of reported irregularities.

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
- Treasury 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 EXECUTIVE MANAGEMENT

After a recommendation from the Nomination Committee, the 2013 Annual General Meeting resolved that:

- the Chairperson of the Board will be paid a fee of SEK 700,000 and regular Board members who are not employed by the Company will be paid SEK 300,000,
- remuneration for work in the Audit Committee will be SEK 120,000 to the Chairperson and SEK 90,000 to the members
- remuneration for work in the Investment Committee will be SEK 80,000 to the Chairperson and SEK 60,000 to the members
- remuneration for work in the Compensation Committee will be SEK 60,000 to the Chairperson and the members.

Recommendations for remuneration guidelines for JM's Executive Management will be presented for resolution as required by the Swedish Companies Act at the 2014 Annual General Meeting. 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 remuneration guidelines for JM's Executive Management can be found in the Board of Directors' Report on page 58. Information about remuneration to the President

and Executive Management can be found in Note 3, page 72 of Notes to the financial statements.

About 570 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 six monthly salaries. In addition to the financial result of the operations, which carries the greatest weight, the variable salary component is also 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 competitive salary.

2013 CONVERTIBLE PROGRAM AND WARRANT PROGRAM

The 2013 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 505,000 convertible debentures aimed at all employees in Sweden, and issue a maximum of 120,000 warrants aimed at all employees outside Sweden.

The purpose of the 2013 Convertible Program and Warrant Program is to enhance and strengthen the employee's 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 13,500,000 through the issue of about 75,000 convertible debentures and the number of warrants issued totals 135. 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 2013. 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 180. Conversion of convertible bonds or subscription of ordinary shares with support of warrants may occur during the period from June 1, 2016 through May 19, 2017, 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 75,384 through the issue of a maximum of 75,384 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 16, 2017, 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 100m
- investments in existing project property up to SEK 400m for implementation of housing projects, or SEK 200m for implementation of office projects
- production start of housing projects, up to a maximum project cost of SEK 400m excluding the purchase price for the property
- signing of external contracting agreements up to SEK 400m
- raising of new loans that are not linked to acquisition of a property, up to a total of SEK 400m per year for loans with a maturity shorter than one year, up to a total of SEK 250m per year for loans with maturity longer than one year.

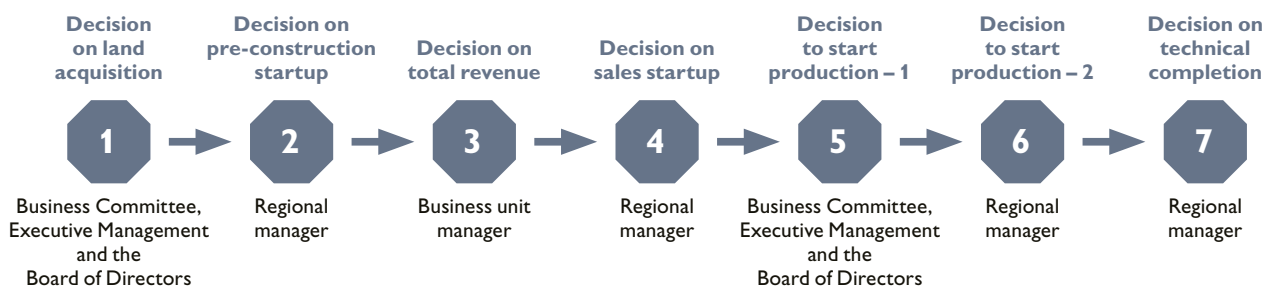
The Board makes the decision in other cases. These amounts are chosen to meet the Board's needs to exercise control and management's need for freedom of action. The President has the right to further delegate some of the above decision rights. Matters requiring decisions are prepared in part by the Business Committee, consisting of business unit and regional managers from the entire Group, and by the Executive Management. JM's operational organization can be seen in the diagram on page 103.

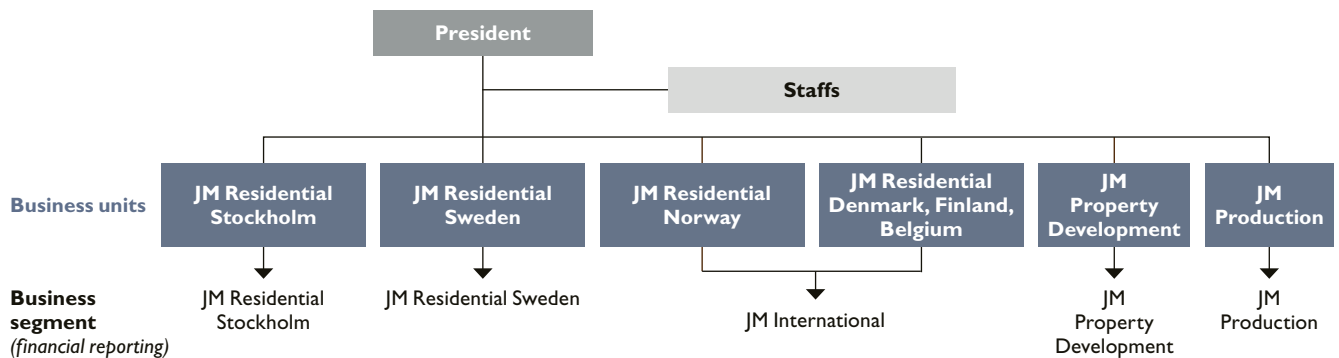
EXECUTIVE MANAGEMENT

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.

The decision process can be seen below:

DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT





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 100m. Every project is run by a project manager who is responsible for the project's revenue 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.

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 revenue 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 revenue and expenses and the current sales and reservations level. The largest projects have special steering groups and are audited by JM's Internal Audit function and presented in the Audit Committee.

Stockholm, February 21, 2014
Board

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of JM AB (publ), corporate identity number 556045-2103.

The Board of Directors is responsible for the corporate governance report for 2013 on pages 97–103 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and, based on what we read and our knowledge about the Company and the Group, we believe that we have sufficient grounds for our statements. This means that our statutory review of the corporate governance report has a different focus and significantly narrower scope than the focus and scope of an audit in accordance with the International Standards on Auditing and generally accepted accounting practices in Sweden.

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 21, 2014
Ernst & Young AB

Jonas Svensson
Authorized public accountant

Lars Träff
Authorized public accountant

**Lars Lundquist**

Chairperson of the Board,
Chairperson of the
Compensation Committee
and member of the
Audit Committee

Elected to the Board: 2005

Shares in JM: 60,000

Age: 66

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 assignments: Chairman of the Board of Vasakronan, Intrum Justitia AB and Försäkrings AB ERIKA. Board member and treasurer of Hjärt-Lungfonden.

Independent: The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.

**Kaj-Gustaf Bergh**

Board member

Elected to the Board: 2013

Shares in JM: 2,500

Age: 58

Education: LL.M. and B.Sc. (Econ.).

Work experience: 15 years at Gyllenberg and SEB.

Other significant assignments: CEO at Föreningen Konstsamfundet in Finland. Chairman of the Board at Fiskars and Sponda. Member of the Board at Ramirent, Wärtsilä and Veritas pensionsförsäkring.

Independent: The Board member is considered to be independent.

**Johan Bergman**

Board member and member
of the Investment Committee

Elected to the Board: 2012

Shares in JM: 1,000

Age: 49

Education: MSc Eng. KTH Royal Institute of Technology in Stockholm.

Work experience: 16 years in different positions in the Skanska Group.

Other significant assignments: CEO at NIAM AB, no Board assignments.

Independent: The Board member is considered to be independent.

**Anders Narvinger**

Board member
and Chairperson of
the Audit Committee

Elected to the Board: 2009

Shares in JM: 5,000

Age: 65

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 assignments: Chairman of the Board of Directors at Alfa Laval AB, Capio AB and Coor Service Management AB. Board member of Pernod Ricard S.A. and ÅF AB.

Independent: The Board member is considered to be independent.

**Eva Nygren**

Board member and member
of the Investment Committee

Elected to the Board: 2013

Shares in JM: 500

Age: 58

Education: Architect, Chalmers University of Technology.

Work experience: President and CEO of the Rejler Group. 15 years in various positions at VAB AB and 13 years in various positions at the Sweco Group.

Other significant assignments: Member of the Board of Directors of Upponor OY and Umeå University.

Independent: The Board member is considered to be independent.

**Johan Skoglund**

President and CEO.
Board member

Elected to the Board: 2003

Shares in JM: 40,579 including 2,000 in
endowment insurance

Convertibles in JM: SEK 5,495,714

**Material shareholdings or part ownerships
in companies with which the Company has
material business relationships:** 0

Age: 51

Education: MSc Eng. KTH Royal Institute of Technology, Stockholm; MSc Program Stockholm School of Economics.

Work experience: 26 years at JM in various positions such as site engineer, project manager, regional manager and business unit manager.

Other significant assignments: Board member of Castellum AB, Infranord AB and Mentor Sverige.

Independent: The Board member is considered to be dependent in his capacity as President and CEO.

**Åsa Söderström Jerring**

Board member,
Chairperson of the
Investment Committee
and member of the
Compensation Committee

Elected to the Board: 2007

Shares in JM: 5,100

Age: 57

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 SWEKO Theorells.

Other significant assignments: Chairman of the Board at ELU Konsult AB. Board member of Geveko AB, Rejlers AB, Comfort-kedjan AB, Arkitekterna Krook & Tjäder AB, San Sac AB and Nordic Home Improvement AB. Partner in Infobooks AB.

Independent: The Board member is considered to be independent.

**Kia Orback Pettersson**

Board member
and member of the
Audit Committee

Elected to the Board: 2010

Shares in JM: 740

Age: 54

Education: MSc Econ., Lund University

Work experience: 20 years experience from leading positions within retail, real estate and media; President of Sturegallerian and VP of Guldfynd/Hallbergs.

Other significant assignments: Partner in Konceptverkstan. Chairman of the Board of NAI Svefa AB, Ponderus Invest AB and Teracom AB. Board member of Garbergs AB, Jernhusen AB, Kungsliden AB and Tengbomgruppen AB.

Independent: The Board member is considered to be independent.

EMPLOYEE REPRESENTATIVES**Peter Skogert**

Concrete worker

Age: 40

Member of the Board
since 2012.

Shares in JM: 300

Convertibles: SEK 83,370

**Johan Wegin**

Construction engineer

Age: 48

Member of the Board
since 2002.

Shares in JM: 1,943

Convertibles: SEK 0

**Thomas Mattsson**

Constructor

Age: 51

Deputy member of
the Board since 2012.

Shares in JM: 0

Convertibles: SEK 0

**Jan Strömberg**

MSc Eng.

Age: 55

Deputy member of
the Board since 2011.

Shares in JM: 200

Convertibles: SEK 486,610

SECRETARY TO THE BOARD**Maria Bäckman**

General Counsel at JM AB

Age: 40

Secretary to the Board of Directors since 2012.

Shares in JM: 500

Convertibles: SEK 180,005

AUDITORS**Ernst & Young AB**

Jonas Svensson, Authorized Public Accountant

Lars Träff, Authorized Public Accountant

Ernst & Young AB was re-elected to serve as auditor
of JM AB at the Annual General Meeting in April 2013.

Shareholdings pertain to personal holdings or a related physical or legal person's holdings of JM AB shares and other financial instruments, as of 02/21/2014.



Johan Skoglund
President and CEO

Year of employment: 1986
Member of Executive Management: 2000
Shares in JM: 40,579 including 2,000 in endowment insurance

Convertibles: SEK 5,495,714

Age: 51. 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, Infranord AB and Mentor Sverige.



Martin Asp
Business unit manager
JM Residential Norway as well as JM Residential Denmark, Finland and Belgium

Year of employment: 1996
Member of Executive Management: 2011
Shares in JM: 2,000

Convertibles: SEK 180,005

Age: 40. 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. Chairperson of the Board of JM Norge AS, JM Suomi Oy, JM Danmark A/S and JM Construction S.A.



Sören Bergström
Business unit manager
JM Residential Sweden and
Director of Purchasing

Year of employment: 1988
Member of Executive Management: 2001

Shares in JM: 2,000

Convertibles: SEK 0

Age: 57. MSc Eng. KTH 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. Business unit manager JM Production 2002–2006. Business unit manager JM Residential Sweden 2007–. Member of the Board of JM Suomi Oy, Seniorsgården AB and AB Borätt.



Maria Bäckman
General Counsel
Legal Affairs and Development

Year of employment: 2000

Member of Executive Management: 2012

Shares in JM: 500

Convertibles: SEK 180,005

Age: 40. LL.B. Stockholm University 1997. Trainee Lawyer Advokatfirman Lindahl, Clerk at the District Court of Uppsala
Board member of JM Entreprenad AB.



Lennart Henriz
Director of
Operations Development
(Quality and Environment,
Technology and IT)

Year of employment: 1978

Member of Executive Management: 1999

Shares in JM: 9,445

Convertibles: SEK 690,830

Age: 61. 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–. Board member of JM Suomi Oy.



Fredric Kastevik
Business unit manager
JM Production and
President of
JM Entreprenad AB

Year of employment: 1997

Member of Executive Management: 2010

Shares in JM: 2,500 in endowment insurance

Convertibles: SEK 1,261,376

Age: 40. 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, JM Danmark A/S, Stockholms Byggmästarförening and Sveriges Byggindustrier Region Öst.



Zdravko Markovski
Business unit manager
JM Residential Stockholm,
JM Property Development,
as well as head of Marketing
Communications and
Business Development

Year of employment: 1987

Member of Executive Management: 2002

Shares in JM: 0

Convertibles: SEK 0

Age: 49. 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–. Chairperson of the Board of AB Borätt and Seniorsgården AB. Board member of The Swedish Construction Federation.



Helena Söderberg
Director Human Resources

Year of employment: 2010

Member of Executive Management: 2010

Shares in JM: 500

Convertibles: SEK 200,260

Age: 46. Degree in Human Resources, Uppsala University 1991. Nordic HR Director Alstom Transport and 16 years in various HR positions within the Skanska Group.



Claes Magnus Åkesson
Chief Financial Officer,
Head of IR

Year of employment: 1998

Member of Executive Management: 1998

Shares in JM: 45,000 including 32,000 in endowment insurance

Convertibles: SEK 3,397,444

Age: 54. 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
Mikael Åslund, Stockholm City Region
Pär Vennerström, Stockholm South Region
Anne Schönberg, Sales Residential Stockholm
Anders Wimmerstedt, Production Residential Stockholm
Per Johansson, East Region
Martin Svahn, West Region
Susanne Persson, South Region

Lars-Olof Höglund, JM Property Development and Acquisition Residential Stockholm
Per-Arne Jonsson, JM Rental Housing
Birgitta Seeman, Seniorsgården AB and AB Borätt

Magnus Berg, JM Norge AS
Ronny Engbretsen, Contracting Region
Sigbjørn Myhre, South and West Region
Hilde Vatne, Oslo Region

Jan Aarestrup, JM Danmark A/S
Christopher Lee, JM Construction S.A., Belgium
Markus Heino, JM Suomi OY

LARGE TRANSFER TO SHAREHOLDERS

SHARE CAPITAL

The JM share is listed in the Large Cap segment of NASDAQ OMX Stockholm as of January 1, 2014. The JM share was listed in the Mid Cap segment in 2013. Share capital amounts to SEK 79.8m, represented by 79.8 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 is included in the SX8630 Real Estate Investment & Services Index of the OMX Stockholm Stock Exchange. During 2013, the JM share price increased by 56 percent compared to an increase of 20 percent for SX8630. The general index on the OMX Stockholm Stock Exchange, OMX Stockholm_PI, increased 23 percent in 2013. The highest listed price for the JM share during the year was SEK 200.50 on October 24 and the lowest was SEK 118.25 on January 10. Dividend yield (proposed dividend in relation to the market price at the end of the year) was 4.0 percent (5.8). Total return in 2013 was 62 percent (9).

Total return, %	2013	Average per year 2009–2013	Average per year 2004–2013
JM	62	37	27
Nasdaq OMX Nordic Stockholm	28	20	12

Total return JM, 2004–2013	%	Index
2013	62	1,116
2012	9	689
2011	-26	632
2010	30	854
2009	186	657
2008	-60	230
2007	-16	578
2006	94	689
2005	91	355
2004	86	186
01/01/2004	-	100
Average, 5 years	37	
Average, 10 years	27	

TRADING AND MARKET CAPITALIZATION

JM shares were traded for a value of SEK 11.8bn (12.8) in 2013. Average daily trading was about SEK 47m (51). The turnover rate (the liquidity of the share) was 82 percent (126). The Company's market capitalization amounted to SEK 14.0bn (9.3) at the end of the year.

OWNERSHIP STRUCTURE

The number of shareholders as of December 31, 2013, was 11,986 (10,824). The ten largest Swedish shareholders accounted for 50.5 percent (55.2) of capital and foreign shareholders for 32.2 percent (22.7).

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 2013 amounts to SEK 7.25 (6.75) per share.

The Board of Directors intends to propose to the Annual General Meeting that the holdings of all own shares be eliminated through a decrease in the share capital for appropriations to unrestricted equity.

The strong balance sheet and cash flow continue to 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 to 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 shares in the Company. Acquisition should take place on NASDAQ OMX Stockholm. Considering the continued uncertainty in the international financial system, the strategy is to spread out the buy-backs on NASDAQ OMX Stockholm until the 2015 Annual General Meeting. The objective of empowering the Board of Directors is to give it the possibility to adjust the Company's capital structure on a continuous basis.

Transfer to shareholders, SEKm	Dividend	Redemption	Buy-back	Total
2004	140	-	-	140
2005	196	966	-	1,162
2006	247	1,002	-	1,249
2007	415	1,013	-	1,428
2008	489	992	-	1,481
2009	-	-	-	-
2010	208	-	-	208
2011	375	-	-	375
2012	542	-	359	901
2013	537	-	517	1,054
Total	3,149	3,973	876	7,998

Shareholders as of December 31, 2013	% of shares
AMF Försäkring och Fonder	9.9
Swedbank Robur fonder	9.2
Nordea fonder	8.0
AFA Försäkringar	6.4
SEB fonder	6.0
JM AB	2.8
Handelsbanken fonder	2.7
Enter fonder	2.1
Fourth Swedish National Pension Fund	1.7
Second Swedish National Pension Fund	1.7
Foreign shareholders	32.2
Other shareholders	17.3
Total	100.0

Number of shareholders as of Dec. 31, 2013: 11,986

Number of shares as of Dec. 31, 2013, amounts to 79,813,682

Share data

SEK per share	2013	2012	2011	2010	2009
Share price as of Dec. 31	181.50	116	112	157.50	123
Highest/lowest price paid during the year	200.50/118.25	140.25/106.75	176.50/79.75	160/98.50	129.50/33.40
Dividend yield as of Dec. 31, %	4.0	5.8	5.8	2.9	2.0
Market capitalization as of Dec. 31, SEKm	14,075	9,337	9,355	13,110	10,236
Basic earnings per share	14.10	11.70	12.50	7.10	4.40
Development properties					
Market value	108	105	99	96	83
Carrying amount	77	72	70	65	60
Project properties					
Market value	4	12	10	8	7
Carrying amount	3	12	10	8	7
Shareholders' equity (reported)	57	55 ¹⁾	55	47	44
Dividend	7.25 ²⁾	6.75	6.50	4.50	2.50
Dividend in % of earnings per share	51	58	52	63	57
P/E ratio as of Dec. 31	13	10	9	22	28
Number of shares as of Dec. 31	77,550,383 ³⁾	80,494,186 ⁴⁾	83,379,407 ⁵⁾	83,237,058 ⁶⁾	83,216,883 ⁷⁾
Average number of shares, basic	78,445,765	82,414,682	83,305,326	83,229,492	83,216,883
Average number of shares, diluted	78,983,735	83,298,832	84,560,636	84,671,817	84,376,081

¹⁾ Restated according to updated IAS 19.

²⁾ Proposed by the Board.

³⁾ 2,263,299 repurchased shares not included.

⁴⁾ 3,169,056 repurchased shares not included.

⁵⁾ 150,964 repurchased shares not included.

⁶⁾ 164,825 repurchased shares not included.

⁷⁾ 185,000 repurchased shares not included.

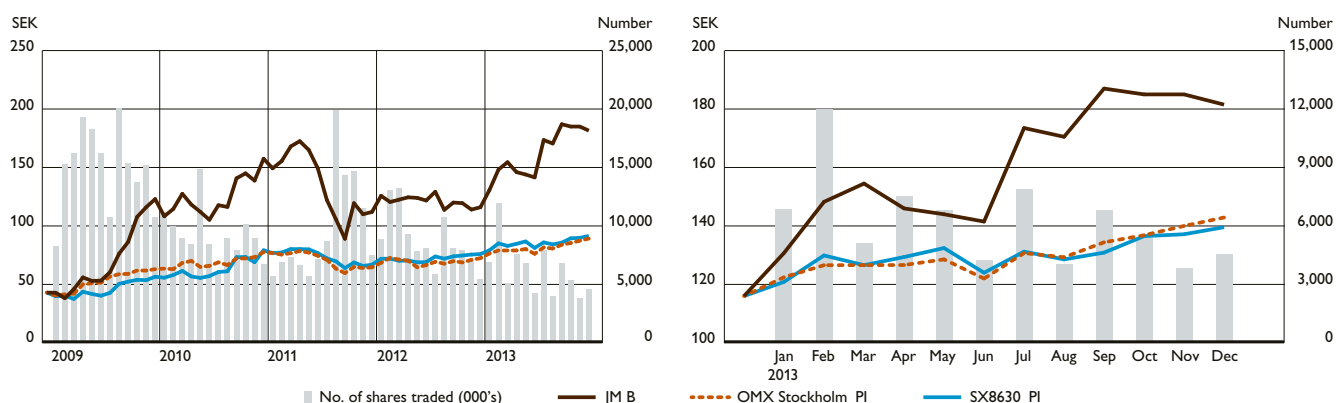
Ownership structure as of 12-31-2013

Size of holding	Number of shareholders	% of all shareholders	Total number of shares owned	% of share capital
1–500	8,585	71.7	1,479,918	1.9
501–1,000	1,559	13.0	1,277,238	1.6
1,001–5,000	1,320	11.0	2,931,933	3.7
5,001–20,000	278	2.3	2,777,042	3.5
20,001–100,000	125	1.0	5,775,297	7.2
100,001–	119	1.0	65,572,254	82.3
Total	11,986	100.0	79,813,682	100.0

Change in share capital 2009–2013

Year	Redemption repurchased shares, SEKm	Utilization convertible program, SEKm	Number of shares	Par value/share	Share capital, SEKm
2009			83,401,883	SEK 1	83.4
2010			83,401,883	SEK 1	83.4
2011		0.1	83,530,370	SEK 1	83.5
2012		0.2	83,663,242	SEK 1	83.7
2013	–4.1	0.3	79,813,682	SEK 1	79.8

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 at 4 p.m. on Thursday, April 24, 2014, 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 Wednesday, April 16, 2014, and must have informed the Company of their intention to participate by 4 p.m. on Wednesday, April 16, 2014, using one of the following channels:

JM AB's website: www.jm.se (only for private individuals)
 Email: monica.charron@jm.se
 Mail: JM AB, SE-169 82 Stockholm
 Telephone: +46 8 782 87 00

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 Wednesday, April 16, 2014.

Admission cards to the Annual General Meeting will be sent out.

DIVIDEND

The Board of Directors proposes that a dividend of SEK 7.25 per share be paid to shareholders. The proposed record date for the dividend is Tuesday, April 29, 2014. If the Annual General Meeting resolves to adopt the recommendation the dividend will be sent by Euroclear Sweden AB on May 5, 2014.

FINANCIAL CALENDAR

April 24, 2014	Interim report January–March 2014 Annual General Meeting 2014
July 15	Interim report January–June 2014
October 24	Interim report January–September 2014
February 11, 2015	Year-end Report 2014

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 www.jm.se/en

JM AB (publ), CIN 556045-2103, domiciled in Stockholm.



SHAREHOLDER INFORMATION AT JM.SE

Financial statements and presentations from press and analyst briefings are published on JM's website at [About JM/Investors](#).

SHAREHOLDER SERVICE

Here it is possible to subscribe to printed interim and annual reports.

JM SHARE

Information about the listing and share price with a 15-minute delay.

INSIDERS AND TRANSACTIONS

Information is taken from Finansinspektionen's public insider register.

LIST OF ANALYSTS

List of the analysts who regularly follow JM.

GRI INDEX 2013

For 2013 JM is presenting its sustainability work in accordance with the Global Reporting Initiative's (GRI) G4 guidelines. Our GRI index includes the components that are mandatory in accordance with GRI and other components that we found to be relevant for our operations and important for transparent accounting. The intention is for the GRI Index to be used as a cross-reference list to find where

in the annual report the information is located. In some cases supplementary or complete answers to a question are provided in the comment field of the index table. The information in the sustainability report has not been reviewed by a third party, but it is our assessment that it fulfills the requirements set out in GRI G4, Core Level.

Status codes:

- = Fully reported
- ◐ = Partially reported
- = Not reported

GRI code	Description/indicator	Reference (page in AR)	Status	External assurance	Comment
STRATEGY AND ANALYSIS					
G4-1	Statement from the CEO	2–3	●	-	CEO's comments
ORGANIZATIONAL PROFILE					
G4-3	Name of the organization	55, back cover	●	-	
G4-4	Primary brands, products, and/or services	7–9, 11–15, 49–54	●	-	
G4-5	Location of organization's headquarters	113, back cover	●	-	Gustav III:s Boulevard 64, Solna SE-169 82 Stockholm
G4-6	Countries where the organization operates	7–9	●	-	
G4-7	Nature of ownership	100, 106–107	●	Yes	
G4-8	Markets served	7–9, 49–54	●	-	
G4-9	Scale of the reporting organization	Inside of cover, 1, 49–54, 55–61, 72–73	●	Yes	
G4-10	Total workforce by employment type, employment contract, and gender	44–46, 72	◐	-	UN Global Compact, Principle 6, page 35
G4-11	Percentage of employees covered by collective bargaining agreements	-	●	-	Around 90 percent (100 percent in Sweden and Finland, varies in other countries). UN Global Compact, Principle 3, page 35
G4-12	Organization's supplier chain	48	●	-	
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supplier chain	99	●	Yes	Corporate Governance Report, important matters during 2013
G4-14	Description on how the company addresses the Precautionary Principle	33, 39	●	-	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	35	●	-	
G4-16	Memberships in organizations and associations	36	◐	-	

GRI code	Description/indicator	Reference (page in AR)	Status	External assurance	Comment
IDENTIFIED SIGNIFICANT ASPECTS AND LIMITATIONS					
G4-17	Operational structure of the organization	75–77, 102–103	●	Yes	
G4-18	Reporting principles for defining report content and aspect boundaries	33–34	●	-	
G4-19	Material aspects identified in the process of defining the report content	34	●	-	
G4-20	Material internal aspects	34	◐	-	JM conducted a materiality analysis for the first time in 2013. This analysis will be developed over the next few years
G4-21	Material external aspects	34	◐	-	JM conducted a materiality analysis for the first time in 2013. This analysis will be developed over the next few years
G4-22	Significant changes from previous reporting regarding restatements of information	-	●	-	No significant restatements were made since the 2012 report
G4-23	Significant changes from previous reporting periods in the scope or aspect boundary	-	●	-	No significant changes were made since the 2012 report
STAKEHOLDER DIALOGUE					
G4-24	Stakeholder groups	34	●	-	
G4-25	Basis for identification and selection of stakeholders with whom to engage	34	●	-	
G4-26	Approaches to stakeholder engagement	34	●	-	
G4-27	Key topics and concerns that have been raised through stakeholder engagement	34	●	-	
REPORT PROFILE					
G4-28	Reporting period for information provided	-	●	-	The report refers to the 2013 financial year
G4-29	Date of most recent previous report	-	●	-	The most recent annual report for 2012, including the section on sustainable urban planning, was published in 2013
G4-30	Reporting cycle	-	●	-	JM reports its sustainability work every year as part of its annual report
G4-31	Contact point for questions regarding the report or its contents	-	●	-	Lennart Henriz, Director, Operations Development
G4-32	GRI-reporting and GRI content index	109–112	●	Yes	This table
G4-33	Policy and current practice with regard to seeking external assurance for the report	43	●	-	Calculations of carbon dioxide emissions were reviewed by a third party as part of the Haga Initiative business network. Other calculations of indicators and key figures have not been reviewed by a third party, with the exception of those that are included in the legal section of the annual report
CORPORATE GOVERNANCE					
G4-34	Governance structure of the organization	33, 97–103	●	Yes	
ETHICS AND INTEGRITY					
G4-56	Values, principles, standards and norms of behavior of the organization	46	●	-	

Method of governance

GRI code	JM's identified sustainability aspects	GRI aspects	Reference	Status	External assurance	Comment
G4-DMA	Significant sustainability aspects	Indicator for sustainability governance				
	Good business	Economic performance	20–31, 33–34, 36	●	-	
	Materials	Materials	20, 33–34, 36, 38–39, 97–103	●	-	UN Global Compact Principle 7, 8, 9, page 35
	Emissions and waste	Emissions, effluents and waste	20, 33–34, 36–40, 97–103	●	-	UN Global Compact Principle 7, 8, 9, page 35
	Sustainable housing	Products and services	20, 33–43, 97–103	●	-	
	Employee satisfaction	Employment	20, 33–34, 44–47, 97–103	●	-	UN Global Compact Principle 6, page 35
	Activities that restrict fair competition	Anti-competitive behaviour	20, 33–34, 46, 97–103	●	-	
	Health and safety	Occupational health and safety	20, 33–34, 44–47, 97–103	●	-	UN Global Compact Principle 6, page 35
	Customer's health and safety	Customer health and safety	10–15, 20, 33–34, 38–39, 97–103	●	-	

Performance indicators

GRI code	Performance indicator	Reference	Status	External assurance	Comment
EC	ECONOMIC PERFORMANCE INDICATOR				
	Economic performance				
G4-EC1	Direct economic value generated and distributed	59–61	●	Yes	JM's Income Statement and Balance Sheet
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	3, 28–31, 33–43	●	-	
G4-EC3	Coverage of the organization's defined benefit plan obligations	68, 80, 85	●	Yes	
G4-EC4	Significant financial assistance received from government	-	●	-	JM has not received significant financial support from the government in 2013
EN	ENVIRONMENTAL PERFORMANCE INDICATORS				
	Materials				
G4-EN2	Percentage of materials used that are recycled input materials	38, 40	●	-	UN Global Compact, Principle 7, 8, 9, page 35
	Emissions and waste				
G4-EN18	Greenhouse gas emissions intensity	43	●	Yes	UN Global Compact, Principle 7, 8, 9, page 35
G4-EN23	Total weight of waste by type and disposal method	38, 43	●	-	UN Global Compact, Principle 7, 8, 9, page 35
	Products and services				
G4-EN27	Initiatives to mitigate environmental impact of products and services and extent of impact mitigation	36–43	●	-	UN Global Compact, Principle 7, 8, 9, page 35

GRI code	Performance indicator	Reference	Status	External assurance	Comment
SOCIAL PERFORMANCE INDICATORS					
LA	CONDITIONS AND TERMS OF EMPLOYMENT				
	Employment				
G4-LA2	Benefits for full-time employees	44–45	●	-	UN Global Compact, Principle 6, page 35
G4-LA3	Parental leave	45	●	-	UN Global Compact, Principle 6, page 35
	Health and safety (work environment)				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	45	●	-	Four full-time employees work with health and security. Around 120 safety representatives, work environment committees with around 15l participants in each group and a central work environment committee with 15 participants. UN Global Compact, Principle 6, page 35
G4-LA6	Rate of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region	45, 47	●	-	UN Global Compact, Principle 6, page 35
G4-LA8	Health and safety topics covered in formal agreements with trade unions	-	●	-	In accordance with collective bargaining agreements and industry practices. UN Global Compact, Principle 6, page 35
SO	SOCIAL ISSUES				
	Anti-competitive behaviour				
G4-SO7	Number of legal actions for anti-competitive behavior, anti-trust and monopoly practices	-	●	-	JM has not been subject to any legal actions as a result of anti-competitive behavior during 2013
PR	PRODUCT RESPONSIBILITY				
	Labeling of products and services				
G4-PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	36–37	●	-	All projects in Sweden are rated for their energy use in accordance with JM's system
G4-PR5	Results of surveys measuring customer satisfaction	5–6, 11–15	●	-	

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SUSTAINABLE URBAN PLANNING

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

