EST. 1977 Jefast

Annual report 2017

2017-01-01 to 2017-12-31
Jefast Holding AB (publ), org nr 556721-2526

The year in brief

Jan – Dec 2017

- Revenue increase to 305.8 MSEK (275.2)
- Operating profit amounted to 159.8 MSEK (221.4)
- Net loan to value amounted to 65.8 % (65.6)
- The interest coverage ratio amounted to 1.5x (1.6)
- The property portfolio value amounted to 3,281 MSEK (2,608)

Major events Jan - Dec 2017

- Issuance of a bond loan in March which was listed on Nasdaq Stockholm. A 4-year senior unsecured loan with a 500 MSEK framework of which 200 MSEK was issued with a floating rate interest of Stibor 3m +5-45%.
- Several property acquisitions took place during the year: Danmark 29 with more than 11,000 m2 and Oskar II 3 with about 2,600 m2 - both properties located in Helsingborg, furthermore Jaguaren 4 with 5,800 m2, Tjörröd 6:8 with approximately 2,200 m2 and Noshörningen 2, 12, 21 with 7,600 m2 - all three properties located in Höganäs.
- Previous CEO Martin Persson was replaced with Cassandra Jertshagen starting on June 1.
- Other new additions to the team during the year: new controller at Pelican Grand Beach in the USA as well as a new assistant property manager. As a result of the previous growth as well as approaching the finalisation of the Project Kv Holland 25, the following new positions has been hired: Center Manager for the Urban Center SöDER, a new Director of Properties as well as a administrator and apartment renter.
- Reconstruction of the property Noshörningen 14 of about 10 MSEK in order to adjust the premises for the Höganäs Municipality with a 15 year rental agreement
- The ongoing project Kv Holland 25 had an economic rental rate at the end of the year amounting to 92% with several new tenants including the restaurant Pinchos, the fitness center Nordic Wellness and more.
- The opening of the Urban Center was postponed to October 2018 this will allow for a "Grand Opening" with the SF Cinema and the mall will open at the same time. Furthermore, the permitting for a 20 story apartment building with approximately 83 apartments was approved by

the City of Helsingborg. A new name for the Urban Center was announced, the previous named "Söderpunkten" will from now on be named "SöDER".
- Hurricane Irma hit Florida thus also affecting Jefast's hotel Pelican Grand Beach Resort, no major material affect took place however it did affect the result for the third and fourth quarter.

Events after the yearend

- The loan for the USA hotel operation, Pelican Grand Beach Resort, was refinanced during the month of February.
- A rate cap of 204 MSEK was signed in the beginning of 2018.
- In April a tap issue was made under the fram on the outstanding bond with ISIN SE0009696313 ("2017/2021 bond") in the amount of 225 MSEK the proceeds will be used for redeeming the outstanding bond with ISIN SE0007186085 ("2015/2019 Bond") due 24 January 2019.

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Jefast was founded in 1977 and has since then had its headquarter in Höganäs, Skåne. Jefast owns and develops properties in Höganäs and Helsingborg and its close surroundings, as well as a hotel in Fort Lauderdale, Florida USA. The company owns a total of 169,000 square meters including both commercial and residential properties in Sweden.

CEO's comments

Another eventful year has come to an end for Jefast! The year has been filled with both acquisitions, a new bond issuance, continued development of the project Kv Holland as well as new recruitments just to mention a few things!

Acquisitions

During the year, several acquisitions has taken place. We have acquired properties in both Höganäs and Helsingborg, which are our home area that we know very well. In Helsingborg two properties were acquired - Oskar II 3 with 2,585 m2 as well as Danmark 29 with 11,105m2. In Höganäs three properties were acquired during the year: Tjörröd 6:8 with 2,204 m2, Jaguaren 4 with 5,780m3 as well as Noshörningen 2, 12, 21 with 7,600 m2. All of the properties fits very well into our current portfolio.

Bond Issuance

During the year we issued our second corporate bond on the Nordic bond market. It was a positive book building process which rendered the book being significantly oversubscribed. It is further encouraging that the market recognises our positive development in the past year-and-a-half by enabling us to issue a more standardised senior unsecured bond loan at a notably lower interest than our first bond loan.

Kv Holland

The development of Kv Holland has continued throughout the year. Several new leases has been signed leading to an economic rental rate of 92%. New leases during the year includes Pizzabakaren, a nailstudio, Nordic Wellness, Pinchos, German Döner Kebab and more. During the year Holland 25 has also been divided into several three-dimensional properties being Holland 25 (mall, parking, offices), Holland 26 (the cinema) and Holland 27 (apartment building). Furthermore a building permit was approved by the city which opens for the possibility to build a 20 story apartment-building. Also, the opening date was postponed which has resulted in a "Grand Opening" in October 2018 including both the mall and the cinema. We believe this will have a rather small impact on the project as a whole.

Pelican Grand

During the year Pelican Grand Beach Resort was recognised as one of Florida's top resorts by the prestigious Condé Nast and was honoured as number 9 out of 127 hotels. During this fall the hotel was impacted by Hurricane Irma, however this years outcome is inline with last year. During the beginning of 2018 the outstanding debt was refinanced with better terms. We have also started the planning of the upcoming bathroom renovation including soft-goods replacement and more in all of the rooms. This is inline with ensuring our competitive position in the market as well as increasing the service offering and maintaining an interest in visiting the hotel.

Operational Development

During the year several organisational changes took place as a result from the previous growth as well as a step towards preparing for the opening of Kv Holland. In May our previous CEO was let go and beginning of June 1 I took over the position. Following this, we have put a lot of focus on ensuring the correct organisation in terms of job divisions in the current organisation as well as looking into what competencies that was needed to further strengthen the team. This has resulted in three new positions during the year including: Director of Properties, Center Manager in combination with Commercial renter as well as a Administrator in combination with apartment renter. It feels great to have added to the already knowledgeable team with further competences and knowledge!

Höganäs, April 2018

Cassandra Jertshagen
CEO

Major events during the year

First quarter

- Corporate bond issuance of an unsecured senior debt amounting to 200 MSEK with a floating interest rate of Stibor 3 m + 5.45% with a 4 year maturity
- New Controller at Pelican Grand - we welcome Americo Nocete
- Jefast enters into contract with Lamaro regarding all internal and external property management with Lamaro

Second quarter

- The property Danmark 29 in Helsingborg was acquired through a company acquisition. The property consists of 7,400 m2 commercial spaces, a parking garage with 120 spots as well as 31 apartments amounting to approximately 2,000 m2. The largest tenants are The Swedish Employment Service (Sv. Arbetsförmedlingen) and The Swedish Migration Board (Sv. Migrationsverket)
- The properties Jaguaren 4 and Tjörröd 6:8 located in Höganäs were acquired through a company transaction. Jaguaren 4 is a logistics property that consists of 5,780 m2 and hold one tenant: Topbrands Scandinavia AB. Tjörröd 6:8 has a total area of 2,204 m2 and consists only of commercial spaces with the largest tenant being Fiskars Sweden AB (Iittala Outlet). Jefast has identified large potential in further developing the area, which is already an outlet destination
- Nordic Wellness signed a new 15 year lease agreement at the Project Holland 25 letting more than 1,500m2
- Cassandra Jertshagen takes over the CEO position June 1

Third quarter

- New Center Manager and Commercial renter was hired - we welcome Alexandra Werder-Hallonkvist
- One of Jefast 10 largest tenants, Åklagarmyndigheten i Malmö, has terminated its lease agreement
- The Restaurant Pinchos signed a 8 year lease agreement at the Project Holland 25 with a total area of more than 850m2
- Reconstruction of the property Noshörning 14 was initiated. The construction and tenant adjustment is made for the Höganäs Municipality with a 15 year lease agreement of the premises with an estimated investment of approximately 10 MSEK
- Hurricane Irma hit the coast of Florida. Jefasts hotel Pelican Grand Beach Resort was affected in terms of decreased revenues since the hotel was closed for a while

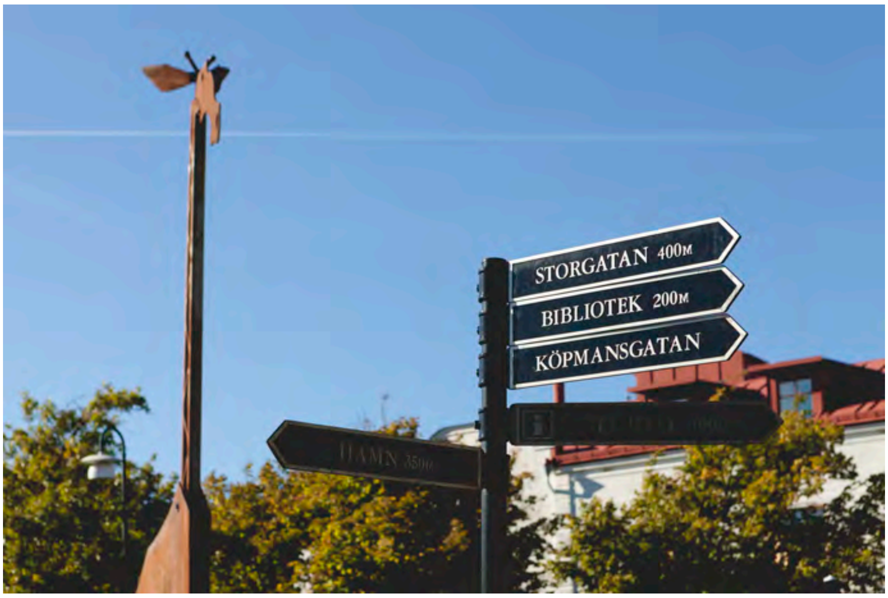
Fourth quarter

- Property acquisition of the property Oskar II 3 was made through a company transaction. The property consists of 2 apartments, offices and restaurants. The total area amounts to 2,585m2
- The property Noshörningen 2, 12, 21 in Höganäs was acquired through a property transaction. The total area amounts to 7,600 m2 and the largest tenants are Lager 157 and Keramiskt Center. There are several vacant premises however this opens up for further possibilities
- Jefast informed about the postponing of the ongoing Kv Holland 25 project. The previous plan was to have sequential openings and move in dates, however Jefast has together with Skanska made the decision to have a "Grand Opening", which means that the mall and the cinema will open at the same time on October 26 2018
- Approved building permit for a 20 story apartment building in Kv Holland allowing for 83 apartments - each apartment with oceanic views
- Signs new lease agreements for Kv Holland with Pizzabakaren and a Nailstudio
- Holland 25 has also been divided into several three-dimensional properties in terms of Holland 25, with the following split: Holland 25 (mall, parking, offices), Holland 26 (the cinema), Holland 27 (apartment building)

- A new name for Kv Holland, previous named “Söderpunkten”, was announced. The new name is SöDER, which Jefast also has trademark registered
- New Director of Properties was hired - we welcome Mikael Lidner

Overview & Business Model

About Jefast



Jefast is a Swedish privately owned real estate company, focused on long-term asset management, development and property management of properties in Skåne, Sweden. The Group also owns a hotel property in Florida, USA. The property portfolio is valued at SEK 3,281 MSEK (2,608), with 44 properties (37) and consists of residential and commercial properties located in Skåne, Sweden and a hotel property located in Fort Lauderdale, Florida, USA. Residential units consist of 992 (931) apartments, equalling 70,089 sqm (65,675) residential area. Commercial units consist of 287 (237) commercial spaces, equalling 98,814 sqm (69,412) rentable area. The hotel property consist of 156 rooms of which Jefast owns 134 (131), which means 89,4% of the total property is controlled by Jefast in which common areas such as restaurant, bar, spa etceteras is included.

Overview of the Swedish real estate portfolio

	31 December 2017	31 December 2016
Area, m2	168,903	135,087
Economic Rental rate, commercial, %*	90.9	93.3
Economic Rental rate, apartments, %	99.5	99.5
Number of commercial spaces *	287	237
Number of apartments	992	931
Number of properties	44	37

*Kv Holland 25 excluded.

Location

The Swedish property portfolio is concentrated to North-Western Skåne. Jefast's longterm goal is to focus on this region - closeness to the tenants and properties is of high importance.

Business model

Jefast targets a residential occupancy rate of 99%, at the year-end the occupancy amounted to 99.5% (99.5). When considering growth in commercial properties, the company does selective decisions, focusing only on A-locations with a targeted occupancy rate of 90%, which amounted to 90.9% at the year-end (93.3). By maintaining a diversified lease structure, the company reduces its risks. With 40 years of experience in the Real Estate business, the company holds extensive in-house experience allowing for active portfolio refinement and work. Furthermore, Jefast strives to buy-and-hold properties in the North-western Skåne, targeting yields of 6-7%.

Projects & Development

Kv. Holland 25

The largest on-going project is Kv. Holland 25. At the year-end the economic occupancy rate amounted to 92% (85). Already signed tenants includes Hemköp, SF Bio, Apoteket, Beijing 8, Waynes Coffee, Nordic Wellness, Pinchos, Pizzabakaren, German Döner Kebab and New York Legends with 10 and 15 years long lease agreements respectively for the larger tenants, thus leading to a decreased project risk with an immediate positive impact on the groups cashflow when finalised. The project is divided into two different opening stages, the first being the galleria and cinema with an opening date of October 26 2018. A building permit was received during 2017 allowing for a 20 story apartment building with a total of 83 apartments with the possibility of finalising the project during the first quarter of 2020, this is only a best guess since the project has not yet been ordered nor finalised the planning stage.

Noshörningen 14

During the fall 2017 a reconstruction of the property Noshörningen 14, located in Höganäs, was initiated. A total of 1,930 m2 is included in the construction works with an estimated investment of approximately 10 MSEK. The premises are expected to be move in ready during the beginning of the second quarter 2018. The tenant Höganäs Municipality (*Sw. Höganäs Kommun)* has signed a 15 years lease agreement.

Property portfolio

Rental value

The total rental value amounted to 137 MSEK (108).

Occupancy rate

Residential occupancy rate amounted to 99.5% (99.5) and the commercial occupancy rate to 90.9% (93.3).

Contract structure

The commercial tenant structure is well diversified with the 10 largest commercial tenants generating c. 19 % (14) of the rental income in Sweden. Out of the ten largest tenants only one will mature during 2018, being Åklagarmyndigheten i Malmö. Kv Holland 25 has been excluded from the above.

Acquisitions & Divestments

The below overview shows acquisitions made during the year. No divestments took place during 2017.

Investment properties acquisitions during 2017

Quarter	Property	Muncipality	Category	Area, m2
2	Danmark 29	Helsingborg	Apartments/Offices/ Parking	11,105
2	Jaguaren 4	Höganäs	Logistics	5,780
2	Tjörröd 6:8	Höganäs	Commercial	2,204
4	Oskar II 3	Helsingborg	Restaurant/Offices/ Apartments	2,585
4	Noshörningen 2, 12, 21	Höganäs	Offices/Commercial	7,600
Total Acquisitions 2017				29,274

Valuations

Market value

The portfolio value at the year-end amounted to 3,281 MSEK (2,608).

External valuations

Jefast completes external valuations of its property portfolio on an annual basis, normally at year-end. Values are assessed internally at the end of each quarter. Consequently, the quarterly valuations elicit only minor changes that are mainly due to distinctly changed conditions in respect of required returns and cash flows for the properties. The current valuations were made by Newsec, apart from the hotel business, which was appraised by Cushman and Wakefield. The yields generally decreased throughout the portfolio, which leads to an portfolio value increase.

Financing

Debt maturity

Debt maturing during 2018 consists primarily of bank loans, connected to the American business, which was refinanced during the month of February 2018. Other debts maturing during 2018 are related mainly to construction loans, with good possibilities to be refinanced.

Interest maturity

During the beginning of 2018 the refinanced USA loan was hedged using an interest hedging agreement covering the full loan amount. Furthermore an interest hedging of 204 MSEK was entered into in the Swedish business.

Events after the reporting period

Pelican Grand Beach Resort

The loan at the American business was refinanced during the month of February. The new loan has been issued with the same lender as previous but with more favourable terms as well as an interest hedging cap covering the full loan amount. Furthermore, a decision has been made to roll out a full bathroom renovation of all rooms as well as replacing all soft goods in the rooms. This is to ensure a four diamond standard.

Interest hedging

In the beginning of 2018 an interest hedging agreement was entered into agreement in the form of a cap covering an amount of 204 MSEK in the Swedish business.

Bond issuance

In April a tap issue was finalised within the framework of the outstanding bond with ISIN SE0009696313 (“2017/2021 bonds”) in the amount of 225 MSEK the proceeds will be used for redeeming the outstanding bond with ISIN SE0007186085 (“2015/2019 Bond”) due 24 January 2019.

Directors Report

The Board of Directors and the Chief Executive Officer of Jefast Holding AB (publ), 556721-2526, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2017. Comparative figures indicated in brackets relate to the corresponding period in the previous year.

Information about the operations

The Group's head office and domicile is located in Höganäs, Norregatan 2.

Corporate Governance

Principle information in regards to the corporate governance, board and management is to be found in Jefast's formal Corporate Governance report on www.jefast.se.

Business Model

Jefast is a Swedish privately owned real estate company, focused on long-term asset management, development and property management of properties in Skåne, Sweden. The Group also owns a hotel property in Florida, USA. The property portfolio is valued at 3,281 MSEK (2,608), with 44 (37) properties located in Sweden and consists of residential and commercial spaces. As well as a hotel property and two minor properties located in Fort Lauderdale, Florida, USA. Residential units consist of 992 (931) apartments, equaling 70,089 sqm (65,675) residential area. Commercial units consist of 287 (237) commercial spaces, equaling 98,814 sqm (69,412) rentable area. The hotel property consists of 156 rooms of which Jefast currently owns 134 (131), and controls 89.4% of the total property. Jefast Group's primary business model is to be an active property manager and long-term owner and to effectively manage and develop owned real estate in the north western Skåne market in Sweden with adequate housing and premises.

The business and organisation

Jefast Group's Swedish organization consisted of 15 (14) people by year-end. Two people were added in relation to the Åstorp property purchase. The organization is responsible for the financial and technical management and Jefast Byggservice AB works with both internal and external services. There are two property caretakers that only works with the Åstorp properties.

Acquisitions & Divestments

Kv Danmark 29

During the second quarter Jefast acquired a property located in the central parts of Helsingborg, Kv Danmark 29, with a total area of 11,105 m2. The property fits well into the current portfolio with a mix of both commercial and residential premises in the direct neighbourhood in which Jefast is currently investing in Kv Holland 25.

Kv Jaguaren 4 and Tjörröd 6:8

During the second quarter the group acquired two properties located in Höganäs. The property Jaguaren 4 has an area of 5,780 m2 and Tjörröd 6:8 an area of 2,204 m2.

Kv Oskar II 3

During the fourth quarter the property Oskar II 3 located in the central parts of Helsingborg was acquired. The property consists of two apartments, offices as well as restaurants with an area amounting to 2,585m2.

Kv Noshörningen 2, 12, 21

During the fourth quarter the property Noshörning 2, 12, 21 located in Höganäs was acquired. The total property area amounts to 7,600 m2 and consists of both commercial premises as well as offices and warehouse. There are vacancies in the property which Jefast consider to have large potential.

Divestments

No properties were divested during 2017.

Investments in existing properties and ongoing projects

Kv Holland 25 "Söderpunkten"

During 2017 the Kv Holland project continued to further develop and at year-end the economic rental rate amounted to 92%(85). Jefast works with TAM Retail to develop the Urban Center and finalise the letting. During the year the previous "Söderpunkten" has been renamed to "SöDER Helsingborg" which Jefast has trademark registered.

SöDER will attract visitors through its wide range with for example SF Bio Filmstaden, Hemköp and New York Legends sports- and bowling bar. In addition to these attractive meeting places with cafes and restaurants will be created and supplemented by consumer discretionary and a wide selection of basic commodities in the clothing and leisure. The Urban city center will become the natural meeting spot both as a destination as well as a easy passage for those who live and work nearby the southern parts of Helsingborg, with generous opening hours.

Building permits and project planning works for the project has been finalised. The building permits for a 20 story residential building containing about 83 apartments has been approved during 2017. The project planning for the residential project has begun and there is a possibility to build and finalise the residential building some time during the first quarter of 2020, however this is only an estimate.

As a result of the Söderpunkten project revenues have fallen sharply since the mall is vacant. In connection with the project there have also been exit costs, and the company has still had ongoing running costs.

Kv Noshörningen 14

The reconstruction of the property Noshörningen 14 begun during the fall 2017. The Höganäs Municipality has entered into a 15-year lease agreement and the construction and adjustment of the premises are expected to amount to approximately 10 MSEK. The property is therefore fully let and the municipality will move into the premises in the beginning of the second quarter 2018.

Kv John Ericsson

During the summer and fall a substantial facade renovation took place at Kv John Ericsson. In relation to this windows, roofs and gutters were to some extent replaced and/or repaired.

Kv Musslan, Mullvaden i Åstorp

At the Åstorp properties a complete relining of the entire tubing system has been completed. This project was finalised during 2017.

Kv Danmark 29

In the property Danmark 29 a PCB remediation has been made as well as repainted of the west facade.

Jefast USA

Pelican Grand Beach Hotel, Ft Lauderdale, Florida in USA

The hotel in Florida, Pelican Grand Beach, has performed its best year since Jefast acquired the hotel in 2008. A new controller was hired in the beginning of 2017. All employees are legally employed by the American hotel service management company Noble House and Jefast is responsible for all expenses. During 2017 Jefast has acquired three more hotel rooms, which has resulted in Jefast owning 89.4% of the entire property. During the fall the coast of Florida was hit by Hurricane Irma. This impacted the business in terms of business income loss.

Possible future prospects

The Group's long-term goal is to grow in the Swedish market, by acquiring and developing properties essentially in Höganäs, Helsingborg and its close surroundings. However, the groups current focus is mainly on current project and the finalisation of current commitments. As a next step, the goal is to develop apartments and adjust larger commercial premises to meet the demands of a changing market.

With the ongoing Kv Holland 25 project and an opening set to take place during 2018, the year 2018's main focus will be to finalise these commitments. Included in this is also finalising the upgrade of the USA hotel. Furthermore the organisation has been adjusted and made more efficient to fit both the Swedish and American business.

Significant risks and uncertainties

Interest rate risk
The Group's single largest cost is interest. The Group has long-term credit lines with fixed terms and fixed interest rates through interest rate swap agreements. Of the total loan portfolio, 600 MSEK are secured with fixed interest rate of which approximately 300 MSEK matures during 2018. The net loan to value ratio for the Group was 65.8% (65.6).

Currency risk
The Group has no currency hedging of the US dollar; it is not considered necessary since loans, revenues and expenses are in USD.

Use of financial instruments
The Group measures financial instruments at fair value. Hedging instruments consist of interest rate swaps.

Ownership
The company is owned to 91.6% by Bo Jertshagen and 8.4% of Induere AB, corporate id no 556767-3941, which in turn is fully owned by Bo Jertshagen.

Multi-Year Overview (TSEK)

The Group	2017	2016	2015	2014
Net turnover	305,823	275,159	229,412	190,458
Gross earnings	165,915	143,942	112,268	114,389
Operating result	159,848	221,387	127,984	-
Profit/loss after financial items	90,700	165,115	90,200	107,086
Interest coverage ratio (times)	1.5	1.6	1.4	-
Property value	3,281	2,608	1,919	-
Net loan to value (%)	65.8	65.6	60	-
Balance sheet total	3,465,485	2,766,440	2,205,436	1,713,019
Equity/assets ratio (%)	25	29	30	33
Number of employees	15	14	15	21

The parent company	2017	2016	2015	2014
Profit/loss after financial items	-15,098	-8,818	-1,552	24,999
Balance sheet total	447,897	251,870	212,911	37,586
Equity/assets ratio (%)	4	9	12	68

*For definitions of key ratios please see page 51

Proposed Profit Allocation

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition are allocated as follows (SEK):

Profit carried forward	21,936,121
Issue of share capital	-2,000
Reduction of the share capital	-2,998,000
Profit for the year	0
	18,936,121
to be distributed so they are:	
carried over	18,936,121

Consolidated Income Statement

TSEK	Note	2017	2016
Revenue	4, 5, 6	305,823	275,159
Operating expenses	4, 7	-139,908	-131,217
Gross profit	4	165,915	143,942
Administrative expenses	6, 7, 8, 9	-70,271	-62,449
Loss on disposal of investment property		0	-1,368
Changes in fair value of investment property	13	70,587	142,445
Other operating income		0	2,208
Other operating expenses		-6,383	-3,391
Operating profit/loss		159,848	221,387
Financial income	10	113	409
Financial expenses	10	-70,221	-60,195
Change in fair value of derivates	20	960	3,514
Profit before tax		90,700	165,115
Tax	11	-33,234	-32,809
Profit for the year		57,466	132,306
Profits attributable to:			
Equity owners of the parent		57,466	132,306
Profit for the year in TSEK (there are no dilutive effects) per share data	19	12	26

Consolidated Statement of Other Comprehensive Income

TSEK	Note	2017	2016
PROFIT FOR THE YEAR		57,466	132,306
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		-20,689	32,036
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-20,689	32,036
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in value of owner occupied property		24,277	-27,323
Tax	11	-5,341	6,011
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		18,936	-21,312
Total comprehensive income for the year net of tax		55,713	143,030
Total comprehensive income attributable to:			
Equity owners of the parent		55,713	143,030

Consolidated Statement of Financial Position

TSEK	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Intangible assets	12	0	0
Investment properties	13	2,750,992	2,048,962
Owner-occupied properties	14	530,976	559,534
Equipment, tools and installations	15	39,118	42,432
Deferred tax assets	11	0	211
Receivables	20	1,474	1,599
Total non-current assets		3,322,560	2,652,738
Current assets			
Inventory		1,897	1,823
Rent and other receivables	16, 20	15,153	14,188
Tax assets		2,813	1,837
Prepaid expenses and other receivables	17, 20	27,593	21,773
Cash	18, 20	95,469	74,081
Total current assets		142,925	113,702
Total assets		3,465,485	2,766,440
Equity and liabilities			
Share capital		500	500
Foreign currency translation reserve		35,825	56,514
Revaluation reserve		143,754	126,612
Retained earnings incl. net income		684,435	628,175
Equity attireutable to the shareholders of the parent		864,514	811,801
Total equity	19	864,514	811,801
Non-current liabilites			
Interest bearing loans and borrowings	20	1,831,609	1,420,629
Bond loans	20	400,000	200,000
Deferred tax liability	11	221,151	184,734
Total non-current liabilities		2,452,760	1,805,363
Current liabilityes			
Interest bearing loans and borrowings	20	20,319	67,189
Derivate financial instruments	20	0	960
Trade and other payables	20, 21	83,084	41,772
Current tax payable		2,322	831
Other liabilities	20, 21	9,547	9,038
Accrued expenses and prepaid income	20, 22	32,939	29,486
Total current liabilites		148,211	149,276
Total liabilities		2,600,971	1,954,639
Total equity and liabilites		3,465,485	2,766,440

Consolidated Statement of Changes in Shareholders Equity

TSEK	Note	Share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total equity
EQUITY AT 1 JANUARY 2016	19	100	24,477	149,978	497,212	671,767
Profit/loss for the year		-	-	-	132,306	132,306
Other comprehensive income		-	32,036	-21,312	-	10,724
Total comprehensive income for the year		-	32,036	-21,312	132,306	143,030
Effect of depreciation on the revaluation reserve			-	-2,054	2,054	-
Transaction with Owners:						
Issue of share capital		400	-	-	-400	-
Reduction in share capital		-	-	-	-2,997	-2,997
Equity at 31 december 2016		500	56,513	126,612	628,176	811,801
Profit/loss for the year		-	-	-	57,466	57,466
Other comprehensive income		-	-20,688	18,936	-	-1,752
Total comprehensive income for the year			-20,688	18,936	57,466	55,713
Effect of depreciation on the revaluation reserve			-	-1,794	1,794	-
Transaction with Owners:						
Issue of share capital		2	-	-	-2	-
Reduction in share capital		-2	-	-	-2,998	-3,000
Equity at 31 december 2017		500	35,824	143,754	684,436	864,514

Consolidated Statement of Cash Flows

TSEK	Note	2017	2016
OPERATING ACTIVITIES			
Profit or loss before tax	27	90,700	165,116
Adjustments to reconcile profit before tax to net cash flows:			
Change in value from investment properties		-70,587	-142,445
Result on disposal of property, plant and equipment		2,635	1,223
Depreciations		14,377	14,721
Exchange gains		5,409	-4,929
Change in fair value of derivates		-960	-3,514
Paid tax		-3,014	-4,853
		38,560	25,319
Working capital adjustments:			
Change in operating receivables		-6,785	5,343
Change in inventory		-74	-464
Change in operating liabilities		45,274	41,008
Net cash flow from operating activities		76,975	71,206
INVESTMENT ACTIVITIES			
Purchase of subsidiaries	26	-133,217	-158,264
Purchase of investment properties		-501,559	-375,896
Purchase of owner-occupied properties		-12,117	-593
Purchase of property, plant and equipment		-4,332	-4,910
Proceeds from disposal of investment properties		-	6,527
Changes in long term receivables		125	-51
Net cash flow from investment activities		-651,100	-533,187
FINANCING ACTIVITIES			
Proceeds from borrowings		790,909	350,537
Amortization of borrowings		-193,224	-19,190
Net cash flow from financing activities		597,685	331,347
Net increase/decrease in cash and cash equivalents		23,560	-130,634
Cash and cash equivalents at the beginning of the year		74,081	203,209
Translation adjustments of cash and cash equivalents		-2,172	1,506
Cash and cash equivalents at 31 December	18	95,469	74,081

Parent Company Income Statement

TSEK	Note	2017	2016
NET SALES			
Administrative expenses	8, 9	-2,999	-1,538
Operating profit/loss		-2,999	-1,538
Financial income		-	353
Financial expenses	10	-12,099	-7,633
Profit/loss after financial items		-15,098	-8,818
Received Group contributions		15,098	8,818
Profit/loss before tax		-	-
Tax	11	-	-
Result for the year		-	-

Parent Company Statement of Other Comprehensive Income

TSEK	Note	2017	2016
Result for the year		0	0
Other comprehensive income net of tax		0	0
Total comprehensive income for the year net of tax		0	0

Parent Company Balance Sheet

TSEK	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
FINANCIAL ASSETS			
Shares in Group companies	28	25,603	25,603
Receivables from Group companies	29	414,627	223,172
Total financial assets		440,230	248,775
Total non-current assets		440,230	248,775
CURRENT ASSETS			
Prepaid expenses and accrued income		6,146	2,593
Cash and cash equivalents		1,521	502
Total current assets		7,667	3,095
Total assets		447,897	251,870
EQUITY AND LIABILITIES	19		
Restricted equity			
Share capital		500	500
Restricted equity		500	500
NON-RESTRICTED EQUITY			
Retained earnings		18,936	21,936
Result for the year		-	-
Non-restricted equity		18,936	21,936
Total equity		19,436	22,436
NON-CURRENT LIABILITIES			
Bond loan	20	400,000	200,000
Interest bearing loans and borrowings	20	25,000	25,000
Other liabilities	20	2,077	2,828
Total non-current liabilities		427,077	227,828
CURRENT LIABILITIES			
Other liabilities		1,384	1,606
Total current liabilities		1,384	1,606
Total liabilities		428,461	229,434
Total equity and liabilities		447,897	251,870

Parent Company Statement of Changes in Shareholders Equity

TSEK	Share capital	Retained earnings	Total equity
EQUITY AT 1 JANUARY 2016	100	25,334	25,434
Result for the year	0	0	0
Other comprehensive income:	0	-	-
Total comprehensive income	0	-	-
Issue of share capital	403	-403	-
Reduction in share capital	-3	-2,997	-3,000
EQUITY AT 31 DECEMBER 2016	500	21,936	22,436
Result for the year	0	-	-
Other comprehensive income:	0	-	-
Total comprehensive income	0	-	-
Issue of share capital	2	-2	-
Reduction in share capital	-2	-2,998	-3,000
EQUITY AT 31 DECEMBER 2017	500	18,936	19,436

Parent Company Statement of Cash flows

TSEK	Note	2017	2016
OPERATING ACTIVITIES			
Profit or loss before tax		-	-
		-	-
Adjustments in working capital			
Change in operating receivables		-3,553	11,360
Change in operating liabilities		-222	1,269
Net cash flow from operating activities		-3,775	12,629
INVESTMENT ACTIVITIES			
Payments to Group companies		-234,191	-246,915
Repayment from Group companies receivables		42,736	197,000
Acquisition of subsidiaries and activities		-	-
Net cash flow from investment activities		-191,455	-49,915
FINANCING ACTIVITIES			
Proceeds from borrowings		200,000	43,000
Repayment of borrowings		-751	-2,310
Reduction in share capital		-3,000	-2,999
Net cash flow from financing activities		196,249	37,691
Net increase/decrease in cash and cash equivalents		1,019	405
Cash and cash equivalents at the beginning of the year		502	97
Cash and cash equivalents at 31 December		1,521	502

Notes Overview

Note 1 Accounting Policies

General information

The consolidated accounts and the annual accounts of Jefast Holding AB (publ) 556721-2526 for the 2017 financial year have been approved by the Board of Directors and CEO for publication on 27 April 2018 and will be presented to the Annual General Meeting on 30 April 2018 for adoption. The Group's main business is owning and managing investment property and a hotel business. The Parent Company is a Swedish public limited company with its registered office in Höganäs.

Basis of preparation

The consolidated financial statements of Jefast Holding AB (publ) and its subsidiaries (collectively, the Group) are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Furthermore, the recommendation RFR 1 Supplementary accounting rules for corporate groups issued by the Swedish Financial Reporting Board have been applied.

The Parent Company apply the same accounting policies as the Group except in cases listed below in the section for Accounting polices for parent. The Parent Company apply the Swedish Annual Accounts Act and RFR 2 "Accounting for legal entities". Exceptions and additions are caused by legal provisions or by connection between accounting and taxation in Sweden.

The consolidated financial statements are expressed in SEK, since this is Jefast Holding's functional and reporting currency. All values are rounded to the nearest thousand TSEK where indicated.

Risks and uncertainties

In order to ensure that the the annual report is prepared in accordance with generally accepted accounting principles, several assessments and assumptions are made in the report, which are affecting the reported assets, liabilities, revenues and expenses as well as other information. These assessments and assumptions are based on past experiences as well as other factors that are reasonable to consider with the current circumstances. Actual outcome might differ from these assessments and assumptions in case the conditions are changed.

Basis of consolidation

Subsidiaries are enterprises, which are controlled by Jefast Holding AB (publ). Control exists when the Group is exposed to or has rights to variable return from its involvement in the enterprise, and has the ability to affect those returns through its power over the enterprise. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements includes Jefast Holding AB (publ) and its subsidiaries, which are presented in note 28.

On a consolidated level, intra-group balances and intra-group transactions are eliminated in full.

Foreign currency translation

Foreign currency transactions are converted to Swedish kronor at the moment of the transaction.

Monetary assets and liabilities in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date and exchange differences are recorded in the income statement.

All currency differences derived from Owner-occupied properties regarding receivables and liabilities are recorded in the operating result, while exchange differences regarding financial assets and liabilities are recorded as a result from financial entries.

Business combinations and asset acquisitions

The Group acquires subsidiaries that own real estate. At the time of the acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group recognise the acquisition as an owner occupied business if it is combined with other businesses in addition to the property. More specifically, consideration is made based on to what extent the acquired business and, in particular, the extent of services provided by the subsidiary (e.g., maintenance and administration).

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Revenue

Rental income

The Group is the lessor in operating leases (all contracts). Rental income arising from operating leases as investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature, except for contingent rental income which is recognized when it arises.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Hotel revenue

Hotel revenue includes room-, spa-, restaurant-, group events- and other minor departments revenue and is recorded in the period when the service is used.

Revenue from property divestments

Revenue from property divestments are reported when significant risks and advantages related to the ownership of the properties has been transfered to the buyer and it is also likely that the economic benefits related to the divestment will flow to Jefast. Commonly this means that the reporting will take place at the point when the buyer enter into possession of the property. The result from the property divestment is recognised as a value change and accounts for the difference between the sales price after deducting costs related to the sale and the carrying amount in the latest published report after adjusting for actual expenses. In the case of a company divestment the part of the profit/loss that is attributable to the recognised deferred tax is to be recognised in the profit/loss on the line for the tax profit for the year.

Service charges, property management charges and other expenses recoverable from tenants

Income arising from tenants are recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in gross revenues of the related costs, as the directors consider that the Group acts as principal in this respect.

Financial revenue

Financial revenues concern interest revenue and are recognised in the period which they become receivable.

Financial expenses

In financial expenses interest rate and other costs related to the financing of the business are included. Financial expenses are recorded in advance and are recognised in the period which they take place. Financial expenses also includes interest costs related to interest rate derivate contracts. The market value of existing derivative contracts does not impact the net financials since they are reported in a separate column. Parts of interest costs that derives from interest related to new construction or reconstruction during the construction time is capitalised.

Tax

Tax on this year's result includes current income tax and deferred income tax for the Swedish and American Groups.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax
The deferred tax on temporary differences between the recognised asset or debt and its recognised value and tax value are reported in accordance with the balance sheet method. As a result deferred tax assets and deferred tax liabilities are realised when the asset or liability is sold. Exceptions are applied for temporary differences related to the first reporting of assets and liabilities related to asset acquisition.

Deferred tax liability related to loss carry forwards are recognised since it is likely to be offset in future taxable surpluses. Deferred tax liability is calculated on the difference between the properties carrying amount and the taxable value as well as derivates. A change in these items will impact the deferred tax liability/asset, which are recognised in the income statement as deferred tax. This year's acquisitions are recognised as asset acquisitions, which means that the existing deferred tax at the time of the acquisition are not recorded in the balance sheet.

Leasing agreements

Leasing agreements in which the substantial risks and advantages related to the ownership falls on the lessor are classified as an operational lease agreement. Leaseholds and agreements are classified as lessee. Payments made during the lease period are expensed in the income statement on a straight-line basis over the period of the lease. Lease agreements where Jefast is the lessor can be found in note 6. All current rental agreements attributable to Jefasts Investment Properties, seen from an accounting perspective, are classified as operational lease agreements. The reporting of the agreements are further explained in the accounting principle for revenues as well as note 6.

Investment properties

Investment properties are held in order to generate rental income and/or a value increase. The investment properties are recognised at fair value in the balance sheet in accordance with IAS 40 which means that amortisations are not recognised in the income statement.
The change in value is recorded on a separate line in the income statement and are calculated based on valuations at the end of each period compared to last year, alternatively at the acquisition value if the property was acquired during the year. Additional expenses that results in an economical advantage for the company, e.g that has an value impact and which can be accounted for on a reliable manner is capitalised. Expenses related to repairs and maintenance are expensed in the period in which they occur. Interest related to larger construction projects or reconstruction are capitalised during the production time.

Owner occupied properties

The group has decided to apply the revaluation model for owner occupied properties. Owner occupied properties are valued at fair value on the balance sheet date with deduction of accumulated depreciation for buildings. Valuations are made yearly to ensure no discrepancies in the fair value and the recognised value. Change in fair value is recognised in other comprehensive income, adjustments are made between the retained earnings and the revaluation reserv. However, if a previous recorded profit or loss deficit asset, is reversed in a revaluation the increase is recognised in the income statement. A deficit in a revaluation is recorded in the income statement, unless it causes a displacement of surplus for the same asset in the revaluation reserve.

A yearly transfer is made between the revaluation reserve to retained earnings based on the deprecation of the revalued value of the asset and the already made depreciation based on the acquisition value of the asset. The accumulated depreciation is eliminated at the time of the revaluation and the assets recorded at gross value and the net value is recalculated to the revalued amount of the asset. At divestment any valuation reserve is reversed back to the specific asset and retained earnings.

If properties, facilities and inventories are divested or there are no further economical future advantages from their use or divestment, the recordings are removed. Any profit or loss are recorded in the income statement at the time of the asset divestment (calculated as the difference between the received cash and from the divestment of the asset) included in the income statement when the asset has been divested.

Inventory

Fixed asset, except for properties, are recorded at acquisition value with deduction of any accumulated deprecations and/or accumulated provisions. Assets are amortised based on the estimated useful lives, se below. If a property, land or inventory includes parts of different useful lives span each significant component will be amortised separately.

The residual value, useful life and amortisation of properties, land and inventories is analysed at the end of each financial year and adjusted if necessary.

Amortisation is calculated based on a straight-line method based on the life value of the assets as follows:

Owner occupied properties	75 years
Land	20 years
Inventory, tools and installations	5–30 years

Financial assets and liabilities

Financial asset is recognised in the balance sheet when the group becomes a party to the commercial terms and conditions of the instrument. Liabilities are recorded when the counterpart has performed its part and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recorded when the invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement has been realised, matures or the group loose control of the asset. Same thing applies for a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or in another way is extinct. Same thing applies for a financial liability.

A financial asset and a financial liability is offset and recorded with a net amount in the balance sheet is offset and recorded with a net amount in the balance sheet only when a legal right to offset the amounts exists as well as when an intention to settle the entries with a net amount or at the same time realise the asset and settle the liability.

Acquisitions and divestment of financial assets are recorded on the business day. The business day constitutes of the day when the company undertake an acquisition or divestment of the asset.

Classification and valuation

Financial instruments are initially recorded at the acquisition price equivalent to the instruments fair value with additions of transaction costs except for those classified as financial asset/liability, which is recorded at fair value in the income statement, which are recorded at fair value excluding transaction costs. A financial instrument is classified at the initial recognition based on the purpose of which the asset was acquired. The classification determines how the financial instrument is valued after the initial recognition. The group holds financial instruments in the following categories:

- Financial assets valued at fair value through the income statement
- Loans and receivables
- Financial liabilities valued at fair value through the income statement
- Other financial liabilities

Assessment of fair value

The group value derivate instruments and investment properties at fair value on the balance sheet date.

Fair value is the expected price if an asset was divested or would be paid in order to transfer a liability in a organised transaction between market operators on the date for the assessment. The assessment of the fair value is based a transaction takes place on either the main market for the asset or liability, or in the case of the absences of the main market, the most favourable market at the point of the valuation.

The fair value of an asset or liability is assessed through the assumption that market operators would price the asset or liability in the same way, assuming that both market operator acts on behalf of their best economical interests.

The group utilise different valuation techniques based on underlying circumstances and for which sufficient data is available in order to assess the fair value, maximise the utilisation of relevant and observable indata and minimise the utilisation of non-observable indata. The techniques utilised to determine fair value is described in detail in note 2 and note 13 whereas valuation of financial instruments are described in note 22.

All assets and liabilities that are valued at fair value are categorised in the hierarchy for fair value, based on the lowest entry level that is significant for the valuation of fair value as a whole:

- Level 1 - Listed market prices on markets for identical assets and liabilities.
- Level 2 - Valuation techniques in which the lowest entry level of fair value are direct or indirect observable.
- Level 3 - Valuation techniques for which the lowest entry level, that is significant for the valuation of fair value, is not observable.

Reoccurring assets and liabilities recorded in the financial statements at fair value, are assessed by the group if any changes in levels has taken place by a new assessment on each balance sheet day.

Differences in the group and the parent company's accounting principles

Differences between the group and the parent company's accounting principles are described below. The accounting principles below regarding the parent company has been applied consistently for all periods presented in the parent company's financial statements, unless stated otherwise.

Valuation principles

The parent company establishes its financial statements in accordance with the Annual Accounts Act and the RFR 2, Accounting for Legal Entities, recommendation. This recommendation means that the parent company apply the same accounting principles as the group, except for cases when the Annual Accounts Act or applicable tax regulations limits the possibilities to utilise IFRS.

Parent company and associates

Shares in parent companies are recorded in the parent company using the cost method. This means that transaction costs are included in recorded value of the parent company.

In cases where the recorded share value exceeds the fair value of the parent company, a depreciation will be recorded in the income statement. When depreciation is no longer applicable the depreciation will be reversed.

Value transfers between parent companies might occur in the case of a restructuring in the group, in which an adjustment of the recorded value in the parent companies might be necessary. The transactions are recorded in the balance sheet in accordance with RR 1:00 paragraph 38.

Financial instruments

Due to the correlation between accounting and taxation, the Parent company does not apply IAS 39 for Financial Instruments. Instead the parent company reports financial instruments by applying the cost method in accordance with RFR 2. This means that the parent company reports financial assets at cost value with deductions for depreciations and current financial assets at the lowest of the cost value and fair value. Derivate instruments consists of interest rate swaps decreasing the uncertainty of future interest payments and mortgage loans. Deferred hedge accounting is applied, which means that derivates are not recognised in the income statement nor the balance sheet. The fair value of the parent company's interest rate swaps are reported in note 22.

Group contributions and shareholder contributions

Received and provided group contributions are recognised as dispositions in accordance with the alternative rule (RFR 2). Shareholder contributions are recorded as equity at the receiver and is capitalised as shares at the provider, unless there is no need for impairments.

Note 2 Significant Accounting Assessments and assumptions

Significant accounting assessments, estimates and assumptions

In preparing the consolidated financial statements assessments, calculations and assumptions has to be made, which impacts the reported revenues, expenses, assets and liabilities as well as the related information. Uncertainties in both assessments and calculations might lead to a result that requires a substantial adjustment of the reported assets or liabilities for future periods.

Property classification

The group has classified the properties as either Investment properties or Owner occupied properties based on the following:

Investment properties consists of land and buildings (mainly offices, apartments, retail and commercial properties) which has no significant use for the group or held for sale in the ordinary course, the main reason is to generate rental revenue and value increase from the properties. Theses buildings are commonly rented out to tenants.

Owner occupied properties are properties that generates not only cash flow from the building but also from other assets, which accounts for the hotel business in the USA.

It is the assessment of the board of directors, that the group does not possess any warehousing properties.

Valuation of Investment properties

The fair value of investment properties is determined by property experts using well recognised valuation techniques and the principles for IFRS 13 Valuation to Fair value.

Revaluation of properties, establishments, and inventories as well as Owner occupied properties

The group reports its Investment properties at fair value and change in the fair value is recognised in the income statement as profit or loss. Furthermore, Owner occupied properties are valued at a revalued value including change in the fair value recognised in other comprehensive income. The group hired an independent valuation expert in order to assess the fair value per December 31 2017 and December 31 2016. Investment properties were valued based on the valuation method DCF-method, due to the a lack of market data available on the properties. Land and buildings are valued based on reference cases and market proof, by utilising comparable prices for specific market factors such as essential characteristics, location and the overall condition of the properties.

Note 3 Standards Issued not yet Effective

New standards in effect during 2017

No new standards that entered force in 2017 have had any material impact on Jefast's financial reporting.

New standards that will be in effect 2018 or later

A number of changed IFRS standards that has not yet been in effect and has not been applied in advance in preparing the groups and parent company's financial statements. The below are descriptions of new IFRS standards that might impact the group or the parent company's financial statements. Other new or changed standards or interpretations published by IASB is not expected to impact the group or the parent company's financial statements.

IFRS 9 Financial instrument

IFRS 9 Financial instruments will replace IAS 39 on January 1 2018. The standard contains new principles regarding classification and measurement of financial assets. The company's derivatives will continue to be recognised at fair value in the income statement after the implementation of IFRS 9. Furthermore, it also includes a new model for provisions for credit losses, which takes into account the company's expected credit losses. The analysis made by Jefast concludes that this will not have a material impact on the group's reporting. IFRS 9 will be implemented from January 1 2018 for both the group and the parent company at this date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers entering force on 1 January 2018. The transition to IFRS will be reported using the retrospective approach, in other words, comparative figures for 2017 will be presented pursuant to IFRS 15. During the transition to IFRS 15 a review of the groups total revenues has taken place, the Jefast group's revenues consists mainly of hotel income and rental income (that are recognised in the period in which the guest utilise the apartment/premise in accordance with IAS 17 Leasing). A smaller portion of the rental income consists of supplementary billing regarding added services such as heat, cold, garbage, water etc of which are included in IFRS 15. In relation to the assessment of income, an analysis on whether or not Jefast is the principal or the agent for these services and this resulted in that the Group's role acts as the principle. The assessment made by Jefast concludes that this will not have a material impact on the group's report.

IFRS 16 Leases

IFRS 16 Leases IFRS 16 will replace IAS 17 as of 1 January 2019. According to the new standard the lessor shall report the undertaking of paying the lease fees as a lease receivable in the balance sheet. The right to utilise the underlying asset during the lease period is recognised as an asset. Depreciation on the asset is recognised in the income statement as well as interest rate on the lease liability. Paid lease fees will be recognised as a part of interest expense, as well as a part of an amortisation on the leasing liability. The standard make exceptions on leases with a lease period shorter than 12 months (short term lease) and lease agreements with low value assets.

During the upcoming year, an evaluation on how IFRS 16 will affect the groups financial statements will be conducted. In the parent company the exception in RFR 2 in regards to lease agreements will be applied. As a result of this, the principles for the parent company will remain the same.

Note 4 Operating Segments

The Group's operations are divided into operating segments based on which parts of the business as the Group's management team follows up, known as business management perspective. The Group's activities are organised so that Group management monitors the earnings that the various segments generates. Assets and liabilities are not followed up from a segment perspective, the Group management chooses to analyze assets and liabilities at the Group level excluding properties.

In cases where there is sales between the various segments the price is set based on the "arm's length"-principle. That is, the parties are independent of each other, well informed and with a mutual interest in the transactions.

The following operating segments have been identified:

- Investment properties
- Hotel business

The Group's operating segments are divided into the following geographical areas; Sweden and the United States. The geographic areas are consistent with the operating segments, investment property is entirely located in Sweden while the Hotel business is conducted solely in the United States.

The Group has no single tenant that accounts for more than 10 percent of the total revenue.

Group

Year ended 31 December 2017	Investment properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Internal revenue	11,209	-	11,209	-11,209	0
External revenue	142,273	163,550	305,823	-	305,823
Total revenue	153,482	163,550	317,032	-11,209	305,823
Property expenses	-44,946	-	-44,946	1,522	-43,424
Raw materials and consumables	-2,927	-37,859	-40,786	-	-40,786
Depreciation of owner-occupied property	-	-8,154	-8,154	-	-8,154
Personnel costs	-	-47,544	-47,544	-	-47,544
Gross profit	105,609	69,993	175,602	-9,687	165,915
Operating profit/loss	125,972	24,189	150,161	9,687	159,848
Net financial	-44,164	-25,944	-70,108	960	-69,148
					-
Income tax expenses					-33,234
Result for the year					57,466

Year ended 31 December 2016	Investment properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Internal revenue	7,695	-	7,695	-7,695	0
External revenue	113,249	161,910	275,159	-	275,159
Total revenue	120,944	161,910	282,854	-7,695	275,159
Property expenses	-34,954	-	-34,954	1,708	-33,246
Raw materials and consumables	-3,015	-36,111	-39,126	-	-39,126
Depreciation of owner-occupied property	-	-8,234	-8,234	-	-8,234
Personnel costs	-	-50,611	-50,611	-	-50,611
Gross profit	82,975	66,954	149,929	-5,987	143,942
Operating profit/loss	195,445	25,942	221,387	-	221,387
Net financial	-33,466	-22,806	-56,272	-	-56,272
Income tax expenses					-32,809
Result for the year					132,306

Property value per segment					
Year ended 31 December 2017	Investment properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Properties	2,751	531	3,282	-	3,282
Year ended 31 December 2016	Investment properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Properties	2,048	559	2,608	-	2,608

Note 5 Revenue

Group

Revenue TSEK	2017	2016
Rental income	137,075	107,913
Hotel revenue	163,550	161,910
Other income	5,198	5,336
Total revenue	305,823	275,159

Group

Revenue from external customers/Geographical TSEK	2017	2016
Sweden	142,273	113,249
USA	163,550	161,910
Total revenue	305,823	275,159

Note 6 Operating Leases

Group as lessor

The Group has entered into leases on its property portfolio. The commercial property leases typically have leases between years 2018 and 2022 and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to exit before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Group

TSEK	2017	2016
Within 1 year	79,646	53,247
After 1 year, but not longer than 5 years	130,223	96,287
More than 5 years	5,888	4,740
Total minimum lease payments under non-cancellable operating leases	215,757	153,065

This years lease revenues amounted to 137,075 (107,913).

Group as lessee

The Groups operating leases primarily refers to leases of premises. The future amount of minimum lease payment obligations are distributed as follows:

Group

TSEK	2017	2016
Within 1 year	1,074	963
After 1 year, but not longer than 5 years	300	326
More than 5 years	-	-
Total minimum lease payments under non-cancellable operating leases	1,374	1,289

This years lease payments amounted to 1,216 (1,253).

Note 7 Operating - and Administrative Expenses

Operating expenses		
TSEK	2017	2016
Repair and maintenancee	15,993	11,900
Heat	12,455	9,632
Other expenses	10,964	8,047
Property tax	4,012	3,667
Raw materials and consumables	40,786	39,126
Depreciation of owner-occupied	8,154	8,234
Personnel costs	47,544	50,611
Total operating expenses	139,908	131,217

Administrative expenses		
TSEK	2017	2016
Personnel costs	9,674	8,376
Depreciation for the year	6,223	6,487
Other	54,374	47,586
Total administrative expenses	70,271	62,449

Raw materials and consumables are mainly attributable to the hotel business in the United States. The Hotel Service Management company Noble House has during the year had 176 (174) employees for Jefast´s hotel operations in the US. The employees are legally employed by Noble house, which provides Jefast with management and staff services. Therefore, they are not included in note 8 Employees. Cost for the hotel operator is included in Operating expenses. Other administrative expenses consist primarily of consulting expenses and rental costs.

Note 8 Employees

Group

Salaries and remunerations		
TSEK	2017	2016
KEY MANAGEMENT PERSONNEL AND DIRECTORS		
Salaries and remunerations, board members	175	332
Salaries and remunerations, CEO	1,082	665
Social security costs	395	498
Pension costs	222	261
Total remuneration	1,874	1,756
OTHER EMPLOYEES		
Salaries and remunerations	4,667	4,639
Social security costs	1,675	1,337
Pension costs	744	643
Total remuneration	7,086	6,619

Number of employees	2017	2016
Women	7	6
Men	8	8
Total	15	14

Gender distribution amongst key management personnel				
TSEK	No of ppl	2017	No of ppl	2016
Proportion of women on the board of directors	1	33 %	1	33 %
Proportion of men on the board of directors	2	67 %	2	67 %
Proportion of women amongst key management personnel	2	50 %	2	50 %
Proportion of men amongst key management personnel	2	50 %	2	50 %

The CEO has a notice period of 2 months. The Group does not pay any compensation to the board of directors. The parent company has not had any employees during the year.

Note 9 Fees paid to Auditors

Group - Fees to Auditors

Ernst & Young AB		
TSEK	2017	2016
Audit services	1,131	978
Other services	654	1,822
Tax advice services	21	-
Other non-audit services	-	-
Total	1,806	2,800

Sharff, Wittmer, Kurtz & Diaz P.A		
TSEK	2017	2016
Audit services	426	649
Other services	221	93
Tax advice services	81	-
Other non-audit services	-	-
Total	728	742

No audit fees in the Parent company.

Note 10 Financial Income and Expenses

Group

Financial income		
TSEK	2017	2016
Interest income	113	409
Foreign exchange adjustments	-	-
Total financial income	113	409

Financial expenses		
TSEK	2017	2016
Interest expenses	-69,194	-64,385
Foreign exchange adjustments	-1,027	4,190
Total financial expenses	-70,221	-60,195

Parent company

Financial expenses		
TSEK	2017	2016
Interest expenses	-12,099	-7,363
Capital loss from sale of Bons share	0	-270
Total financial expenses	-12,099	-7,633

Note 11 Tax

Group

Income statement TSEK	2017	2016
Current income tax:		
Current income tax charge	-1,947	-1,025
Deferred tax:		
Deferred tax relating to temporary differences	-31,287	-31,784
Total reported income tax	-33,234	-32,809

Other comprehensive income ("OCI")	2017	2016
Deferred tax related to items recognised in OCI during the year:		
Deferred income tax on fair value changes of owner occupied property	-5,341	6,011
Total tax in OCI	-5,341	6,011

Reconciliation of the effective tax rate for the year	2017		2016	
	%	TSEK	%	TSEK
Result before tax		90,700		165,115
Nominal weighted tax rate for the group	22 %	-19,954	22 %	-36,325
Non-taxable income		0		110
Non-deductable expenses		-19		-1
Other		-13,261		3,407
Effective tax rate for the year	37 %	-33,234	20 %	-32,809

"Other" includes adjustments for deferred tax on loss-carry-forwards in Sweden, which has not been recorded. The tax losses carry forward in the Group amounts to 146,956 TSEK (172,419). The deficit includes both the Swedish and the American operation. The American deficit contain expiration dates ranging from year 2029 and 2036. This represents tax of 30,982 TSEK (53,105). Deferred tax assets are recognised if the deficit is expected to be used in the foreseeable future.

Parent Company

Income statement TSEK	2017	2016
Current income tax:		
Income tax expense reported in the income statement	0	0

Reconciliation of the effective tax rate for the year	2017		2016	
	%	TSEK	%	TSEK
Result before tax		0		0
Nominal weighted tax rate for the group	22 %	0	22 %	0
Non-taxable income		0		0
Effective tax rate for the year	0 %	0	0 %	0

Group deferred tax

Reconciliation of deferred tax liabilities/assets		
TSEK	2017	2016
Deferred tax liabilities/assets at 1 January	184,523	158,750
Tax on other comprehensive income	5,341	-6,011
Temporary differences in the Group's properties	30,707	31,448
Tax loss carry forwards	369	-437
Derivate	211	773
Deferred tax liabilities/assets at 31 December	221,151	184,523

Deferred tax specification	Deferred tax asset		Deferred tax liability	
TSEK	2017	2016	2017	2016
Investment properties	-	-	180,605	149,024
Other non-current assets	-	-	46,966	42,500
Non-current liabilities	-	211	-	-
Tax loss carry forwards	6,420	6,789	-	-
Deferred tax	6,420	7,000	227,571	191,524

Note 12 Intangible Assets

Group

Cost		
TSEK	2017	2016
At 1 January	1,029	997
Exchange differences	-46	32
At 31 December	983	1,029

Depreciation and impairment		
TSEK	2017	2016
At 1 January	-1,029	-765
Depreciation	-	-233
Exchange differences	46	-31
At 31 December	-983	-1,029
Net book value at 31 December	-	-

Note 13 Investment Property

Group

TSEK	Not	2017	2016
At 1 January		2,048,962	1,368,116
Acquisitions through subsidiaries	28	316,000	432,144
Other acquisition of property		37,500	-
Capital expenditure on owned property		279,515	102,936
Disposals		-693	-738
Exchange differences		-879	4,059
Re-measurement adjustments		70,587	142,445
Total completed investment property 31 December		2,750,992	2,048,962

31 December 2017	Level 1 TSEK	Level 2 TSEK	Level 3 TSEK	Total TSEK
Investment property	0	0	2,750,992	2,750,992
31 December 2016	**Level 1 TSEK**	**Level 2 TSEK**	**Level 3 TSEK**	**Total TSEK**
Investment property	0	0	2,048,962	2,048,962

Jefast's entire property portfolio is valued by external independent well-known evaluation institutes with yearly recognised qualifications. The values of the investments properties have been calculated using a market adapted cash flow model. The cash flow model is based on the current value of a residual value at the end of the calculation period. The residual value is calculated based on a normal net operating profit the year after the calculation period ends, divided by an estimated yield. The discount rate for the discount of the net operating profit and residual value represents the market requirements on total yield and can therefore be judged to consist of a risk free real rate of interest + compensation for expected inflation + compensation related to the properties with variables such as location, property kind, etc.

As a basis for the adopted cash flow model the following prerequisites and assumptions has been made:

- A yearly inflation of 2,0 procent
- A yearly rent growth for apartments of 100 procent of consumer price index
- A yearly rental development for premises under contract in accordance with each agreement respectively
- A yearly increase of operations and maintenance 100 procent of consumer price index
- The yields ranging from 3.25% to 8%

Sensitivity analysis

When estimating the market value there are always some uncertainty involved due to the assumptions used in the valuation model. To demonstrate the effects of changed assumptions the below table is presented. The yield value only applies to investment properties available at the end of the accounting period.

Investment properties	Assumed change		Change in value, MSEK	
	2017	2016	2017	2016
Market rent level	5 %	5 %	152	120
Market rent level	-5 %	-5 %	-155	-120
Operation and maintenance cost	5 %	5 %	-44	-39
Operation and maintenance cost	-5 %	-5 %	41	39
Yield	0.5	0.5	-199	-162
Yield	-0.5	-0.5	239	201

Kv Holland has been excluded in the above table.

41 percent (49) of all investment properties are classified as residential properties and 59 percent (51) as commercial properties, this is based on the total area.

Note 14 Owner-occupied Property

Group

TSEK	2017	2016
At 1 January	559,534	551,134
Cost	10,235	1,870
Disposal	-1,451	-9,661
Revaluation	26,598	-24,077
Transfer*	-4,969	-10,739
Exchange differences	-58,971	51,007
At 31 December	530,976	559,534

Depreciation and impairment

TSEK	2017	2016
At 1 January	-	-
Depreciation for the year	8,154	8,234
Transfer*	-4,969	-10,739
Exchange differences	-3,185	2,505
At 31 December	-	-

*This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount.

31 December 2017	Level 1 TSEK	Level 2 TSEK	Level 3 TSEK	Total TSEK
Owner-occupied property	-	-	530,976	530,976
31 December 2016	**Level 1 TSEK**	**Level 2 TSEK**	**Level 3 TSEK**	**Total TSEK**
Owner-occupied property	-	-	559,534	559,534

Jefast's Owner occupied property is valued by an external independent well-known evaluation institute with yearly recognised qualifications. The value of the owner-occupied property has been calculated using a market-adapted cash flow model in which future estimated revenues and cost (ten years or longer) are simulated to analyse the market expectations on the valuation object. The yield used in the model is derived from sales of similar properties. Variables that have a large impact in deciding the yield requirement are the assessment that the subject will be operated as a full service, chain-affiliated hotel with a supporting reservation system and will be operated by competent and experienced management familiar with the operation of full service hotels. The valuation is based on current earnings capacity and a cash flow, stretching at least ten years, which is estimated for each owner-occupied property. For the revenue part, occupancy and room rate are used. For vacancy rates an estimate is made based on an individual level for each property. The inflation assumption is three per cent. The revenues are assumed to follow the inflation rate. The assessment of cost is based on annual historical data. An estimate of the present value of cash flow and the present value at the end of the calculation period lies as the foundation of the evaluation.

Note 15 Equipment, Tools and Installation

Group

Equipment, tools and installation		
TSEK	2017	2016
At 1 January	63,766	54,990
Cost	4,332	292
Acquisition through subsidiary	3,002	4,624
Reclassifications	-	569
Disposals	-3,164	-1,409
Exchange differences	-5,855	4,700
At 31 December	62,081	63,766

Depreciation and impairment		
TSEK	2017	2016
At 1 January	21,334	17,118
Depreciation for the year	3,928	4,061
Disposal	-385	-1,297
Exchange differences	-1,914	1,452
At 31 December	22,963	21,334
Net book value	39,118	42,432

Note 16 Rent and Other Receivables

Group

Rent and other receivable		
TSEK	2017	2016
Receivable	5,648	6,797
Rent receivable	1,288	759
Other receivables	8,217	6,632
Total	15,153	14,188

Rent and other receivables not impaired have the following maturities		
TSEK	2017	2016
Not due	14,219	15,346
Due ≥ 30 days	643	132
Due 31-90 days	0	151
Due > 90 days	291	158
Total	15,153	15,787

The credit quality of receivables not due or impaired are assessed to be high.

Note 17 Prepaid expenses and Accrued Income

Group

TSEK	2017	2016
Prepaid insurance	1,436	5,650
Accrued income	1,329	1,148
Other prepaid expenses	24,828	14,975
Total	27,593	21,773

Note 18 Cash

Group

TSEK	2017	2016
Cash at bank and on hand	95,469	74,081
Cash at 31 Decemeber	95,469	74,081

Overdraft facilities amount to 0 tkr (0).

Note 19 Equity

Share capital	2017		2016	
	Nominal value	Number of shares	Nominal value	Number of shares
	TSEK	(in thousands)	TSEK	(in thousands)
Share capital at 1 January (issued and fully paid)	500	5	500	5
Issued for cash				
Share capital at 31 December	500	5	500	5

In December 2017 the share capital was increased to 502 TSEK (503) through an issuance of 20 shares (30), which was later reduced to 500 TSEK (500) through a withdrawal of 20 shares (30).

Share capital and number of shares	Number of shares		Quota value	
	2017	2016	2017	2016
Class A shares	4,625	4,625	4,625	4,625
Class B shares	255	255	255	255
Class C shares	120	120	120	120
Total	5,000	5,000	5,000	5,000

The B-shares has a dividends right of priority amounting to 15 165 TSEK after which the C-shares has a dividends right from 15 165 TSEK to a maximum amount equaling 25 275 TSEK. After this dividends payout accrues to the A-shares.

Note 20 Financial Instruments and Financial Risk Management

Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables, and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

Market risk

A decrease in the in the economy and uncertainty in the international financial market has a negative impact on the global economy. The turbulence on the market and changes in the global economy could affect Jefast's tenants and their ability to pay their rent. Deterioration of the global economy or decrease of the demand of properties might have a negative impact on Jefast's business, financial balance and result. There is a housing deficit in all municipalities where Jefast operate. The ten largest commercial tenants account for less than 19% of the rental income.

Currency risk

The Group is exposed to the risk of changes in foreign exchange rates, which relates primarily to the net investments in subsidiaries in the US. The Group does not hedge this risk because the impact on Jefast's business, financial balance and result is immaterial.

Interest risk

One of the Group's largest expense item is interest and the change on the interest market could have a negative impact on Jefast's business and result. The Group has long term credit lines with fixed terms and fixed interest rates through swap agreements.

Credit risk

The credit risk is defined as the risk that Jefast's counterpart cannot meet their financial obligation to Jefast. The financial situation for Jefast's tenants and other counterparties can change and that will affect their ability to pay agreed obligations with Jefast. This will have a negative impact of Jefast's business, balance and result.

Refinancing risk

Jefast may be required to refinance some or all of its outstanding debt. Jefast ability to successfully refinance its debt is based on the conditions of the banking market, capital market and its own financial position at this time. The risk of a future refinancing not being at a feasible or a desirable condition is always a risk, which might have negative impact of Jefast's business, balance or result. Jefast works continuously with refinancing and has today good relations with a number of Swedish financiers.

The tables below displays the Group's financial assets and liabilities that are subject to financial risk management and a comparison of their carrying amounts and fair value:

Group

	Carrying amount		Fair value	
TSEK	2017	2016	2017	2016
FINANCIAL ASSETS				
Loans and receivables				
Deposits	1,474	1,599	1,474	1,599
Rent and other receivables	15,153	14,188	15,153	14,188
Accrued income	1,329	1,148	1,329	1,148
Cash and cash equivalents	95,469	74,081	95,469	74,081
Total financial assets	113,425	91,016	113,425	91,016
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss				
Derivates	-	960	-	960
Financial liabilities at amortised cost				
Interest-bearing loans and borrowings	1,851,928	1,487,184	1,851,928	1,487,184
Bond loans	400,000	200,000	400,000	200,000
Trade and other payables	83,084	41,772	83,084	41,772
Other liabilities	9,547	9,672	9,547	9,672
Accrued expenses	17,478	17,964	17,478	17,964
Total financial liabilities	2,362,037	1,757,552	2,362,037	1,757,552

Classification of Fair value

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as at 31 December 2017

31 December 2017	Level 1	Level 2	Level 3	Total
	TSEK	TSEK	TSEK	TSEK
Financial liabilities at fair value through profit or loss				
Bond loans	400,000			400,000
31 december 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	TSEK	TSEK	TSEK	TSEK
Financial liabilities at fair value through profit or loss				
Derivates		960		960
Bond loans	200,000			200,000

Receivables, rent receivables, cash and bank, accounts payable as well as other receivable are recognised at amortised costs with deduction of potential depreciation, which is why the fair value is assessed to align with the reported value.

The following methods and assumptions has been used to assess the fair value:
The group uses hedging instruments in the form of interest rate swaps in order to decrease the interest rate risk related to interest rate liabilities that the group is exposed to. The interest rate swaps are recognised as derivates and are valued at fair value on level 2 in accordance with the valuation. Change in value on derivate are reported as profit or loss.
The value of interest rate swaps are recognised at the current value of expected flows during the remainder of the maturity. The expected flows are calculated based on the first period as well as the forward rate of 3 months Stibor and its volatility. The current interest rate swap matured during 2017 and a new agreement was entered into in January 2018.
Fair value of the groups interest-bearing debt as well as bond loans are determined using the DCF method using a discount rate that is

representative of Jefast Holding AB (publ) borrowing rate including its own risk for non-performance risk at December 31 2017.

The groups agreed and non-discounted interest rate payments and amortisations of financial liabilities are shown in the table below. Foreign amounts has been recalculated to SEK on the balance sheet day. Financial instruments with floating interest rate has been calculated using the interest rate on the balance sheet day. Liabilities has been included in the earliest period in which amortisation might be required.

The liquidity risk is the risk in which the group has difficulties to realise its obligations related to financial liabilities including bond loans. Careful monitoring decreases the liquidity risk.

The below table shows future cashflow per 2017-12-31:

Group

TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
2017					
Interest-bearing loans and borrowings	672,139	91,873	599,432	637,034	2,000,478
Bond loans	23,900	211,767	213,474	-	449,141
Other liabilities	9,547	-	-	-	9,547
Trade payables and other financial liabilities	83,084	-	-	-	83,084
Total financial liabilities	788,670	303,640	812,906	637,034	2,542,250

TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
2016					
Interest-bearing loans and borrowings	946,032	113,421	114,410	435,455	1,609,318
Bond loans	13,000	13,000	200,855	-	226,855
Derivates	778	-	-	-	778
Other liabilities	9,038	-	-	-	9,038
Trade payables and other financial liabilities	41,772	-	-	-	41,772
Total financial liabilities	1,010,620	126,421	315,265	435,455	1,887,761

Parent Company

TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
2017					
Interest-bearing loans and borrowings	15,469	350	10,117	-	25,936
Bond loans	23,900	211,767	213,474	-	449,141
Other liabilities	1,384	-	-	2077	3,461
Total financial liabilities	40,753	212,117	223,591	2,077	478,538

TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
2016					
Interest-bearing loans and borrowings	763	15,465	10,465	-	26,693
Bond loans	13,000	13,000	200,855	-	226,855
Other liabilities	1,606	-	-	2,828	4,434
Total financial liabilities	15,369	28,465	211,320	2,828	257,982

Note 21 Trade and Other Payables

Group

TSEK	2017	2016
Account payable	83,084	41,772
Other liabilities	9,547	9,038
Total	92,631	50,810

Other liabilities mainly consists of VAT and social security contributions.

Note 22 Accrued Expenses and Prepaid Income

Group

TSEK	2017	2016
Accrued personnel costs	5,066	5,085
Accrued interest	9,454	8,523
Prepaid revenues	15,461	11,522
Other accrued expenses and prepaid income	2,958	4,356
Total	32,939	29,486

Note 23 Related Parties

Entity	Relation	Ownership
Bo Jertshagen	Majority owner	91.6 %
Induere AB (Bo Jertshagen)	Shareholder	8.4 %

Group

Significant transactions and balances with related parties				
	Jefast Förvaltning		Induere	
TSEK	2017	2016	2017	2016
Service management costs	299	386	-	-
Liabilities to related parties	93	326	1,983	2,502

Parent company

Significant transactions and balances with related parties				
	Jefast Förvaltning		Induere	
TSEK	2017	2016	2017	2016
Liabilities to related parties	93	326	1,983	2,502

Transactions regarding the board of directors and the CEO are specified in Note 8. Bo Jertshagen is the sole 100% owner of Jefast Förvaltning.

Note 24 Guarantees and Contingencies

Group

TSEK	2017	2016
Pledged guaranties for own liabilities and provisions		
Company mortgagees	-	-
Property mortgages	1,977,054	1,461,994
	1,977,054	1,461,994
Contingent liabilities	None	None

Parent company

TSEK	2017	2016
Pledged guaranties	None	None
Contingent liabilities		
Contingent liabilities for the benefit of the subsidiaries	300,060	139,295
	300,060	139,295

Note 25 Interest and Dividends

Group

TSEK	2017	2016
Received interest	1,261	217
Paid interest	-68,264	-60,530
	-67,003	-60,313

Note 26 Purchase of Subsidiaries

Group

TSEK	2017	2016
Cash paid, acquisition price	139,726	158,723
Cash and cash equivalents in the acquired subsidiary	-6,510	-459
Effect of acquisition on consolidated cash and cash equivalents	133,216	158,264
Acquired assets and liabilities		
Investment property	316,000	433,500
Non-current assets	30	0
Operating receivables	22,102	5,891
Cash and cash equivalents	6,510	459
Total acquired assets	344,642	439,850
Deferred tax	491	218
Current liabilities	204,425	280,909
Total acquired liabilities	204,916	281,127
Acquired net assets	139,726	158,723
Acquisition price	139,726	158,723

All acquisitions made this year were asset acquisitions.

Note 27 Reconciliation of Liabilities related to Financing Activities

TSEK	2017	2016
Opening balance for liabilities and current liabilities related to financing activities	1,688,778	1,334,874
Changes affecting the cashflow		
Borrowings	790,909	350,537
Loan repayments	-193,224	-19,190
Changes not affecting the cashflow		
Conversion effects	-32,575	26,071
Derivates	-960	-3,514
Closing balance for liabilities and current liabilities related to financing activities	2,252,928	1,688,778

Note 28 Shares in Subsidiaries

Group

TSEK	2017	2016
Cost at 1 January	25,603	25,603
Cost at 31 December	25,603	25,603

Company	Corporate ID	City	Resultat	Equity	Prop. of shares	Book value 2017	Book value 2016
Jefast AB	556311-1409	Höganäs	-5,195	254,446	100 %	25,603	25,603
Jefast Aviation AB	556464-9266	Höganäs			100 %		
Jefast Belgien Västra AB	556856-6201	Höganäs			100 %		
Jefast Byggservice AB	556581-9827	Höganäs			100 %		
Jefast Industriby KB	916941-9315	Höganäs			90 %*		
Jefast Borrower AB	559056-4984	Höganäs			100 %		
Jefast Norra Belgien AB	559056-4968	Höganäs			100 %		
Jefast LP AB	559056-4976	Höganäs			100 %		
Fastigheten Belgien Norra 19 KB	969646-3752	Höganäs			99%*		
Jefast Åstorp AB	559056-4992	Höganäs			100 %		
Jefast Söderåsen AB	556638-5893	Höganäs			100 %		
Jefast Borrower II AB	559109-3140	Höganäs			100 %		
Jefast Danmarkshuset AB	556742-3438	Höganäs			100 %		
Jefast Logistikfastigheter AB	556709-8388	Höganäs			100 %		
Jefast Outlet AB	556709-8404	Höganäs			100 %		
Jefast Cityfastigheter AB	556650-5169	Höganäs			100 %		
Jefast Sundshörnet AB	559126-6886	Höganäs			100 %		
Fastighets AB Snödroppen	556713-8416	Höganäs			100 %		

Company	Corporate ID	City	Resultat	Equity	Prop. of shares	Book value 2017	Book value 2016
Jefast City Fastigheter i Höganäs AB	556720-6247	Höganäs			100 %		
Jefast Citygalleria Holding AB	556856-6193	Höganäs			100 %		
Jefast Fastigheter Holding AB	556856-6250	Höganäs			100 %		
Höganästriangeln HB	969717-3418	Höganäs			99 %*		
Jefast Thor 15 KB	969675-3848	Höganäs			99,97 %*		
Jefast i Höganäs AB	556436-7000	Höganäs			100 %		
Jefast Möllan HB	969661-1046	Höganäs			99 %*		
Jefast i Helsingborg AB	556714-0180	Höganäs			100 %		
Jefast i Ängelholm AB	556721-2567	Höganäs			100 %		
Paletten Hotel & Restaurang KB	916831-3097	Höganäs			99 %*		
Jefast Långaröd AB	556828-3138	Höganäs			100 %		
Jefast Långaröd Holding AB	556856-6268	Höganäs			100 %		
Jefast Specialfastigheter AB	556856-6243	Höganäs			100 %		
Jefast USA AB	556847-9835	Höganäs			100 %		
Jefast Hotel LLC	75-3269387	USA			100 %		
Properties in Fort Lauderdale LLC	46-5554841	USA			100 %		
Jefast Manager LLC	45-4908005	USA			100 %		
Jefast Pelican Grand I LLC	35-2344083	USA			99 %*		
Jefasthuset Holding AB	556844-0928	Höganäs			100 %		
Jefasthuset AB	556676-5805	Höganäs			100 %		
Manere AB	556850-4806	Höganäs			100 %		
Jefast Citygalleria AB	556731-9065	Höganäs			100 %		
18 i Höganäs AB	556852-7120	Höganäs			100 %		
Jefast Parkering AB	556468-2549	Höganäs			100 %		
Jefast Real Estate LLC	68-0676594	USA			100 %		
Miscere AB	556851-0902	Höganäs			100 %		
Struere AB	556767-3933	Höganäs			100 %		

*The remainder of the shares are held by other Group Comapanies

Note 29 Receivables from Group Companies

Group

Reconciliation of receivables from group		
TSEK	2017	2016
Receivables from Group companies at 1 January	223,172	173,257
Added receivables	234,191	246,915
Subtracted receivables	-42,736	-197,000
Receivables from Group companies at 31 December	414,627	223,172

Receivables from Group companies equals loans to subsidiaries. There are no due dates on the loans.

Note 30 Events After The Reporting Period

Pelican Grand Beach Resort

The loan in the USA related to the hotel operations was refinanced during the month of February. The terms and conditions are better than the previous loan however it was made with the same lender as previous.

Bond issuance

In April a tap issue was finalised within the framework of the outstanding bond with ISIN SE0009696313 ("2017/2021 bonds") in the amount of 225 MSEK the proceeds will be used for redeeming the outstanding bond with ISIN SE0007186085 ("2015/2019 Bond") due 24 January 2019.

Note 31 Proposed Profit Allocation

Proposed profit/loss allocation	
Profit carried forward	21,936,121
Issue of share capital	-2,000
Reduction of the share capital	-2,998,000
Profit for the year	0
	18,936,121
to be distributed so they are:	
carried over	18,936,121

Definitions

Definitions - IFRS

Earnings per share
Earnings for the period that are attributable to the Parent company's owners divided by average number of outstanding shares.

Operating profit (EBIT)
Earnings before taxes and interest.

Definitions - Alternative key financial ratios

Jefast Holding AB (publ) presents certain financial measures in this report that are not defined according to IFRS. Jefast considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS.

Equity/assets ratio
Shareholder's equity as a percentage of total capital according to the balance sheet.

Net loan to value
Interest bearing net debt (interest bearing debt adjusted for cash) in relation to the total property value at the balance sheet day.

Interest coverage ratio
Operating profit adjusted for fair value change in investment properties and depreciations in relation financial income and expenses.

Definitions - Other key ratios

Number of properties
Total number of properties owned by Jefast and its subsidiaries at the end of the period.

Number of rooms owned
Total number of rooms/units owned by Jefast at the Pelican Grand Beach Resort, at the end of the period.

Economic rental rate
Rental income as a percentage of the rental value.

Occupancy rate
Room nights sold divided by rooms available multiplied by 100. Occupancy is always displayed as a percentage of rooms available.

Average Daily Rate
Average daily rate (ADR). Room revenue divided by the number of rooms sold displayed as the average rate for one room.

Revenue per available room
Revenue per available room (RevPAR) Room revenue divided with the number of available rooms.

Signatures

The consolidated statement of income and consolidated statement of financial position, together with the Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting on 27 April 2018.

The Board of Directors and the Chief Executive Officer hereby certify that the annual accounts have been prepared in accordance with generally accepted accounting practice and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU.

The annual accounts and the consolidated accounts provide a true and fair view of the financial position and results of the Parent Company and the Group.

The Director's report for the Parent Company and the Group provides a true and fair view of the development of the operations, financial position and performance of the Parent Company and the Group and also describes the material risks and uncertainties facing the Parent Company and the other companies in the Group.

Höganäs 27 april 2018

Bo Jertshagen, Chairman

Cassandra Jertshagen, Board member & CEO

Joakim Green, Board member

Our Audit report was submitted April 27 2018
Ernst and Young AB

Henrik Nilsson, Authorized Public Accountant

Contact Information

For further information and/ or questions please contact:

Cassandra Jertshagen, CEO, +46 (0)42-36 12 01, cassandra@jefast.se

Maria Jonasson, CFO, +46 (0)42-36 12 21, maria@jefast.se

Financial report as well as press-releases will be available on Jefast's website:
www.jefast.se

Calendar 2018-2019

- Quarterly report 1 2018: 31 May 2018
- Quarterly report 2 2018: 31 August 2018
- Quarterly report 3 2018: 30 November 2018
- Year-end report 2018: 28 February 2018
- Annual Report 2018: 30 April 2019

This information is information that Jefast Holding AB (publ) is obliged to make public pursuant to the Securities Market Act (2007:528). The information was submitted for publication, through the agency of the contact person set out above CEO Cassandra Jertshagen, at 16:30 CEST on 27 April 2018.

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Auditor's report

To the general meeting of the shareholders of Jefast Holding AB (publ), corporate identity number 556721-2526

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Jefast Holding AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 12-52 in this document.

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 2017 and its financial performance and cash flow 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 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of properties

Description	*How our audit addressed this key audit matter*
Investment properties is a significant balance sheet item and amounted to 2 751 MSEK in the consolidated statement of financial position as of 31 December 2017. Investment properties is recorded at fair value. Owner-occupied properties is a significant balance sheet item and amounted to 531 MSEK in the consolidated statement of financial position as of 31 December 2017. Owner-occupied properties are initially valued at cost but then valued according to the revaluation method. Each quarter the company makes an internal valuation and at year-end all properties are externally valued. The fair value measurement is based on presumptions regarding every properties rental income, operating cost, investments, discount rate and return requirements. The return requirement is unique for each property and decided through an analysis of transactions made on the market as well as the properties market position. Due to the amount of assumptions we consider this area to be a key audit matter. A description of the fair value measurement basis is found in Note 1 Accounting policies on page 26 and in Note 13 and 14.	In our audit we have assessed objectivity, independence and competence of the external valuation company. We have assessed and evaluated management's process for fair value measurement. We have evaluated the assumptions made in the external valuations including rental income, vacancy, inflation, operating and maintenance costs. The audit has been made with assistance from our internal specialists. For a selection of investment properties we have compared the external valuations input regarding rental income and operating costs to the company's accounts. We have reviewed information in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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Building a better working world

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Jefast Holding AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. 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 in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Jakobsbergsgatan 24, 111 44 Stockholm, was appointed auditor of Jefast Holding AB by the general meeting of the shareholders on the 28 of April 2017 and has been the company's auditor since the 11 of February 2013.

Ängelholm 27 April, 2018

Ernst & Young AB

Henrik Nilsson
Authorized Public Accountant