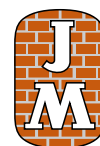


ANNUAL
REPORT
2014



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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 14bn, and the company has around 2,200 employees. JM AB is a public limited company listed on NASDAQ 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.

PROJECT CONCEPT

TRANSFER OF EXPERIENCE



MARKET ANALYSIS



VALUE CREATION THROUGH

PROJECT DEVELOPMENT



LAND ACQUISITION



PLANNING



PRE-CONSTRUCTION



SALES



PRODUCTION



OCCUPANCY



MANAGEMENT



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.

GOOD DEMAND IN JM'S PRIMARY MARKETS AND HIGHER LEVEL OF HOUSING STARTS

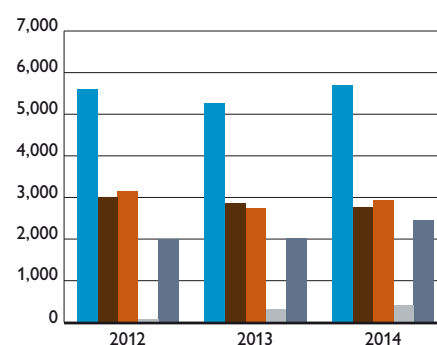
- According to segment reporting revenue increased to SEK 13,869m (12,652) and operating profit to SEK 1,716m (1,576). The operating margin was 12.4 percent (12.5)
- Restated in accordance with IFRIC 15, revenue increased to SEK 14,216m (12,603) and operating profit to SEK 1,819m (1,523). The restatement is attributable to JM International and had a positive effect on earnings of SEK 103m (-53)
- Profit before tax increased to SEK 1,744m (1,464). Profit after tax increased to SEK 1,306m (1,104)
- Return on equity for the past 12 months increased to 28.7 percent (25.0). Earnings per share during the year increased to SEK 17.00 (14.10)
- Consolidated cash flow including net investment in properties was SEK 978m (898)
- The number of sold residential units was 3,195 (3,265) and housing starts increased to 3,445 (2,953)
- Surplus value of development properties was SEK 2.8bn (2.4)
- The Board of Directors proposes a dividend of SEK 8.00 (7.25) for 2014, as well as renewed buy-back authorization.

SEKm	2014	2013	2012
Revenue (segment reporting)	13,869	12,652	13,134
Operating profit (segment reporting)	1,716	1,576	1,398
Operating margin (segment reporting), %	12.4	12.5	10.6
Revenue ¹⁾	14,216	12,603	12,480
Operating profit ¹⁾	1,819	1,523	1,374
Profit before tax ¹⁾	1,744	1,464	1,318
Operating margin, % ¹⁾	12.8	12.1	11.0
Cash flow from operating activities	978	898	979
Return on equity, % ¹⁾	28.7	25.0	21.9
Equity/assets ratio, % ¹⁾	37	40	38
Earnings per share, SEK ¹⁾	17.00	14.10	11.70
Number of residential units sold	3,195	3,265	2,952
Number of housing starts	3,445	2,953	3,163
Number of residential units in current production	6,375	5,609	5,988

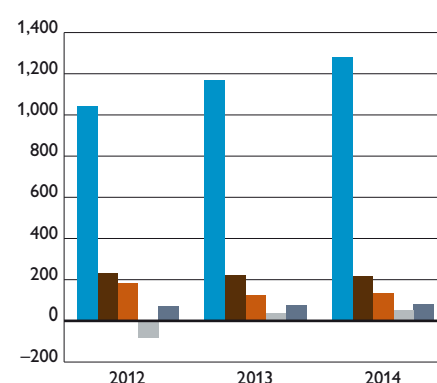
¹⁾ According to IFRIC 15.

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



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

GOOD CONDITIONS FOR VALUE DEVELOPMENT

Revenue and profit improved in 2014, and Stockholm continued to be JM's largest market, generating almost 60 percent of the revenue. We also have a lot of building rights in attractive locations here for future production.

In the past year demand for JM's residential units progressed favorably and sales in Stockholm continued to be strong. Demand in the rest of Sweden and Norway also improved.

HOUSING STARTS

Thanks to strong demand and an improved situation in terms of the planning processes, we were able to increase the number of housing starts in all business segments. We started production on 3,445 residential units and over time we should be able to increase this number to around 4,000 housing starts.

Almost 300 of the housing starts in 2014 were rental units and residential care units in Stockholm and the ambition is to build a few hundred rental units every year over the next few years. Rental units are developed for long-term management by JM or an external party.

There are 6,375 residential units in current production, which is just over 700 more than last year.

STRONG FINANCIAL POSITION

Good profitability and a strong cash flow helped us reach our financial targets; the operating margin was 12.8 percent (target 10 percent) and the equity/assets ratio was 37 percent (target 35 percent).

JM continues to have a strong balance sheet, and during the year we distributed SEK 558m to shareholders as the regular dividend for 2013.

For the period following the 2014 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 2015.

BUILDING RIGHTS PORTFOLIO

JM continues to have an attractive building rights portfolio with good central locations as well as outside of the city center close to the commuter train – a good location in close vicinity to public transport is important. Future production is dependent on our ability to acquire land in good locations at a reasonable cost. Given that the competition for well-situated land will continue to be intense, we will be selective in the land we acquire in the next year.

LARGE DEVELOPMENT AREAS

Our core business is tenant-owned apartments in apartment buildings, preferably in large project development areas such as Liljeholmskajen in Stockholm and Norra Älvstranden in Gothenburg. JM has extensive experience in large projects where we

take a comprehensive approach and create new residential areas and neighborhoods. The trend in the major cities is clear – the high levels of migration mean that we must densify the cities, but in a responsible manner.

Dalénium on Lidingö is a good example of a really large project where we, in addition to around 1,000 residential units of different types, are developing commercial premises, schools, senior housing accommodation and infrastructure. In the Our Offer section on page 18 we describe how the neighborhood is being developed with JM's collective competence.

THE CUSTOMER IN FOCUS

I would like to emphasize that we purposefully take a customer- and market perspective in our work. JM should offer eco-compliant homes and premises with a high standard and high customer value, which requires a constant dialogue. Through strategic intelligence, customer surveys and partnerships with strategic suppliers, we gain good insight into our customers and accumulate "housing knowledge". By also being skilled at the construction process and focusing on costs, we are facing good conditions for being able to continue to develop a good, sustainable product.

One important area for our customers is the durability of the interior design with regard to both quality and design. Our partnerships with architects and strategic suppliers in the areas of housing design, kitchens, bathrooms and storage offer not only inspiration but also concrete proposals for development. For example, during the year we took the decision to increase the floor space in the bathroom slightly and build balconies that are more furniture-friendly.

Our most satisfied customers have selected the JM Original interior design in their new home, which shows that it pays to develop well thought-out solutions – both in terms of floor layout and interior design. One sign that we are making the right decisions is that JM had the most satisfied customers for the sixth consecutive year in the Customer Satisfaction Index, which is measured by the residential development industry in Sweden. I am very proud that we once again are at the top of the list and have received confirmation that listening to the needs of our customers gives results.

ENERGY-EFFICIENT PRODUCTION

In our low-energy buildings, the estimated energy requirement should be 25 percent below the current norm for each country. Not just in individual buildings, but throughout our entire production portfolio. A newly constructed JM home is energy-efficient with its well-insulated climate shell and installations that conserve water, which means lower household costs. Good electrical and sound environments also contribute to a good residential environment.

In terms of the production process, during the year we started a logistics project together with our suppliers with the goal of



creating conditions for efficient flows of material and tools. This is in line with our long-term goal of lowering production costs and shorten production times.

A SAFE WORKPLACE

JM takes a “zero tolerance” approach to accidents at work, and we have set a goal to cut the number of accidents resulting in absence in half by 2016. In order to prevent and handle work environment problems in our day-to-day activities, we have strengthened our work environment organization. By educating employees and conducting more “Neatness and Order audits” at the worksites, we are happy to see that improvements are being made.

Our success is built on a balance of team spirit, performance, enjoyment and personal development. That is why we are providing employees with the conditions they need to grow at work. Through opportunities for skills development, both in terms of

professional competence and leadership, we are also creating conditions for being able to keep knowledgeable employees.

When I visit worksites in the organization, I am able to gather feedback about the decisions we have made centrally, and I see a company culture built around strong commitment and accountability.

SUSTAINABLE URBAN PLANNING

For us, sustainability is about long-term value creation and being accountable financially, socially and environmentally. The basis for our work is JM’s Sustainability Policy and JM’s Employee Code of Conduct. During the year we have directed resources to increasing knowledge about the Group’s ethical guidelines as well as equality and diversity plan in all management groups in Sweden.

The ambition is for JM’s sustainability work to be transparent for investors and other stakeholders. We have identified a number of aspects that are associated with significant possibilities and risks from a sustainability perspective, and from these have chosen those that we believe to have clear improvement potential. The aspects we will prioritize in our work are described on pages 35–49.

We have chosen to report our sustainability work based on Global Reporting Initiative (GRI) G4 (Core). JM supports the UN Global Compact and its ten principles by taking a clear position on issues related to human rights, labor law, environment and anti-corruption.

GOOD CONDITIONS

Given the large population increases in JM’s markets, a continued urbanization trend and in particular considerable interest in our products, I believe that we are facing favorable conditions for our business in 2015 as well. The economy is somewhat uncertain, and the planning processes continue to limit JM’s housing starts, although to less of a degree than before.

The Board of Directors proposes a dividend of SEK 8.00 per share for shareholders based on the strong balance sheet and good cash flow. The Board will also propose that the Annual General Meeting resolve to authorize the Board to make a decision on a renewed buy-back program.

Stockholm, March 2015

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.

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 consumption and utilization of other resources.

CUSTOMER INSIGHTS

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 where we are spending an increasing amount of time. We do homework, spend time together and cook there. All of this places demands on modern technological solutions and efficient use of space.

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

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.

IMPORTANT CHALLENGES FOR JM

- Increasingly knowledgeable and proactive customers
- Heightened focus on energy-efficient housing
- Need for more flexible and adaptable residential units to meet the needs of a workplace and “children every other week”
- Modified home loan requirements
 - Households indebtedness
 - Amortization requirement
 - Mortgage ceiling has an effect on the loan ratio.

MARKET OVERVIEW

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.

In all, JM started construction on 3,445 residential units in 2014, compared with 2,953 residential units the previous year.

Sweden had 2,792 housing starts; 98 percent were units in apartment blocks (2,417 tenant-owned apartments, 284 rental units and 36 freehold units) and 2 percent were single-family homes. Norway had a total of 499 housing starts; 82 percent were apartments and 18 percent were single-family homes. Belgium's housing starts consisted of 42 apartments, Finland's 83 apartments and Denmark's 29 single-family homes.

SWEDEN

Compared to several other European countries, Sweden is reporting relatively good GDP growth. GDP for 2014 was adjusted downward during the year due to the slow recovery in Europe and is expected to finish the year at just above 2 percent. Sweden, which is a small, export-dependent country, is affected by the weak economy in surrounding countries. What drives growth is instead households' strong consumption. Household income is still increasing faster than consumption, which also means that saving is rising from an already high level.

Households' financial assets also have a major impact on the housing market. Due to a high level of savings and positive development on the Stockholm Stock Exchange, households' assets reached record-high levels in 2014. The number of housing starts during the year increased while the number of completed residential units was estimated to remain unchanged.

In Sweden, the assessment is that JM is the market leader. The biggest segments are the Stockholm, Uppsala, Malmö/Lund and Gothenburg metropolitan areas.

STOCKHOLM

The Stockholm region is the engine pulling the Swedish economy with strong growth, and population growth is still high.

House prices in Stockholm continued to increase during 2014 and reached the highest levels ever recorded. This also applies to most of the other municipalities in the region. When households' financial assets increase faster than debt, prices rise. The strong population growth, a relatively low level of new construction and a historically low interest rate also helped push up the price levels.

JM is the market leader in new production of tenant-owned apartments in Greater Stockholm. Some of the major projects include Liljeholmskajen in Stockholm, Kvarnholmen in Nacka, Söderdalen in Järfälla and Dalénium on Lidingö.

UPPSALA

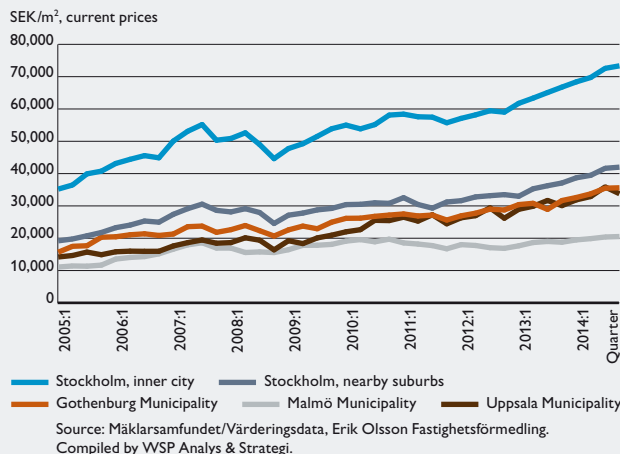
Population growth in the Uppsala region is just over 1 percent annually. The largest factor behind this growth is foreign net immigration as well as domestic net immigration and net births.

Tenant-owned apartment prices in Uppsala increased sharply in 2014. The prices of single-family homes did not increase as sharply, but they still increased in all municipalities in the region.

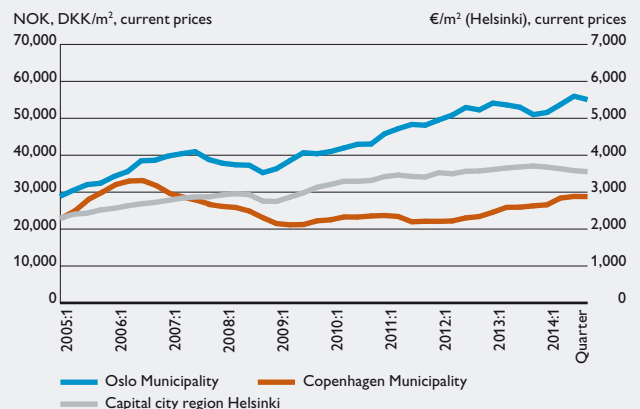
MALMÖ/LUND

The Malmö region had a weaker year compared to the other urban regions. Since 2010 the region has reported a decreasing growth rate in its population, but developments in 2014 clearly show that this trend has turned. The Malmö region is growing

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



by just over 1 percent annually. The population increase is attributable to increased net immigration.

The price level for tenant-owned apartments in the center of Malmö has been weak since 2011, but at the end of 2014 prices were higher than in 2010. This recovery has been slower than in Stockholm and Gothenburg due to a weaker regional economy in the Malmö region during the financial crisis and post-crisis years. The Malmö region was negatively affected by the weak economy in Denmark both during and after the crisis. Single-family homes in the region are demonstrating a weaker upswing than the prices of tenant-owned apartments.

GOTHENBURG

The Gothenburg region had a strong year in 2014. Population growth was exceptionally strong, which is largely attributable to an increase in foreign net immigration.

House prices in Gothenburg increased rapidly and tenant-owned apartment prices increased faster than prices of single-family homes. This can be traced to the increasing value of households' financial assets, low interest rates, strong population growth and modest construction levels.

NORWAY

After a weak year in 2013, the Norwegian economy markedly recovered in 2014. The growth is primarily driven by private consumption. Households proved to be strong with good purchasing power due to a resilient labor market but also due to increasing house prices, which strengthens consumer confidence.

Population growth in Norway is still high, primarily in the Oslo region. House prices in Oslo and Bergen recovered in 2014. Only Stavanger has still not reached its previous record levels, but prices are still high. Both the number of completed residential units and housing starts decreased in 2014.

JM is one of Norway's larger 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.

LARGER COMPETITORS IN 2014, PRIVATE HOUSING MARKET

Country	Major competitors
Sweden	NCC, Peab, Skanska and HSB
Norway	Selvaag Bolig, OBOS, Skanska, NCC and Veidekke
Denmark ¹⁾	NCC and Arkitekt Gruppen
Belgium ²⁾	Thomas & Piron, Immobil, Bouygues, Besix RED, Bouwfonds and Matexi-Wilma
Finland ³⁾	YIT, Skanska, SRV, Lemminkäinen Talo and NCC

1) Copenhagen region
2) Brussels, Namur and Brabant Wallon
3) Capital region

DENMARK

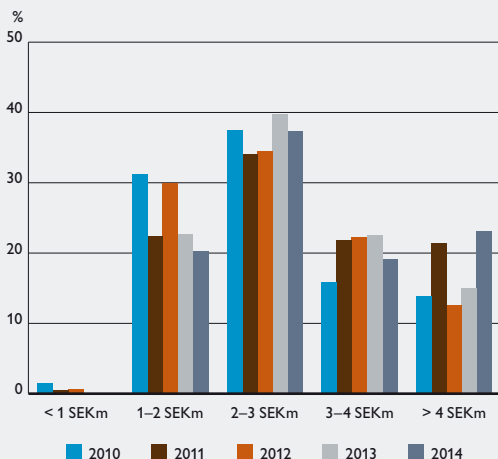
After several stagnant years, Denmark is once again experiencing growth. In 2014, GDP growth was roughly 1 percent. A stronger labor market, increasing house prices and low interest rates are contributing to the upturn in the economy. The population of Copenhagen has increased sharply over a period of several years, and in 2014 Copenhagen grew by more than 1.5 percent annually. The prices of freehold apartments in Copenhagen have increased since mid-2012 and continued to increase in 2014. Both the number of completed residential units and housing starts decreased in 2014.

JM's operations are concentrated to the Copenhagen area.

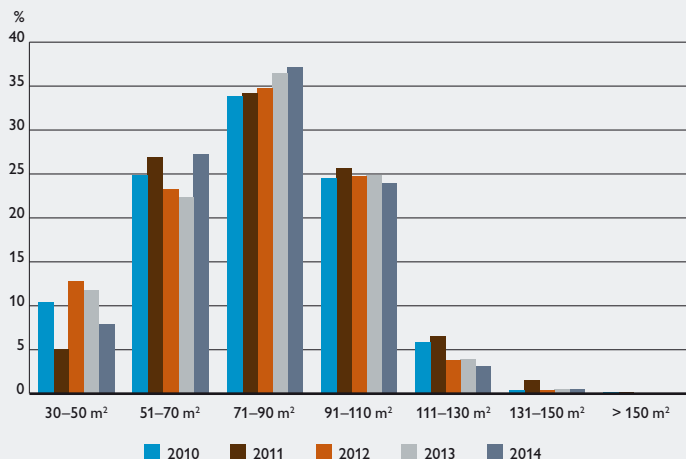
FINLAND

During the first quarter of 2014, Finland fell back into a recession. The country previously struggled with both structural and

BREAKDOWN OF SALES STARTS, JM'S TENANT-OWNED APARTMENTS BY PRICE BAND 2010-2014, SWEDEN



BREAKDOWN OF SALES STARTS, JM'S TENANT-OWNED APARTMENTS BY SIZE BAND 2010-2014, SWEDEN





economic problems, and now the crisis in Russia, including trade sanctions, is hitting Finland hard. As a whole, GDP fell in 2014. The capital region represents the largest portion of the population growth in Finland. The region is growing by 1.5 percent annually. The price level in the capital region decreased slightly during the year. Both the number of completed residential units and housing starts decreased in 2014.

JM conducts operations in the Helsinki area.

BELGIUM

GDP grew at approximately 1 percent annually in 2014. Exports contributed most, but the increase in the growth rate is also due to higher domestic demand driven by household consumption and corporate investments. The price level increased slightly during the year.

JM develops housing in the Brussels region.

RESIDENTIAL CONSTRUCTION – NUMBER OF HOUSING STARTS

Country	2014	2013	2012
Sweden	25,900	21,100	21,400
Norway	27,200	30,300	30,200
Denmark	8,600	9,800	13,000
Finland	n/a ¹⁾	27,300	28,300

¹⁾ Statistics Finland has delayed its publication until further notice. Source: The bureau of statistics of each country, compiled by WSP Analys & Strategi. Figures for 2014 are preliminary and are determined in May 2015.

JM'S SOLD RESIDENTIAL UNITS

Country	2014	2013	2012
Sweden	2,588	2,718	2,209
Norway	475	433	649
Denmark	22	11	13
Finland	75	43	26
Belgium	35	60	55
Total	3,195	3,265	2,952

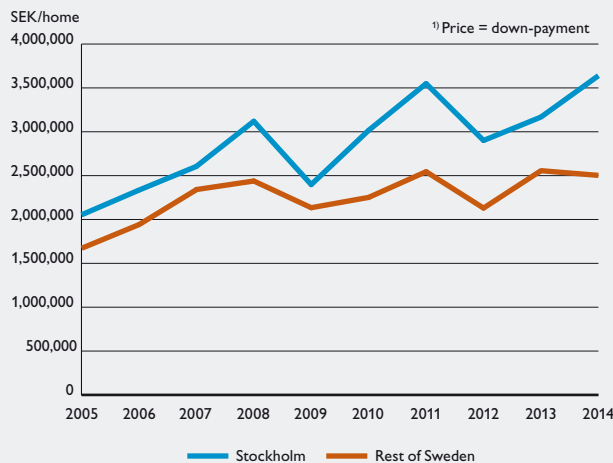
JM'S HOUSING STARTS

Country	2014	2013	2012
Sweden	2,792	2,465	2,286
Norway	499	331	815
Denmark	29	12	2
Finland	83	46	34
Belgium	42	99	26
Total	3,445	2,953	3,163

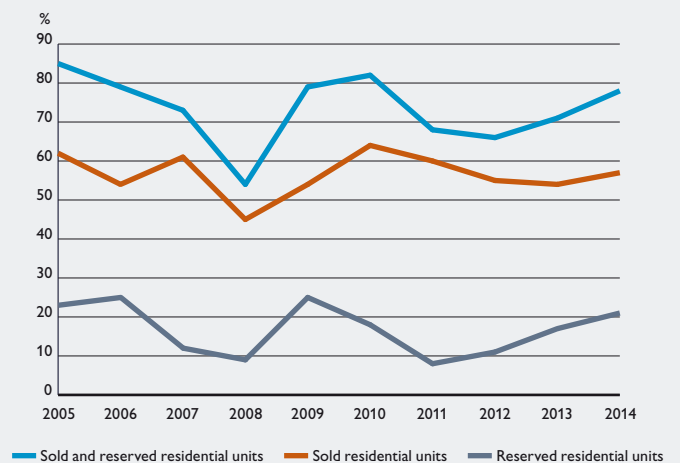
JM'S RESIDENTIAL UNITS IN CURRENT PRODUCTION

	12/31/2014	12/31/2013
Number of residential units in current production ¹⁾²⁾	6,375	5,609
Percentage sold residential units in current production, % ³⁾	57	54
Percentage reserved residential units in current production, %	21	17
Percentage sold and reserved residential units in current production, %	78	71
¹⁾ Including 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	430	308
Of these, residential units are in projects where costs incurred are only reported as project properties under construction	284	54
²⁾ Beginning with production startup through final occupancy according to plan.		
³⁾ Percentage sold residential units expressed as binding contract with end customer.		

AVERAGE PRICE¹⁾ AT SALES START, JM'S RESIDENTIAL UNITS 2005–2014, SWEDEN



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



OUR OFFER

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





JM 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.

A GOOD DIALOGUE WITH CUSTOMERS

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 sixth consecutive year, JM in Sweden has the most satisfied customers in the industry with a CSI of 78, which can be compared with the industry index of 73 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 also receive *entré*, our customer magazine, which is issued four times a year. The magazine contains articles about customers who have just moved into their homes, descriptions of new residential areas, guides about various residential themes and information on various planned residential projects.



GOOD CHOICE OF MATERIALS

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 work with 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. After reserving a residential unit, the customer receives an Interior Selections catalogue for the project, in which the well-planned JM Original interior design selections are presented.

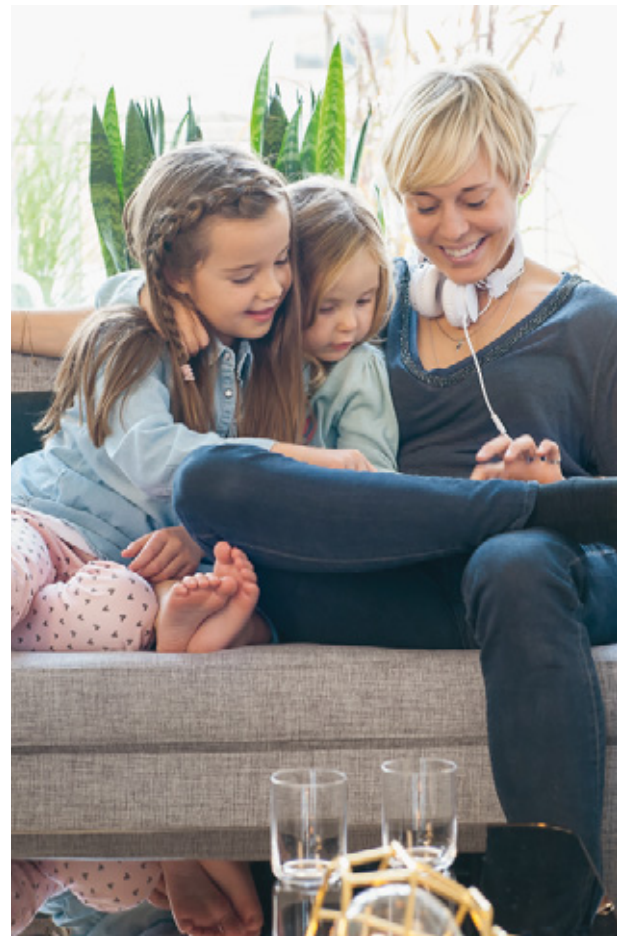
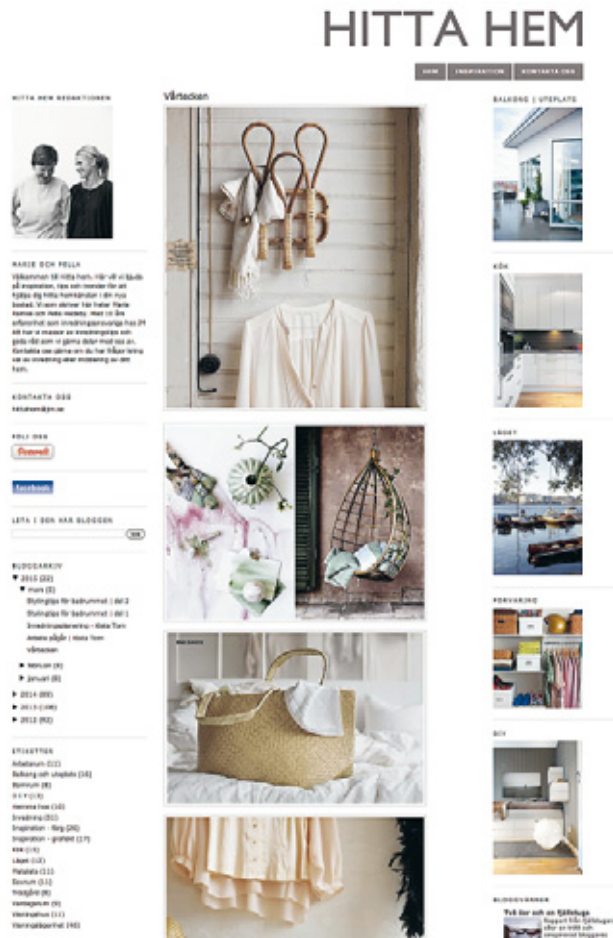
The customer then meets with the project’s interior designer to discuss the various selections that are available for the future dream home.

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.

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.





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 chosen to remain 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 are constantly developing our digital initiatives. In order to satisfy the increasing demands on mobility and new customer behaviors, our websites are completely responsive.

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 2014, and they all had the same theme: in the spring,

“Kitchen” and “Balcony/Outdoor Space”, and in the fall, “Real thing/Craftsmanship” and “Living Rooms”.

The open house days are popular, with an average visitor count of around 2,000 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.





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.

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.

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.

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 CONSUMPTION PRIORITIZED IN OUR ENVIRONMENTAL INITIATIVES

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

It is also clear to us that 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 wall-papering have a two-year warranty period.

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 33–44.

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 CONSUMPTION

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

SOUND MATERIALS

Wood, rock 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

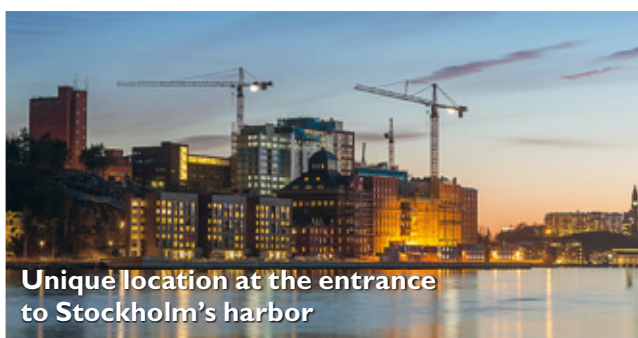
Development period: 2001–2023
Housing type: Apartment blocks
Number of residential units:
 – Total: Approx. 4,200
 – Started: 2,605
 – Housing starts in 2014: 275
Apartment sizes: 42–141 m², 1–5 rooms and kitchen
Remaining number of building rights: Approx. 1,600
Location: Central, 5 km from downtown 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 2014: 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

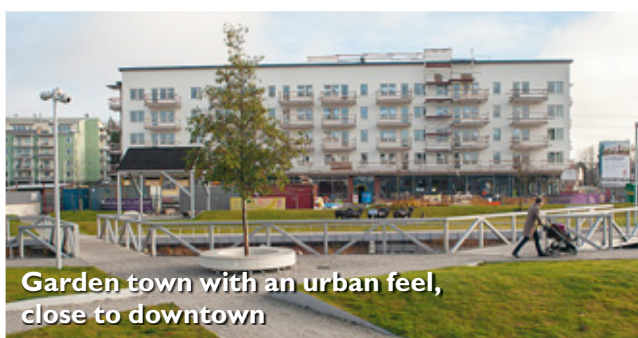
Development period: 2013–2025
Housing type: Single-family homes/Apartment blocks
Number of residential units:
 – Total: Approx. 1,100
 – Started: 147
 – Housing starts in 2014: 147
Apartment sizes: 32–128 m², 1–5 rooms and kitchen
Remaining number of building rights: Approx. 950
Location: Approx. 20 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: 885, of which 174 single-family homes
 – Housing starts in 2014: 102
Apartment sizes: 43–128 m², 2–5 rooms and kitchen
Remaining number of building rights: Approx. 250
Location: Close to nature, 8 km from downtown Stockholm



Garden town with an urban feel, close to downtown

DALÉNUM, LIDINGÖ

Development period: 2010–2020
Housing type: Apartment blocks
Number of residential units:
 – Total: Approx. 800¹⁾
 – Started: 297¹⁾
 – Housing starts in 2014: 36 freehold units²⁾
Apartment sizes: 35–158 m², 1–5 rooms and kitchen
Remaining number of building rights: Approx. 500
Location: Central, 9 km from downtown Stockholm



Land with a tradition on Lidingö

¹⁾In addition there are 243 rental units started. ²⁾In addition there are 97 rental units started.



KUNGSÄNGEN, UPPSALA

Development period: 2002–2020

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 1,000

– Started: 712

– Housing starts in 2014: 48

Apartment sizes: 54–118 m², 2–5 rooms and kitchen

Remaining number of building rights: Approx. 300

Location: Close to the city center



ÖSTERMALM, VÄSTERÅS

Development period: 2005–2019

Housing type: Apartment blocks

Number of residential units:

– Total: 600

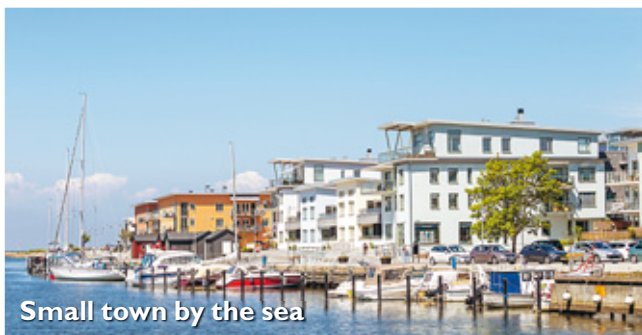
– Started: 396

– Housing starts in 2014: 42

Apartment sizes: 54–98 m², 2–4 rooms and kitchen

Remaining number of building rights: Approx. 200

Location: In the city center



LOMMA STRANDSTAD, LOMMA

Development period: 2003–2021

Housing type: Apartment blocks/Single-family homes

Number of residential units:

– Total: Approx. 1,050

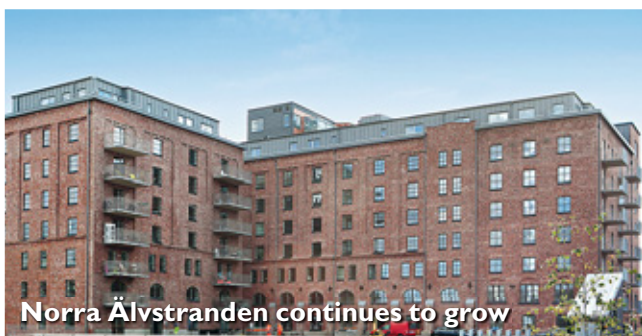
– Started: 600 of which 29 single-family homes

– Housing starts in 2014: 61

Apartment sizes: 36–113 m², 1–4 rooms and kitchen

Remaining number of building rights: Approx. 450

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



NORRA ÄLVSTRANDEN, GOTHENBURG

Development period: 1998–2022

Housing type: Apartment blocks

Number of residential units:

– Total: Approx. 2,000

– Started: 1,630

– Housing starts in 2014: 148

Apartment sizes: 35–103 m², 1–4 rooms and kitchen

Remaining number of building rights: Approx. 350

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: 221

– Housing starts in 2014: 61

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

Remaining number of building rights: Approx. 110¹⁾

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.



DALÉNUM – A NEW NEIGHBORHOOD ON LIDINGÖ, STOCKHOLM

Along Lidingö's southern shoreline JM is developing the Dalénium area – a new neighborhood with around 1,000 different types of residential units and premises for local businesses.

Most of the residential units that JM builds are tenant-owned apartments in apartment buildings, which is also the case at Dalénium, but the area also includes rental units (243) and JM's first freehold apartments in Sweden (36). The residential area's most prominent new addition is the high rise that will stretch higher than 20 stories and is planned for Dalénium's southwest corner. We have to date started production on 540 residential units in the area, and the project is expected to continue until 2020.

Dalénium is a clear example of how JM works with project development. We acquire land that has development potential and plan the development together with the municipality. We work together with talented consultants and architects/landscape architects. We are building

residential units and commercial premises, laying out parks and seafront promenades and building roads in the area.

"Being able to be part of the development of an entirely new neighborhood using JM's combined competence is inspiring," says **Olof Pettersson Herold**, Project Manager at JM.

VIBRANT NEIGHBORHOOD

The objective is to build a vibrant neighborhood with a good balance between residential units and commercial premises that will keep the neighborhood vibrant and safe, no matter the time of day," says Olof. Restaurants and cafés contribute to the hustle and bustle, while schools and services simplify everyday activities. JM has also built a senior housing project in the area.



"Being able to be part of the development of an entirely new neighborhood using JM's combined competence is inspiring."

VARIED ENVIRONMENT

To create a varied environment, the buildings have different volumes, contrasting facades and differing building density. The well-preserved brick buildings from AGA's 1900s are given new life in the newly constructed area as commercial premises. Space is allocated in the area for services, work-out facilities, schools, offices and other business premises that give the neighborhood a strong pulse.

Dalénium's beautiful location on the south side of Lidingö offers everyone a place to live close to seafront promenades, the water and the view of the entrance to Stockholm's harbor. JM's work should contribute to creating a functional and sustainable community for residents of both today and tomorrow.



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 in 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 and to some extent freehold apartments. 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.

JM works with a number of investment analysis methods and criteria (such as WACC, IRR and present value ratios) to evaluate both each specific project's profitability and which projects should be prioritized. These methods and criteria form the tools and governance methods used to meet the Group's requirements on weighted average cost of capital.

WACC (weighted average cost of capital)

The weighted cost of capital (WACC) for new projects amounts to 5.5–6.5 percent and is used to calculate the present value of forecast cash flows for a specific project.

Debt/equity ratio in projects

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

Average cost of capital – borrowed capital*

A 2-year interest rate (corresponding to the average length of a project) of a total of 2.3–2.8 percent based on the underlying risk-free rate of 0.3 percent and a risk premium of 2.0–2.5 percent. Taking tax deductions for interest expense into consideration, the average cost of capital for borrowed capital is thus 1.8–2.2 percent.

Average cost – shareholders' equity*

Return on equity, when weighing the different evaluation criteria, CAPM (Capital Asset Pricing Model) and IRR (Internal Rate of Return), amounts to around 11–13 percent.

Return on equity

The return on shareholders' equity for the 10-year period of 2005–2014 was 26.8 percent, and 23.1 percent for the 5-year period of 2010–2014.

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

FINANCIAL TARGETS

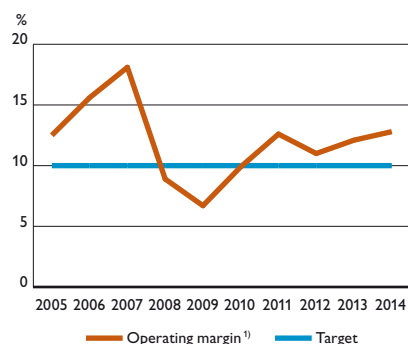
JM has an overarching goal to generate value for its shareholders. The aim is for investors in JM shares to receive a higher total return than they would receive from investing in other companies with a similar risk profile and business activities. Total return refers to the sum of dividend and increased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

For the period 2005–2014, JM shares gave a total return of 24 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 2005–2014, operating margin was an average of 12.0 percent. During the 5-year period of 2010–2014, operating margin was an average of 11.7 percent.

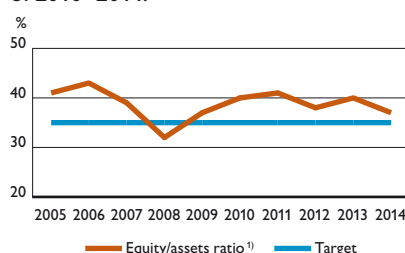


¹⁾ Financial year 2008 and earlier are not restated according to IFRIC 15.

EQUITY/ASSETS RATIO

The visible equity ratio should amount to 35 percent over a business cycle. During the 10-year period of 2005–2014, the equity ratio was an average of 39 percent.

It was 39 percent during the 5-year period of 2010–2014.

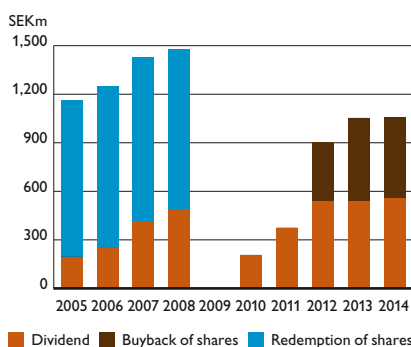


¹⁾ Financial year 2008 and earlier are not restated according to IFRIC 15.

DIVIDEND

The average dividend over a business cycle should correspond to 50 percent of consolidated profit after tax. During the 10-year period of 2005–2014, the average dividend pay-out ratio was 41 percent. During the 5-year period of 2010–2014 it was 54 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 2005–2014, JM shares gave a total return of 24 percent (average). Corresponding figure for the 5-year period 2010–2014 was 19 percent.



VALUE GENERATION IN JM'S CORE BUSINESS

70 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

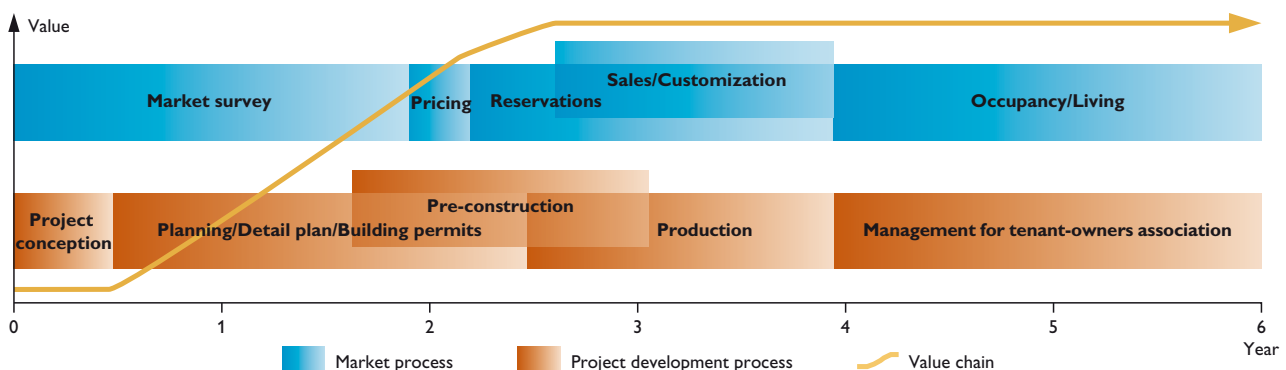
Good understanding of market development, customer need and demand forms the basis for generating value through project development. Thus JM regularly performs market surveys among its customer groups in order to ascertain need and preferences for issues ranging from type of housing to location and design.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

PROCESSES¹⁾ AND VALUE CHAIN²⁾ 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 29,400 available residential building rights (27,700). Capital tied up in building rights (development properties on the balance sheet) for residential units increased to SEK 6,720m (5,902) at year-end.

APPRAISAL OF RESIDENTIAL BUILDING RIGHTS

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

BUILDING RIGHTS PORTFOLIO

The building rights portfolio comprises two types of building rights:

- building rights on the balance sheet, 17,500 (17,800), corresponding to five years of production at the current rate of production
- building rights that are available through conditional acquisitions or cooperation agreements, 11,900 (9,900). In most cases JM has the opportunity to decide both whether and when to buy the land.

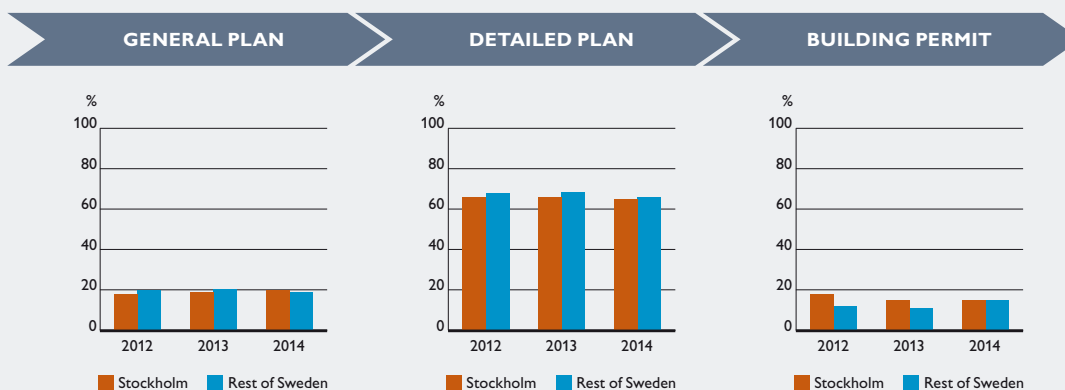
The targeted amount for building rights on the balance sheet is five years (indicates the number of years it would take to produce the building rights portfolio JM has in its balance sheet with the current rate of production, calculated on 12 rolling months).

The assessed market value of JM's residential development properties amounts to SEK 9.6bn (8.3). The corresponding carrying amount is SEK 6.8bn (5.9). The 11,900 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

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



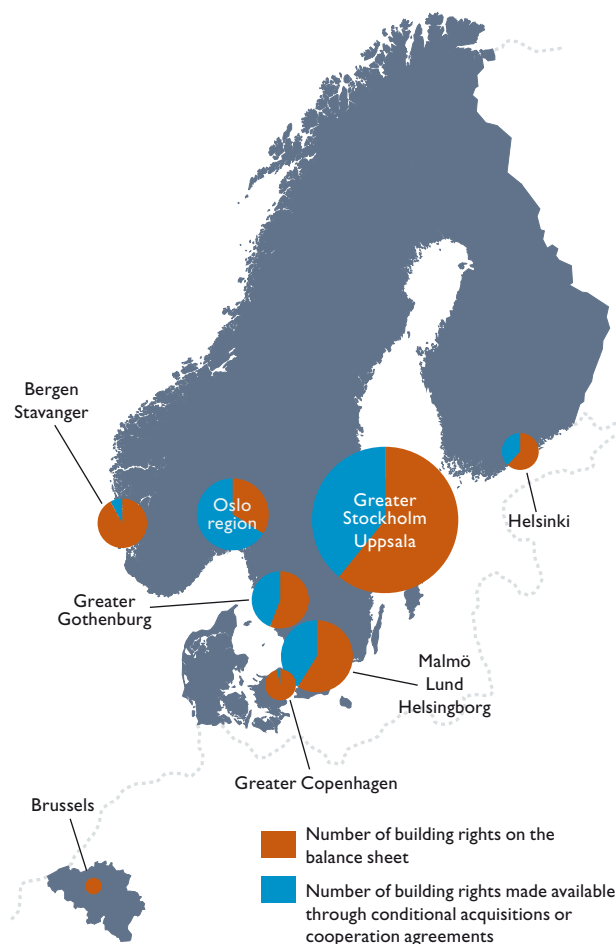
¹⁾ Number of building rights on the balance sheet

and building permit. The diagrams below show a breakdown of the market value of JM's development properties into different planning phases. The detailed planning phase covers the period from the start of detailed planning work until application for a building permit.

GEOGRAPHIC DISTRIBUTION OF AVAILABLE RESIDENTIAL BUILDING RIGHTS

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

About 67 percent of the residential building rights recognized on the balance sheet in Sweden are in the Greater Stockholm area. About 27 percent of them are located in downtown Stockholm, including Lidingö and Liljeholmskajen, 31 percent in nearby suburbs and 42 percent in outlying suburbs.



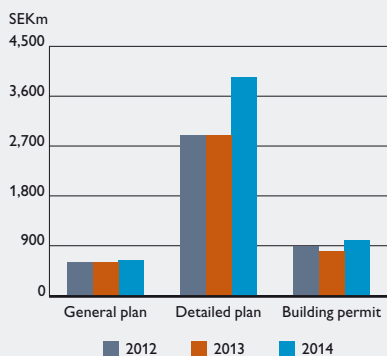
JM'S AVAILABLE RESIDENTIAL BUILDING RIGHTS

Area	Number of building rights	
	2014	2013
Greater Stockholm excluding Sigtuna, Upplands Väsby, Vallentuna, Norrtälje	12,500	11,900
Malmö, Lund, Helsingborg	3,800	3,700
Greater Göteborg	2,400	1,900
Uppsala, Sigtuna, Upplands Väsby, Vallentuna, Norrtälje, Linköping, Västerås, Örebro	3,200	3,100
Oslo region, Norway	3,800	3,800
Bergen och Stavanger, Norway	1,800	1,500
Greater Copenhagen, Denmark	700	700
Helsinki, Finland	1,000	750
Brussels, Belgium	200	350
Total (approx.)	29,400	27,700

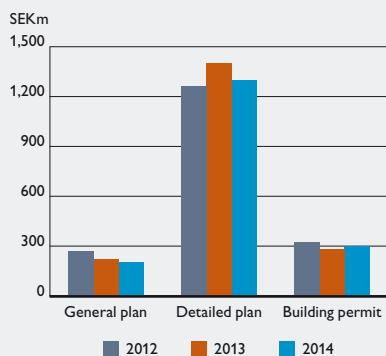
MARKET VALUE IS BROKEN DOWN AS FOLLOWS:

SEK billion	Market value		Carrying amount	
	2014	2013	2014	2013
Stockholm	5.6	4.3	4.0	3.0
Rest of Sweden	1.8	1.9	1.2	1.4
International	2.2	2.1	1.6	1.5
Total	9.6	8.3	6.8	5.9

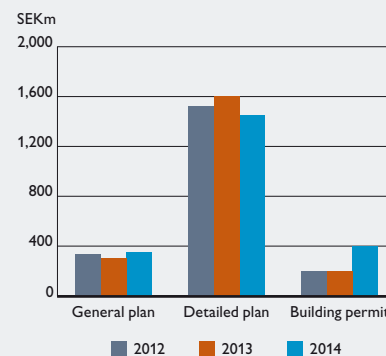
MARKET VALUE RESIDENTIAL BUILDING RIGHTS STOCKHOLM



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 residential units, residential care units 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 a third party for long-term management.

JM RENTAL HOUSING

There is a considerable lack of housing in the Stockholm region and politicians aim to build at least 140,000 new residential units by 2030. In the City of Stockholm, the guideline is that 50 percent of these residential units should be rental units. JM is part of this investment through JM Rental Housing, a separate unit that is responsible for the project development and construction of rental housing for internal management. The operations of this unit also include the construction of student and young adult housing as well as rental units for seniors. JM's strategy is to have continuous and long-term production of rental housing primarily in the Stockholm region. JM has also signed a letter of intent with Uppsala Municipality to build rental units in Uppsala.

The first stage of production of 146 rental units is underway in Dalénum on Lidingö. JM is working on a turnkey contract basis and will hand over a turnkey property to the buyer, John Mattson Fastighets AB, in 2015. An additional project consisting of 97 rental units under proprietary management was started during the year in Dalénum. Completion and occupancy in 2016. Production of the Tjærtunnan project in Stureby, Stockholm, with 187 rental units, was also started.

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. Local planning is underway in Bredäng, Stockholm for around 120 rental units. Local planning is also underway for student housing in Alphyddan, Nacka and the KTH Campus in Stockholm, with a view to the student housing fair in Stockholm in 2017.

During the year, JM has continued to search for land with leasehold rights for rental housing, preferably in Stockholm. JM's subsidiary, Seniorgården, works with and searches for land for senior rental housing.

RESIDENTIAL CARE UNITS

During 2014, two senior housing projects were completed, Stora Sköndal, Stockholm, consisting of 108 units, and Svänghjulet, Täby, consisting of 54 units.

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 also monitors developments concerning a new type of housing for the elderly – sheltered housing.

COMMERCIAL PROPERTIES

Despite the slow-down in the economy and low growth, the Swedish real estate market is going strong (Source: NAI Svefa) and demand on the real estate market has recovered since the financial crisis. The transaction volume in 2014 was higher than previous record-setting years. (Source: DTZ)

The premises in Dalénum, Lidingö are located in old industrial buildings that are being converted into offices and light industry. The development work with the real estate portion has now gone over to a management phase.

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 development project.

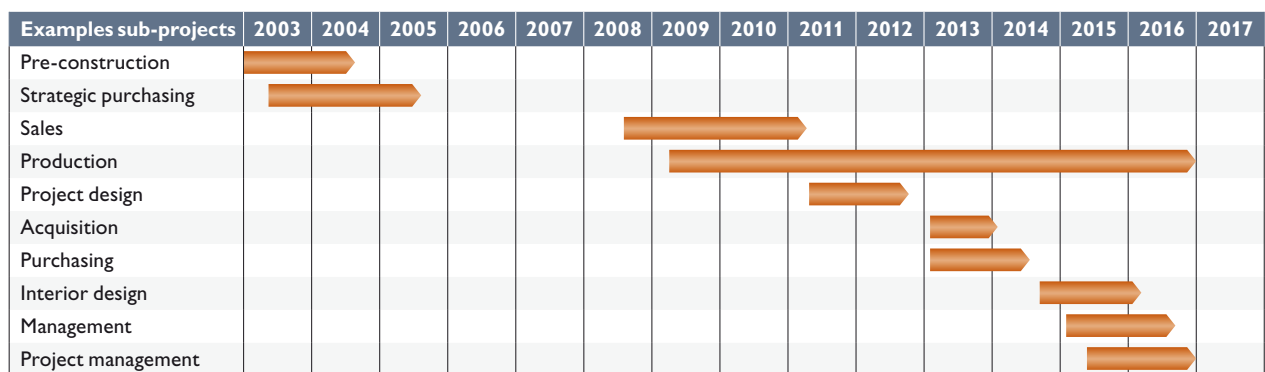
MARKET VALUATION – PROJECT PROPERTIES	12/31/2014			
	Market value, SEKm	Carrying amount, SEKm	Area, (000) m ²	Occupancy rate annual rent, %
Properties under development	224	196	32	82
Fully developed commercial properties	56	34	3	83
Total	280	230	35	82

STRUCTURED PROJECT DEVELOPMENT A LONG-TERM INVESTMENT

JM's production 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.

under the "Structured Project Development" concept. This initiated efforts to improve cost control, which resulted in a successful project to standardize both the product and processes. It also creates value for customers and safeguards the important structural capital that contributes to the company's success. This is one of JM's largest, most important and ongoing improvement projects.

At the beginning of the 2000s, management decided to gather the strength of various improvement projects and conduct them



Some of the most important improvement projects are presented below:

THE PRODUCT

Structured Pre-Construction

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

Strategic Purchasing

Using the defined and standardized components produced within the framework of the Structured Pre-Construction Project as its starting point, the Strategic Purchasing Project was launched. JM's strategy has been to not 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.

THE PROCESSES

Structured Sales

Experience from other industries clearly demonstrated that operational process orientation is a natural development. JM decided that sales activities should be the first to 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

This project, which is based on lean thinking, consists of three parts:

- **Process orientation of the operations system**
- **Work descriptions and installation instructions:** Specific operations are described in special installation instructions
- **System for uniform scheduling**

In 2011, JM was awarded the Lean Award by Lean Forum Bygg for its work with Structured Project Development.

Structured Project Design, Acquisition, Purchasing

During the years, the process above has been oriented to clearly establish a uniform method of working at JM. In conjunction with this work, other operations have also been synchronized in our operations system.

Coordination of the Norwegian and Finnish operations

The operations system is designed to handle all of the Group's operations. During the year, the significant parts of the Norwegian and Finnish operations were integrated into our joint operations 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. We also believe that we are transparent about our business from a sustainability perspective, both in terms of financial reporting and risk management.

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

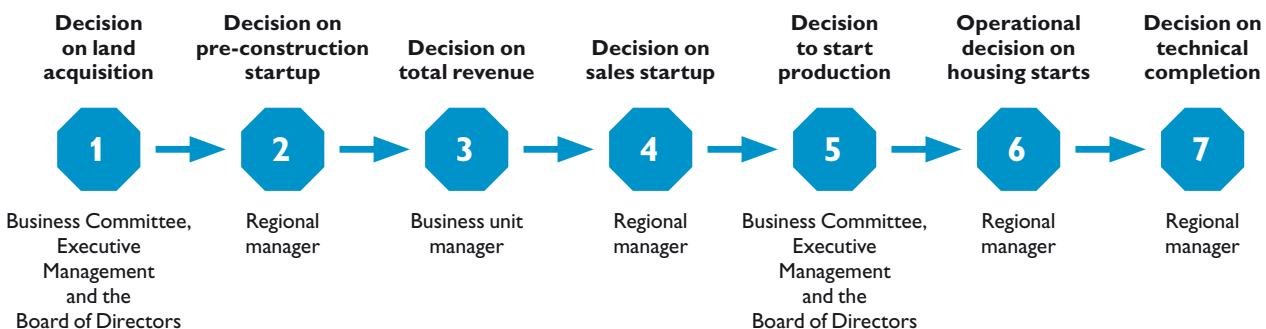
ANALYSIS OF RISKS AND OPPORTUNITIES IN THE DIFFERENT PHASES OF PROJECT DEVELOPMENT – EXAMPLES

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

the operational risks in the business. All significant business and project decisions are analyzed with regard to both risk and opportunities.

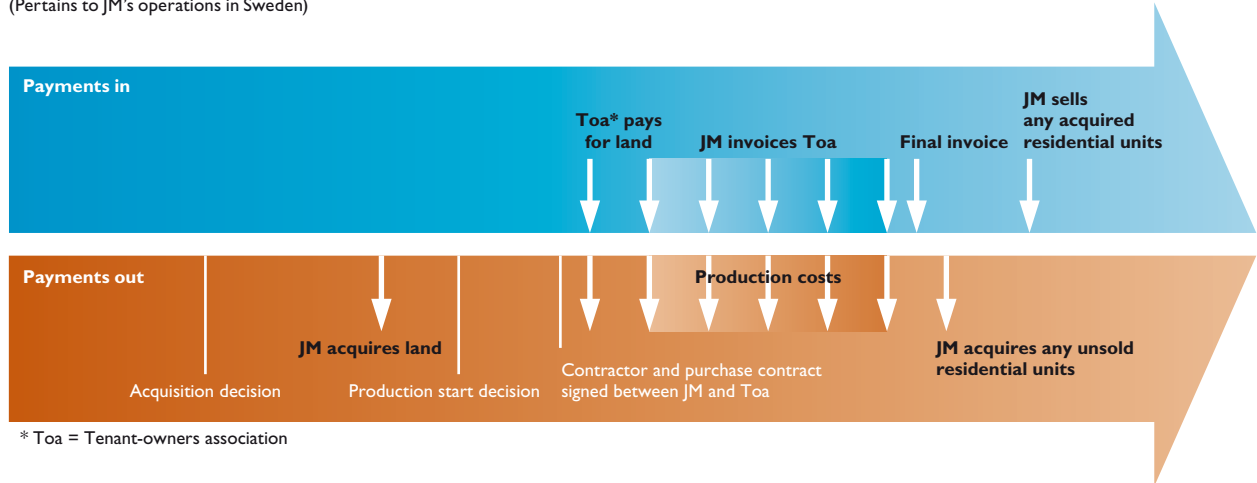
The most significant risks faced by JM in 2014 continued to be related to the subsiding debt crisis in Europe, at the same time that demand for housing in Sweden continued to improve. Housing starts over the year, however, have been limited by the

DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT



CASH FLOW IN A RESIDENTIAL PROJECT

(Pertains to JM's operations in Sweden)



planning processes but to less of an extent than in 2013. The situation for 2015 is similar to that in 2014 and business will be largely dependent on the economic development. 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.

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.

29,400 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 6.0 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 1,400m, or just under SEK 19 per share according to the basis for this calculation.

The sensitivity analysis to the right excludes cash flows from previously recognized land (SEK 6,711m) after adjustment of liabilities for property acquisitions (SEK 1,329m). The present value of these cash flows amounts to about SEK 3.3bn.

SENSITIVITY ANALYSIS, PRESENT VALUE IN SEK 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	7,100	8,500	9,900	11,300	12,700
23,000	5,700	7,100	8,500	9,900	11,300
24,000	4,300	5,700	7,100	8,500	9,900
25,000	2,900	4,300	5,700	7,100	8,500
26,000	1,500	2,900	4,300	5,700	7,100

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	94	113	132	151	170
23,000	75	94	113	132	151
24,000	56	75	94	113	132
25,000	37	56	75	94	113
26,000	18	37	56	75	94

SENSITIVITY ANALYSIS, VARIOUS COST CATEGORIES, PROJECT DEVELOPMENT HOUSING

Category	Percentage of cost, % ¹⁾	Change, %	Effect, SEKm
Salaries/wages	13	+/- 10	+/- 86
Material	16	+/- 10	+/- 102
Land	16	+/- 10	+/- 105
Developer's costs	14	+/- 10	+/- 89
Pre-construction	6	+/- 10	+/- 40
Overhead	7	+/- 10	+/- 43
Subcontracting	28	+/- 10	+/- 182

¹⁾ Share of cost base for project development of housing in Sweden was SEK 6.5bn in 2014.

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 2014
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 subsiding 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. The pressure on the market share increases as the market improves.
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.	The political risks remain unchanged, but uncertainty about regulatory issues has increased slightly.
Climate change	Requirements on lower energy consumption. 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 25 percent.

OPERATIONAL RISKS

Risk	Description of risk	Management	Comments/outcome 2014
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.	Continued 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 62 unsold units with a carrying amount of SEK 243m 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 constructions have resulted in stable sales and an unchanged size in project stages.

FINANCIAL RISKS (see note 22, Financial risk management on page 80)

Risk	Description of risk	Management	Comments/outcome 2014
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.



Norra Djurgårdsstaden in Stockholm with lush courtyards and green roofs planted with sedum.



SUSTAINABLE URBAN PLANNING

JM helps 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 foundation for our operations.

With sustainable urban planning we are referring to financial, social and environmental accountability, which also encompasses the concept of Corporate Social Responsibility (CSR). We strive with our sustainability work to strengthen our basis for long-term, value-creating operations and its contributions to sustainable development. An important part is taking responsibility for the impact of our activities and decisions on society and the environment.

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 project development.

Amongst other things, in 2014 we:

- implemented a sustainability policy
- implemented a Code of Conduct for JM's employees
- developed incident reporting during the year so that it is now possible for suppliers and other stakeholders to report incidents via JM's website
- developed the organization and control of sustainability issues
- implemented an improved materiality analysis and identified the operation's material and prioritized sustainability aspects.

JM's sustainability report for 2014 (in accordance with the GRI G4 Core level) is part of the annual report. 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 operations. The CEO and the Group's business unit and regional managers are part of the council as well as the group staff Operations Development. The group staff is responsible for the coordination of the Group's sustainability work and this work is kept together by JM's newly formed sustainability group with several of JM's group staff heads.

GOVERNANCE AND FOLLOW-UP

The Operations system is the Group's management system. In all material respects it meets the standards set by the ISO for quality and environmental management. The purpose of the system is to support and steer our operations toward a unified method of working, with lower costs and improved customer value. It is an important part of JM's structural capital and is a compilation of experiences and knowledge that is used throughout our entire operations.

The measures and improvements that we are implementing in the area of sustainability have a direct impact on the entire operations thanks to the Operations system. This means that we achieve a high, steady level of sustainability work in all of our projects and not just certain pilot projects.

The clear control and follow-up processes in the projects mean that the risk of non-compliance with both legal and internal requirements on sustainability is small, and if non-compliance should still occur it can be quickly identified and handled at an early stage.

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, environmental impact and energy consumption in our homes. The program is renewed every three years and the current objective applies to the period 2014–2016. JM follows up on targets and requirements in the operations system via non-conformity and key figure reports, as well as with internal audits; see pages 97–103 of the Corporate Governance Report.



The Fridhem project next to Fröfjärdsparken in Solna.

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

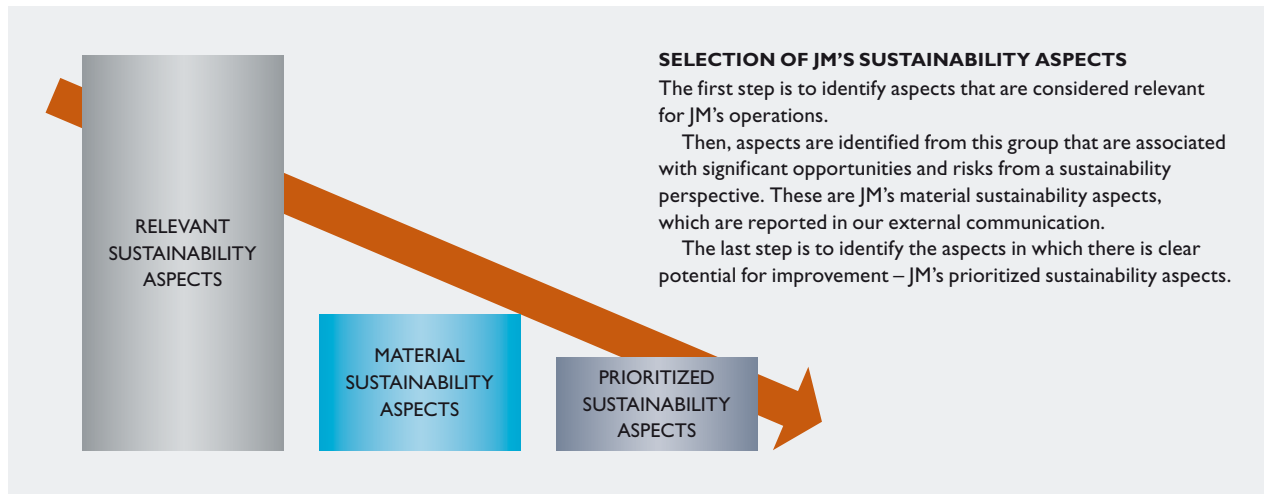
an ongoing dialogue with customers, employees, owners, investors, cooperation partners and other stakeholders. Below is an account of how JM approaches these areas, as well as some examples of our activities during the year.

Stakeholder group	Examples of activities in 2014	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, current	Performance appraisals Training	Health and safety Skills development Succession planning Remuneration	Employee survey Work Environment Day
Employees, potential	Around 100 students have been offered an internship, primarily in production Started two-year trainee program with a focus on production	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	Corporate update	Ongoing communication in a structured manner Capital Market Day
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 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 are essential for the company, and it forms the basis for JM’s sustainability work as well as what we report. The analysis was implemented in 2014 using a developed methodology that is better adapted to JM’s way of working. It is based on a compilation of information from in-depth interviews

with key staff members, survey responses from identified stakeholders, internal investigations and standards, de facto-standards and legislative requirements in the area of sustainability. The information is evaluated based on the opportunities and risks of different sustainability aspects in JM’s operations – for long-term value creation both within JM and in our surroundings.



JM’S MATERIAL SUSTAINABILITY ASPECTS		Appearance in the value chain			
		Supplier	JM	Customer	Society
PLANET	Waste and efficient use of resources	X	●	●	●
	Energy consumption and environmental impact	X	●	●	●
	Soil contamination	X	●	●	●
	Materials used	X	●	●	●
	Transport and construction machinery	X	●	●	●
PEOPLE	Business ethics		●		
	Accountability in the supplier chain	X	●		
	Work environment	X	●	●	
	Diversity and equal opportunity	X	●	●	
	Competence	X		●	
	Legislative compliance		●	●	
	Human rights		●	●	
	Product design	X		●	●
PROFIT	Role of the business in society		●		●
	Responsibility for financial impact outside of JM		●	●	●
	Consideration taken in decision-making process	X		●	
	Quality	X	●	●	●
	Long-term business	X		●	●
	Transparent accounts			●	

The table shows JM’s material sustainability aspects (unranked) and where in the value chain each aspect is relevant. The aspects that are marked with an X are JM’s prioritized sustainability aspects, which we will prioritize in our sustainability work.

COOPERATION

JM is part of society. An important part of JM's efforts to contribute to sustainable development is to work together with other actors to achieve greater change in society. We therefore actively participate in several different initiatives to drive the development both in the construction sector and in society at large toward sustainability.

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.

JM calculates and reports its carbon dioxide emissions. JM 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. For example, JM is listed on the OMX GES Sustainability Sweden Index.

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 2014, JM received a rating of C 83 in the CDP assessment. 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, an association in which JM is 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.

BASTA – the construction sector's shared systems for phasing out dangerous substances. BASTA is an industry initiative to phase out hazardous substances with the aim of simplifying the product selection and creating a better selection of environmentally friendly construction goods on the Swedish construction market. JM initiated the creation of BASTA and is a member of the organization's Board of Directors and scientific council.

JM is listed on the OMX GES Sustainability Sweden Index.

Ten principles of the UN's Global Compact	Reference
<p>HUMAN RIGHTS</p> <ol style="list-style-type: none"> 1. Support and respect the protection of internationally proclaimed human rights in the spheres the company can influence 2. Make sure that the company is not complicit in human rights abuses 	Pages 48–50
<p>LABOR LAW</p> <ol style="list-style-type: none"> 3. Uphold freedom of association and the effective recognition of the right to collective bargaining 4. Elimination of all forms of forced and compulsory labor 5. Effective abolition of child labor 6. Elimination of discrimination in respect of employment and occupation 	Pages 45–50
<p>ENVIRONMENT</p> <ol style="list-style-type: none"> 7. Support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies 	Pages 33, 37–44
<p>ANTI-CORRUPTION</p> <ol style="list-style-type: none"> 10. Work against corruption in all its forms, including extortion and bribery 	Pages 47–50

LONG-TERM ENVIRONMENTAL PROGRAM

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.

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
- Building materials’ impact on the environment
- Building waste management
- Emissions from construction machinery and transport
- Management of soil contamination.

HOW WE WORK

In 1994, JM was the first construction company in Europe to adopt an environmental policy, and ever since then the company has continued to focus on environmental issues. 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 in JM’s projects lies with the line organization and is supported by regional quality and environmental coordinators.

The Group’s quality and environment department is responsible for coordination, development and support in environmental initiatives. We are constantly involved in various full-scale development projects. After assessment, improvements are then integrated into all of JM’s production.

Environmental training courses have been held for employees in Sweden during the year with the goal of further increasing knowledge and commitment. Construction site visits are also conducted to entrench and improve environmental initiatives in production.

PROFITABLE ENVIRONMENTAL PROGRAM

For JM, its environmental program is a matter of good business and profitability both in the short-term and the long-term. It is about taking on acute environmental projects and being responsible for tomorrow’s environmental issues. 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.

OPERATIONS IN SWEDEN

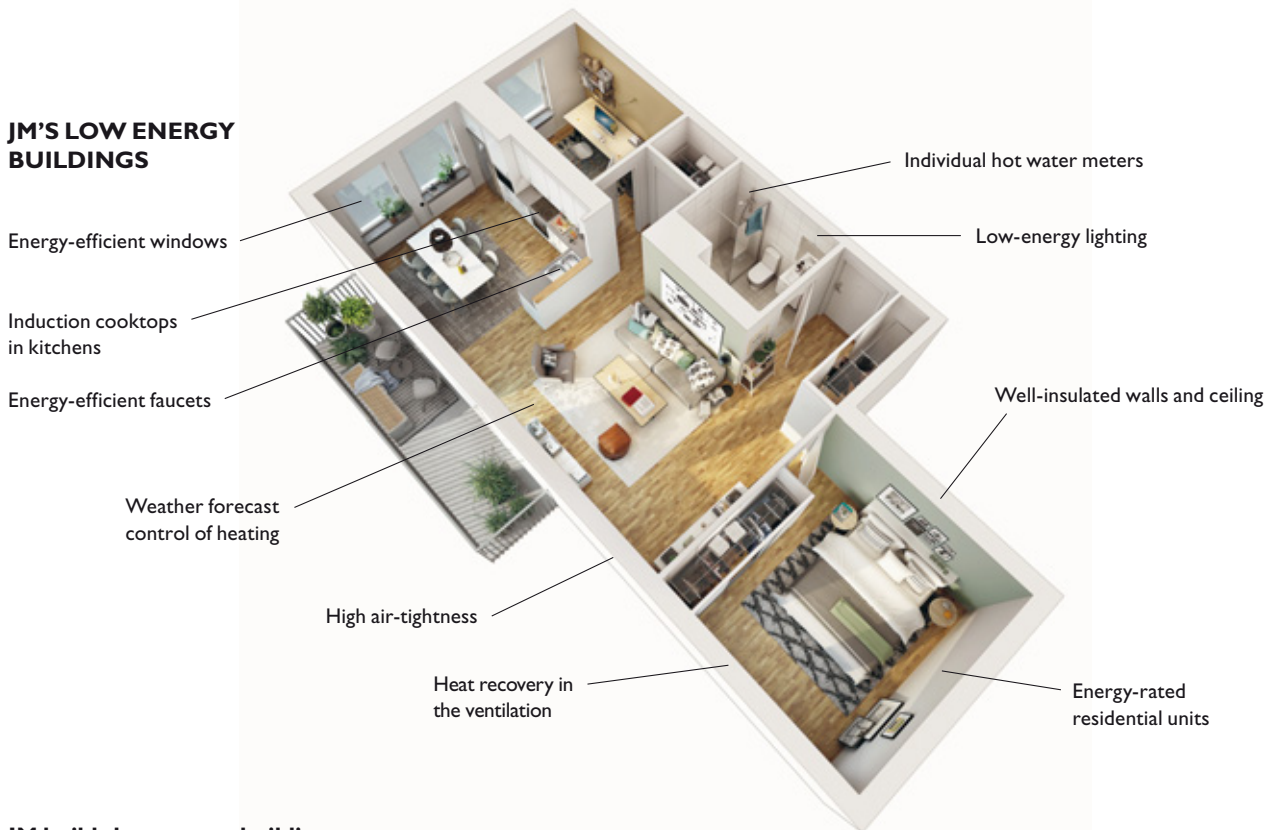
RESIDENTIAL PROJECT DEVELOPMENT

In its role as project developer, JM has – as opposed to many other players in the building industry – 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.

Group’s environmental policy
<p>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.</p> <p>To accomplish this, we will:</p> <ul style="list-style-type: none"> • 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.

JM environmental targets
<ul style="list-style-type: none"> • As of 2014, the estimated energy requirement for housing should be 25 percent below each nation’s current standard for 2014 • JM’s emissions of greenhouse gases should decrease every year so that by 2020 the total emissions will have been reduced by 40 percent compared to 1990 • The amount of construction waste to landfills should be reduced by 50 percent to, on average, 2 kg/m² and year in 2016¹⁾ • The percentage of unsorted waste should be reduced to, on average, 10 percent in 2016²⁾ • The total amount of construction waste should be reduced to, on average, 24 kg/m² in 2016³⁾ <p>¹⁾ from, on average, 4 kg/m² and year in 2012. The goal is not relevant for Norway since this fraction is not included in the waste systems (new construction apartment area, GFA)</p> <p>²⁾ from, on average, around 15 percent in Sweden and around 35 percent in Norway in 2012</p> <p>³⁾ from, on average, 29 kg/m² in Sweden and 38 kg/m² in Norway in 2012 (new construction apartment area GFA)</p>

JM'S LOW ENERGY BUILDINGS



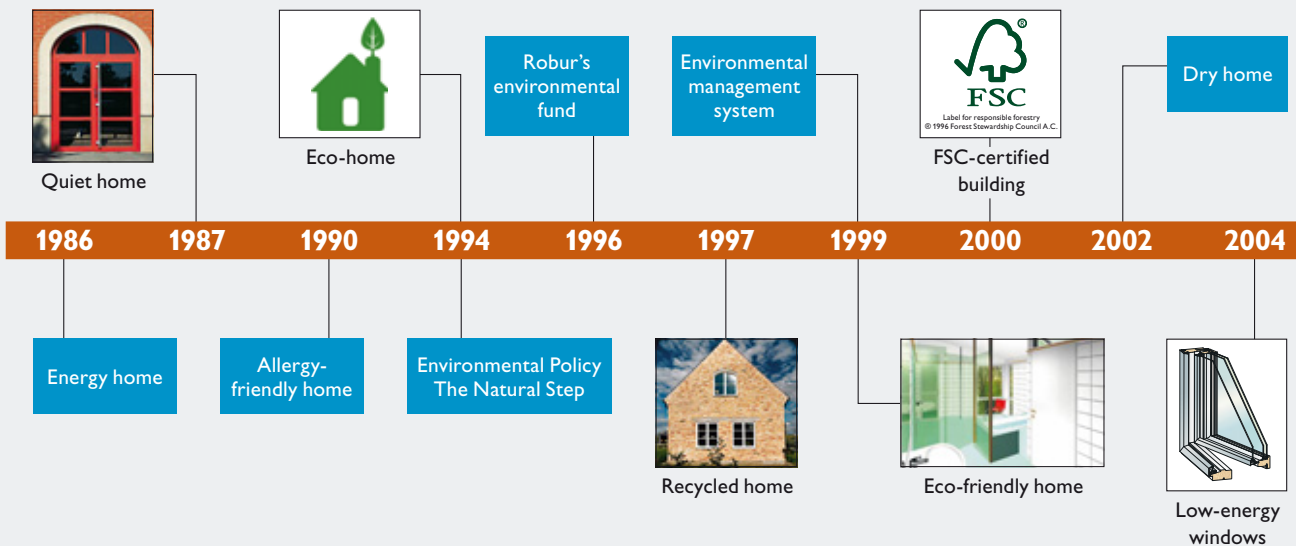
JM builds low energy buildings

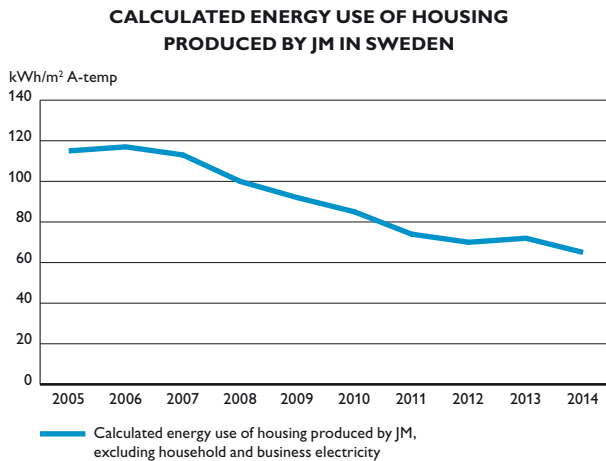
Environmental changes are one of the greatest challenges of our time. JM focuses on reducing energy use and energy requirements during both the production and usage stages, which also reduces the impact the buildings have on the greenhouse effect. All residential project development that JM has initiated in Sweden since 2008 has been based on JM's low-energy housing concept. Low-energy buildings 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 buildings 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 buildings have extra insulation in the walls,

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.





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.

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. Our ambition is to be a leader in the construction of low-energy buildings in all of our projects – not just in individual pilot projects.

Energy use during the production phase

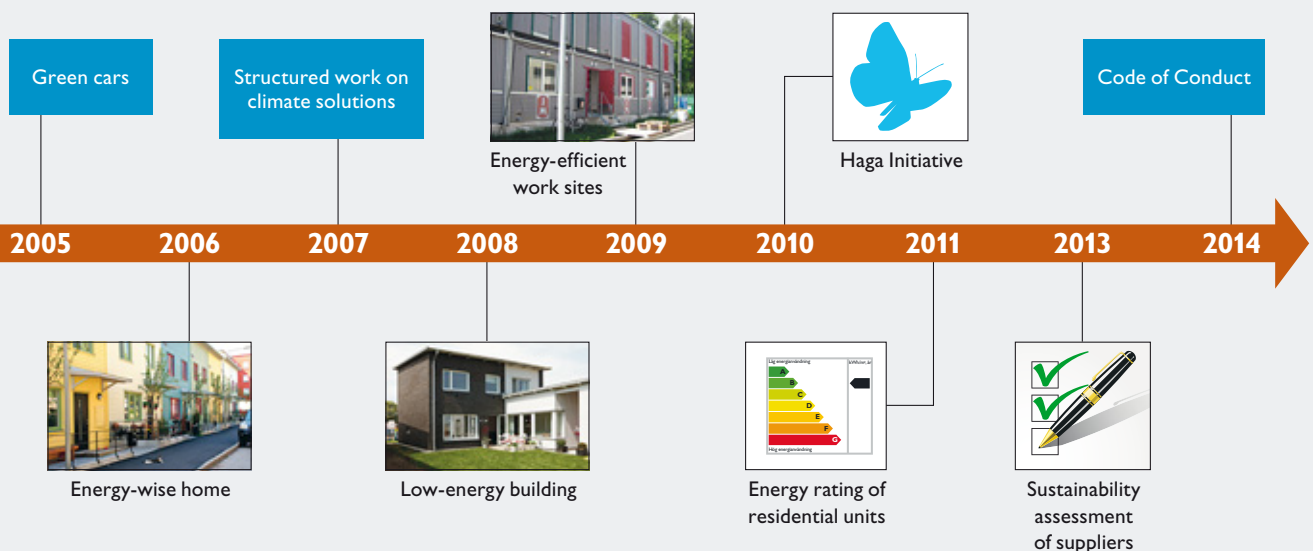
JM also works proactively to reduce energy use during the production phase. Only eco-electricity is purchased in Sweden (Bra Miljöval – Good Environmental Choice). All job sites have energy-efficient sheds and low-energy lighting with light and motion detectors, and energy use can be further reduced 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.

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. When there is not enough information about a material's qualities, we employ a



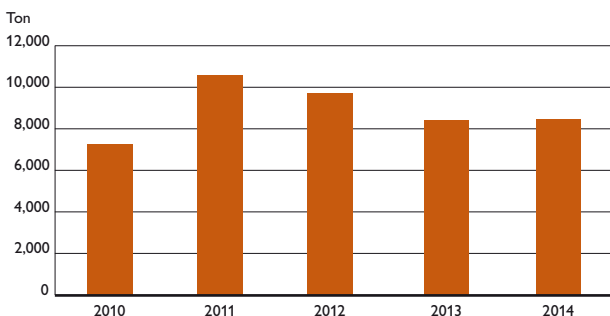
precautionary approach and do not use the material. JM's environmental assessment procedures have been adapted to the criteria developed within the framework of BASTA, a system within the construction industry to discontinue the use of hazardous substances. All pre-construction and installation work 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

JM endeavors to reduce the total amount of waste generated from its construction operations, as well as the amount of unsorted waste and waste sent to the landfill from construction sites. This work is carried out in collaboration with our suppliers and waste management companies and by offering internal training courses (see facts and key figures on page 44.) Examples of measures include:

- integration of the Ecocycle Council industry guidelines for waste management during construction and demolition in procedures for all JM projects in Sweden
- identification of improvement areas based on studies of produced waste
- introduction of a waste council in all regions within residential project development in Sweden
- improved procedures for pallet management at worksites
- efforts to reduce the amount of waste from packaging and temporary constructions such as protective railings and molding material
- awarding of JM's annual waste bonus to the construction sites in Sweden that most successfully sorted construction waste for recycling.

TOTAL WASTE, JM



Total amount of waste from residential project development in Sweden. Ground work, conversion, extension and demolition not included. The amount of waste reflects to some extent the production intensity, which is why we also calculate key figures that are normalized against the production volume. Please refer to the table on page 44.

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 are developing 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, for example:

- making demands on the fuel that suppliers use – alkylate-based fuel is to be used in small gasoline-driven machines
- making 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
- testing and assessing 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
- 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. All prospective acquisitions must undergo a remediation assessment and in our experience most properties have some form of contamination.

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. Land remediation during the development stage occurs most commonly by digging up the contamination and delivering it to an approved collection point. It is important to know where the contamination is placed; when remediation is complete, a report is sent to the supervisory authority. In 2014, 16 projects were examined prior to acquisition, 38 have undergone or started a remediation measure and 20 completed projects were reported to the supervisory authorities.

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. During the year control documents for land remediation were reviewed and revised to make them clearer. JM carries out major environmental measures when it remediates old industrial land that will become new residential areas.

JM CONSTRUCTION

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 has decided to also become certified in its environment work during the coming year.

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 in-house resources that are skilled in land remediation.

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. A long-term



The Rosenberg office building in Frösunda, Solna.

goal is to bring into operation, when the right conditions are in place, at least four facilities, called “Ekobackar”, in the Stockholm area – one in each direction. Today, three facilities are in operation. 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 benefiting both the environment and project finances.

During the year a project was conducted in collaboration with Vasakronan, among others, where we together investigated how much carbon dioxide was generated by transports during the construction of the Rosenberg office building in Frösunda. It was determined that material transports, construction machinery and the transport of people represented one-third of our carbon dioxide emissions, and that there is considerable potential for reducing the environmental impact through additional logistics solutions, which also has a positive impact on the 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.

The Rosenberg office building (Vasakronan) was built to the requirements of LEED Platina, which is one of the most demanding environmental certifications in existence. Rosenberg also won this year’s Concrete Award in the Environment category with the motivation, “Hyper-modern offices with a very high environmental profile and the world’s first green corporate bond”.

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, well thought-out 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.



Hovinbekken in Oslo, Norway.

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 regulations 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 buildings in JM Norway have been implemented as the standard in all projects started since March 2012. They 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. For approximately half of the apartment buildings, the heating and hot water are generally based on district heating. Estimated delivered energy for heating is 70–80 kWh per square meter and year. If the heating is based on geothermal heating, the estimated delivered energy for heating is 40–45 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.

Facts and key figures environment

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

JM in Sweden		2014	2013	2012	
Implemented internal audits of operations		131	136	130	
Carbon dioxide emissions JM, tons		21,678	21,962	22,810	
Carbon dioxide emissions JM, tons/home		6.9	7.5	7.2	
Newly produced homes' estimated carbon dioxide emissions from energy use, kg CO ₂ /m ² UFA		4	4	6	
Percentage of building waste that goes to landfill, %		9	11	14	
Carbon dioxide emissions from company cars, g/km		134	119	114	
Projects with key indicators, %		100	89	100	
Projects with key indicators, number		30	40	47	
JM in Sweden, Housing operations		Target 2016	2014	2013	2012
Newly produced homes' estimated energy requirement, excluding household and business electricity, kWh/m ² A-temp	25 % below standard ¹⁾		65	72	70
Building waste to landfill, kg/m ² GFA	2.0	2.7	3.0	4.2	
Percentage unsorted building waste, %	10	6	14	15	
Total quantity building waste kg/m ² GFA	24	30	28	29	
JM Norway		2014	2013	2012	
Newly produced homes' estimated energy requirement, kWh/m ² UFA ²⁾		88	113	123	
Percentage unsorted building waste, %		27	39	34	
Total quantity building waste, kg/m ² GFA		36	35	38	

¹⁾ As of 2014, the estimated energy use for residential units will be 25 percent below each country's 2014 applicable norm.

²⁾ Estimated in accordance with Norwegian standards (NS3031), requirements laid down by law in accordance with the Norwegian building regulations, TEK10.

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



SAFETY AT WORK – EVERYONE’S RESPONSIBILITY

In order to build sustainable communities and residential units, we must have sustainable employees. Our success is built on a balance of team spirit, performance, enjoyment and personal development.

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.

Competition for both experienced and recently graduated engineers is tough. Staff turnover is a few percent higher than what we would like it to be, which is why we have had a major focus on recruitment during the year. However, as a whole, the number of employees in the Group has been stable. At the end of the year, we had 2,197 employees; 942 were wage-earners and 1,255 were salaried employees. Of these, just over 96 percent were permanent employees. All of the employees in Sweden and Finland are covered by a collective agreement, while the employees in other countries are covered to a varying degree.

EMPLOYEES TODAY AND TOMORROW

Diversity is an important part of our recruitment strategy. We always strive for a good balance between, for example, male/female and senior-/junior-level employees. In our experience, former employees are frequently interested in returning to JM, so we arrange alumni activities in order to create a structured method of staying in contact with them.

As a means of attracting future employees, JM cooperates extensively with schools and universities at the locations where we are active. Over the year, we attended around ten 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 100 students, primarily within production.

We have also continued our cooperation with IVA and Tekniksprånget, where we offer insight into the construction industry by offering internships to young people as a means of inspiring them to study engineering. Our Group-wide trainee program is also strategically important. In August 2014, we started a two-year trainee program for the fifth consecutive year, this time with a focus on production.

SKILLS DEVELOPMENT

The skills and experience levels of our employees are important, particularly in our efforts to structure our project development and our production into efficient processes.

A clear model for the strategic supply of skills has been created based on basic competence/professional competence/teamwork

FROM CRAFTSMAN TO DESIGNER

A problem with a shoulder, a leave of absence due to illness and the feeling that his work was a little monotonous led Julius Skoglund to consider new opportunities within JM. He contacted the rehabilitation and wellness consultant and they together discussed different options. After 12 years as a carpenter at JM, Julius started as an interior designer for Stockholm South Region in April.

“The best part is that I get to meet so many people,” says Julius. “Customers have to take a lot into consideration and they have a lot that they want to achieve by moving to a new home. I get to be a part of this decision-making process and their dreams, and it is both a privilege and a lot of fun.”

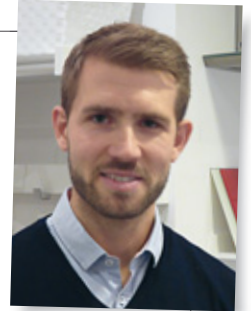
Julius’s extensive background as a carpenter has been very helpful in his new job. He is used to reading blueprints and can understand how much space a requested closet will require and how it will be perceived in the room. Since he knows JM’s construction practices, he can also explain some of the costs that customers may be questioning. “For example, if a customer wants to have the oven built into a tall cabinet, they sometimes react to the cost. I explain the work that is needed to run the extra ventilation and then they usually are satisfied,” says Julius.

Working as a designer means that he has a lot of e-mail contact with the customers. E-mails may result in quick answers, but Julius Skoglund finds it often easier and more enjoyable to meet with the customer.

“Customers appreciate meeting me at the model apartment. They would love to move in right away, and at the model apartment at least they are a little closer to their new home,” concludes Julius.

Julius Skoglund

Interior designer at JM, Stockholm South Region



and leadership. As part of this work we also reviewed the structure and descriptions of positions in Sweden, which in part clarifies the skills required for various positions.

Most of our employees’ skills development takes place on a day-to-day basis, for example by working with challenging goals and receiving continuous feedback. Around 70 percent of our skills development takes place in this manner. We also support the development of our employees’ skills through seminars, training courses and mentorships. We hold annual performance reviews with all salaried employees in the Group. Some units also hold performance reviews with the wage-earners.

Site managers and supervisors are two of our key positions. Since JM’s need for good managers should primarily be satisfied through internal recruitment, we offer a development program in Sweden for future site managers and certified supervisors.

Newly employed craftsmen in Sweden undergo a seven-day training course during which they learn about important topics such as teamwork, the work environment and the value of doing things properly the first time.

In 2013, our employee survey indicated that we need to become better at sharing our knowledge and experiences. During the year we have implemented a clear meeting structure throughout all levels of production to enable the dissemination of information and facilitate discussions and the transfer of experiences.

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. All managers and leaders in Norway have also completed a course on our core values and leadership skills.

Our annual succession planning shows we have a good supply of managers for strategically important positions. Our managers are evaluated with respect to JM’s management skills using, for example, performance reviews.

The sharing of 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 across country borders.

OUR WORK ENVIRONMENT

All JM employees should feel safe at work and we endeavor for employees to be able to work their entire career without being inflicted by occupational illnesses. We have a zero tolerance vision with regard to accidents on the job, and it is our goal to cut the number of accidents that result in absence in half between 2012 and 2016. The most common accidents that occur at our construction sites are same-level falls, falls to lower levels and lost control of material. Neither JM’s employees nor the employees of subcontractors suffered any fatal accidents during the year.

The work environment organization has been further enhanced. Our preventative safety program, which includes initiatives such as the “Neatness and Order Audit” at JM’s construction sites, shows that there have been improvements. As a whole, improvements were made in our focus areas: safety railings, the handling of forms and access routes.

As part of the Neatness and Order Audit, JM checks the preventative safety work with regard to risk management procedures, the use of personal protective gear, that workplaces are neat,



MOVED TO NORWAY

In October 2013, Maria Hagman accepted an opportunity to work abroad and left her job as a project manager for the South region to spend two years as the District Manager for the Oslo Region of JM Norway. The opportunity to broaden her horizon was a major draw, but she also liked the idea of being able to contribute the knowledge she has accumulated during all of her years at JM. Her entire family joined her, more specifically her husband Mats and their sons, Viggo, Finn and Atle.

“What I bring to this position is primarily my experience from working with the operations system but also the fact that I have participated in more or less all of the stages of a project,” says Maria. “One JM is my motto and it is important that all employees are proud of and know that they are a part of JM. I keep this in mind on a daily basis in my work as both a colleague and a manager.”

Maria has been the department head of the Oslo region since last fall. The past year has provided her with a clear overview of the challenges she faces in her own work as well as the challenges facing JM Norway. Contact with authorities regarding local planning and building permits is more formal in Norway than it is in Sweden. It is also a challenge to put *One JM* into practice, to dare to let go of old procedures and instead follow the shared systems that are in place. At the same time, Maria highlights the importance of listening and making adjustments based on the Norwegian customers’ requirements and needs.

“I have been warmly welcomed by my colleagues in Norway, and they are a source of inspiration for me, even in my free time. The whole family goes skiing now, we take more advantage of nature’s offerings and we often eat a packed lunch,” concludes Maria.

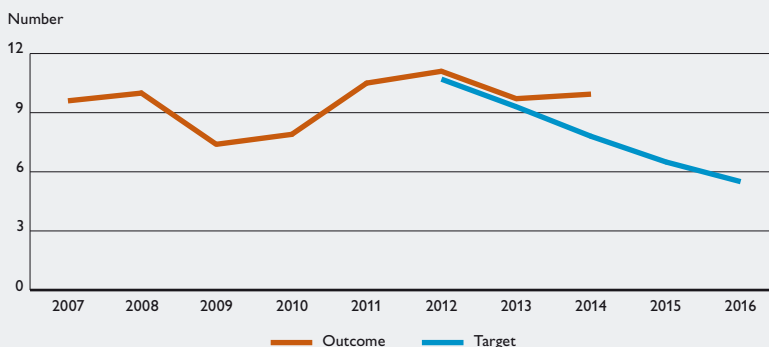
Maria Hagman
Project Manager JM Norway

that inspections are conducted and that appropriate permits have been obtained.

During the year, the reporting and follow-up of near-accidents and accidents have been improved and we are gradually implementing a reporting system. The two most common near-accidents have been lost control of material and lifts with cranes.

In order to enhance our work environment efforts as a focus area, we held our annual Work Environment Day on

NUMBER OF ACCIDENTS WITH 1 DAY OF SICKNESS ABSENCE OR MORE PER MILLION WORKING HOURS



JM has four full-time employees whose task is to focus on the work environment and health.

There is a head safety representative in each region, and in total the Group has around 100 safety representatives at the construction sites where JM has its own craftsmen. Sweden has a central safety committee (with around 15 participants) and seven regional work environment groups. JM Norway has a Head AMU (with around 10 participants) and four local ‘utvalg’.

EMPLOYEE STRUCTURE – GROUP (SWEDEN AND NORWAY)			
	2014	2013	2012
Number of employees as of Dec. 31	2,197	2,176	2,290
– number of salaried employees	1,255	1,236	1,239
– number of wage-earners	942	940	1,051
Average age, salaried employees	43	43	43
Average age, wage-earners	40	41	40
Percentage of women among salaried employees, %	30	30	30

AVERAGE NUMBER OF EMPLOYEES PER COUNTRY			
	2014	2013	2012
Sweden	1,820	1,874	2,021
Norway	353	335	324
Denmark	5	8	13
Finland	31	20	17
Belgium	9	10	11
Total	2,218	2,247	2,386

ABSENCE DUE TO ILLNESS – SWEDEN, %			
	2014	2013	2012
Total absence due to illness	3.7	3.9	3.8
29 years or younger	3.3	3.7	4.6
30–49 years	3.0	2.9	2.8
50 years and older	5.4	5.6	5.0
Absence due to illness during a consecutive period of at least 60 days/total absence	25	32	29
Absence due to illness, salaried employees	1.5	1.8	1.6
Absence due to illness, wage-earners	6.5	6.4	6.0

November 6. For the first time, all salaried employees and wage-earners in the entire Group participated. Two of the main messages were access routes and to dare to speak up if something is wrong.

FEEL GOOD

During the year, short-term absence due to illness decreased from 2.3 to 1.9 percent in Sweden. The system support for

reporting illnesses and returning to work after an illness has been developed and improves opportunities for follow-up. Our employees may also obtain medical advice from a nurse in the event of illness.

An active wellness program contributes to healthier and more satisfied employees. Morning exercise at the construction sites offers a good start to the day and helps reduce injuries at the workplace.

The fitness subsidy 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 12 months of parental leave with compensation for loss of income. The purpose is to support parents and help achieve increased gender equality.

CODE OF CONDUCT AND WHISTLE-BLOWING

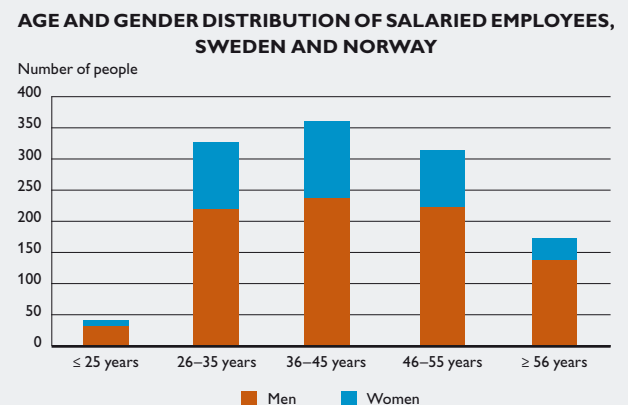
High ethical standards are important for us, and our ethical guidelines emphasize, for example, that we have zero tolerance for discrimination and harassment. Employees can turn to JM’s Ethical Council in the event of questions related to this topic. JM also has an incident reporting system, “Whistle-blowing”, via a third party, that is open to employees, partners, customers and other stakeholders.

A code of conduct for the Group was prepared, which offers JM’s employees guidance with regard to ethical issues. JM’s diversity plan was developed over the year to ensure a holistic approach to equality and diversity.

All management groups in Sweden have gone through JM’s ethical guidelines during the year as well as the equality and diversity plan.

Our relationships with our employees should be shaped by JM’s core values: quality, a long-term approach, reliability, commitment, sensitivity and a sense of style.

JM endeavors to attract more women to work in the industry, as well as to keep the women who already work at JM. We have experienced some difficulty recruiting female employees, primarily to production. One goal is to have a more even gender distribution within all parts of the organization. At JM, 31 percent of the salaried employees are women, while the corresponding figure among wage-earners is 0.4 percent. A review of our employees’ salaries shows that there are no unjustified salary differences between men and women.



ACTING RESPONSIBLY

In this year's materiality analysis, business ethics was identified as a significant sustainability aspect. The basis for our approach to ethics for many years has been JM's ethical guidelines.

In 2014 we also prepared a Code of Conduct for JM employees. The aim of the Code of Conduct is to ensure that JM employees are making the right decisions in their day-to-day activities and to provide guidance in ethical issues. The Code of Conduct clarifies the values we believe in at JM.

Ethical issues do not always have an obvious solution. Therefore, JM also established an Ethical Council several years ago that consists of members of the company's management team. JM also has an incident reporting system that allows employees and external stakeholders to anonymously report suspected serious irregularities or abuses.

COMPETING ON EQUAL TERMS

JM believes it is very important that the company makes ethically correct decisions since such behavior strengthens JM's credibility and competitiveness. In order for JM's business operations to be both profitable and ethical, we have developed controlled and transparent decision-making procedures that are applied to all business transactions.

JM is a part of society, and it is important that we take responsibility for how we can contribute to a society that is sustainable in the long term. One of the ways that we do this is by providing a product that is important for society and also focuses on quality and the environment. Employees who are fully responsible and

highly competent compose the foundation of our operations. JM is also a significant tax payer in the markets where we are present.

Along with the Swedish Anti-corruption Institute, the Swedish Association of Local Authorities and Regions and several other important actors in the building industry, JM is participating in a project to develop guidelines for construction companies' work with municipalities and county councils.

The fact that JM primarily functions as a project developer of residential units means that there are fewer risks since the business has less interaction with other actors regarding project-specific business arrangements. The most important business arrangements are the acquisition of land, purchasing agreements and the sale of residential units. By establishing clear control and follow-up of projects throughout the entire project development process, and combined with the fact that all transactions are reviewed by multiple decision-makers before the transaction is finalized, JM has created a solid basis for preventing risks and ensuring compliance with our ethical guidelines.

One example of JM's work to achieve improved control in order to enable more unified and correct behavior during business transactions is JM's purchasing operations. Purchasing at JM is currently largely controlled by central agreements. The greater degree of central control in purchasing markedly decreases the risk of self-beneficial behavior. All suppliers with whom an agreement is being considered are reviewed by multiple decision-makers during a strict purchasing process before an agreement is signed. This guarantees that the internal procedures are followed in practice.

COMPREHENSIVE APPROACH TO PURCHASING

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.

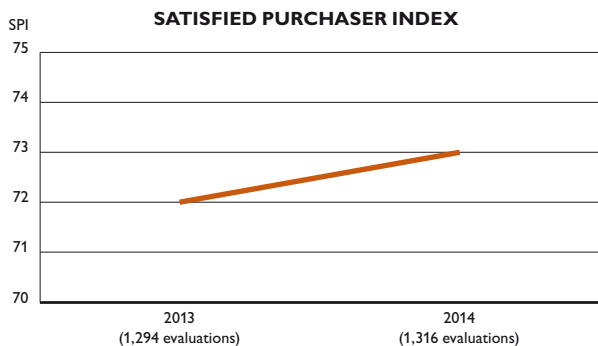
PURCHASING PROCESS

JM must purchase the right materials and services from professional suppliers at the lowest total cost. At present, 450 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. More than 80 percent of material purchases in Sweden fall under framework agreements.

DEVELOPMENT

Our call-off system enables us to measure our purchases in accordance with agreed lead times and, most importantly, we can measure our suppliers’ delivery precision. Several projects are under way to develop and further streamline our purchasing process, and in 2014 JM implemented a procurement tool to support our strategic purchasing process.

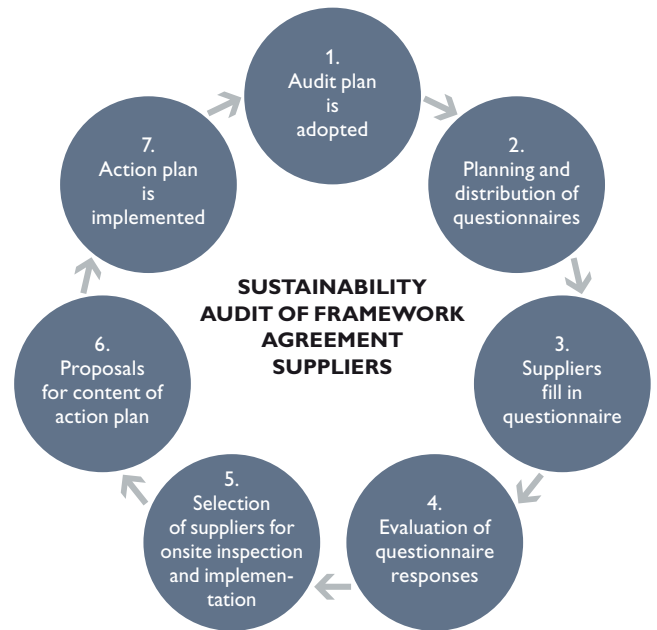
All framework agreement suppliers are regularly monitored to ensure that both parties are behaving as stipulated in the agreements. It is possible for the organization to provide feedback on the suppliers and agreements, and the projects assess the suppliers on the basis of a “Satisfied Purchaser Index” (SPI). The assessments form a good basis for active supplier coaching, and a low index can cause initiation of an action plan.



As a supplement to the Satisfied Purchaser Index, we have also continued to work on a system for the Satisfied Supplier Index (SSI). This will be an important part of JM’s efforts to make improvements in its role as a purchaser.

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. The Code of Conduct addresses, among other things, labor law, safety, discrimination and corruption. All of our Swedish framework agreement suppliers have for many years been subjected to an environmental assessment before being approved as a supplier. This was developed for the system JM uses to carry out sustainability assessments of its suppliers, and, in addition to the environment, the system also covers other aspects such as working conditions, corruption, health and safety and governance. In 2014, just over 200 potential suppliers underwent a sustainability assessment.

JM’s program for audits of suppliers’ sustainability work entails that roughly 20 suppliers are selected each year to be evaluated via a written questionnaire. These evaluations are then followed up with on-site audits in selected factories. If any deficiencies are identified during the factory visit, the supplier must prepare plans for corrective measures that the company must fulfill in order to continue to be a JM supplier. In some cases, the follow-up resulted in JM stopping delivery of materials from a factory.

LOGISTICS

The conditions faced by the construction industry entail logistical challenges and these challenges have become an increasingly important part of our relationship with our suppliers. This area may be undergoing the most change right now. In 2014 we started a logistics project with the goal of creating conditions for an efficient production process. We will achieve this by creating efficient, safe flows of material and tools and reducing waste in the handling of materials.

JM'S SUPPLIERS CODE OF CONDUCT

JM shall be perceived as an attractive, responsible company with a strong and sound corporate culture. JM's Code of Conduct has been formulated to ensure that we share with our suppliers

and subcontractors certain basic common values about how we behave as companies.

Code of Conduct

1. All applicable national laws and ordinances, minimum industry standards, ILO core conventions and the UN Universal Declaration of Human Rights must be observed.
2. Each employee must be treated with dignity and respect. Corporal punishment is strictly forbidden, as is harassment of any kind.
3. No form of forced labor may be used. Employees shall not be required to deposit ID documents, nor shall they be restricted in their freedom of movement or right to terminate employment with a reasonable term of notice.
4. All work must be carried out under recognized contractual forms, approved according to applicable law. Employer obligations may not be avoided through the use of contracts, work at home or apprenticeships.
5. Employees are entitled to a reasonable wage, which at a minimum must be in line with national laws and industry standards. Reduction of wages as a form of punishment is prohibited.
6. The number of normal working hours may not exceed 48 hours per week, while voluntary overtime may not exceed 12 hours per week and must be compensated with an overtime premium. All employees are entitled to at least one full day off every seven days.
7. The minimum working age is 15 years or the mandatory school age, whichever is higher. If the country's laws prescribe a higher age, this age shall be in effect. Adolescents under the age of 18 may not be exposed to overly dangerous work, including work at night.
8. The workplace must be safe and hygienic in compliance with laws and provisions. Procedures for handling chemicals and other hazardous materials must meet or exceed legal minimum requirements. All employees must receive regular and documented training in the field, as well as adequate equipment. Clean drinking water and, where appropriate, viable housing must be available to employees.
9. Prejudice and discrimination are not permitted in the workplace. Workers are entitled to statutory parental leave and may not be discriminated against on this basis.
10. Employers must recognize and respect the right of all employees to form or join any organization and to collective bargaining.
11. No form of extortion or bribery, including improper payments to or from employees or organizations, is tolerated. Gifts and other benefits as elements of expected hospitality may not exceed local custom, and must be in line with local legislation.



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 Construction from 2015).

JM RESIDENTIAL STOCKHOLM

MARKET

During the end of the year, prices on the existing home market slowed in nearby suburbs, but continued to rise in downtown Stockholm and its peripheries. The supply of residential units continues to be very low in part due to fast turnover on the market. The supply of new homes continues to be low in relation to long-term demand in the Stockholm area. Competition for land for residential units continues to be very tough and prices for building rights increased to a level that requires strict selectivity with regard to acquisitions.

Interest in JM's projects is strong. Customers' willingness to sign a contract early in the process is above the 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/Stockholm, Kvarnholmen/Nacka, Jakobsberg/Järfälla, Järvastaden in Solna/Sundbyberg and Dalénum/Lidingö.

EARNINGS TREND

Business segment revenue increased to SEK 5,692m (5,254) and the operating profit increased to SEK 1,278m (1,167). The operating margin was 22.5 percent (22.2). The margin was strengthened by a large revaluation effect in completed projects. During the fourth quarter, the derecognition of land for projects increased to a significantly higher level. Cash flow is in balance.

BUILDING RIGHTS

During the year building rights equivalent to about 1,400 residential units (1,250) were acquired in Stockholm, Sollentuna and Österåker.

HOUSING STARTS

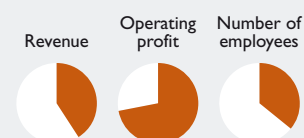
During the year, there were housing starts for 1,505 residential units (1,404).

1,467 (1,352) were units in apartment buildings including 36 on Lidingö, 206 in Solna, 748 in Stockholm, 86 in Tyresö, 74 in Värmdö, 147 in Järfälla and 47 in Österåker.

38 (52) were single-family homes in Österåker.

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	2014	2013
Revenue	5,692	5,254
Operating profit ¹⁾	1,278	1,167
Operating margin, %	22.5	22.2
Average operating capital	3,110	2,881
Return on operating capital, %	41.1	40.5
Operating cash flow	1,132	671
Carrying amount, development properties	3,965	3,051
Number of available building rights	11,900	11,200
– of which building rights on the balance sheet	7,800	7,700
Number of residential units sold	1,553	1,513
Number of housing starts	1,505	1,404
Number of residential units in current production	3,293	2,516
Number of employees	800	750
– of which salaried employees	409	393
– of which wage-earners	391	357
¹⁾ Of which property sales	10	-



Future skyline of Kvarnholmen, Nacka in the inlet to Stockholm.

JM RESIDENTIAL SWEDEN

MARKET

The positive trend in prices on the existing home market slowed in all markets in the business segment during the fourth quarter with the exception of Gothenburg and Västerås, where prices continued to rise. The supply of residential units is lower than at the same time last year. This low supply is due in part to fast turnover on the market. Competition for land for residential units in the Gothenburg area and Uppsala is tough.

There is strong interest in JM's projects but the customers' decision-making process continues to be long in Skåne 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 in Kviberg in Gothenburg, in the Dockan area in Malmö, at Lomma Strandstad in Lomma Municipality, in Lund Södra and in the Sugar mill area in central Lund. Large projects are also in progress in Kungsängen in Uppsala and in Östermalm, Västerås.

EARNINGS TREND

Business segment revenue amounted to SEK 2,764m (2,860) and operating profit to SEK 216m (221). The operating margin was 7.8 percent (7.7). Cash flow is in balance.

BUILDING RIGHTS

During the year building rights equivalent to about 600 residential units (625) were acquired in Gothenburg, Västerås, Upplands Väsby, Norrtälje and Uppsala.

HOUSING STARTS

During the year, there were housing starts for 1,003 residential units (861).

986 (818) were units in apartment buildings, including 240 in Skåne (115 in Malmö, 64 in Lund and 61 in Lomma), 220 in Gothenburg, 52 in Kungsbacka, 67 in Mölndal, 35 in Linköping, 34 in Örebro, 42 in Västerås and 296 in Uppsala.

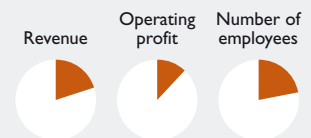
17 (43) were single-family homes in Vellinge in Skåne.



Slussplan – a new landmark i central Malmö.

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	2014	2013
Revenue	2,764	2,860
Operating profit ¹⁾	216	221
Operating margin, %	7.8	7.7
Average operating capital	1,419	1,515
Return on operating capital, %	15.2	14.6
Operating cash flow	237	294
Carrying amount, development properties	1,167	1,358
Number of available building rights	9,400	8,700
– of which building rights on the balance sheet	5,300	5,400
Number of residential units sold ²⁾	981	951
Number of housing starts ²⁾	1,003	861
Number of residential units in current production ²⁾	1,528	1,460
Number of employees	476	477
– of which salaried employees	256	261
– of which wage-earners	220	216
¹⁾ Of which property sales	0	9
²⁾ Of which rental units	-	64

JM INTERNATIONAL

EARNINGS TREND

The business segment's revenue increased to SEK 2,942m (2,745). Operating profit increased to SEK 135m (126). The operating margin was 4.6 percent (4.6). Operating profit and the operating margin were burdened by negative results in Denmark and Finland. Cash flow was somewhat limited due to investments in development properties and a temporary increase in working capital.

NORWAY

Demand for both newly built residential units and homes on the existing home market gradually strengthened during the year, and prices on the existing home market increased.

During the year 475 residential units (433) were sold and production began on 499 units (331). The number of residential units in current production amounts to 896 (1,133).

Building rights corresponding to around 750 residential units (1,000) were acquired. Available building rights correspond to 5,600 residential units (5,300).

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 during the year.

During the year 22 residential units (11) were sold and production began on 29 units (12). The number of residential units in current production amounts to 41 (12).

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 75 residential units (43) were sold and production began on 83 units (46). The number of residential units in current production amounts to 83 (46).

Acquisitions of approx.240 building rights (200) were made. Available building rights correspond to 1,000 residential units (800).

BELGIUM

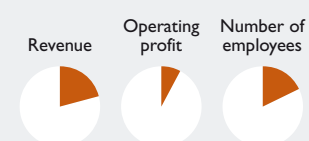
The level of activity on the housing market in the Brussels region continues to be stable. The price level in the region increased slightly during the year.

During the year 35 residential units (60) were sold and production began on 42 units (99). The number of residential units in current production amounts to 104 (134).

No acquisitions were made during the year (-). Available building rights correspond to 200 residential units (400).

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	2014	2013
Revenue	2,942	2,745
Operating profit ¹⁾	135	126
Operating margin, %	4.6	4.6
Average operating capital	2,239	2,131
Return on operating capital, %	6.0	5.9
Operating cash flow	99	61
Carrying amount, development properties	1,579	1,485
Carrying amount, project properties	28	30
Number of available building rights	7,500	7,100
– of which building rights on the balance sheet	4,300	4,600
Number of residential units sold	607	547
Number of housing starts	653	488
Number of residential units in current production	1,124	1,325
Number of employees	386	392
– of which salaried employees	261	262
– of which wage-earners	125	130
¹⁾ Of which property sales	3	2

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



Merihiekka project in Espoo, Finland.

JM PROPERTY DEVELOPMENT

EARNINGS TREND

The business segment's revenue increased to SEK 401m (314), including contracting revenue of SEK 376m (244) and rental revenue of SEK 25m (70). Operating profit increased to SEK 51m (37). Net rental income for project properties was SEK 6m (29).

The cash flow was strengthened by cash from property sales.

PROPERTY GAINS/LOSSES

RBS Nordisk Renting acquired the Karlberga 2 property in Södertälje from JM in 1999 and the property has now been sold to Rikshem. JM is entitled to a portion of the gains from the sale. Profit and cash for JM was SEK 20m and was reported equally between the JM Property Development and JM Residential Stockholm business segments during the second quarter of 2014.

A reserve for previous property sales etc. for SEK 2m was dissolved.

PROJECT DEVELOPMENT

JM RENTAL HOUSING

In the Dalénium area of Lidingö, 146 rental units are being produced for an external buyer, with occupancy in 2015. An additional project consisting of 97 rental units under own management was started at the end of the year in the area. Completion an occupancy in 2016.

Production of the Tjærtunnan project in Stureby, Stockholm, with 187 rental units, was also started.

RESIDENTIAL CARE UNITS

The second and final stage of special housing for the elderly was completed in Sköndal in southern Stockholm, including occupancy. Stage one was completed in 2013. The project consists of a total of 108 residential units. Stiftelsen Stora Sköndal is the tenant and has a 15-year agreement. The buyer is Malmegårds Fastighets AB. Revenue and profit/loss are reported on an ongoing basis during the project's production period.

In November, construction on the special housing for the elderly was completed in Täby in northern Stockholm. The project consists of 54 residential units and Attendo Care has signed a 15-year agreement. Occupancy was in November 2014. The project was sold to HEBA during the second quarter of 2014, with transfer of possession on December 1, 2014. Revenue and profit/loss were reported on an ongoing basis during 2014.

COMMERCIAL PROPERTIES

At Bolinder Strand in Kallhäll, Järfälla, commercial premises adjacent to JM's residential project are under development. The occupancy rate was 82 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 81 percent at the end of the year.

BUILDING RIGHTS

JM's building rights for commercial project development amount to approximately 20,355 square meters. The carrying amount is SEK 31m (39).



Svänghule senior housing in Täby.

JM PROPERTY DEVELOPMENT

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



SEKm	January–December	
	2014	2013
Revenue	401	314
Operating profit ¹⁾	51	37
Average operating capital	261	812
Return on operating capital, %	19.5	4.6
Operating cash flow	178	567
Carrying amount, development properties	31	39
Carrying amount, project properties	202	214
Number of available building rights ²⁾	600	700
– of which building rights on the balance sheet	100	100
Number of residential units sold ²⁾	54	254
Number of housing starts ²⁾	284	200
Number of residential units in current production ²⁾	430	308
Number of employees	28	18
– of which salaried employees	22	18
– of which wage-earners	6	-
¹⁾ Of which property sales	12	13

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 2,456m (2,011) and the operating profit was SEK 81m (73). The operating margin was 3.3 percent (3.6). Cash flow is burdened by a temporary increase in working capital.

PROJECTS

JM Entreprenad received several new assignments during the year, of which the largest are supplementary agreements with Fortum Värme for the ongoing new production of a cogeneration plant, new construction and renovation of quays in Norrtälje Harbor for Norrtälje Municipality for the development of residential units, the renovation of a school in Bromma for Skolfastigheter

i Stockholm (SISAB) as well as land work and bridge construction in connection with the expansion of Roslagsbanan for Storstockholms Lokaltrafik (SL).

The largest projects currently underway include the new production of a biofuel cogeneration plant in Stockholm (Fortum Värme), new construction of apartment buildings in Norra Djurgårdsstaden (Stockholms-hem) and in Upplands Väsby (Väsbyhem), renovation of and additions to offices in Södertälje (Söderenergi), additions to baggage handling at Arlanda airport (Swedavia) and renovation of offices at Campus Frescati (Akademiska Hus).

In addition, preparatory work for the renovation of Slussen and engineering and detailed planning contracting in Norra Djurgårdsstaden (City of Stockholm) are underway. In conjunction with Täby centrum, detailed planning contracting is being conducted for Täby Municipality.

JM Entreprenad also conducts development work within the Dalénum area of Lidköping and land and foundation work in Årsta for JM Residential Stockholm.

JM PRODUCTION

The business segment carries out construction work for external and internal customers in the Greater Stockholm area. As of 2015 the business segment is called JM Construction.



January–December
SEKm

	2014	2013
Revenue ¹⁾	2,456	2,011
Operating profit	81	73
Operating margin, %	3.3	3.6
Operating cash flow	-73	-39
Carrying amount, development properties	60	55
Number of employees	387	419
– of which salaried employees	187	187
– of which wage-earners	200	232

¹⁾ Of which internal 386 532



JM Entreprenad's new office in Frösunda Port, Solna.

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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 2014.

MARKET, SALES AND HOUSING STARTS

Demand for newly built residential units in Stockholm continued to improve during the year, while demand in the rest of Sweden developed favorably. Interest in JM's projects is strong. Demand in Norway recovered during 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 3,195 (3,265), including 54 rental units and residential care units (254). The percentage of sold or reserved homes in relation to current production amounts to 78 percent (71), with an interval of 60–65 percent considered normal. JM Residential Stockholm sold 1,553 residential units (1,513), JM Residential Sweden sold 981 (951), JM International 607 (547) and JM Property Development 54 (254).

The number of housing starts increased to 3,445 (2,953), including 284 rental units and residential care units (200). The number of housing starts in JM Residential Stockholm was 1,505 (1,404),

JM Residential Sweden 1,003 (861), JM International 653 (488) and JM Property Development 284 (200).

Planning processes continue to be an important criterion for the rate of housing starts.

The number of residential units in current production increased to 6,375 (5,609), of which 430 are rental units and residential care units (308).

REVENUE

Consolidated revenue in accordance with segment reporting for the year increased to SEK 13,869m (12,652). Revenue restated according to IFRIC 15 increased to SEK 14,216m (12,603).

OPERATING PROFIT

Operating profit according to segment reporting increased to SEK 1,716m (1,576) and the operating margin was 12.4 percent (12.5). Operating profit restated according to IFRIC 15 increased to SEK 1,819m (1,523). The restatement is attributable to JM International and had a positive effect on earnings of SEK 103m (–53).

The positive restatement effect is due to the large number of completed projects during the year.

Operating profit for the JM Residential Stockholm business segment increased to SEK 1,278m (1,167). The operating margin was 22.5 percent (22.2). The margin was strengthened by a large revaluation effect in completed projects.

Operating profit in JM Residential Sweden was SEK 216m (221). The operating margin was 7.8 percent (7.7).

Operating profit in JM International increased to SEK 135m (126). The operating margin was 4.6 percent (4.6). The operating profit and margin were burdened by negative results in Denmark and Finland.

Operating profit for JM Property Development was SEK 51m (37).

Operating profit for JM Production increased to SEK 81m (73). The operating margin was 3.3 percent (3.6).

BUSINESS SEGMENTS

SEKm	Revenue		Operating profit		Operating margin, %	
	2014	2013	2014	2013	2014	2013
JM Residential Stockholm	5,692	5,254	1,278	1,167	22.5	22.2
JM Residential Sweden	2,764	2,860	216	221	7.8	7.7
JM International	2,942	2,745	135	126	4.6	4.6
JM Property Development	401	314	51	37		
JM Production	2,456	2,011	81	73	3.3	3.6
Elimination	-386	-532				
Group-wide expenses			-45	-48		
Total (segment reporting)	13,869	12,652	1,716	1,576	12.4	12.5
Restatement JM International ¹⁾	347	-49	103	-53		
Total	14,216	12,603	1,819	1,523	12.8	12.1

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

RESIDENTIAL UNITS IN CURRENT PRODUCTION

	12/31/2014	12/31/2013
Number of residential units in current production ¹⁾²⁾	6,375	5,609
Percentage sold residential units in current production, % ³⁾	57	54
Percentage reserved residential units in current production, %	21	17
Percentage sold and reserved residential units in current production, % ³⁾	78	71

¹⁾ Of which 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

Including residential units in projects where costs incurred are only reported as project properties under construction

²⁾ Beginning with production startup through final occupancy according to plan.

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

COMPLETED PRODUCTION, UNSOLD UNITS

	12/31/2014	12/31/2013
Completed production, number of unsold units ¹⁾	91	177
– including the balance sheet item reported as "Participations in tenant-owners associations, etc."	62	98

¹⁾ After final occupancy according to plan.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses totaled SEK –75m (–59), a decrease of SEK 16m compared to the previous year attributable to lower interest income.

SEKm	12/31/2014	12/31/2013
Financial income ¹⁾	27	42
Financial expenses ²⁾	-102	-101
Financial income and expenses	-75	-59
¹⁾ Of which revaluation and currency hedging	9	8
²⁾ Of which revaluation and currency hedging	-9	-8

PROFIT BEFORE TAX

Profit before tax increased to SEK 1,744m (1,464).

PROFIT FOR THE YEAR

Profit for the year was SEK 1,306m (1,104). Total tax expense was SEK –438m (–360) including current tax of SEK –343m (–349) and deferred tax of SEK –95m (–11). Tax expense for 2014 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-carry forwards and temporary differences in JM International totaling SEK 38m. A charge of SEK 23m (28) was taken against earnings for the property tax, which is treated as an operating expense.

DEVELOPMENT OF THE OPERATIONS

RESIDENTIAL BUILDING RIGHTS

The number of available residential building rights increased to 29,400 (27,700), of which 17,500 (17,800) are recognized in the balance sheet. Capital tied up in building rights (development properties on the balance sheet) for residential units was SEK 6,720m (5,902) at the end of the year. 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 22m (31).

TOTAL NUMBER OF RESIDENTIAL BUILDING RIGHTS

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

	2014		2013	
JM Residential Stockholm	11,900	(7,800)	11,200	(7,700)
JM Residential Sweden	9,400	(5,300)	8,700	(5,400)
JM International	7,500	(4,300)	7,100	(4,600)
JM Property Development	600	(100)	700	(100)
Total	29,400	(17,500)	27,700	(17,800)

Valuation of JM's total development properties with a carrying amount of SEK 6.8bn (6.0) shows a surplus value of SEK 2.8bn (2.4). This valuation was carried out in cooperation with an independent appraisal company. During 2014, JM purchased development properties for residential units for SEK 2,253m (1,222), of which SEK 1,620m relates to JM Residential Stockholm, SEK 292m to JM Residential Sweden and SEK 341m to JM International. Net investments in development properties during the year totaled SEK 774m (228). The building rights portfolio now amounts to SEK 6,802m (5,988). These holdings are essential for JM's residential development projects.

DEVELOPMENT PROPERTIES (HOUSING)

SEK billion	12/31/2014		12/31/2013	
	Market value	Carrying amount	Market value	Carrying amount
JM Residential Stockholm	5.6	4.0	4.3	3.0
JM Residential Sweden	1.8	1.2	1.9	1.4
JM International	2.2	1.6	2.1	1.5
Total	9.6	6.8	8.3	5.9

PROJECT PROPERTIES

Rental income from JM's project properties totaled SEK 28m (71), with residential units accounting for SEK 1m (17). Net rental income was SEK 8m (29). Properties were sold during the year for SEK 102m (623) with gains of SEK 25m (24). The externally appraised market value of JM's project properties was calculated to be SEK 280m (294) with a carrying amount of SEK 230m (244).

PROJECT PROPERTIES

12/31/2014	Market value, SEKm	Carrying amount, SEKm	Occupancy rate	
			Area, (000) m ²	annual rent, %
Properties under development	224	196	32	82
Completed commercial properties	56	34	3	83
Total	280	230	35	82

Investments in properties totaled SEK 71m (118).

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

As of December 31, 2014, interest-bearing net receivables amounted to SEK 337m (642). At year-end, non-interest-bearing liabilities for implemented property acquisitions amounted to SEK 1,248m (348). SEK 1,076m (204) of these liabilities are short-term. The total interest-bearing loan on December 31, 2014, was SEK 2,087m (1,743), of which the provision for pensions comprised SEK 1,054m (920). A revaluation of the pension liability as a result of lower market rates increased the liability by SEK 102m (-44). At the end of the year, the average interest rate for the total loan stock including the pension liability was 2.8 percent (3.5). The average term for fixed-rate loans excluding the pension liability was 0.2 years (0.2). 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 978m (898) during the year. Net investments in development properties resulted in a cash flow of SEK 5m (-548). Decreased holdings of unsold residential units had a positive effect on cash flow of SEK 73m (6). Consolidated cash flow from project properties (sales minus investment) during the year was SEK 154m (486).

LIQUIDITY

Consolidated available liquidity was SEK 5,224m (5,185). Aside from cash and cash equivalents of SEK 2,424m (2,385), 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 1.5 years (1.6).

EQUITY

Consolidated shareholders' equity as at December 31, 2014, totaled SEK 4,635m (4,455). Share capital totaled SEK 77m (80), other capital contributions SEK 840m (818), and reserves SEK -82m (-91). Undistributed earnings totaled SEK 3,800m (3,648) including net profit for the year of SEK 1,306m (1,104). In 2014 the dividend to shareholders was SEK 7.25 per share (6.75), for a total of SEK 558m (537). Buy-back of own shares during the year was SEK 500m (517). The equity ratio was 37 percent (40).

PERSONNEL

The number of employees increased during 2014 by 1 percent and at the end of the year amounted to 2,197 (2,176). Current staffing is considered well balanced for the current project volume and some adjustments are made on a regular basis. There is considerable demand on the labor market for qualified core competencies in project development. There were 942 (940) wage-earners and 1,255 (1,236) salaried employees. The average number of employees during the year was 2,218 (2,247) including 398 (373) employed in JM's foreign companies. Wages, salaries, and social security expenses totaled SEK 1,753m (1,742), of which social security expenses comprised SEK 586m (591).

ENVIRONMENTAL PROGRAM

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 2014

The 2014 Annual General Meeting elected eight ordinary members. The employee organizations appointed two members and two deputies. The Board of Directors held thirteen meetings. In addition the Audit Committee held four meetings, the Compensation Committee three meetings and the Investment Committee six meetings. The most important issues for the Board during 2014 were decisions to start production on large housing projects, major acquisitions of development properties, the sale of a project property, decisions to bid for and if accepted undertake major external construction assignments, the strategic plan, a proposal regarding the decision to

buy back shares, proposal for elimination of own 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 2014 the Board of Directors proposes a dividend of SEK 8.00 per share (7.25), for a total of SEK 604m (558). The dividend rate is justified by good earnings combined with a strong balance sheet. The proposed record date for the dividend is April 23, 2015. If the Annual General Meeting resolves to adopt the recommendation the dividend will be sent on Tuesday, April 28, 2015.

BUY-BACK AND HOLDINGS OF OWN SHARES

After the 2014 Annual General Meeting, a total of 1,610,554 shares were bought back for SEK 375m.

The number of outstanding shares, excluding holdings of own shares, at December 31, 2014, totals 75,471,471.

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 23, 2015.

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 Stockholm.

The strategy is to spread out the buy-backs on NASDAQ Stockholm up until the 2016 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 the authorization will be available in conjunction with the notice of Annual General Meeting on March 23, 2015.

SHARE CAPITAL

JM's share capital on December 31, 2014, was SEK 77m (80), represented by 77,082,025 shares, of which 1,610,554 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 2014 Annual General Meeting. The new agreements entered into with senior executives following the 2014 Annual General Meeting has followed applicable guidelines.

PROPOSAL FOR 2015 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 2014 were SEK 8,543m (8,218). The Parent Company's profit before appropriations and tax was SEK 1,574m (1,172). Investments in properties totaled SEK 1,859m (311). The average number of employees was 1,414 (1,427), including 1,145 men (1,154) and 267 women (273). Wages, salaries, and social security expenses totaled SEK 1,081m (1,093). An account of the number of employees and payroll expenses is provided in the Parent Company's notes, Note 2, page 86.

CONSOLIDATED INCOME STATEMENT, SEKm	Note	2014	2013
Revenue	1, 2	14,216	12,603
Production and operating costs	3, 4	-11,649	-10,365
Gross profit		2,567	2,238
Selling and administrative expenses	3, 4, 5	-773	-739
Gains/losses on the sale of property	6	25	24
Operating profit		1,819	1,523
Financial income	7	27	42
Financial expenses	7	-102	-101
Profit before tax		1,744	1,464
Taxes	8	-438	-360
Net profit for the year		1,306	1,104
Other comprehensive income			
<i>Items that will be reclassified as income</i>			
Translation differences from the translation of foreign operations		9	-60
<i>Items that will not be reclassified as income</i>			
Restatement of defined-benefit pensions		-127	55
Tax attributable to other comprehensive income		28	-12
Total comprehensive income for the year		1,216	1,087
Net profit for the year attributable to shareholders of the Parent Company		1,306	1,104
Comprehensive income for the year attributable to shareholders of the Parent Company		1,216	1,087
Earnings per share, basic, attributable to shareholders of the Parent Company, SEK	9	17.00	14.10
Earnings per share, diluted, attributable to shareholders of the Parent Company, SEK	9	17.00	14.00
Proposed dividend per share, SEK	9	8.00	7.25

COMMENTS

REVENUE

(2014: SEK 14,216m, 2013: SEK 12,603m)
 Consolidated revenue during the year increased by 13 percent to SEK 14,216m (12,603), of which SEK 10,927m refers to Sweden and SEK 3,289m to JM's 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 347m (-49).

OPERATING PROFIT

(2014: SEK 1,819m, 2013: SEK 1,523m)
 Operating profit increased by 19 percent to SEK 1,819m. Restatement according to IFRIC 15 had an impact on earnings of SEK 103m (-53).

FINANCIAL INCOME AND EXPENSES

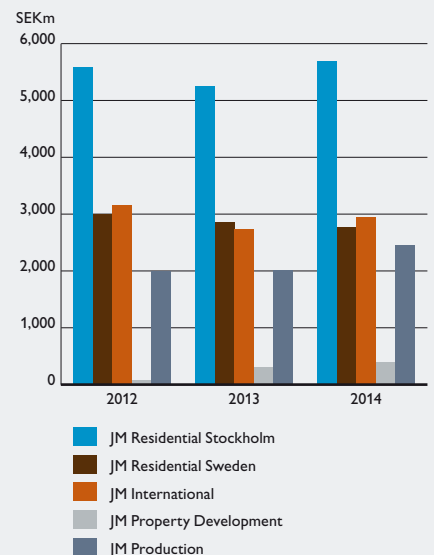
(2014: SEK -75m, 2013: SEK -59m)
 Net financial items decreased by SEK 16m compared to the previous year due to a decrease in interest income.

TAXES

(2014: SEK -438m, 2013: SEK -360m)
 Reported tax expense in 2014 amounts to 25 percent (25).

The difference between reported tax and the nominal tax rate for 2014 is primarily explained by the revaluation of deferred tax relating to a loss-carry forward and temporary differences within JM International as well as a difference in foreign tax rates.

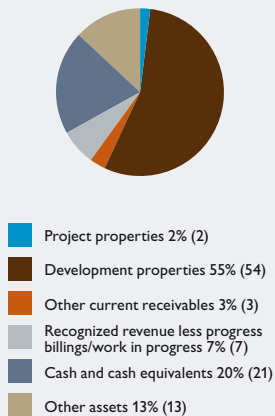
REVENUE BY BUSINESS SEGMENT



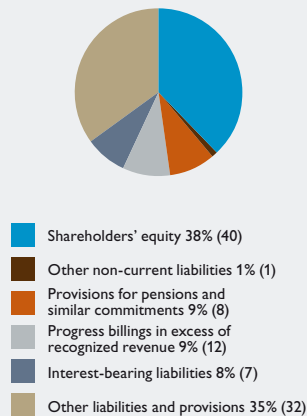
CONSOLIDATED BALANCE SHEET, SEK m	Note	12/31/2014	12/31/2013
ASSETS	1 2		
Non-current assets			
Goodwill	10	185	186
Machinery and equipment	11	23	8
Participations in joint operations and associated companies	12, 13	10	10
Financial assets	14	7	17
Deferred tax assets	25	-	15
Total non-current assets		225	236
Current assets			
Project properties	15	230	244
Development properties	15	6,802	5,988
Participations in tenant-owners associations, etc.	16	243	325
Accounts receivable	22	847	640
Other current receivables	17	387	386
Prepaid expenses and accrued income		14	17
Recognized revenue less progress billings	18	912	761
Work in progress	19	291	168
Cash and cash equivalents	20	2,424	2,385
Total current assets		12,150	10,914
TOTAL ASSETS		12,375	11,150
EQUITY AND LIABILITIES	2		
Equity attributable to shareholders of the Parent Company¹⁾			
Share capital		77	80
Other capital contributions		840	818
Reserves		-82	-91
Undistributed earnings (including net profit for the year)		3,800	3,648
Total shareholders' equity		4,635	4,455
Liabilities			
Long-term liabilities			
Long-term interest-bearing liabilities	21, 22	374	319
Other long-term receivables	21, 22	172	144
Provisions for pensions and similar obligations	23	1,054	920
Other non-current provisions	24	172	160
Deferred tax liabilities	25	1,076	1,032
Total non-current liabilities		2,848	2,575
Current liabilities			
Accounts payable	21, 22	558	600
Current interest-bearing liabilities	21, 22	659	504
Other current liabilities	21, 22	1,430	480
Current tax liabilities		169	174
Progress billings in excess of recognized revenue	26	1,128	1,296
Accrued expenses and deferred income	27	854	976
Current provisions	24	94	90
Total current liabilities		4,892	4,120
Total liabilities		7,740	6,695
TOTAL EQUITY AND LIABILITIES		12,375	11,150
Pledged assets and contingent liabilities	28		

¹⁾ Please see the section on Consolidated statement of changes in equity, page 66.

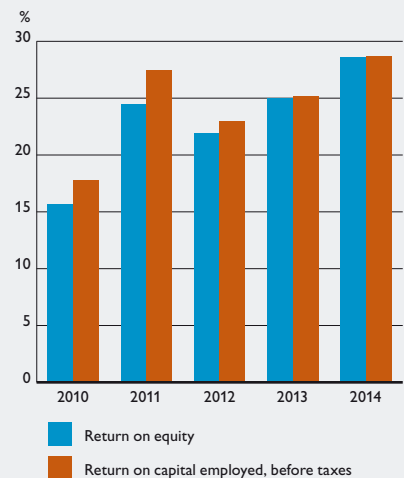
CONSOLIDATED ASSETS
12/31/2014



CONSOLIDATED CAPITAL STRUCTURE
12/31/2014



RETURN ON EQUITY AND CAPITAL EMPLOYED



COMMENTS

GOODWILL

(2014: SEK 185m, 2013: SEK 186m)

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

The change in 2014 refers exclusively to a change in the foreign exchange rate.

PROJECT PROPERTIES

(2014: SEK 230m, 2013: SEK 244m)

The properties remaining in the portfolio are primarily commercial properties in the Stockholm area.

The externally appraised market value was calculated to be SEK 280m (294) with a surplus value of SEK 50m (50).

DEVELOPMENT PROPERTIES

(2014: SEK 6,802m, 2013: SEK 5,988m)

In 2014 JM acquired development properties at a faster rate than in the previous year. During the year JM acquired development properties for SEK 2,273m (1,274), while development properties for SEK -1,427m (-1,017) 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 2.8bn (2.4).

In all, JM has 17,500 residential building rights (17,800) on the balance sheet.

PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.

(2014: SEK 243m, 2013: SEK 325m)

Unsold tenant-owned apartments are purchased as a consequence of the undertaking in the construction contract with the tenant-owners association. The number of unsold residential units on the balance sheet amounts to 62 (98).

RECOGNIZED REVENUE LESS PROGRESS BILLINGS

(2014: SEK 912m, 2013: SEK 761m)

The asset 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

(2014: SEK 291m, 2013: SEK 168m)

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

(2014: SEK 1,054m, 2013: SEK 920m)

Debt increased during the year primarily due to a changed assumption regarding the discount rate, which resulted in actuarial losses of SEK 102m and were reported under other comprehensive income.

DEFERRED TAX LIABILITIES

(2014: SEK 1,076m, 2013: SEK 1,032m)

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

(2014: SEK 374m, 2013: SEK 319m)

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

CURRENT INTEREST-BEARING LIABILITIES

(2014: SEK 659m, 2013: SEK 504m)

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

OTHER CURRENT LIABILITIES

(2014: SEK 1,430m, 2013: SEK 480m)

The relatively large change compared to the previous year refers to the item. Short-term promissory notes, development properties It refers to the liability for unconditional agreements that were entered into with deferred payment and can primarily be linked to JM's agreement in October 2014 for the acquisition of the Marievik 15 property in Liljeholmen, Stockholm. The transaction totaled SEK 815m with possession and the primary portion of the payment expected to occur in the first quarter of 2015.

PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE

(2014: SEK 1,128m, 2013: SEK 1,296m)

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, SEK m	Note	2014	2013
	1		
OPERATING ACTIVITIES			
Operating profit		1,819	1,523
Depreciation and amortization		6	5
Other non-cash items		-17	-70
Sub-total, cash flow from operating activities		1,808	1,458
Interest received		14	33
Dividends received		5	4
Interest paid and other financial expenses		-61	-63
Paid tax		-429	-669
Cash flow from operating activities before change in working capital		1,337	763
Investment in development properties, etc.		-2,033	-2,913
Payment on account for development properties, etc.		2,111	2,371
Increase/decrease in accounts receivable		-207	118
Increase/decrease in other current receivables, etc.		2	-255
Increase/decrease in accounts payable		-42	13
Increase/decrease in other current operating liabilities		-344	315
Cash flow before investments and sales of project properties		824	412
Investment in project properties, etc.		-69	-116
Sale of project properties, etc.		223	602
Cash flow from operating activities		978	898
INVESTING ACTIVITIES			
Investment in property, plant, and equipment		-20	-2
Property, plant, and equipment sold		-	0
Change in financial assets		0	3
Cash flow from investing activities		-20	1
FINANCING ACTIVITIES			
Loans raised		230	192
Amortization of debt		-92	-126
Redeemed options		0	1
Buy-back of shares		-500	-517
Dividend		-558	-537
Cash flow from financing activities		-920	-987
Cash flow for the year		38	-88
Cash and cash equivalents, January 1		2,385	2,475
Exchange rate difference in cash and cash equivalents		1	-2
Cash and cash equivalents, December 31		2,424	2,385
INTEREST-BEARING NET LIABILITIES/RECEIVABLES	21		
Interest-bearing liabilities and provisions		2,087	1,743
Cash and cash equivalents		-2,424	-2,385
Interest-bearing net liabilities (+)/receivables (-), December 31		-337	-642

COMMENTS

OPERATING ACTIVITIES

(2014: SEK 978m, 2013: SEK 898m)

Cash flow from operating activities increased to SEK 978m (898), primarily attributable to more housing starts and a higher transfer rate of development properties to production compared to the previous year.

Cash flow from operating activities (sub-total)

(2014: SEK 1,808m, 2013: SEK 1,458m)

Operating activities, before interest and tax, contributed SEK 1,808m (1,458), which is an increase of SEK 350m after elimination of non-cash items. Cash flow from operating activities increased compared with the previous year primarily due to more housing starts.

Cash flow from operating activities
before change in working capital
 (2014: SEK 1,337m, 2013: SEK 763m)

Net interest received and paid increased from SEK -26m in 2013 to SEK -42m in 2014, attributable in part to decreased interest income.

Paid tax decreased from SEK 669m in 2013 to SEK 429m in 2014.

Net development properties, etc. (including participations in tenant-owners associations)
 (2014: SEK 78m, 2013: SEK -542m)

JM invested in development properties for SEK 2,273m (1,274). Part of this increase in investments will be paid in the future and affect cash flow in 2015. At the same time, SEK 1,427m (1,017) went into production in conjunction with housing starts. Decreased holding of unsold residential units has a positive effect on cash flow of SEK 73m (6).

Current receivables and liabilities

(2014: SEK -591m, 2013: SEK 191m)

Current receivables and liabilities had a total impact on cash flow of SEK -591m (191), which is a change compared to the previous year of SEK -782m.

Net project properties

(2014: SEK 154m, 2013: SEK 486m)

During the year, project properties were sold for SEK 29m. Cash flow was strengthened by cash deposits of SEK 114m from sales that occurred the previous year.

FINANCING ACTIVITIES

(2014: SEK -920m, 2013: SEK -987m)

During the year, cash dividends of SEK 558m were paid to shareholders, and buy-back of own shares was SEK 500m. Interest-bearing liabilities increased net by SEK 210m.

OTHER NON-CASH ITEMS

	2014	2013
Gains/losses on the sale of property	-25	-24
Changes in pension liability	134	-11
Other provisions, etc.	-126	-35
Total	-17	-70

INVESTMENT IN DEVELOPMENT PROPERTIES, ETC.

	2014	2013
Investment in development properties	-2,273	-1,274
Acquisition of participations in tenant-owners associations	-565	-1,213
Change in promissory notes	805	-426
Total	-2,033	-2,913

PAYMENT ON ACCOUNT FOR DEVELOPMENT PROPERTIES, ETC.

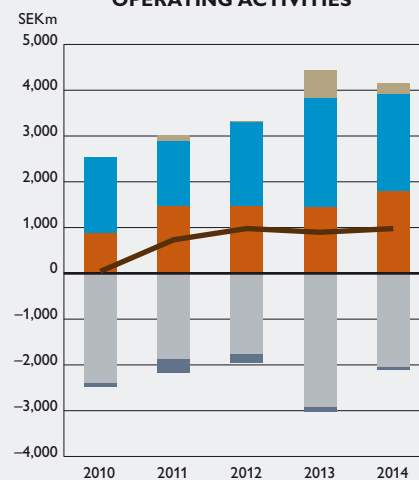
	2014	2013
Payment on account for development properties	1,427	1,017
Sale of development properties	72	48
Change in receivables, development properties sold, etc.	-39	203
Sale of participations in tenant-owners associations	651	1,103
Total	2,111	2,371

INVESTMENT IN PROJECT PROPERTIES, ETC.

	2014	2013
Investment in project properties	-69	-118
Adjustment for capitalized interest	-	2
Total	-69	-116

SALE OF PROJECT PROPERTIES, ETC.

	2014	2013
Sale of project properties	29	572
Transferred to production	82	143
Change in receivables	112	-113
Total	223	602

CASH FLOW FROM OPERATING ACTIVITIES


- Sales project properties, etc.
- On account payment development properties, etc.
- Sub-total, cash flow from operating activities
- Investment in development properties, etc.
- Investment in project properties, etc.
- Cash flow from operating activities

Attributable to shareholders of the Parent Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SEK m	Share capital	Other capital contributions	Translation reserves	Undistributed earnings	Total shareholders' equity
Opening balance, January 1, 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, December 31, 2013	80	818	-91	3,648	4,455
Opening balance, January 1, 2014	80	818	-91	3,648	4,455
Total comprehensive income for the year	-	-	9	1,207	1,216
Dividend to equity holders of the Parent Company	-	-	-	-558	-558
Conversion of convertible loan	0	21	-	-	21
Equity component of convertible debentures	-	1	-	-	1
Buy-back of shares	-	-	-	-500	-500
Elimination of repurchased shares	-3	-	-	3	-
Closing balance, December 31, 2014	77	840	-82	3,800	4,635

COMMENTS

EQUITY

(2014: SEK 4,635m, 2013: SEK 4,455m)

Shareholders' equity increased by SEK 180m compared with the outcome of 2013. Consolidated equity as of December 31, 2014, totaled SEK 4,635m (4,455), which corresponds with SEK 61 (57) per share. Return on equity was 28.7 percent (25.0).

Total comprehensive income for the year

Please see the notes on the Consolidated income statement, page 61.

Translation difference

The change for the year amounts to SEK 9m (-60) and the accumulated translation difference in closing equity was SEK -82m (-91). During the year, the Swedish krona strengthened marginally against the Norwegian krona, weakened against the Danish krona and weakened considerably against the euro.

Dividend to shareholders of the Parent Company

The dividend to shareholders of the Parent Company totaled SEK 558m (537), corresponding to SEK 7.25 (6.75) per share.

Conversion of convertible loan

During the year, 141,400 shares were converted in the 2010 and 2011 Convertible Programs and the 2010 Warrant Program. Share capital has thus increased by SEK 0m and other capital contributions by SEK 21m.

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 2,220,312 shares were bought back for a total of SEK 500m. At the beginning of September, the Annual General Meeting resolution on the reduction in the share capital by 2,873,057 shares was taken into effect. Share capital was thus reduced by SEK 3m and retained earnings increased by SEK 3m. Holdings of own shares totaled 1,610,554 at the end of 2014. The number of outstanding shares, excluding holdings of own shares, totals 75,471,471.

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.

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 20 and will be presented for adoption at the 2015 Annual General Meeting. JM AB is a Swedish public limited company listed on NASDAQ Stockholm, Large Cap segment. The Company has its registered office in Stockholm, Sweden. The address of the head office is Gustav III:s boulevard 64, Solna, 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 (SEKm).

Basis for consolidation

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

New and changed accounting standards and interpretations

JM applies the following new and modified standards as of 2014:

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 has not had 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 companies that are currently jointly owned have already been reported in all material aspects in compliance with the new standard.

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 has resulted in some additional disclosures.

New standards that have not yet entered into effect**IFRS 15 Revenue from Contracts with Customers**

This standard refers to the accounting of revenue from contracts and from the sale of some non-financial assets. It will replace IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations, including IFRIC 15 Agreements for the Construction of Real Estate. The standard shall be applied as of 2017, but has not yet been adopted by the EU. JM has not yet evaluated the new standard, but makes the preliminary assessment that it will have a limited impact on JM's accounting.

IFRS 9 Financial Instruments

This standard will replace IAS 39 Financial Instruments: Recognition and Measurement. It contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard shall be applied as of 2018, but has not yet been adopted by the EU. JM has not yet evaluated the new standard, but makes the preliminary assessment that it will not have a material impact on JM's accounting.

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 outcome may vary from these estimates. This applies 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 12 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 arrangement. Associated companies are included in the consolidated accounts according to the equity method. JM's holding of associated companies is negligible.

Joint arrangements

Joint arrangements are operations for which the Group, through cooperation agreements with one or more partners, shares the controlling influence over the operational and financial control. The Group's current joint arrangements are "joint operations", which means the partners report their assets, liabilities, income and expenses as well as their shares of the joint assets, liabilities, income and expenses.

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 currency

Transactions in foreign currencies (currency other than each company's functional currency) are reported at the conversion rate on the transaction date. Monetary receivables and liabilities in foreign currencies are 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 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 (22.0) 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

Note 1 cont.

asset can be realized within the foreseeable future.

Intangible assets (goodwill)

The useful life of each intangible asset is set and written off over the useful life of the asset. If the useful life of the asset is assessed to be indeterminate it is not amortized. An assessment that concludes that an intangible asset has an indeterminate useful life considers all relevant conditions and is based on the fact that there is no predictable maximum time limit for the net cash flow that the asset generates. Goodwill has an 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 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 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

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 23. 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. 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 President of the Parent Company (who is also the CEO). 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 the Group level and not allocated to the segments.

Transactions between business segments are based on market conditions.

Note 2 cont.

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

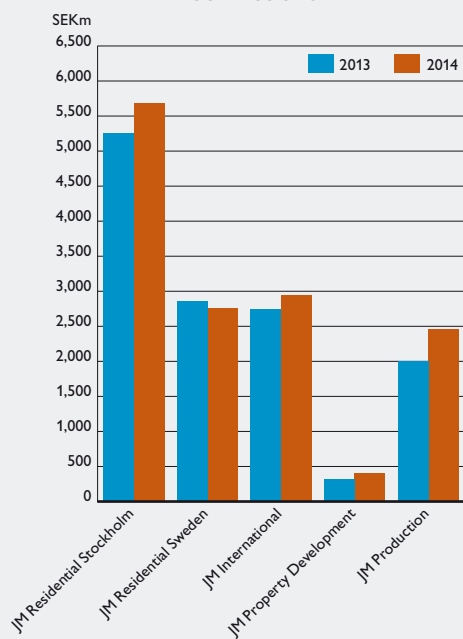
Group 2014	JM Residential Stockholm	JM Residential Sweden	JM Property Development	JM Production	Eliminations Sweden	Sub-total Sweden	JM International	Group-wide expenses	Total as stated in segment reporting	Unallocated items Group ²⁾	Restatement JM International ³⁾	Total
Revenue – external	5,692	2,764	401	2,070	-	10,927	2,942	-	13,869	-	347	14,216
Revenue – internal	-	-	-	386	-386	-	-	-	-	-	-	-
Total revenue	5,692	2,764	401	2,456	-386	10,927	2,942	-	13,869	-	347	14,216
Production and operating costs ¹⁾	-4,147	-2,383	-341	-2,300	386	-8,785	-2,620	-	-11,405	-	-244	-11,649
Gross profit	1,545	381	60	156	-	2,142	322	-	2,464	-	103	2,567
Selling and administrative expenses ¹⁾	-277	-165	-21	-75	-	-538	-190	-45	-773	-	-	-773
Gains/losses on the sale of property	10	0	12	-	-	22	3	-	25	-	-	25
Operating profit	1,278	216	51	81	-	1,626	135	-45	1,716	-	103	1,819
Financial income and expenses	-	-	-	-	-	-	-	-	-	-75	-	-75
Profit before tax	-	-	-	-	-	-	-	-	1,716	-75	103	1,744
Taxes	-	-	-	-	-	-	-	-	-	-409	-29	-438
Net profit for the year	-	-	-	-	-	-	-	-	1,716	-484	74	1,306
Operating margin, %	22.5	7.8	-	3.3	-	-	4.6	-	12.4	-	-	12.8
¹⁾ Of which depreciation of machinery and equipment	-	0	-	-	-	0	-3	-3	-6	-	-	-6

Group 2013

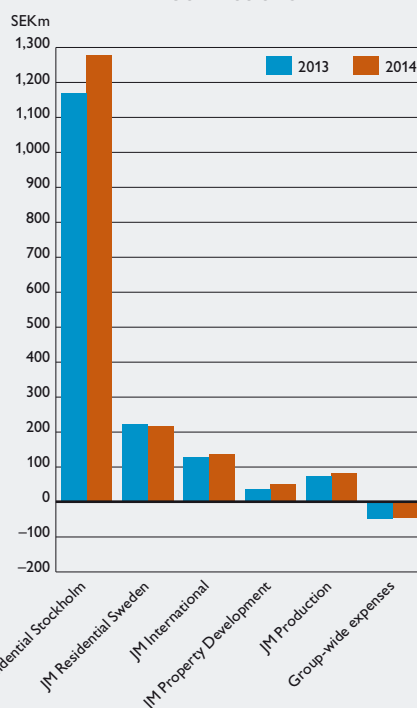
Revenue – external	5,254	2,860	314	1,479	-	9,907	2,745	-	12,652	-	-49	12,603
Revenue – internal	-	-	-	532	-532	-	-	-	-	-	-	-
Total revenue	5,254	2,860	314	2,011	-532	9,907	2,745	-	12,652	-	-49	12,603
Production and operating costs ¹⁾	-3,839	-2,480	-270	-1,863	532	-7,920	-2,441	-	-10,361	-	-4	-10,365
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
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	-	0	-	0	-	0	-3	-2	-5	-	-	-5

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 68–71.

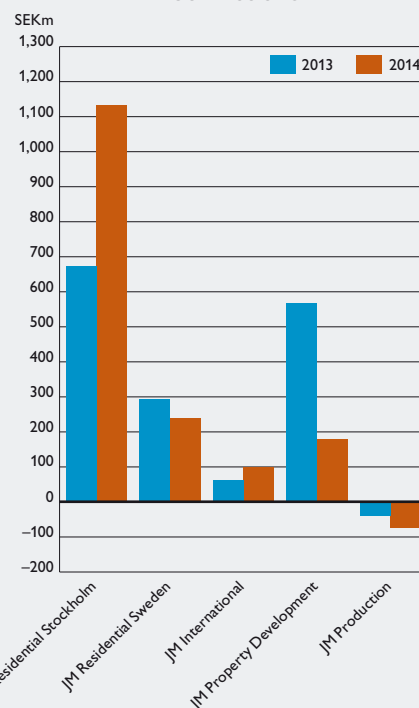
REVENUE BY BUSINESS SEGMENT



OPERATING PROFIT BY BUSINESS SEGMENT



OPERATING CASH FLOW BY BUSINESS SEGMENT



CONSOLIDATED BALANCE SHEET BY BUSINESS SEGMENT

Group 12/31/2014	JM Residential Stockholm	JM Residential Sweden	JM Property Development	JM Production	Sub-total Sweden	JM International	Total as stated in segment reporting	Un-located items Group ³⁾⁴⁾	Restatement JM International ⁵⁾	Total, Group
ASSETS										
Non-current assets	-	-	-	-	-	185	185	35	5	225
Project properties	-	-	202	-	202	28	230	-	-	230
Development properties	3,965	1,167	31	60	5,223	1,579	6,802	-	-	6,802
Participations in tenant-owners associations, etc.	93	45	-	-	138	105	243	-	-	243
Current receivables	450	561	23	591	1,625	750	2,375	251	-175	2,451
Cash and cash equivalents	-	-	-	-	-	-	-	2,424	-	2,424
Total current assets	4,508	1,773	256	651	7,188	2,462	9,650	2,675	-175	12,150
TOTAL ASSETS	4,508	1,773	256	651	7,188	2,647	9,835	2,710	-170	12,375
EQUITY AND LIABILITIES										
Shareholders' equity	-	-	-	-	-	-	-	4,704	-69	4,635
Long-term liabilities	-	-	-	-	-	-	-	2,868	-20	2,848
Current liabilities	620	401	14	339	1,374	410	1,784	3,189	-81	4,892
TOTAL EQUITY AND LIABILITIES	620	401	14	339	1,374	410	1,784	10,761	-170	12,375
Total operating capital by business segment	3,888	1,372	242	312	-	2,237	-	-	-	-
Investment in machinery and equipment	-	-	-	-	-	-	-	20	-	20
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-owners 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
Operating cash flow by business segment										
	JM Residential Stockholm	JM Residential Sweden	JM Property Development	JM Production	JM International					
2014	1,132	237	178	-73	99					
2013	671	294	567	-39	61					

Income by country including adjustment according to IFRIC 15

	Sweden	Norway	Denmark	Finland	Belgium	Total
2014	10,927	3,080	19	80	110	14,216
2013	9,907	2,299	53	193	151	12,603

³⁾ 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.

⁴⁾ Property, plant and equipment are not included in JM's definition of operating capital and these investments are therefore reported as an unallocated item.

⁵⁾ 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 68–71.

NOTE 3 EMPLOYEES AND PERSONNEL COSTS

Average number of employees, by country	2014	Of which men, %	2013	Of which men, %
Sweden	1,820	83	1,874	84
Norway	353	82	335	82
Denmark	5	60	8	75
Finland	31	74	20	70
Belgium	9	67	10	60
Total	2,218	83	2,247	84

Wages, salaries, other remuneration and social security expenses	2014			2013		
	Wages, salaries and remunerations	Social security expenses	Total	Wages, salaries and remunerations	Social security expenses	Total
Group	1,167	586	1,753	1,151	591	1,742
(of which pension costs)		(193) ¹⁾			(208) ¹⁾	

¹⁾ SEK 4.0m (4.1) 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 0.6m (0.5).

Wages, salaries and other remuneration by country and distribution between the Board and President and other employees	2014			2013		
	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Sweden	15	900	915	14	902	916
(of which variable remuneration)	(5)	(62)	(67)	(4)	(64)	(68)
Norway	2	221	223	2	207	209
(of which variable remuneration)	(1)	(20)	(21)	(1)	(21)	(22)
Denmark	1	5	6	1	6	7
(of which variable remuneration)	(0)	(1)	(1)	(0)	(1)	(1)
Finland	2	15	17	0	13	13
(of which variable remuneration)	(0)	(0)	(0)	(0)	(0)	(0)
Belgium	1	5	6	1	5	6
(of which variable remuneration)	(0)	(0)	(0)	(0)	(0)	(0)
Total, Group	21	1,146	1,167	18	1,133	1,151
(of which variable remuneration)	(6)	(83)	(89)	(5)	(86)	(91)

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 870,000 (815,000) in Board fees. The other non-executive Board members (six people) were paid SEK 2,300,000 (2,100,000).

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 2014 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 2015 may amount to a maximum of SEK 2,670,000. Total short-term variable remuneration for the 2014 financial year was SEK 2,194,000 (2,311,000) to be paid during the spring of 2015. 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 2015 may amount to a maximum of SEK 5.4m. The outcome of the short-term variable remuneration for other members of Executive Management for the 2014 financial year totals SEK 3.4m (4.9), to be paid during the spring of 2015.

In addition, long-term variable salary programs have been offered to Executive Management (including the President). The long-term variable salary program, which was launched in 2011, amounted to a maximum of 42 percent of fixed salary, and was based on the Group financial results from 2013. The outcome was 88 percent of the possible maximum and payment was 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. The outcome was 73 percent and payment will be made in the spring of 2015 for a total of SEK 1,477,000 for the President and SEK 2.2m for the 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 3.5m for the other members of Executive Management. The long-term variable salary program for 2014 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 2,167,000 for the President and SEK 4.4m 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.

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 12 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 12 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 2014 and 2013.

SEK 000s	2014					Total	SEK 000s	2013					Total
	Basic salary/ Board fees	Short-term variable remuneration ¹⁾	Long-term variable remuneration ²⁾	Other benefits	Pension cost			Basic salary/ Board fees	Short-term variable remuneration ¹⁾	Long-term variable remuneration ²⁾	Other benefits	Pension cost	
<i>Chairman of the Board</i>							<i>Chairman of the Board</i>						
Lars Lundquist	870	-	-	-	-	870	Lars Lundquist	815	-	-	-	-	815
<i>Other Board members</i>							<i>Other Board members</i>						
Åsa Söderström Jerring	445	-	-	-	-	445	Elisabet Annell Åhlund	205	-	-	-	-	205
Anders Narvinger	425	-	-	-	-	425	Åsa Söderström Jerring	425	-	-	-	-	425
Kia Orback Pettersson	395	-	-	-	-	395	Anders Narvinger	400	-	-	-	-	400
Johan Bergman	365	-	-	-	-	365	Kia Orback Pettersson	385	-	-	-	-	385
Kaj-Gustaf Bergh	305	-	-	-	-	305	Johan Bergman	355	-	-	-	-	355
Eva Nygren	365	-	-	-	-	365	Kaj-Gustaf Bergh	150	-	-	-	-	150
President	5,337	2,311	1,685	115	1,842	11,290	Eva Nygren	180	-	-	-	-	180
Other members of Executive Management ³⁾	13,592	4,879	3,608	545	7,338	29,962	President	5,868	1,717	1,764	136	1,790	11,275
Total	22,099	7,190	5,293	660	9,180	44,422	Other members of Executive Management ³⁾	13,845	4,053	3,636	506	7,471	29,511
							Total	22,628	5,770	5,400	642	9,261	43,701

¹⁾ The short-term variable remuneration reported in the table relates to amounts paid in 2014. All payments in 2014 are attributable to the 2013 financial year.

²⁾ The long-term variable remuneration reported in the table relates to amounts paid in 2014. All payments in 2014 are attributable to the 2011–2013 financial years.

³⁾ JM's Executive Management, excluding the President, comprised a total of eight people in 2014, six men and two women.

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.

Convertible debentures for personnel

The 2014 Annual General Meeting resolved to offer all employees in the JM Group in Sweden a convertible subordinated debenture. The purpose of the issue of personnel convertibles is to boost long-term financial commitment to JM on the part of employees via increased motivation and reinforced loyalty to the Group. A total

of 52,000 convertible bonds were issued for a nominal amount of around SEK 14.5m. The loan matures on May 18, 2018, and entitles the holders to subscribe to one JM share for each debt obligation for SEK 280 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
2010	227,045	5,320	-232,365	-	-	139.00	6/1/2012–5/22/2014
2011	114,195	5,198	-22,540	-	96,853	214.00	6/2/2014–5/22/2015
2012	84,416	6,592	-	-	91,008	155.00	6/1/2015–5/20/2016
2013	75,249	135	-	-	75,384	180.00	6/1/2016–5/19/2017
2014	51,918	-	-	-	51,918	280.00	6/1/2017–5/18/2018

NOTE 4 DEPRECIATION ACCORDING TO PLAN

	2014	2013
Machinery and equipment	-6	-5
Total	-6	-5

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

NOTE 5 FEES AND REMUNERATION TO AUDITORS

	2014	2013
Ernst & Young		
Auditing services	4.9	5.1
Tax services	0.8	1.1
Other services	1.4	1.1
Total	7.1	7.3

NOTE 6 GAINS/LOSSES ON THE SALE OF PROPERTIES

	2014	2013
Sales values		
Project properties	29	575
Development properties	73	48
Total	102	623
Carrying amounts		
Project properties	-5	-570
Development properties	-72	-29
Total	-77	-599
Results		
Project properties	24	5
Development properties	1	19
Total	25	24

NOTE 7 FINANCIAL INCOME AND EXPENSES

	Financial income	
	2014	2013
Dividend	5	4
Interest income	13	28
Realized exchange rate gains relating to debt receivable, international company	2	7
Change in value revaluation of debt receivable and currency hedging	7	1
Gain from sale of shares in associated companies	-	2
Total	27	42
	Financial expenses	
	2014	2013
Interest expenses attributable to loans, etc.	-55	-58
Interest portion in this year's pension costs	-38	-35
Realized exchange rate losses relating to debt receivable, international company	-8	-3
Change in value revaluation of debt receivable and currency hedging	-1	-5
Total	-102	-101

NOTE 8 TAXES

	2014	2013
<i>Profit before tax</i>		
Sweden	1,499	1,434
International	245	30
Total	1,744	1,464
<i>Current tax</i>		
Sweden	-283	-324
International	-60	-25
Total	-343	-349
<i>Deferred tax</i>		
Sweden	-65	-14
International	-30	3
Total	-95	-11
<i>Total tax</i>		
Sweden	-348	-338
International	-90	-22
Total	-438	-360

Difference between reported tax and nominal tax rate 22%

	2014	2013
Profit before tax 22%	-383	-322
Adjustment of tax from previous years	1	-8
Difference foreign tax	-13	-3
Non-taxable revenue	2	2
Non-deductible expenses	-2	-3
Tax allocation reserve	-5	-3
Revaluation of deferred tax relating to lowered income tax in 2014 in Norway	-	1
Revaluation deferred tax	-38	-24
Total	-438	-360

NOTE 9 EARNINGS AND DIVIDEND PER SHARE

	Basic		Diluted	
	2014	2013	2014	2013
Earnings per share, SEK	17.00	14.10	17.00	14.00

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 2014 was based on the net profit for the year of SEK 1,306m (1,104), and on a weighted average number of outstanding ordinary shares during 2014 amounting to 76,542,355 (78,445,765).

	2014	2013
Number of shares		
Total number of outstanding shares, January 1	77,550,383	80,494,186
Conversion and utilization of options	76,212	129,197
Buy-back of shares	-1,084,240	-2,177,618
Weighted average number of shares during the year, basic	76,542,355	78,445,765

Diluted earnings per share

Calculation of diluted earnings per share for 2014 was based on the net profit for the year, adjusted for the interest expense for convertible debentures after tax, of SEK 1,307m (1,107), and on a weighted average number of outstanding ordinary shares adjusted for the dilution effect of all outstanding potential ordinary shares during 2014 amounting to 76,888,597 (78,983,735). Profit for the year is attributable in its entirety to shareholders of the Parent Company.

Net profit for the year	2014	2013
Profit for the year attributable to shareholders of the Parent Company	1,306	1,104
Adjustment of interest on convertible debentures (after tax)	2	3
Profit for the year attributable to shareholders of the Parent Company, diluted	1,308	1,107
Number of shares	2014	2013
Weighted average number of shares during the year, basic	76,542,355	78,445,765
Estimated number of potential shares for the convertible debenture and warrant program	346,242	537,970
Weighted average of the number of shares during the year, diluted	76,888,597	78,983,735

Outstanding number of shares and instruments with potential dilutive effects

At the end of 2014 JM had 75,471,471 outstanding shares (77,550,383). JM holds a total of 1,610,554 buy-back shares (2,263,299). At the beginning of September 2014, the Annual General Meeting resolution on the reduction in the share capital by 2,873,057 shares that the company held was taken into effect.

Instruments that may have a potentially dilutive effect include JM's four convertible programs (2011, 2012, 2013 and 2014) and JM's three warrant programs (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 2011 convertible bond and warrant program is SEK 214, for the 2012 programs SEK 155 and for the 2013 programs SEK 180. For the 2014 convertible bond program the strike price is SEK 280.

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 2014)	2014	2013
– per share, SEK	8.00	7.25
– total, SEKm	604	562

NOTE 10 GOODWILL

	2014	2013
<i>Accumulated cost</i>		
On January 1	186	205
Translation differences	–1	–19
On December 31	185	186

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. On December 31, 2014, the carrying amount of the JM Norway Group was assessed. 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 2014, 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 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 10 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 9 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 32 percent.

A sensitivity analysis of the discount rate shows that the discount rate would have to exceed about 23 percent (21) before the need for impairment would be present.

In all cases, the sensitivity analysis above shows a surplus (i.e. that the recoverable amount is higher than the carrying amount). None of the hypothetical cases above should lead to impairment of goodwill for the Norwegian business.

NOTE 11 MACHINERY AND EQUIPMENT

	2014	2013
<i>Accumulated cost</i>		
On January 1	70	80
New purchases	20	2
Translation differences	1	–2
Sales	–	–10
On December 31	91	70
<i>Accumulated depreciation according to plan</i>		
On January 1	–62	–69
Depreciation for the year	–6	–5
Translation differences	0	2
Sales	–	10
On December 31	–68	–62
Closing residual value according to plan	23	8

NOTE 12 PARTICIPATIONS IN ASSOCIATED COMPANIES

	2014	2013
<i>Accumulated cost</i>		
On January 1	10	10
New purchases	0	–
Sales	–	0
On December 31	10	10

NOTE 13 PARTICIPATIONS IN JOINT OPERATIONS AND ASSOCIATED COMPANIES*Specification of Parent Company's shares and participation in joint operations and associated companies, SEK 000s*

Company	Company identification number	Domicile	Number of shares and participations	% of capital	Carrying amount	
					2014	2013
Adolfsbergs Brunns AB ¹⁾	556303-8685	Örebro	340	33	34	34
Dockan Exploatering AB ¹⁾	556594-2645	Malmö	50,000	33	30,942	5,003
Exploateringsbolaget Högmora KB ¹⁾	916643-6254	Stockholm	1	25	31	31
Fastighetsbolaget Glasberga KB ¹⁾	916643-1842	Stockholm	1	25	101	101
Glasberga Fastighets AB ¹⁾	556361-0707	Södertälje	1,000	25	100	100
HB Silverdal Exploatering ²⁾	969674-5802	Sollentuna			1	1
Högmora Exploaterings AB ¹⁾	556395-0707	Stockholm	1,000	25	100	100
Kvarnholmen Utveckling AB ¹⁾	556710-5514	Stockholm	50,000	50	165,886	135,886
Kvibergstaden Exploatering HB ¹⁾	969731-1695	Göteborg	1	50	1	1
Mälärstrandens Utvecklings AB ¹⁾	556695-5414	Västerås	44	44	2,200	2,200
SMÅA AB ³⁾	556497-1322	Stockholm	35,204	35	9,703	9,191
Carrying amount, December 31					209,099	152,648

¹⁾ Joint operations²⁾ Unlimited liability³⁾ Associated companies*Specification of the Group's other holdings of shares and participations in joint operations and associated companies, SEK 000s*

Company	Company identification number	Domicile	Number of shares and participations	% of capital	Carrying amount	
					2014	2013
Fagerborg Eiendom Lillestrøm AS, Norway	935267269	Lillestrøm	150	50	7,373	8,235
Fastighets AB Kranlyftet	556829-3251	Lidingö	250	50	135,226	135,226
Fjellgata 30 AS, Norway	997484983	Oslo	100	50	4,192	4,634
Fjellgata 30 KS, Norway	997485009	Oslo	100	45	6,445	2,209
Galoppfältet Exploatering AB	556833-6555	Stockholm	500	50	121,500	110,500
Grefsen Utvikling AS, Norway	982913209	Bærum	500	50	77,934	48,416
Hans Nielsen Haugesgate 50 AS, Norway	987719427	Bærum	120,000	50	25,396	20,281
Husebyplatået AS, Norway	913864948	Oslo	10,000	50	250	-
Kjørbokollen Utbygging AS, Norway	981112326	Bærum	10,000	50	170	0
Landmannstorget, Norway	987598387	Asker	100	50	-40	-22
Larvik Saneringsselskap AS, Norway	918044051	Larvik	100	50	1,861	1,934
Merbraine, Belgium	450160865	Brussels	625	50	295	267
Son Utvikling AS, Norway	990341419	Oslo	550	50	8,459	9,258
Spireaveien 6 Utvikling AS, Norway	998015340	Oslo	100	50	2,616	2,772
Spireaveien 6 Utvikling KS, Norway	998015375	Oslo	100	45	7,569	6,559
Strømmen Sentrum AS, Norway	911662256	Oslo	14,000	50	6,396	6,969
Carrying amount, December 31					405,642	357,238
Reclassification in the Group					-604,355	-500,014
Carrying amount in the Group, December 31					10,386	9,872

The joint operations contain primarily properties for residential development.

Participations in joint operations

The Group's financial statements include the following items that comprise the Group's holdings in the joint operations – the company's revenue, expenses, assets and liabilities.

	2014	2013
Revenue	403	240
Expenses	-372	-221
Results	31	19
Development properties	955	1,151
Other assets	378	97
Cash and cash equivalents	53	56
Total assets	1,386	1,304
Long-term liabilities	421	384
Current liabilities	110	183
Total liabilities	531	567
Net assets	855	737

NOTE 14 FINANCIAL ASSETS

	2014	2013
Accumulated cost		
On January 1	17	18
Additional receivables	2	0
Settled receivables	-12	-1
Translation differences	0	0
On December 31	7	17

Financial assets mainly relate to promissory notes.

NOTE 15 PROJECT PROPERTIES AND DEVELOPMENT PROPERTIES

	Project properties ¹⁾		Development properties	
	2014	2013	2014	2013
Accumulated cost				
On January 1	264	1,028	6,242	6,019
New purchases	71	118	2,273	1,274
Reclassifications	2	-89	7	61
Translation differences	0	-5	45	-66
Transferred to production	-82	-143	-1,427	-1,017
Sales	-5	-645	-72	-29
On December 31	250	264	7,068	6,242
Accumulated impairment losses				
On January 1	-20	-95	-254	-250
Reclassification	-	-	-	2
Translation difference	-	-	-12	-6
Sales	-	75	-	-
On December 31	-20	-20	-266	-254
Closing residual value according to plan	230	244	6,802	5,988

¹⁾ Interest expenses added to the cost of project properties amounts to SEK 0m (2).

Reported residual value for the part of project properties recognized at net realizable value amounts to SEK 85m (84) and for development properties SEK 491m (472).

NOTE 16 PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.

	2014	2013
Accumulated cost		
On January 1	325	214
New purchases	565	1,213
Translation difference	4	1
Sales	-651	-1,103
On December 31	243	325

The number of unsold homes on the balance sheet amounts to 62 (98).

NOTE 17 OTHER CURRENT RECEIVABLES

	2014	2013
Receivables from property sales	54	113
Receivables from participations sold in tenant-owner associations	94	107
Deposit investment development properties	167	94
Other	72	72
Total	387	386

NOTE 18 RECOGNIZED REVENUE LESS PROGRESS BILLINGS

	2014	2013
Recognized revenue in work in progress	5,278	4,107
Accumulated billing on account for work in progress	-4,366	-3,346
Total	912	761

NOTE 19 WORK IN PROGRESS

	2014	2013
Accumulated costs incurred	1,364	2,757
Accumulated billing on account for work in progress	-1,073	-2,589
Total	291	168

Work in progress only relates to projects within JM International.

NOTE 20 CASH AND CASH EQUIVALENTS

	2014	2013
Cash and bank balances	1,824	935
Short-term investments	600	1,450
Total	2,424	2,385

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

NOTE 21 FINANCIAL LIABILITIES

	2014	2013
Long-term interest-bearing liabilities		
Liabilities to credit institutions maturity date 1–5 years from closing day	254	195
Long-term promissory notes, development properties 1–5 years	80	75
Convertible loan 1–5 years ¹⁾	40	49
Total	374	319
Current interest-bearing liabilities		
Liabilities to credit institutions, interest-bearing –1 year	640	488
Convertible loan –1 year ¹⁾	19	16
Total	659	504

Interest-bearing net liabilities/receivables	2014	Change	2013
Current interest-bearing liabilities	659	155	504
Long-term interest-bearing liabilities	374	55	319
Transferred to pensions	1,054	134	920
Less cash and cash equivalents	-2,424	-39	-2,385
Interest-bearing net liabilities (+)/ receivables (-), December 31	-337	305	-642

Other financial liabilities	2014	2013
Other non-current liabilities 1–5 years from closing day	172	144
Accounts payable	558	600
Derivative instruments, short-term	0	0
Short-term promissory notes, development properties	1,076	204
Other current liabilities	354	276
Total	2,160	1,224

¹⁾ Please refer to Note 3, Employees and personnel costs, for more information about the convertible loans.

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 22, Financial risk management and financial derivative instruments.

NOTE 22 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 Wednesday, December 31, 2014, was 0.2 years (0.2).

Fair value on interest-bearing loans was SEK 1,033m (823). 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 12/31/2014.

Interest risk exposure, including derivatives

Year for interest conversion	2014		2013	
	Loan amount, SEKm	Average interest, %	Loan amount, SEKm	Average interest, %
2014	-	-	823	3.0
2015	1,033	2.7	-	-
Pension liability ¹⁾	1,054	3.0	920	4.0
Total	2,087	2.8	1,743	3.5

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

The average interest rate on interest-bearing liabilities as of 12/31/2014 including pension liabilities is 2.8 percent (3.5). A 1 percent change in the market interest rate corresponds with an effect on earnings of about SEK 9.7m for the part of the loan portfolio traded during 2015. 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 a similar credit rating agency. The investments are short-term with a term of between one day and three months. See Note 20 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	Total	Overdraft facilities		
		2015	2016	2017
Loan commitments, SEKm	2,800	400	950	800

The Group has unutilized approved credit lines of SEK 2,800m. The average maturity for credit agreements is 1.5 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 the production of residential units amounts to SEK 355m (311).

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 492m (328).

The provision for doubtful accounts receivable amounts to SEK 8.0m (2.7). During the year the Group used SEK 0.8m (1.7) of earlier provisions. Accounts receivable older than 60 days amounts to SEK 74m (141). Provision and utilization of the provision for doubtful accounts receivable were recognized in the income statement.

Aged accounts receivable

12/31/2014 SEKm	Nominal	Not due	≤ 30 days	31–60 days	61–90 days	> 90 days
Residential development	355	317	-15	13	3	37
Contracting	492	449	-11	20	5	29
Other	0	0	-	-	-	0
Total	847	766	-26	33	8	66
Number of invoices	1,312	792	126	38	46	310

12/31/2013 SEKm	Nominal	Not due	≤ 30 days	31–60 days	61–90 days	> 90 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

Credit risk analysis customers

12/31/2014 Interval	Number of customers	In % of number	In % of portfolio
Exposure interval < SEK 1m	839	92	13
Exposure interval SEK 1–5m	54	6	20
Exposure interval > SEK 5m	21	2	67
Total	914	100	100

12/31/2014 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

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, 2014 and 2013. 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 ²⁾	12/31/2014 Carrying amount ¹⁾	12/31/2013 Carrying amount ¹⁾
Assets			
Financial assets	L&R	7	17
Of which other long-term receivables	L&R	7	17
Of which other long-term securities	AFS	0	0
Accounts receivable	L&R	847	640
Other current receivables	L&R / n/a	387	386
Of which derivative instruments ³⁾	FAVPL	-	1
Of which receivables from property sales	L&R	54	113
Of which other	n/a	333	272
Cash, cash equivalents, and short-term investments	L&R	2,424	2,385
Of which cash and bank balances	L&R	600	935
Of which short-term investments	L&R	1,824	1,450
Liabilities			
Long-term interest-bearing liabilities	FLAC	374	319
Of which convertible loan	FLAC	40	49
Of which other non-current interest-bearing loans	FLAC	334	270
Other long-term receivables	FLAC	172	144
Accounts payable	FLAC	558	600
Current interest-bearing liabilities	FLAC	659	504
Other current liabilities	FLAC	1,430	480
Of which derivative instruments ³⁾	FLVPL	0	0
Of which other current liabilities	FLAC	1,430	480

¹⁾ JM considers there to be no significant difference between the carrying amount and fair value.

²⁾ 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
FLVPL	Financial liabilities recognized at fair value through profit or loss
n/a	IAS 39 does not apply

³⁾ 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 12/31/2014. Currency derivatives for Group loans to international companies were measured at fair value to SEK -0.4m (0.8).

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 91.

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

NOTE 23 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. The plan encompasses 2,651 people, of which 660 are active.

The pension liability is measured by independent actuaries and actuarial gains and losses are reported under other comprehensive income.

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	2014	2013
Pension obligations, unfunded plans	1,054	920

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	2014	2013
On January 1	920	931
Benefits earned during the year	32	33
Interest expenses	38	35
Benefits paid	-38	-35
Actuarial gains (-), losses (+)	102	-44
On December 31	1,054	920

The actuarial loss in 2014 is attributable to a new assumption of the discount rate.

Actuarial gains (-) and losses (+) will be reported

under other comprehensive income	2014	2013
Opening balance	239	283
Actuarial gains (-) and losses (+) will be reported under other comprehensive income	102	-44
Accumulated	341	239

Actuarial gains (+), losses (-)

	2014	2013	2012	2011	2010
Total pension commitments	1,054	920	931	841	691
Experience adjustments, percentage of this year's unrecognized actuarial gains (+) and losses (-):					
Pension obligations, SEKm	8	2	-21	-14	-37
Percent of total value of pension commitments, %	0.8	0.2	-2.3	-1.7	-5.3

Pension costs

	2014	2013
Benefits earned during the year	32	33
Interest on obligations	38	35
Pension costs, defined-benefit plans	70	68
Pension costs, defined-contribution plans	122	134
Social security expenses, defined-benefit and defined-contribution plans	39	42
Total	231	244

Of the above pension costs, SEK 38m (35) are recognized as a financial cost, which corresponds to the interest on the obligation.

JM expects cash flow for the pension provision in 2015 to be SEK -38m.

Actuarial assumptions

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

%	Sweden	
	2014	2013
Discount rate	3.00	4.00
Expected salary increases	3.50	3.50
Inflation	1.50	2.00
Income base amount	3.00	3.00
Attrition rate	3.00	3.00

The discount rate is determined by taking the market return on corporate bonds on the closing day into account. In Sweden, 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.

Note 23 cont.

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 section, JM has opted to balance the inflation goal, which is set by Sveriges Riksbank, against the outcome of inflation in Sweden over the most recent 10-year period.

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 December 31, 2014	1,054
The discount rate increases by 0.25 %	1,021
The discount rate decreases by 0.25 %	1,087

NOTE 24 OTHER PROVISIONS

	Warranty provisions	
	2014	2013
On January 1	250	296
Provisions	104	125
Reclassification	2	-94
Utilized during the year	-67	-56
Reversed provisions	-23	-18
Translation difference	0	-3
On December 31¹⁾	266	250

¹⁾ Of which short-term part of warranty provisions 94 90

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 25 DEFERRED TAX ASSETS AND TAX LIABILITIES

	2014	2013
Deferred tax liability on tax allocation reserves	391	325
Other deferred tax liabilities*	850	850
Sub-total	1,241	1,175
Less deferred tax receivables	-165	-143
Net deferred tax liabilities	1,076	1,032
Deferred tax assets	-	15

* Other deferred tax liabilities allocated to:

Development properties ¹⁾	270	349
Provision for taxation not yet approved ²⁾	486	471
Other current assets	94	30
Total	850	850

¹⁾ 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 719m, including SEK 208m that is time-limited within an interval of 2–10 years.

²⁾ 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 Swedish Tax Agency submitting a request to apply the Tax Avoidance Act to some of JM's impairment losses during the 2008–2009 years of assessment. In May 2013 one of these cases was decided in the Administrative Court of Appeal in favor of the Swedish 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 did not appeal the decision to the Supreme Administrative Court. In June 2014, rulings were made by the Administrative Court in the remaining four cases appealed by the Swedish Tax Agency in favor of the Agency's claim of tax avoidance. These rulings relate to an increase in tax expenses of SEK 409m. JM AB has appealed these cases to the Administrative Court of Appeal. The provision for a negative outcome in the ruling of the Administrative Court of Appeal has been made as a deferred tax liability. There are no additional appealed taxations.

NOTE 26 PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE

	2014	2013
Accumulated billing on account for work in progress	17,767	15,337
Recognized revenue in work in progress	-16,639	-14,041
Total	1,128	1,296

NOTE 27 ACCRUALS AND DEFERRED INCOME

	2014	2013
Personnel-related items	415	439
Prepaid rental income	7	14
Other accruals	432	523
Total	854	976

NOTE 28 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2014	2013
Assets pledged to secure own provisions and liabilities		
Corporate mortgages	100	100
Property mortgages	389	533
Total	489	633

Contingent liabilities

Guarantee commitments, other	6,690	4,758
Guarantees in connection with assignments	1,189	1,036
Payment and rental guarantees	44	74
Other contingent liabilities	14	14
Total	7,937	5,882

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 is obligated to acquire from tenant-owners associations in Sweden with which JM has signed turnkey contracts apartments that have not been sold as tenant-owner apartments at the end of the most recent quarter following an approved final inspection. This obligation ensures that the tenant-owners 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 16 Participations in tenant-owners associations, etc. for a summary of this year's purchases and sales.

A tenant-owners association's only current revenue is its monthly charges. In the past, JM provided a seven-year guarantee to ensure that the association received the estimated monthly charges. This guarantee comprises an undertaking to buy such apartments as are returned to the association from the first owner. JM then buys the apartment for SEK 1 and pays the monthly charge to the association until JM in its turn has sold the apartment. This guarantee has existed since 1993 but has never been utilized. JM considers it unlikely that the guarantee will need to be met in other than exceptional cases. No new guarantees will be issued after the end of 2010.

JM takes out policies via Gar-Bo Försäkring AB for its tenant-owners associations as security for paid advances, downpayments and charges. The insurance policy 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 Gar-Bo Försäkring AB has no liability to pay anything. Claims have not been made against the insurance policy 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 29 RELATED PARTY DISCLOSURES

Related party disclosures are presented in Note 3. The Group's related party transactions, in addition to that set out in Note 3, Employees and personnel costs, refers only to joint operations and associated companies. They are limited in scope and were subject to market conditions.

INCOME STATEMENT – PARENT COMPANY, SEKm	Note	2014	2013
Net sales	1	8,543	8,218
Production and operating costs	2	-6,663	-6,439
Gross profit		1,880	1,779
Selling and administrative expenses	2, 3, 4	-485	-465
Gains/losses on the sale of property	5	20	-51
Operating profit		1,415	1,263
Result from financial items	6		
Result from Group companies		213	-50
Result from associated companies		5	6
Result from other financial assets		1	1
Result from financial current assets		20	34
Interest expenses and similar income statement items		-80	-82
Profit before appropriations and tax		1,574	1,172
Appropriations	7	-219	-85
Profit before tax		1,355	1,087
Taxes	8	-260	-439
Net profit for the year		1,095	648
STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY, SEKm			
		2014	2013
Net profit for the year		1,095	648
Other comprehensive income		-	-
Total comprehensive income for the year		1,095	648
CASH FLOW STATEMENT – PARENT COMPANY, SEKm			
	Note	2014	2013
OPERATING ACTIVITIES	1		
Operating profit		1,415	1,263
Depreciation and amortization		3	2
Other non-cash items		-35	-4
Sub-total, cash flow from operating activities		1,383	1,261
Interest received		13	32
Dividends received		58	53
Interest paid and other financial expenses		-40	-52
Paid tax		-392	-592
Cash flow from operating activities before change in working capital		1,022	702
Investment in development properties, etc.		-1,416	-1,690
Payment on account for development properties, etc.		1,685	2,095
Increase/decrease in other current receivables, etc.		59	1,429
Increase/decrease in other current operating liabilities		-346	-1,417
Cash flow before investments and sales of project properties		1,004	1,119
Investment in project properties, etc.		-20	-4
Sale of project properties, etc.		20	268
Cash flow from operating activities		1,004	1,383
INVESTING ACTIVITIES			
Change in property, plant, and equipment		-8	0
Investment in Group companies and associated companies, etc.		-75	-465
Change in financial assets		3	1
Cash flow from investing activities		-80	-464
FINANCING ACTIVITIES			
Loans raised		15	14
Amortization of debt		0	-
Redeemed options		0	1
Buy-back of shares		-500	-517
Dividend		-558	-537
Cash flow from financing activities		-1,043	-1,039
Cash flow for the year		-119	-120
Cash and cash equivalents, January 1		2,238	2,358
Cash and cash equivalents, December 31		2,119	2,238

BALANCE SHEET – PARENT COMPANY, SEKm	Note	2014	2013
ASSETS	1		
Non-current assets			
Plant, property, and equipment			
Equipment and other tools	9	7	2
Financial assets	10		
Participations in Group companies	10	1,031	1,297
Participations in joint operations and associated companies		209	153
Long-term receivables in associated companies		17	43
Other long-term receivables		4	16
Deferred tax assets	8	-	32
		1,261	1,541
Total non-current assets		1,268	1,543
Current assets			
Project properties	11	124	96
Development properties	11	3,578	2,308
Participations in tenant-owners associations, etc.	12	138	265
Current receivables			
Accounts receivable		122	153
Other current receivables		264	177
Current interest-bearing receivables in Group companies		967	1,125
Recognized revenue less progress billings	13	642	515
Prepaid expenses and accrued income		11	15
		2,006	1,985
Cash and cash equivalents	14	2,119	2,238
Total current assets		7,965	6,892
TOTAL ASSETS		9,233	8,435
EQUITY AND LIABILITIES			
Shareholders' equity¹⁾			
Share capital		77	80
Restricted equity		77	80
Share premium reserve		91	69
Undistributed earnings		1,532	1,970
Net profit for the year		1,095	648
Unrestricted equity		2,718	2,687
Total shareholders' equity		2,795	2,767
Untaxed reserves	15	1,775	1,474
Provisions			
Provisions for pensions and similar obligations	16	645	629
Deferred tax liabilities	8	19	-
Warranty provisions	17	190	181
		854	810
Liabilities			
Long-term liabilities			
Long-term interest-bearing liabilities	18	95	104
Other long-term receivables		120	93
		215	197
Current liabilities			
Accounts payable		226	257
Current interest-bearing liabilities	18	19	16
Other current liabilities	19	1,212	215
Current interest-bearing liabilities to Group companies	18	780	871
Derivatives		0	0
Current tax liabilities		16	83
Progress billings in excess of recognized revenue	20	727	1,034
Accrued expenses and deferred income	21	614	711
		3,594	3,187
TOTAL EQUITY AND LIABILITIES		9,233	8,435
Pledged assets	22	169	169
Contingent liabilities	22	8,981	6,716

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 shareholders' equity
Opening balance, January 1, 2013	84	40	3,010	3,134
Total 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
Opening balance, January 1, 2014	80	69	2,618	2,767
Total comprehensive income for the year	-	-	1,095	1,095
Dividend	-	-	-558	-558
Merger of Group companies	-	-	-31	-31
Conversion of convertible loan	0	21	-	21
Equity component of convertible debentures	-	1	-	1
Buy-back of shares	-	-	-500	-500
Elimination of repurchased shares	-3	-	3	-
Closing balance, December 31, 2014	77	91	2,627	2,795

Number of shares (1 vote/share) as of December 31, 2014, amounts to 77,082,025 (79,813,682), of which JM AB repurchased 1,610,554 shares (2,263,299) which do not participate in dividends. Par value per share is SEK 1.

The proposed dividend for 2014 is SEK 8.00 per share (7.25).

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 68–71.

NOTE 2 EMPLOYEES AND PERSONNEL COSTS

	2014	2013
Average number of employees (all in Sweden)	1,414	1,427
of which men, %	(81)	(81)
Wages, salaries, other remuneration and social security expenses		
Board of Directors and President	13	12
(of which variable remuneration)	(4)	(3)
Other employees	709	709
(of which variable remuneration)	(55)	(58)
Total salaries and other remuneration	722	721
(of which variable remuneration)	(59)	(61)
Social security expenses	359	372
(of which pension costs)	(133) ¹⁾	(150) ¹⁾
Total Parent Company	1,081	1,093

¹⁾ Of the Parent Company's pension costs, SEK 2.3m (2.2) pertains to the Group's President. The Company's outstanding pension obligations to the President amount to SEK 0.6m (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

	2014	2013
Equipment and other tools	-3	-2
Total	-3	-2

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

NOTE 4 FEES AND REMUNERATION TO AUDITORS

	2014	2013
Ernst & Young		
Auditing services	3.0	3.0
Tax services	0.3	0.3
Other services	0.5	0.3
Total	3.8	3.6

NOTE 5 GAINS ON THE SALE OF PROPERTIES

	2014	2013
Sales values		
Project properties	20	270
Development properties	73	6
Total	93	276
Carrying amounts		
Project properties	0	-321
Development properties	-73	-6
Total	-73	-327
Results		
Project properties	20	-51
Development properties	0	0
Total	20	-51

NOTE 6 RESULT FROM FINANCIAL ITEMS

	Result from Group companies		Result from associated companies		Result from other financial assets		Result from financial current assets		Interest expenses and similar income statement items		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Dividend	239	52	5	4	-	-	-	-	-	-	244	56
Sales	5	-	-	2	-	1	-	-	-	-	5	3
Share in profits	8	5	-	-	-	-	-	-	-	-	8	5
Impairment loss	-39	-107	-	-	-	-	-	-	-	-	-39	-107
Interest income	-	-	-	-	1	-	9	18	-	-	10	18
Income, reassessment of derivative	-	-	-	-	-	-	9	8	-	-	9	8
Interest income, Group companies	-	-	-	-	-	-	2	8	-	-	2	8
Interest expenses	-	-	-	-	-	-	-	-	-34	-48	-34	-48
Expenses, revaluation of derivative	-	-	-	-	-	-	-	-	-9	-8	-9	-8
Interest portion in this year's pension costs	-	-	-	-	-	-	-	-	-37	-26	-37	-26
Total	213	-50	5	6	1	1	20	34	-80	-82	159	-91

NOTE 7 APPROPRIATIONS

	2014	2013
Appropriation to tax allocation reserve	-380	-370
Reversal of previous years' appropriation to tax allocation reserve	79	209
Group contribution received	82	76
Total	-219	-85

NOTE 8 TAXES

	2014	2013
Profit before tax	1,355	1,087
Current tax	-274	-487
Deferred tax	14	48
Total tax	-260	-439

Difference between reported tax and nominal tax rate 22 percent

	2014	2013
Profit before tax × 22%	-298	-239
Adjustment of tax from previous years	0	-184
Non-taxable revenue	54	13
Non-deductible expenses	-11	-26
Tax untaxed reserve (tax allocation reserve)	-5	-3
Total	-260	-439

The Swedish Tax Agency conducted an audit in 2008 and 2009 for the fiscal years 2006–2008. In 2013 a ruling was made by the Administrative Court of Appeal in favor of the Swedish Tax Agency's claim of tax avoidance. The case referred to an increase in tax expense of SEK 167m for the assessment year in question. 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. In June 2014, rulings were made by the Administrative Court in the remaining four cases appealed by the Swedish Tax Agency in favor of the Agency's claim of tax avoidance. These cases refer to an increase in tax expenses of SEK 440m including interest expenses. JM AB has appealed the cases to the Administrative Court of Appeal and therefore has not expensed the outcome of the rulings. JM has already made full provisions in the consolidated accounts for a negative outcome. There are no additional taxations under appeal.

Deferred tax assets and tax liabilities	2014	2013
Deferred tax assets attributable to personnel-related provisions and warranty provisions	-34	-35
Deferred tax liability attributable to temporary differences in project properties and development properties	53	3
Net deferred tax liabilities	19	-32

NOTE 9 EQUIPMENT AND OTHER TOOLS

	2014	2013
<i>Accumulated cost</i>		
On January 1	26	35
New purchases	8	1
Sales	-	-10
On December 31	34	26
<i>Accumulated depreciation according to plan</i>		
On January 1	-24	-32
Depreciation for the year	-3	-2
Sales	-	10
On December 31	-27	-24
Closing residual value according to plan	7	2

NOTE 10 FINANCIAL ASSETS

	Participations in Group companies		Participations in joint operations and associated companies		Long-term receivables in associated companies		Other long-term securities		Long-term receivables		Deferred tax assets		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Accumulated cost</i>														
On January 1	1,297	1,002	153	153	43	43	0	0	16	16	32	-	1,541	1,214
New purchases	50	478	56	-	-	-	-	-	-	-	-	-	106	478
Additional receivables	-	-	-	-	-	-	-	-	-	-	-	32	-	32
Settled receivables	-	-	-	-	-26	-	-	-	-12	-	-	-	-38	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-32	-	-32	-
Merger	-277	-35	-	-	-	-	-	-	-	-	-	-	-277	-35
Sales	0	-41	-	0	-	-	-	-	-	-	-	-	0	-41
Impairment losses for the year	-39	-107	-	-	-	-	-	-	-	-	-	-	-39	-107
On December 31	1,031	1,297	209	153	17	43	0	0	4	16	-	32	1,261	1,541

For specification of the Parent Company's and the Group's participations in joint operations and associated companies, see the Group's Note 13.

Note 10 cont.

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	
				2014	2013
AB Bergslussen ¹⁾	556854-1691	Stockholm	-	-	50
AB Borätt	556257-9275	Stockholm	500	1,978	1,978
AB Garantibus	556073-0524	Stockholm	5,000	1,000	1,000
AB Kulsinter (previously Fabege Bällsta AB)	556066-7643	Stockholm	10,000	140,056	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
Fastighets AB Havremust 2 ¹⁾	556875-9483	Stockholm	-	-	94,286
Fastighetsbolaget Bohusmark KB	916443-1125	Gothenburg	1	1,120	1,120
Fastighetsbolaget Grindtorp AB ¹⁾	556810-8764	Stockholm	-	-	112,915
Förvaltnings AB Rickomberga Dal	556731-8596	Uppsala	1,000	4,354	-
Fastighets AB Sporthalls Parken (previously Förvaltnings AB Sträckbommen)	556900-8989	Stockholm	-	-	50
Grafiken i Stockholm AB ¹⁾	556149-6034	Stockholm	-	-	300
Huddinge Fabriken AB	556694-7049	Stockholm	1,000	41,276	41,276
InterBygg Göteborg AB ¹⁾	556561-5522	Stockholm	-	-	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	17,082	53,081
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 Kammarsadeln 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 Suomi OY, Finland	1974161-8	Helsinki	1,000	159,333	117,149
JM Värmdöstrand AB	556001-6213	Värmdö	4,400	158,000	158,000
KB Silverfjädersn	969676-7525	Stockholm	-	0	0
Klippiljuset Holding AB	556872-0527	Stockholm	500	50	50
Minimalen Bostad AB (previously 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) ¹⁾	556781-1996	Stockholm	-	-	40,665
Slussbron Ett AB ¹⁾	556749-2870	Stockholm	-	-	100
Slussbron Två AB ¹⁾	556749-2888	Stockholm	-	-	100
Slussbron Tre AB ¹⁾	556749-2896	Stockholm	-	-	100
Solventilen AB ¹⁾	556869-8327	Stockholm	-	-	50
Stockholm Pundet 1 AB	556852-1297	Stockholm	500	74,722	74,722
Tölö Ängar AB	556881-8388	Stockholm	50,000	34,853	34,853
Carrying amount, December 31				1,030,866	1,296,993

¹⁾ Group companies that have merged into JM AB.**NOTE 11 PROJECT PROPERTIES AND DEVELOPMENT PROPERTIES**

	Project properties		Development properties	
	2014	2013	2014	2013
<i>Accumulated cost</i>				
On January 1	116	508	2,353	2,788
New purchases	23	4	1,836	307
Merger	-	-	568	56
Reclassifications	5	-	-16	-2
Transferred to production	-	-	-1,045	-790
Sales	-	-396	-73	-6
On December 31	144	116	3,623	2,353
<i>Accumulated impairment losses</i>				
On January 1	-20	-95	-45	-47
Reclassifications	-	-	-	2
Sales	-	75	-	-
On December 31	-20	-20	-45	-45
Closing residual value according to plan	124	96	3,578	2,308

Reported residual value for the part of project properties recognized at net realizable value amounts to SEK 85m (84) and for development properties SEK 184m (184).

NOTE 12 PARTICIPATIONS IN TENANT-OWNERS ASSOCIATIONS, ETC.

	2014	2013
<i>Accumulated cost</i>		
On January 1	265	196
New purchases	463	1,160
Sales	-590	-1,091
On December 31	138	265

NOTE 13 RECOGNIZED REVENUE LESS PROGRESS BILLINGS

	2014	2013
Recognized revenue in work in progress	3,270	2,495
Accumulated billing on account for work in progress	-2,628	-1,980
Total	642	515

NOTE 14 CASH AND CASH EQUIVALENTS

	2014	2013
Cash and bank balances	1,519	788
Short-term investments	600	1,450
Total	2,119	2,238

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

NOTE 15 UNTAXED RESERVES

	2014	2013
Tax allocation reserve for 2009 taxation	-	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	370
Tax allocation reserve for 2015 taxation	380	-
Total	1,775	1,474

NOTE 16 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

	2014	2013
On January 1	629	620
Benefits earned during the period	19	18
Interest expenses	23	23
Pensions paid	-36	-33
Other	10	1
On December 31	645	629

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

NOTE 17 WARRANTY PROVISIONS

	2014	2013
On January 1	181	218
Provisions	56	92
Reclassification	-	-94
Utilized during the year	-42	-35
Reversed provisions	-5	-
On December 31	190	181

NOTE 18 INTEREST-BEARING LIABILITIES

Long-term interest-bearing liabilities	2014	2013
Other liabilities 1–5 years from closing day	55	55
Convertible loan 1–5 years	40	49
Total	95	104

Current interest-bearing liabilities	2014	2013
Convertible loan 1 year	19	16
Liabilities to Group companies	780	871
Total	799	887

Liabilities to credit institutions, confirmed credits

Credit agreement	2014	2013
Bank overdraft facility	400	400
Granted credit agreement maturity within 1 year	950	800
Granted credit agreement maturity more than 1 year	1,450	1,600
Unused part	-2,800	-2,800
Utilized credit agreement	-	-

Credit agreements carry fixed interest.

NOTE 19 OTHER CURRENT LIABILITIES

	2014	2013
Short-term promissory notes, development properties	995	53
Other current liabilities	217	162
Total	1,212	215

NOTE 20 PROGRESS BILLINGS IN EXCESS OF RECOGNIZED REVENUE

	2014	2013
Accumulated billing on account for work in progress	12,427	13,128
Recognized revenue in work in progress	-11,700	-12,094
Total	727	1,034

NOTE 21 ACCRUALS AND DEFERRED INCOME

	2014	2013
Personnel-related items	285	302
Prepaid rental income	-	8
Other accruals	329	401
Total	614	711

NOTE 22 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2014	2013
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⁾	6,690	4,757
Guarantees on behalf of Group companies ³⁾	2,000	1,640
Guarantees in connection with assignments	275	301
Payment and rental guarantees	1	4
Other contingent liabilities	15	14
Total	8,981	6,716

^{1,2)} See the Group's Note 28 for comments.

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

NOTE 23 RELATED PARTY DISCLOSURES

The Parent Company has a related party relationship with its subsidiaries and associated companies; see the Group's Note 13.

	2014	2013
Purchase of goods and services from Group companies	387	532
Interest income from Group companies	2	8
Dividend from Group companies	239	52
Share in profits from Group companies	8	5
Dividend from associated companies	5	4
Long-term receivables in associated companies	17	43
Current interest-bearing receivables in Group companies	967	1,125
Current interest-bearing liabilities to Group companies	780	871
Guarantees on behalf of Group companies	2,000	1,640

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	2014	2013	2012	2011	2010
Revenue	14,216	12,603	12,480	12,001	9,136
Production and operating costs	-11,649	-10,365	-10,273	-9,798	-7,608
Gross profit	2,567	2,238	2,207	2,203	1,528
Selling and administrative expenses	-773	-739	-738	-717	-649
Gains/losses on the sale of property	25	24	0	27	28
Impairment loss on properties	-	-	-95	-	-
Operating profit	1,819	1,523	1,374	1,513	907
Financial income and expenses	-75	-59	-56	-50	-67
Profit before tax	1,744	1,464	1,318	1,463	840
Taxes	-438	-360	-357	-421	-246
Net profit for the year	1,306	1,104	961	1,042	594

INCOME STATEMENT BY FUNCTION

Production					
Recognized revenue	14,090	12,431	12,311	11,840	9,016
Production costs	-11,560	-10,257	-10,168	-9,668	-7,498
Profit from production operations	2,530	2,174	2,143	2,172	1,518
Development properties					
Rental revenue	98	101	92	88	58
Operating expenses	-47	-41	-41	-51	-38
Property tax	-22	-25	-20	-23	-21
Profit from development properties	29	35	31	14	-1
Project properties					
Rental revenue	28	71	77	73	62
Operating expenses	-19	-39	-41	-54	-48
Property tax	-1	-3	-3	-2	-3
Profit from project properties	8	29	33	17	11
Gross profit	2,567	2,238	2,207	2,203	1,528
Selling and administrative expenses	-728	-691	-695	-674	-614
Property sales					
Sales values	102	623	0	142	80
Carrying amounts	-77	-599	-	-115	-52
Gains/losses on the sale of property	25	24	0	27	28
Impairment loss on properties	-	-	-95	-	-
Group-wide expenses	-45	-48	-43	-43	-35
Operating profit	1,819	1,523	1,374	1,513	907

BALANCE SHEET¹⁾

	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
ASSETS					
Non-current assets	225	236	254	315	219
Project properties	230	244	933	859	661
Development properties	6,802	5,988	5,769	5,816	5,374
Participations in tenant-owners associations, etc.	243	325	214	150	115
Current receivables ²⁾	2,451	1,972	1,911	1,719	1,437
Cash and cash equivalents	2,424	2,385	2,475	2,437	2,087
Total current assets	12,150	10,914	11,302	10,981	9,674
TOTAL ASSETS	12,375	11,150	11,556	11,296	9,893
EQUITY AND LIABILITIES³⁾					
Shareholders' equity	4,635	4,455	4,393	4,598	3,923
Long-term interest-bearing liabilities	374	319	296	293	258
Other long-term receivables	172	144	100	172	218
Long-term provisions	2,302	2,112	2,232	2,123	1,833
Total non-current liabilities	2,848	2,575	2,628	2,588	2,309
Current interest-bearing liabilities	659	504	581	566	514
Other current liabilities	4,139	3,526	3,846	3,440	3,036
Current provisions	94	90	108	104	111
Total current liabilities	4,892	4,120	4,535	4,110	3,661
TOTAL EQUITY AND LIABILITIES	12,375	11,150	11,556	11,296	9,893

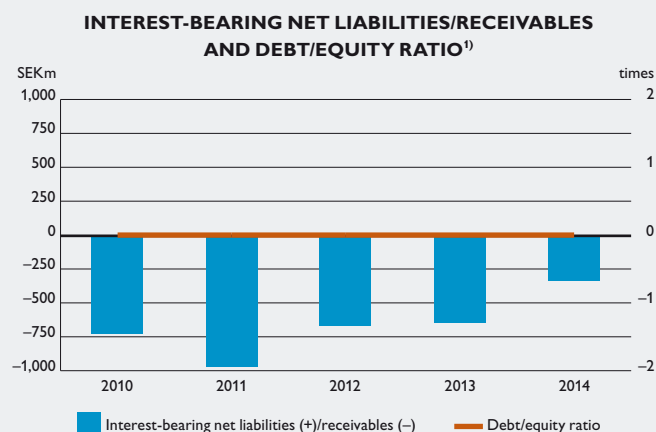
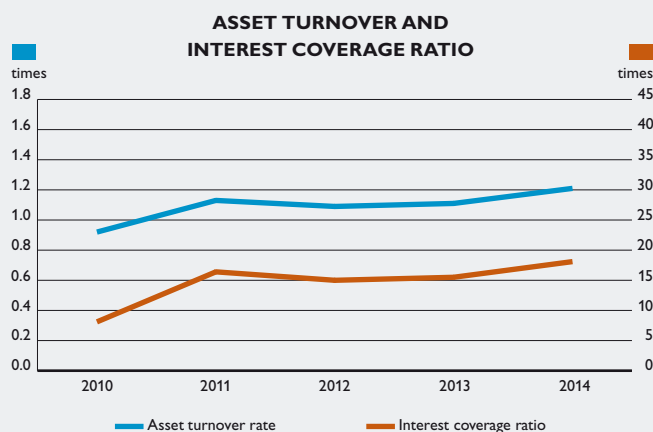
¹⁾ Defined-benefit pension liabilities have been restated for 2012.²⁾ Of which receivables from property sales³⁾ Of which liabilities for property acquisition

CASH FLOW STATEMENT	2014	2013	2012	2011	2010
From operating activities	978	898	979	733	42
From investing activities	-20	1	-2	-93	7
From financing activities	-920	-987	-939	-290	13
Total cash flow for the year	38	-88	38	350	62
Cash and cash equivalents, December 31	2,424	2,385	2,475	2,437	2,087
INTEREST-BEARING NET LIABILITIES/RECEIVABLES¹⁾					
Interest-bearing net liabilities (+)/receivables (-), January 1	-642	-667	-737	-730	-189
Change in interest-bearing net liabilities/receivables	305	25	70	-240	-541
Interest-bearing net liabilities (+)/receivables (-), December 31	-337	-642	-667	-970	-730
DEVELOPMENT PROPERTIES					
Carrying amount, January 1	5,988	5,769	5,816	5,374	4,990
New purchases	2,273	1,274	1,259	1,585	1,655
Transferred to production	-1,427	-1,017	-1,300	-1,113	-1,080
Other	-32	-38	-6	-30	-191
Carrying amount, December 31	6,802	5,988	5,769	5,816	5,374
HOUSING PRODUCTION					
Number of available building rights	29,400	27,700	26,600	27,200	27,500
– of which recognized in the balance sheet	17,500	17,800	17,400	17,600	17,600
Number of residential units sold	3,195	3,265	2,952	3,112	3,276
Number of housing starts	3,445	2,953	3,163	3,629	3,404
Number of residential units in current production	6,375	5,609	5,988	6,401	5,431
Percentage sold residential units in current production, %	57	54	55	60	64
Percentage reserved residential units in current production, %	21	17	11	8	18
Percentage sold and reserved residential units in current production, %	78	71	66	68	82
PROJECT PROPERTIES					
Market values	280	294	959	854	685
Carrying amounts	230	244	933	859	661
Surplus values before deferred tax	50	50	26	-5	24
PERSONNEL					
Average number of employees	2,218	2,247	2,386	2,331	2,043
– of which abroad	398	373	365	306	246
Wages, salaries and remunerations	1,167	1,151	1,198	1,084	924
KEY RATIOS¹⁾					
Operating margin, % ²⁾	12.8	12.1	11.0	12.6	9.9
Return on equity after tax, %	28.7	25.0	21.9	24.5	15.7
Pre-tax return on capital employed, %	28.6	25.2	23.0	27.5	17.8
Pre-tax return on total capital, %	15.7	13.8	12.4	14.7	9.7
Equity/assets ratio, % ²⁾	37	40	38	41	40
Interest-bearing loan, SEKm	2,087	1,743	1,808	1,467	1,357
Debt/equity ratio, times	-	-	-	-	-
Interest coverage ratio, times	18.1	15.5	15.0	16.4	8.1
Interest-bearing liabilities/total assets, %	17	16	16	13	14
Asset turnover rate, times	1.21	1.11	1.09	1.13	0.92

¹⁾ Defined-benefit pension liabilities have been restated for 2012.

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.

Amounts in SEKm unless stated otherwise.

INCOME STATEMENT	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	14,216	4,686	3,035	3,526	2,969	12,603	3,891	2,618	3,396	2,698
Production and operating costs	-11,649	-3,872	-2,490	-2,900	-2,387	-10,365	-3,165	-2,122	-2,830	-2,248
Gross profit	2,567	814	545	626	582	2,238	726	496	566	450
Selling and administrative expenses	-773	-198	-164	-217	-194	-739	-187	-153	-216	-183
Gains/losses on the sale of property	25	2	0	20	3	24	2	1	-	21
Operating profit	1,819	618	381	429	391	1,523	541	344	350	288
Financial income and expenses	-75	-23	-22	-13	-17	-59	-12	-18	-14	-15
Profit before tax	1,744	595	359	416	374	1,464	529	326	336	273
Taxes	-438	-160	-87	-100	-91	-360	-120	-88	-87	-65
Profit for the period	1,306	435	272	316	283	1,104	409	238	249	208

BALANCE SHEET	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013	9/30/2013	6/30/2013	3/31/2013	
ASSETS									
Non-current assets		225	248	244	237	236	234	241	243
Project properties		230	203	203	263	244	771	889	906
Development properties		6,802	6,042	5,963	6,083	5,988	6,142	6,314	6,224
Participations in tenant-owners associations, etc.		243	228	338	425	325	401	439	327
Current receivables		2,451	2,233	2,280	2,053	1,972	2,239	2,211	1,906
Cash and cash equivalents		2,424	2,155	1,962	2,142	2,385	1,600	1,607	2,153
Total current assets		12,150	10,861	10,746	10,966	10,914	11,153	11,460	11,516
TOTAL ASSETS		12,375	11,109	10,990	11,203	11,150	11,387	11,701	11,759

EQUITY AND LIABILITIES

Shareholders' equity		4,635	4,397	4,297	4,629	4,455	4,122	4,030	4,416
Long-term interest-bearing liabilities		374	347	315	324	319	290	288	305
Other long-term liabilities		172	140	140	140	144	170	171	131
Long-term provisions		2,302	2,210	2,154	2,138	2,112	2,207	2,166	2,328
Total non-current liabilities		2,848	2,697	2,609	2,602	2,575	2,667	2,625	2,764
Current interest-bearing liabilities		659	568	640	635	504	618	692	684
Other current liabilities		4,139	3,362	3,358	3,247	3,526	3,862	4,248	3,787
Current provisions		94	85	86	90	90	118	106	108
Total current liabilities		4,892	4,015	4,084	3,972	4,120	4,598	5,046	4,579
TOTAL EQUITY AND LIABILITIES		12,375	11,109	10,990	11,203	11,150	11,387	11,701	11,759

CASH FLOW STATEMENT	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
From operating activities	978	339	349	531	-241	898	974	111	122	-309
From investing activities	-20	-6	-1	-6	-7	1	0	-1	2	0
From financing activities	-920	-61	-156	-708	5	-987	-189	-116	-671	-11
Total cash flow for the period	38	272	192	-183	-243	-88	785	-6	-547	-320
Cash and cash equivalents at end of the period	2,424	2,424	2,155	1,962	2,142	2,385	2,385	1,600	1,607	2,153

INTEREST-BEARING NET LIABILITIES/RECEIVABLES

	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Interest-bearing net liabilities (+)/ receivables (-) at beginning of period	-642	-226	-70	-255	-642	-667	265	320	-225	-667
Change in interest-bearing net liabilities/receivables	305	-111	-156	185	387	25	-907	-55	545	442
Interest-bearing net liabilities (+)/ receivables (-), at end of period	-337	-337	-226	-70	-255	-642	-642	265	320	-225

DEVELOPMENT PROPERTIES

	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Opening balance at beginning of period	5,988	6,042	5,963	6,083	5,988	5,769	6,142	6,314	6,224	5,769
New purchases	2,273	1,395	413	184	281	1,274	179	43	266	786
Transferred to production	-1,427	-607	-358	-261	-201	-1,017	-338	-175	-263	-241
Other	-32	-28	24	-43	15	-38	5	-40	87	-90
Closing balance at the end of the period	6,802	6,802	6,042	5,963	6,083	5,988	5,988	6,142	6,314	6,224

KEY RATIOS

	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Operating margin, %	12.8	13.2	12.6	12.2	13.2	12.1	13.9	13.1	10.3	10.7
Debt/equity ratio, times	-	-	-	-	-	-	-	0.1	0.1	-
Equity/assets ratio, %	37	37	40	39	41	40	40	36	34	38
Earnings per share, SEK	17.00	5.70	3.50	4.10	3.70	14.10	5.20	3.00	3.20	2.60
Number of available building rights	29,400	29,400	28,400	28,200	27,700	27,700	27,700	27,700	28,200	27,800
Number of residential units sold	3,195	918	792	788	697	3,265	803	810	943	709
Number of housing starts	3,445	1,168	867	716	694	2,953	881	690	808	574
Number of residential units in current production	6,375	6,375	6,036	5,853	5,549	5,609	5,609	5,689	5,633	5,840

JM RESIDENTIAL STOCKHOLM	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	5,692	1,748	1,300	1,365	1,279	5,254	1,475	1,078	1,390	1,311
Operating profit ¹⁾	1,278	388	288	299	303	1,167	379	257	284	247
Operating margin, %	22.5	22.2	22.2	21.9	23.7	22.2	25.7	23.8	20.4	18.8
Average operating capital	3,110	3,110	2,923	2,924	2,941	2,881	2,881	2,793	2,672	2,541
Return on operating capital, % ²⁾	41.1	41.1	43.4	42.3	41.6	40.5	40.5	39.3	40.7	41.1
Operating cash flow	1,132	470	260	238	164	671	317	53	300	1
Carrying amount, development properties	3,965	3,965	3,222	3,132	3,139	3,051	3,051	3,161	3,267	3,300
Number of available building rights	11,900	11,900	11,000	11,100	11,000	11,200	11,200	11,000	11,100	11,200
Number of residential units sold	1,553	393	375	390	395	1,513	453	366	354	340
Number of housing starts	1,505	377	367	365	396	1,404	426	330	334	314
Number of residential units in current production	3,293	3,293	3,030	2,938	2,741	2,516	2,516	2,475	2,492	2,777
¹⁾ Of which property sales	10	-	-	10	-	-	-	-	-	-

JM RESIDENTIAL SWEDEN	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	2,764	799	569	689	707	2,860	780	580	796	704
Operating profit ¹⁾	216	67	45	53	51	221	63	45	59	54
Operating margin, %	7.8	8.4	7.9	7.7	7.2	7.7	8.1	7.8	7.4	7.7
Average operating capital	1,419	1,419	1,457	1,509	1,529	1,515	1,515	1,512	1,516	1,505
Return on operating capital, % ²⁾	15.2	15.2	14.6	14	14.3	14.6	14.6	14.8	14.8	15.0
Operating cash flow	237	51	130	202	-146	294	258	53	-58	41
Carrying amount, development properties	1,167	1,167	1,205	1,191	1,313	1,358	1,358	1,420	1,421	1,351
Number of available building rights	9,400	9,400	8,800	9,000	8,700	8,700	8,700	9,000	9,300	9,400
Number of residential units sold ³⁾	981	297	232	235	217	951	216	230	268	237
Number of housing starts ³⁾	1,003	327	232	232	212	861	243	223	208	187
Number of residential units in current production ³⁾	1,528	1,528	1,606	1,627	1,317	1,460	1,460	1,619	1,596	1,553
¹⁾ Of which property sales	0	0	-	0	-	9	-	-	-	9
³⁾ Of which rental units	-	-	-	-	-	64	-	-	-	64

JM INTERNATIONAL	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	2,942	831	767	727	617	2,745	801	618	750	576
Operating profit ¹⁾	135	63	29	25	18	126	44	30	28	24
Operating margin, %	4.6	7.6	3.8	3.4	2.9	4.6	5.5	4.9	3.7	4.2
Average operating capital	2,239	2,239	2,223	2,204	2,162	2,131	2,131	2,165	2,208	2,205
Return on operating capital, % ²⁾	6.0	6.0	5.2	5.3	5.6	5.9	5.9	7.2	7.6	7.8
Operating cash flow	99	81	107	65	-154	61	64	-24	54	-33
Carrying amount, development properties	1,579	1,579	1,521	1,546	1,549	1,485	1,485	1,465	1,530	1,455
Carrying amount, project properties	28	28	32	32	31	30	30	30	32	32
Number of available building rights	7,500	7,500	7,600	7,300	7,200	7,100	7,100	7,100	7,100	6,500
Number of residential units sold	607	228	185	109	85	547	134	106	175	132
Number of housing starts	653	180	268	119	86	488	212	83	120	73
Number of residential units in current production	1,124	1,124	1,200	1,088	1,291	1,325	1,325	1,287	1,291	1,402
¹⁾ Of which property sales	3	-	-	-	3	2	-	-	-	2

JM PROPERTY DEVELOPMENT	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	401	78	74	196	53	314	64	171	56	23
Operating profit ¹⁾	51	11	9	23	8	37	16	9	1	11
Average operating capital	261	261	380	523	676	812	812	933	960	960
Return on operating capital, % ²⁾	19.5	19.5	14.7	10.7	5	4.6	4.6	-7.4	-7.7	-7.6
Operating cash flow	178	-11	-4	70	123	567	442	107	39	-21
Carrying amount, development properties	31	31	31	31	31	39	39	39	39	61
Carrying amount, project properties	202	202	171	171	232	214	214	741	857	874
Number of available building rights ³⁾	600	600	1,000	800	800	700	700	600	700	700
Number of residential units sold ³⁾	54	-	-	54	-	254	-	108	146	-
Number of housing starts ³⁾	284	284	-	-	-	200	-	54	146	-
Number of residential units in current production ³⁾	430	430	200	200	200	308	308	308	254	108
¹⁾ Of which property sales	12	2	0	10	0	13	2	1	-	10
³⁾ Refers to rental units and residential care units.										

JM PRODUCTION	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	2,456	840	585	584	447	2,011	654	468	518	371
Operating profit	81	26	23	19	13	73	26	17	18	12
Operating margin, %	3.3	3.1	3.9	3.3	2.9	3.6	4.0	3.6	3.5	3.2
Operating cash flow	-73	-131	59	21	-22	-39	-94	12	49	-6

JM OTHER	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue (elimination)	-386	-156	-87	-77	-66	-532	-176	-105	-141	-110
Operating profit (Group-wide expenses)	-45	-10	-8	-13	-14	-48	-14	-5	-16	-13

RESTATEMENT JM INTERNATIONAL	2014					2013				
	Full-year	Q 4	Q 3	Q 2	Q 1	Full-year	Q 4	Q 3	Q 2	Q 1
Revenue	347	546	-173	42	-68	-49	293	-192	27	-177
Operating profit	103	73	-5	23	12	-53	27	-9	-24	-47

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

The Board of Directors and the President propose that the Parent Company's net profit for the year of SEK 1,095,051,529 and retained earnings and share premium reserve of SEK 1,623,193,353, for a total of SEK 2,718,244,882, be distributed as follows:

to shareholders a dividend of SEK 8.00 per share ¹⁾	SEK 603,818,504
to be carried forward	SEK 2,114,426,378
	SEK 2,718,244,882

¹⁾ There are 77,087,867 registered shares in the Parent Company on January 31, 2015, of which the number of dividend-bearing shares amounts to 75,477,313.

In accordance with the decision at the Annual General Meeting in April 2014, a maximum of ten (10) percent of JM's total number of shares may be bought back. To date, 1,610,554 shares have been bought back. Additional shares may be bought back before the Annual General Meeting in April 2015, 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 20, 2015

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

Thomas Mattsson
*Employee-
elected*

Johan Skoglund
*Member
President*

Johan Wegin
*Employee-
elected*

Our Auditor's Report was submitted on February 20, 2015.

Ernst & Young AB

Ingemar Rindstig
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 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 57–94.

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 in accordance with the Annual Accounts Act and of the 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 opinions.

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 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. 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 2014 and of their financial performance and cash flows for the year then ended 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 also audited 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 2014.

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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the 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 opinions.

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 20, 2015
Ernst & Young AB

Ingemar Rindstig
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, 2014.

Proposed dividend	SEK 8.00
Share price	SEK 249
	3.2%

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 67.50
Dividend paid	SEK 7.25
Share price, January 1	SEK 181.50
	41%

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	1,306
Average number of shares	76,542,355
	SEK 17.00

Operating margin (segment reporting)

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

Operating profit	1,716
Revenue	13,869
	12.4%

Operating margin

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

Operating profit	1,819
Revenue	14,216
	12.8%

Return on equity

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

Profit for the year	1,306
Average shareholders' equity	4,545
	28.7%

Return on capital employed

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

Profit before tax plus financial expenses	1,846
Average capital employed	6,460
	28.6%

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	1,846
Average total assets	11,763
	15.7%

Equity/assets ratio

Shareholders' equity as a percentage of total assets.

Shareholders' equity	4,635
Total assets	12,375
	37%

Interest coverage ratio

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

Profit before tax plus financial expenses	1,846
Financial expenses	102
	18.1 times

Interest-bearing liabilities/total assets

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

Interest-bearing liabilities	2,087
Total assets	12,375
	17%

Asset turnover rate

Revenue divided by average total assets.

Revenue	14,216
Average total assets	11,763
	1.21 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/investors**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

Refers to rental units, residential care units and commercial properties.

A summary of JM's project properties can be found on www.jm.se/investors**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 68–71.

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CORPORATE GOVERNANCE REPORT FOR THE 2014 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). 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. In order to promote the development of the Board, an annual assessment of the Board's work is conducted.

Efforts are also made to increase 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 2014 Annual General Meeting was held on April 24. A total of 279 shareholders were represented, representing about 52 percent of the total votes. Minutes from the Annual General Meeting can be found on JM's website (www.jm.se). The 2014 Annual General Meeting authorized the Board of Directors to resolve on the acquisition of own shares. The 2015 Annual General Meeting will be held on April 21.

AMF Försäkring och Fonder holds shares 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 2015 Annual General Meeting in August 2014, and it consists of the following people:

Åsa Nisell, Swedbank Robur Fonder
Lars-Åke Bokenberger, AMF Försäkring och Fonder
Jan Särilvik, Nordea Investment Funds
Hans Ek, SEB Fonder
Lars Lundquist, Chairperson of the Board of JM.

At the time it was appointed, the Nomination Committee represented about 28 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 2014 Annual General Meeting re-elected Ernst & Young AB as its auditing company. The election covers the period up until the end of the 2015 Annual General Meeting. The auditor-in-charge is Ingemar Rindstig.

Ingemar Rindstig has no assignments with other companies that affect his independence as the auditor for JM. Information about the auditing company's services to JM in addition to auditing is provided in Note 5 on page 76.

In addition to his assignment for JM, Ingemar Rindstig has auditing assignments with, among others, Atrium Ljungberg, ALM Equity, Besqab, Corem, D.Carnegie, Stendörren Fastigheter, Familjebostäder, Specialfastigheter and Vasakronan.

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 2014 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 2014 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 A	13	C 3 A 4
Kaj-Gustaf Bergh	Member	2013	-	13	-
Johan Bergman	Member	2012	I	13	I 6
Anders Narvinger	Member	2009	(Chair) A	13	A 4
Eva Nygren	Member	2013	I	13	I 6
Kia Orback Pettersson	Member	2010	A	13	A 4
Johan Skoglund	Member	2003	¹⁾	13	¹⁾
Åsa Söderström Jerring	Member	2007	(Chair) I C	13	I 6 C 3
Peter Skogert	Emp. rep.	2012	-	9 ²⁾	
Johan Wegin	Emp. rep.	2002	-	12	
Thomas Mattsson	Emp. rep.	2012	-	11 ²⁾	
Peter Olsson	Emp. rep., dep.	2014	-	1 ^{2,3)}	
Jan Strömberg	Emp. rep., dep.	2011	-	9 ³⁾	

¹⁾ Although Johan Skoglund is not a member of any of the Board's committees, he attends the committee meetings together with the reporting business unit manager and chief of staff.

²⁾ Peter Skogert was the employee representative until October 2014 and he attended all meetings that were held up until this time. Thomas Mattsson, who has been the deputy employee representative since 2012, replaced Peter Skogert and attended all meetings held in 2014 except the meetings held per capsulam before he took over as the regular employee representative. Peter Olsson replaced Thomas Mattsson as the deputy employee representative.

³⁾ Deputy employee representatives do not participate in decisions per capsulam.

The Board of Directors held thirteen meetings. The Audit Committee held four meetings. The Compensation Committee held three meetings. The Investment Committee held six 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 assessment are provided to the Nomination Committee, which complements this assessment with its own interviews with individual Board members.

The Board's evaluation of the President

The Board of Directors evaluates the President's performance annually.

Important matters during 2014

The Board of Directors made decisions about the following in 2014:

- The Board of Directors decided on housing starts for six residential projects, which have an estimated total project expense exceeding the maximum level delegated to the President of either SEK 400m in the total project expense or SEK 400m in project expense for each stage
- The Board of Directors also decided on ten acquisitions of development properties (one in Norway and three in Finland), which have a purchase sum exceeding the maximum level delegated to the President of SEK 100m
- The Board also decided on the sale of one project property, which had a purchase sum exceeding the maximum level delegated to the President of SEK 100m, as well as to submit a bid and if won 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 decided on JM's policies and guidelines

- The Board of Directors held a separate strategy meeting at which it adopted the strategic plan for the Company.

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. There is no delegated right of decision with the exception of:

- 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
- Adoption of the 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
- Preparation of the Corporate Governance Report and the Board of Directors' Report on Internal Control and Risk Management regarding Financial Reporting
- Review of any incident investigations and ethical issues
- Implemented succession of head of JM Internal Audit.

Compensation Committee

The Compensation Committee has two members: Lars Lundquist (Chairperson) and Åsa Söderström Jerring.

The Committee held three 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 the 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 held six meetings 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 housing starts
- 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 Monitoring section below.

THE BOARD OF DIRECTORS' DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING Governance structure of the organization

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 Code of Conduct was adopted for JM employees. Its objective is to clarify and provide guidance for the values that should be followed at JM.

A plan was implemented earlier for the follow-up of compliance with JM's Code of Conduct for suppliers.

The Governance Structure can be seen below:



Control Environment

JM's core values, culture and values comprise the basis of internal controls with respect to financial reporting. Control environment refers to both the infrastructure built for internal control and governance, as well as JM's core values. The control environment consists of, for example, the organization, channels for decisions, authorizations and responsibilities documented and communicated in normative documents such as internal policies, guidelines, manuals and codes. Examples include 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
- Ethical Council, which provides guidance in the event of difficulties interpreting the ethical guidelines and JM's Code of Conduct.

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:

- JM's Authorization Regulations
- 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 2014 Annual General Meeting resolved that:

- the Chairperson of the Board will be paid a fee of SEK 740,000 and regular Board members who are not employed by the Company will be paid SEK 310,000,
- 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 2015 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 60. Information about remuneration to the President and Executive Management can be found in Note 3, page 74 of the Group's Notes.

About 560 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.

2014 CONVERTIBLE PROGRAM

The 2014 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 460,000 convertible debentures aimed at all employees in Sweden.

The purpose of the 2014 Convertible 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 14.5m through the issue of about 52,000 convertible debentures. 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 initially reported in the balance sheet as a liability with the nominal amount excluding the equity component. The convertible debenture loan was settled against cash in July 2014.

The subscribed convertible bonds may be converted to one ordinary share at a price of SEK 280. Conversion of convertible bonds

may occur during the period from June 1, 2017 through May 18, 2018, 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, JM's share capital could increase by a maximum of SEK 51,918 through the issue of a maximum of 51,918 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 Friday, June 15, 2018, insofar as conversion has not already been undertaken.

MANAGEMENT AND CORPORATE STRUCTURE

ORDER OF DELEGATION – PRESIDENT'S RIGHT OF DECISION

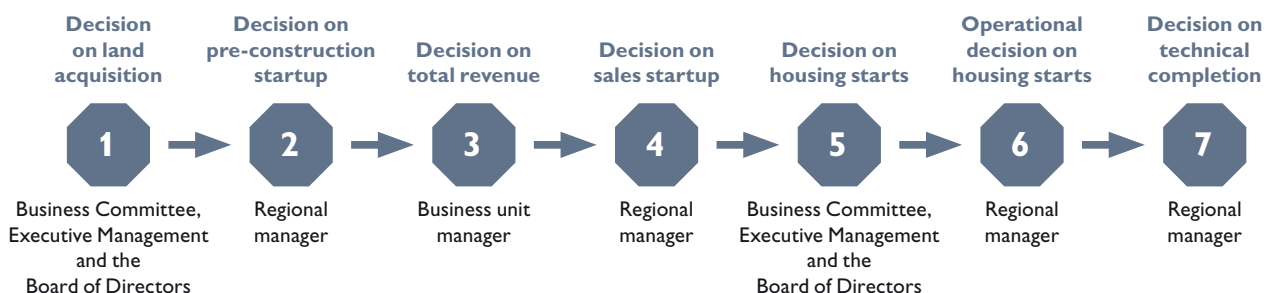
The Board has delegated to the President the right of decision for:

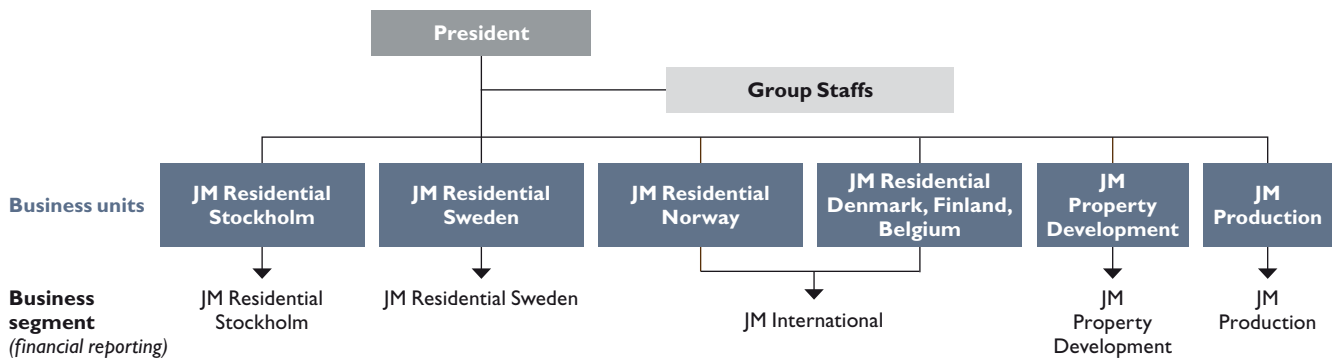
- purchases and sales of development and project properties up to SEK 100m
- investments in existing project property up to SEK 400m for implementation of housing projects, or SEK 200m for implementation of office projects
- housing starts of housing projects, up to a total project cost of SEK 400m excluding the purchase price for the property, and housing starts of individual stages, up to SEK 400m
- submitting a bid and if won signing a contract for external contracting 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 maturities between one and ten years.

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.

The decision process can be seen below:

DECISION GATES IN STRUCTURED PROJECT DEVELOPMENT





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 group staffs, a total of nine people, and meets at least once a month. Management responsibility includes always working to ensure compliance with guidelines issued by the Board and the President.

GOVERNANCE AND REPORT STRUCTURE

At JM, a large number of projects are in production at any given time. It is not unusual for a project to involve more than 100 people and have an estimated order value of more than SEK 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 20, 2015
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.

It is the Board of Directors who is responsible for the corporate governance statement for 2014 on pages 97–103 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and, based on the reading and our knowledge about the Company and the Group, we believe that we have a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards 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 20, 2015
Ernst & Young AB

Ingemar Rindstig
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: 45,000

Born: 1948

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: Chairperson of the
Board of 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 manage-
ment as well as major shareholders in the Company.

**Kaj-Gustaf Bergh**

Board member

Elected to the Board: 2013

Shares in JM: 2,500

Born: 1955

Education: LL.M. and B.Sc. (Econ.).

Work experience: 15 years at Gyllenberg and SEB.

Other significant assignments: CEO at Föreningen
Konstsamfundet in Finland. Chairperson of the Board
of Sponda, Stockmann, Julius Tallberg and KSF Media.
Member of the Board of Ramirent and Wårtsilä.

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

Born: 1964

Education: MSc. Eng., KTH Royal Institute of
Technology, 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

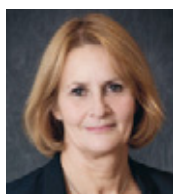
Born: 1948

Education: MSc. Eng., Faculty of Engineering,
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: Chairperson
of the Board of Alfa Laval AB, ÅF AB, Capio AB
and Coor Service Management AB. Board member
of Pernod Ricard S.A.

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

Born: 1955

Education: Architect, Chalmers University of Technology.

Work experience: 35 years of experience in
the technological consulting industry, including
as President and CEO of Rejlers, President of
SWECO Sverige and President of SWECO FFNS.

Other significant assignments: Director of
Investment, Swedish Transport Administration.
Member of the Board of Uponor OY, Norrporten,
Umeå University and Nobelhuset AB.

Independent: The Board member is considered
to be independent.

**Johan Skoglund**

President and CEO.
Board member

Elected to the Board: 2003

Shares in JM: 30,579, of which 2,000 in
endowment insurance

Convertibles in JM: SEK 6,609,414

**Material shareholdings or part ownerships
in companies with which the Company has
material business relationships:** 0

Born: 1962

Education: MSc. Eng., KTH Royal Institute
of Technology, Stockholm; MSc. Program,
Stockholm School of Economics.

Work experience: 28 years at JM in various
positions such as site engineer, project manager,
regional manager and business unit manager.

Other significant assignments: Member
of the Board of Castellum AB, Infranord AB,
Mentor Sverige and JM Entreprenad.

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: 6,600

Born: 1957

Education: MSc. Econ., Stockholm University.

Work experience: 25 years of experience from
the building and real estate industry in various
positions such as Communications Manager
at NCC Bygg, President at Ballast Väst and
President at SWECO Theorells.

Other significant assignments: Chairperson of the
Board of ELU Konsult AB and Infobooks AB. Member
of the Board of Vattenfall AB, Rejlers AB, Delete OY,
Scanmast and Nordic Home Improvement 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: 1,480

Born: 1959

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/Halbergs.

Other significant assignments: Partner in
Konceptverkstan. Chairperson of the Board of
NAI Svefa AB and Teracom AB. Member of the Board
of Kungsleden AB and Odd Molly.

Independent: The Board member is considered
to be independent.

EMPLOYEE REPRESENTATIVES**Johan Wegin**

Construction engineer

Born: 1965

Member of the Board
since 2002.

Shares in JM: 1,943

Convertibles: SEK 0

**Thomas Mattsson**

Constructor

Born: 1962

Member of the Board
since 2014.

Shares in JM: 0

Convertibles: SEK 0

**Jan Strömberg**

MSc. Eng.

Born: 1959

Deputy member of
the Board since 2011.

Shares in JM: 0

Convertibles: SEK 629,410

**Peter Olsson**

Carpenter

Born: 1977

Deputy member of
the Board since 2014.

Shares in JM: 0

Convertibles: SEK 0

SECRETARY TO THE BOARD**Maria Bäckman**

General Counsel at JM AB

Born: 1973

Secretary to the Board of Directors
since 2012.

Shares in JM: 500

Convertibles: SEK 0

AUDITORS**Ernst & Young AB**

Ingemar Rindstig,
Authorized Public Accountant
Ernst & Young AB was re-elected
to serve as auditor of JM AB at the
Annual General Meeting in April 2014.

Shareholdings pertain to personal holdings or a related physical or legal person's holdings of JM AB shares and other financial instruments, as of 2/20/2015.



Johan Skoglund
President and CEO

Year of employment: 1986
Member of Executive Management: 2000
Shares in JM: 30,579, of which 2,000 in endowment insurance
Convertibles: SEK 6,609,414
Born: 1962
Education: MSc. Eng., KTH Royal Institute of Technology, Stockholm, 1986; 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.
Other significant assignments: Member of the Board of Castellum AB, Infranord AB, Mentor Sverige and JM Entreprenad.



Martin Asp
Business unit manager JM Residential Norway as well as JM Residential Denmark, Finland and Belgium. Acting President of JM Norge AS

Year of employment: 1996
Member of Executive Management: 2011
Shares in JM: 3,295
Convertibles: SEK 476,000
Born: 1973
Education: MSc. Eng., Faculty of Engineering, Luleå University of Technology, 1997; MSc. Program, Stockholm School of Economics, 2000; BA economics, Stockholm University, 2010.
Work experience: President of Kvarnholmen Utveckling AB.
Former positions at JM: Foreman, pre-construction manager and project manager.
Other significant assignments: 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
Born: 1956
Education: MSc. Eng., KTH Royal Institute of Technology, Stockholm; 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–.
Other significant assignments: Member of the Board of JM Suomi Oy, Seniorgården 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 0
Born: 1973
Education: LL.B., Stockholm University, 1997.
Work experience: Trainee Lawyer, Advokatfirman Lindahl. Clerk, District Court of Uppsala.
Other significant assignments: 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: 500
Convertibles: SEK 0
Born: 1953
Education: MSc. Eng., KTH Royal Institute of Technology, Stockholm, 1978.
Work experience: Head of development, IT manager, VP and regional manager AB Projektgaranti.
Former positions at JM: Quality and Environment Manager. Director of Operations Development 2000–.
Other significant assignments: Board member of JM Suomi Oy.



Peter Neuberg
Business unit manager JM Entreprenad and President of JM Entreprenad AB

Year of employment: 2015
Member of Executive Management: 2015
Shares in JM: 0
Convertibles: SEK 0
Born: 1970
Education: Construction engineer, KTH Royal Institute of Technology, Stockholm.
Work experience: Skanska Group; regional manager at Hus Stockholm Bostäder, district manager and purchasing manager.



Helena Söderberg
Director Human Resources

Year of employment: 2010
Member of Executive Management: 2010
Shares in JM: 500
Convertibles: SEK 200,260
Born: 1967
Education: Degree in Human Resources, Uppsala University, 1991.
Work experience: Nordic HR Director Alstom Transport and 16 years in various HR positions within the Skanska Group.



Pär Vennerström
Business unit manager JM Residential Stockholm, Business Unit Manager JM Property Development

Year of employment: 2001
Member of Executive Management: 2014
Shares in JM: 0
Convertibles: SEK 0
Born: 1974
Education: MSc. Eng., KTH Royal Institute of Technology, Stockholm, 1999.
Former positions at JM: Project Manager, Regional Manager Stockholm Northwest 2008–2009, Regional Manager Stockholm South 2009–2014.



Claes Magnus Åkesson
Chief Financial Officer and Head of IR

Year of employment: 1998
Member of Executive Management: 1998
Shares in JM: 13,000
Convertibles: SEK 4,048,934
Born: 1959
Education: MSc. Econ., Stockholm School of Economics, 1984; Advanced Management Programme, INSEAD, France.
Work experience: Ericsson Group; Senior controller Asia, head of finance and treasury Malaysia and regional controller Asia.
Other significant assignments: 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
 Eric Ragnerstam, 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, Seniorgården AB and AB Borätt
 Christian Benfatto, Civil engineering, JM Entreprenad AB
 Anders Edwall, Facade, JM Entreprenad AB
 Alexandra Jansson, Building, JM Entreprenad AB

Hilde Vatne, Oslo Region, JM Norge AS
 Sigbjørn Myhre, South and West Regions, JM Norge AS
 Ole Kristian Ruud, Construction Region, JM Norge AS

Mats Karlsson, 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 on Nasdaq Stockholm, Large Cap segment. The share capital amounts to SEK 77.1m, represented by 77.1 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 PI Index of the Stockholm Stock Exchange. During 2014, the JM share price increased by 37 percent compared to an increase of 39 percent for SX8630. The general index on the Stockholm Stock Exchange, OMX Stockholm PI, increased 12 percent in 2014. The highest listed price for the JM share during the year was SEK 256 on June 11 and the lowest was SEK 171 on February 2. Dividend yield (proposed dividend in relation to the market price at the end of the year) was 3.2 percent (4.0). Total return in 2014 was 41 percent (62).

Total return %	Average per year		
	2014	2010–2014	2005–2014
JM	41	19	24
Nasdaq OMX Nordic Stockholm	16	14	12

Total return JM, 2005–2014	%	Index
2014	41	845
2013	62	600
2012	9	370
2011	-26	340
2010	30	459
2009	186	353
2008	-60	123
2007	-16	311
2006	94	370
2005	91	191
1/1/2005	-	100
Average, 5 years	19	
Average, 10 years	24	

TRADING AND MARKET CAPITALIZATION

JM shares were traded for a value of SEK 15.9bn (11.8) in 2014. Average daily trading was about SEK 64m (47). The turnover rate (the liquidity of the share) was 83 percent (82). The Company's market capitalization amounted to SEK 18.8bn (14.0) at the end of the year.

OWNERSHIP STRUCTURE

The number of shareholders as of December 31, 2014, was 13,844 (11,986). The ten largest Swedish shareholders accounted for 46.2 percent (50.5) of capital and foreign shareholders for 35.6 percent (32.2).

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 2014 amounts to SEK 8.00 (7.25) per share.

The Board of Directors intends to propose to the Annual General Meeting that all the holdings of 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 Stockholm. The strategy is to spread out the buy-backs on NASDAQ Stockholm up until the 2016 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	
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
2014	558	-	500	1,058
Total	3,567	3,973	1,376	8,916

Shareholders as of December 31, 2014	% of shares
AMF Försäkring och Fonder	11.3
Swedbank Robur fonder	8.6
Nordea fonder	6.6
SEB fonder	5.8
AFA Försäkringar	4.8
JM AB	2.1
Handelsbanken fonder	2.1
Catella fondförvaltning	2.1
Fourth Swedish National Pension Fund	1.6
Länsförsäkringar fondförvaltning AB	1.2
Foreign shareholders	35.6
Other shareholders	18.2
Total	100.0

Number of shareholders as of 12/31/2014: 13,844

Number of shares as of 12/31/2014 amounts to 77,082,025

Share data

SEK per share	2014	2013	2012	2011	2010
Share price as of Dec. 31	249	181.50	116	112	157.50
Highest/lowest price paid during the year	256/171	200.50/118.25	140.25/106.75	176.50/79.75	160/98.50
Dividend yield as of Dec. 31, %	3.2	4.0	5.8	5.8	2.9
Market capitalization as of Dec. 31, SEKm	18,792	14,075	9,337	9,355	13,110
Basic earnings per share	17.00	14.10	11.70	12.50	7.10
Development properties					
Market value	127	108	105	99	96
Carrying amount	90	77	72	70	65
Project properties					
Market value	4	4	12	10	8
Carrying amount	3	3	12	10	8
Shareholders' equity (reported)	61	57	55	55	47
Dividend	8.00 ¹⁾	7.25	6.75	6.50	4.50
Dividend in % of earnings per share	47	51	58	52	63
P/E ratio as of Dec. 31	15	13	10	9	22
Number of shares as of Dec. 31	75,471,471 ²⁾	77,550,383 ³⁾	80,494,186 ⁴⁾	83,379,407 ⁵⁾	83,237,058 ⁶⁾
Average number of shares, basic	76,542,355	78,445,765	82,414,682	83,305,326	83,229,492
Average number of shares, diluted	76,888,597	78,983,735	83,298,832	84,560,636	84,671,817

¹⁾ Proposed by the Board

²⁾ 1,610,554 repurchased shares not included.

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.

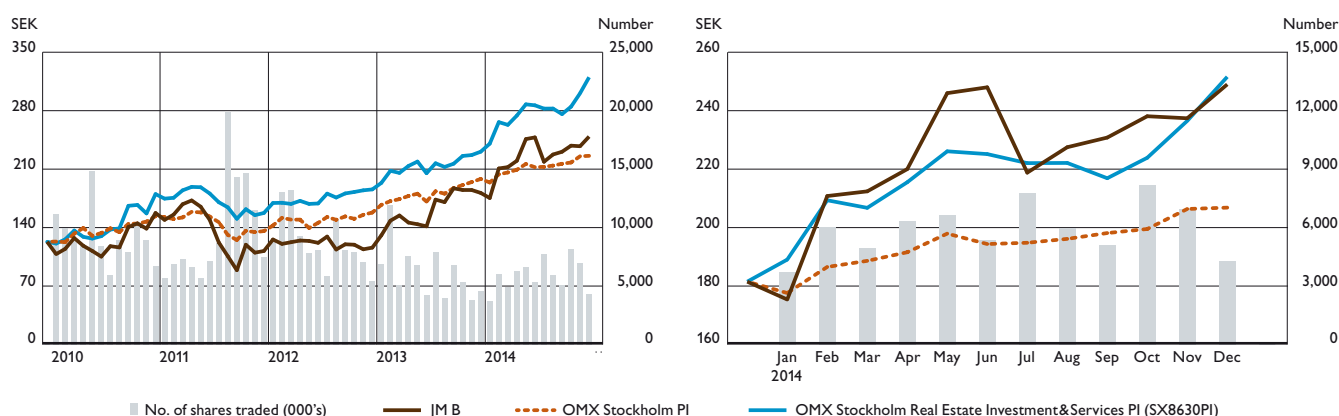
Ownership structure as of 12/31/2014

Size of holding	Number of shareholders	% of all shareholders	Total number of shares owned	% of share capital
1–500	10,515	76.0	1,700,592	2.2
501–1,000	1,556	11.2	1,278,387	1.7
1,001–5,000	1,211	8.8	2,729,611	3.5
5,001–20,000	291	2.1	2,836,608	3.7
20,001–100,000	141	1.0	6,877,163	8.9
100,001–	130	0.9	61,659,664	80.0
Total	13,844	100.0	77,082,025	100.0

Change in share capital 2010–2014

Year	Redemption repurchased shares, SEKm	Utilization convertible program, SEKm	Number of shares	Par value /share	Share capital, SEKm
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
2014	-2.8	0.1	77,082,025	SEK 1	77.1

Share price development



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 Tuesday, April 21, 2015, 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 15, 2015, and must have informed the Company of their intention to participate by 4 p.m. on Wednesday, April 15, 2015, using one of the following channels:

JM AB's website: www.jm.se/en (only for private individuals)
 Mail: JM AB, c/o Computershare,
 Box 610, SE-182 16 Danderyd, Sweden
 Telephone: +46 (0)8 518 015 52

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 15, 2015. Admission cards to the Annual General Meeting will be sent out.

DIVIDEND

The Board of Directors proposes that a dividend of SEK 8.00 per share be paid to shareholders. The proposed record date for the dividend is Thursday, April 23, 2015. If the Annual General Meeting resolves to adopt the recommendation the dividend will be sent by Euroclear Sweden AB on April 28, 2015.

FINANCIAL CALENDAR

April 21, 2015	Interim report January–March 2015 Annual General Meeting 2015
July 14	Interim report January–June 2015
October 21	Interim report January–September 2015
February 4, 2016	Year-end Report 2015

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/investors.

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 2014

For 2014 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. However, calculations of carbon dioxide emissions were reviewed by an external party within the framework of the Haga Initiative. Other calculations of indicators and key figures have not been reviewed by an external party, with the exception of those that are included in the legal section of the annual report. It is our assessment that the report fulfills the requirements for GRI G4, Core.

GRI code	Description/indicator	Reference (page number in the 2014 Annual Report)	External assurance
STRATEGY AND ANALYSIS			
G4-1	Statement from the CEO	2–3	-
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization	57	-
G4-4	Primary brands, products, and/or services	7–9, 52–56	-
G4-5	Location of organization's headquarters	113	-
G4-6	Countries where the organization operates	7–9	-
G4-7	Nature of ownership and legal form	100, 106–107	Yes
G4-8	Markets served	7–9, 52–56	-
G4-9	Scale of the reporting organization	Inside of cover, 1, 52–56, 57–63, 74–75	Yes
G4-10	Total workforce by employment type, employment contract, and gender	45–47, 74	-
G4-11	Percentage of employees covered by collective bargaining agreements	45	-
G4-12	Organization's supply chain	49–50	-
G4-13	Significant changes during the reporting period regarding size, structure or ownership or supply chain	99	Yes
G4-14	Description of how the company addresses the precautionary principle	33	-
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	36	-
G4-16	Memberships in organizations and associations	36	-
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Operational structure of the organization	78–79, 102–103	Yes
G4-18	Reporting principles for defining report content and aspect boundaries	34–35	-
G4-19	Material aspects	34–35	-
G4-20	Aspect boundaries within the organization	34–35	-
G4-21	Aspect boundaries outside the organization	34–35	-
G4-22	Significant changes from previous reporting regarding restatement of information	35	-
G4-23	Significant changes from previous reporting periods in the scope or aspect boundary	35, 48	-

GRI code	Description/indicator	Reference (page number in the 2014 Annual Report)	External assurance
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization	35	-
G4-25	Basis for identification and selection of stakeholders with whom to engage	35	-
G4-26	Approaches to stakeholder engagement	35	-
G4-27	Key topics and concerns that have been raised through stakeholder engagement	35–36	-
REPORT PROFILE			
G4-28	Reporting period for information provided	57	-
G4-29	Date of most recent previous report	2013 Annual Report, published in 2014	-
G4-30	Reporting cycle	33	-
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	-
G4-33	Policy and current practice with regard to seeking external assurance for the report	109–112	-
GOVERNANCE			
G4-34	Governance structure of the organization	97–103	Yes
ETHICS AND INTEGRITY			
G4-56	Values, principles, standards and norms of behavior of the organization	48–50	-

Method of governance

GRI code	JM's identified material aspects	GRI aspects	Reference (page number in the 2014 Annual Report)	External assurance
G4-DMA	Material sustainability aspects	Indicator for sustainability governance		
	Consideration taken in decision-making process	Governance	48–50, 97–103	-
	Long-term business	Economic performance	20–31, 36–37, 97–103	-
	Quality	Product and service labeling	5–6, 10–15, 38–39	-
	Responsibility for financial impact outside of JM	Indirect economic impact	14, 48–50	-
	Transparent accounts	Report profile	33, 57	-
	Diversity and equal opportunity	Diversity and equal opportunity	45–48	-
	Work environment	Occupational health and safety	20, 36–37, 45–48, 97–103	-
	Competence	Training and education	45–47	-
	Product design and functionality	Product responsibility	20, 34–44, 97–103	-
	Responsibility in the supplier chain	Supplier assessment on sustainability	49–50	-
	Human rights	Supplier human rights assessment	49–50	-

GRI code	JM's identified material aspects	GRI aspects	Reference (page number in the 2014 Annual Report)	External assurance
	Business ethics	Anti-competitive behavior Anti-corruption	20, 36–37, 48, 97–103	-
	Legislative compliance	-	33	-
	Contaminated soils	Land degradation, contamination and remediation	40–41	-
	Materials	Products and services	20, 33–37, 39–40, 97–103	-
	Waste and efficient use of resources	Emissions, effluents and waste	20, 33–37, 40, 97–103	-
	Transports and construction machinery	Transports	20, 33–37, 40–41, 97–103	-
	Energy consumption and impact of climate change	Energy	20, 33–39, 97–103	-

Performance indicators

GRI code	Performance indicator	Reference (page number in the 2014 Annual Report)	External assurance
EC	ECONOMIC PERFORMANCE INDICATORS		
	Economic performance		
G4-EC1	Direct economic value generated and distributed	61–63, 106	Yes
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	3, 28–31, 33–44	-
G4-EC3	Coverage of the organization's defined benefit plan obligations	70–71, 81–82, 86	Yes
G4-EC8	Significant indirect economic impacts	14, 48–50	-
EN	ENVIRONMENTAL PERFORMANCE INDICATORS		
	Energy		
CRE1	Building energy intensity	38–39, 44	-
	Emissions, effluents and waste		
G4-EN19	Initiatives to reduce greenhouse gas emissions and reductions achieved	37–39, 44	-
CRE3	Greenhouse gas emissions intensity from buildings	44	Yes
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity	44	Yes
G4-EN23	Total weight of waste by type and disposal method	40, 44	-
	Products and services		
G4-EN27	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	37–44	-
	Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	40	-
	Supplier environmental assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	49	-
	Land degradation, contamination and remediation		
CRE5	Land remediation and in need of remediation for the existing or intended use, according to applicable legal designations	40–41	-

GRI code	Performance indicator	Reference (page number in the 2014 Annual Report)	External assurance
SOCIAL PERFORMANCE INDICATORS			
LA	LABOR PRACTICES AND DECENT WORK		
Employment			
G4-LA1	Total number and rate of employee turnover, by age group, gender and region	45–47, 72	-
G4-LA2	Benefits provided to full-time employees	45–47	-
G4-LA3	Parental leave	47	-
Occupational health and safety			
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	46–47	-
G4-LA6	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region	46	-
G4-LA10	Programs for skills management and lifelong learning that supports the continued employability of employees and assist them in managing career endings	45–46	-
G4-LA11	Percentage of employees receiving regular performance and career development reviews	45	-
Diversity and equal opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees according to gender, age group, minority group and other indicators of diversity	46, 104–105	-
Equal remuneration for women and men			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	47	-
Supplier assessment for labor practices			
G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	49	-
HR	HUMAN RIGHTS		
Supplier human rights assessment			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	49	-
SO	SOCIETY		
Anti-corruption			
G4-SO4	Communication and training on anti-corruption policies and procedures	47	-
Supplier assessment for impacts on society			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	49	-
PR	PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
Products and service labeling			
G4-PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	38–39	-
G4-PR5	Results of surveys measuring customer satisfaction	5–6, 10–15	-
CRE-8	Type of number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	38–39	-

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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.

