

## TRANSLATION

### President Johan Skoglund's speech at the 2016 Annual General Meeting

Mr. Chairman, ladies and gentlemen, honorable shareholders.

As usual, it is very exciting to tell you about what has happened in the past year. In 2015, demand for JM's residential units increased in the majority of our markets. Thanks to continued strong demand for residential units and in particular the great efforts put forth by our employees, JM had a good year. I would therefore like to take this opportunity to thank all of our employees for great contribution and commitment.

The number of residential units sold increased by 18 percent to 3,770.  
The number of housing starts increased by 8 percent to 3,731.

We should be the customer's first choice when buying a new home on our markets. It is with great pleasure and pride that I announce that JM has the industry's second-most satisfied customers in Sweden after six years as No 1 and, for the second consecutive year, the industry's most satisfied customers in Norway. JM's Customer Satisfaction Index score increased from 78 to 80 in Sweden and from 77 to 79 in Norway.

We have established a Sustainability Council to further enhance our focus on important challenges in the future. We have also continued to make improvements to our environment work and during the year launched an app that we produced in-house for JM's Regulations and Safety Rules.

Our revenue amounted to SEK 13,939m. Our profit amounted to SEK 1,499m. The operating margin was 10.8 percent. Return on equity was 23.7 percent. Earnings per share was SEK 14.50. The Board of Directors proposes a dividend of SEK 8.25 per share.  
Total return in 2015 was 5 percent. The share price rose from SEK 249 to SEK 253 per share.

Our main goal is to deliver a higher total return, i.e. the total of increased value and dividends, than companies with similar business activities and risk profiles. We have identified three important factors that are pivotal for our success.

The first factor of success is our investment in sustainable urban planning.  
It is not possible for our company to be successful in the long-run without including sustainability in every aspect of what we do.

The buildings that JM builds today should be used for a long time, and sustainability is a fundamental part of our operations. As a community builder, it is important that we take responsibility for the impact our activities and decisions have on society, people and the environment.

...and during 2015 we have transformed words into actions in a number of different areas. For example, we have:

- Established a Sustainability Council.
- Established a Strategic Waste Council.
- Continued our cooperation with Mentor (NGO) with focus on children and young people
- Conducted a review of the environmental requirements in our Norwegian operations to ensure that they are in line with our operations in Sweden.
- Implemented JM's process for sustainable supplier chains in Norway as well.

- Prepared a procedure for managing resource efficiency before signing framework agreements with suppliers.
- Improved control of contaminated material sent to landfills.

JM has two forums that have an overarching responsibility for sustainability work:

QUALITY AND ENVIRONMENTAL COUNCIL, which is responsible for the governance of the Group's joint operations, and of which I am a member, together with the Group's business unit managers and regional managers.

SUSTAINABILITY COUNCIL, where I work together with the heads of corporate staff units to coordinate the Group's sustainability work.

The tools we use are the OPERATIONS SYSTEM, which enables us to steer the operations toward a unified method of working and, thus, reduced costs and improved customer value. The operations system makes it possible for the measures and improvements we implement to have an immediate impact on the entire operations and we maintain an even, high level of sustainability work in all of our projects - not just some pilot projects.

Which environmental aspects do we prioritize in our day-to-day activities?

ENERGY CONSUMPTION: Since 2008, all JM buildings are low-energy buildings and consume significantly less energy than the requirements set by the government authorities. Since 2005, energy consumption for our buildings has decreased by around 40 percent.

IMPACT OF BUILDING MATERIALS ON THE ENVIRONMENT: In our residential units, we use sound, proven and natural materials such as tile and wood. Since the middle of the 1990s, we have also used a system to assess the environmental value of building materials. If there is not enough information about a material's qualities, we employ a precautionary approach and do not use it.

BUILDING WASTE MANAGEMENT JM works constantly to decrease the total amount of waste generated by our building. This is done in collaboration with our suppliers and waste contractors and through internal training courses.

MACHINES AND TRANSPORTS A number of measures are being implemented here, both within JM and the industry, to reduce the emissions of substances that are harmful to the environment and people's health. For example, we place requirements on our suppliers' choice of fuel as well as the age, Euro class, etc., of their vehicles. All of our internal company cars are green cars and business trips should have as small of an impact on the environment as possible.

SOIL CONTAMINATION: It is an unavoidable fact that the majority of the buildable land in or around our cities contains small or large amounts of pollutants. JM is making an important contribution to the environment by clearing old industrial land so that it may be used to build new residential areas.

One of our more recent projects is Brohuset at Liljehomskajen in Stockholm. A bit of a special project, not just because it will be the last of all of the buildings we have constructed along the quay, but also because of its special location, which places slightly unusual requirements on both implementation and architecture. Construction started in August 2015 and this is how it looks so far...

In a project like the one at Brohuset, as in all other projects, it is not just those here at JM who are responsible for the sustainability work. This responsibility applies equally to all of our

subcontractors and suppliers. We have therefore developed a process to ensure sustainable supplier chains for the operations. Part of the foundation in this work is JM's Code of Conduct, which was written to ensure that our suppliers share our fundamental values.

And if we transfer all aspects of our sustainability work to the final product, this is what the customer sees. We start by looking at the interior of a typical residence...  
...and even the exterior.

In 2015, we started production on more than 3,700 residential units in Sweden, Norway and Finland. Here are our ten largest projects.

And from our largest projects to one of the tallest – Kajen 4 at Liljeholmskajen, which in 2015 won first prize in the architecture competition, “Stockholm Building of the Year”. Which is particularly positive since it was Stockholmers themselves who voted. Kajen 4 does not just stand out because of its elegance and daring form – we will see more high-rises in the future.

The second factor for success is our dialogue with customers.

It is JM's ambition to create safe, simple and worry-free housing. And a solid, continuous dialogue with our customer, both before, during and after the buying process, is a condition for this. It is together with our customers that our products constantly develop, in order to meet the requirements of both today and tomorrow. This dialogue has created a number of prioritized areas, which we are constantly trying to develop:

**KITCHEN:** The most complex room. More time is spent here – doing homework, preparing meals, spending time together. We are constantly focused on developing the functions of the kitchen.

**BATHROOM:** Second only to the kitchen as the home's most important room. We are constantly focused here on the balance between function, space and aesthetics.

**STORAGE:** Constantly a high-priority area, to find even smarter and better planned storage areas.

**URBAN PLANNING:** Here, we take overall responsibility as an urban developer for creating more attractive neighborhoods that include everything from public transportation to homes, schools, infrastructure and stores.

**SERVICE DEVELOPMENT:** We see that there is a growing interest from our customers for services in close proximity, e.g. maintenance of the home, including everything from maintaining bathroom mixers to cleaning kitchen exhaust fans. We have therefore uploaded videos to the Internet that show exactly how to take care of the ongoing maintenance.

Important decisions that result in higher customer satisfaction are:

1. Oven in tall cabinet
2. LED strips in the kitchen
3. Mainly hidden pipes in wet rooms
4. Two-phase induction stovetops and pop-up valves in the sink
5. Possibility to charge electric cars at 10% of our parking spots

JM is the first choice for buying a home in Sweden. This is particularly noticeable in our VIP register, which we started in 2003 and today has more than 40,000 members. VIP customers at JM are informed in advance about when, where and how we will build new homes before they are released for general sales. It is also a measure of interest in coming projects and is

part of our long-term strategy. I can also mention that in 2016, we have registered 54 new VIP customer on average per day.

In addition to our customer dialogues, we also meet our customers in external media, where in particular the digital channels are playing an increasingly important role. We can be seen in advertisements in everything from large, daily newspapers to the TV and, in particular, a steadily growing presence on the Internet. Here, for example, is the video that was circulated in social media before our Big Open House Day and "Theme - Kitchen" in March this year.

The hub of all of our digital communication is our website, [jm.se](http://jm.se). And we are at the forefront in terms of offering products and services via the digital channels. As confirmation that our new website has been well received, JM received the award "Best improvement" in the category Mobile Website in 2014, and it was also nominated for "Sweden's Best Website" in the Information and Service category in 2015.

The third factor for success is our talented employees.

Knowledgeable and committed employees are vital to our success. In order to protect this asset, we are building long-term relationships and creating conditions that will enable our employees to grow at work. Challenging and varying assignments and internal mobility are important parts of the job, as is skills development in the form of seminars and training courses specifically tailored to JM's operations.

We strive to offer diversity and equal opportunity at our workplaces. A good balance between for example women and men, senior employees and less experienced employees is an important part of our recruitment strategy. JM should be a modern company that represent the society we all live in.

And to attract the employees of tomorrow, we work extensively with schools and universities in the areas where we are active. For example, during the year we participated in approximately ten labor market days and offered internships to roughly 100 students. We also have a very appreciated trainee program.

Profiling in social media and targeted recruitment campaigns are a few of the other activities implemented during the year to attract new employees. Here is one example...

To ensure that we are making the correct decisions in our day-to-day activities, we have developed JM's Code of Conduct. It contains JM's values and guidelines for how JM employees should behave. Our Code of Conduct, together with our core values, form our employee ship and should be applied by both employees and contracted staff. As an aid in the implementation of our Code, we have developed a value-based game, "Right from me", which was introduced at the end of 2015. The aim is to ensure that JM employees are behaving correctly and uniformly in their day-to-day activities. To date, 95 percent of our employees have played the game.

JM also has an incident reporting system, "Whistle blowing", via an external party that is open to employees, partners, customers and other stakeholders.

JM's vision is to have workplaces that are completely free of injuries and where employees feel safe. We always prioritize health and safety above everything else. Since work environment issues are a priority, the work environment organization has been strengthened in both Sweden and Norway and a new Group-wide Health Strategist has been appointed.

As part of this proactive work, for example, morning exercise is offered every day at JM's construction sites, which offers a good start to the day's work and functions as a warm-up that leads to fewer stress-related injuries.

At the end of 2015, we introduced a digital training course for JM's Regulations and Safety Rules in the form of an app for both smartphones and computers. Everyone spending time at JM's construction sites must have completed and passed the course in order to be allowed to enter the worksites. To date, approximately 5,300 employees have completed the course. We have also introduced an IT-based system for accident reporting and held a Work Environment Day for all employees.

Dear Shareholders, JM is a leader in housing development and as such we must understand how our world is changing; we must look ahead and ask ourselves what the market, risks and opportunities will look like in the future.

With respect to our competitors and our assessed market position we are:

- number one in Sweden
- among the top five in Norway
- among the top ten in Helsinki

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 31,100 available building rights.

We want to be the leading project developer in the Nordic area and I am pleased to note that our company had the most housing starts in 2015.

The most significant risks faced by JM in 2015 continued to be related to the subsiding debt crisis in Europe, at the same time that demand for housing in Sweden and Norway continued to improve. Housing starts during the year continued to be limited by planning processes, but to less of an extent than in 2014.

The risk overview for 2016 is similar, and the status of the economy takes a central role. This in turn will govern the conditions for sales and housing starts for new projects. The planning processes in our primary markets also continue to constitute a limiting criterion. Political decisions regarding mortgage caps, amortization requirements and, eventually, reduced interest rate deductions also affect the market. We are also seeing continued competition with an increasing number of actors. The opportunities that we see are the development of our very good building rights portfolio, continued work with efficiency, a continued favorable market and population growth in the areas where we are active. A continued strong economy that creates more jobs and thus more customers for JM.

We also see opportunities in the rapid digitalization that is affecting our society. Everything from pre-construction to solutions that mean that customers can steer the built-in technology, what is today called the Internet of Things.

Altogether, this indicates that we will see a continued good market also in 2016.

Today we reported on the first quarter of the year. Let me briefly summarize our first quarter. (The report is available at our website [www.jm.se/en](http://www.jm.se/en)).

Ladies and gentlemen, 2015 was a good year for JM with good sales, many satisfied customers and strong profit. And the first quarter of 2016 has started very well.

I pledge continued strong commitment from myself and JM's employees, where we will lead housing developments in the Nordic countries.

Pivotal for our success is also the trust of our shareholders, our employees and our customers. I would therefore like to thank all of you for the past year.

Thank you for listening.