

## Year-end Report 2016

2016-01-01 to 2016-12-31

A strong year for Jefast in a strong market!

- Revenue increase by 20% to SEK 275.2 m (229.4)
- Profit increase by 73% to 221.4 m (128)
- Portfolio value increase by 33.6% to SEK 2,458bn (1,839)

Group key figures, SEKm	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revenue	71.9	58.2	275.2	229.4
Operating profit	61.1	33.4	221.4	128.0
Changes in value, SEK	42.7	20.6	142.4	82.5
Profit for the period	37.7	17.1	132.3	65.0



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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 37 properties including both commercial and residential properties.*

# CEO's Comments

## A strong and eventful year!

This year flew by fast! Looking back on 2016 it has truly been a year filled with changes for Jefast. About a year ago Jefast issued its first bond loan on the Nordic capital markets. This year has meant many things for Jefast. We have grown by about 30% in Sweden, converted our reporting from K3 to IFRS and listed our outstanding bond loan on Nasdaq Stockholm. Parallel to this, we have been working hard on the construction project "Kv. Holland/ Söderpunkten" - what a year!

During the year we have noticed a strong demand for properties in Helsingborg and Höganäs. This was clear in the latest valuations that were finalised in the fourth quarter by Newsec. Jefast is increasing its property portfolio value by SEK 619m compared to the latest valuations done in 2015.

On the other side of the Atlantic - the hotel business in Fort Lauderdale has performed its best year since Jefast acquired it. We are starting to see the returns on the investments done throughout the years - especially from 2014-2015 when two conference facilities, a spa and a penthouse was added to the property.

With an intense year behind us, the fourth quarter was characterised by focus on preparing for the new year and continue the work with Kv Holland. In addition, the company continues to identify exciting acquisition targets and is evaluating potential financing sources to secure such acquisitions. Following this year-end report, Jefast has mandated Carnegie Investment Bank to organise a series of investor meetings. Investor meetings are expected to start on March 7<sup>th</sup> and conditions for a debt capital markets transaction in conjunction with potential acquisitions may be investigated. We truly look forward to 2017, which is also a jubilee year for Jefast - we are turning 40 years!

Höganäs, February 2017

Martin Persson  
CEO

# Income, Expenses & Profits

## Revenue

Total revenue for the fourth quarter amounted to SEK 71.9m (58.1), of which the hotel business accounted for approximately SEK 40m (36). Total revenue for the year amounted to SEK 275.2m (229.4). The hotel business grew its revenue compared to last year by almost SEK 17m. Rooms revenue accounted for SEK 7.7m and food and beverage revenue SEK 4.9m. Furthermore, the share of total revenue percentage derived from the hotel business remains stable, accounting for 55.5% in the fourth quarter compared to 52.3% in the third quarter. Total revenue from the Swedish investment properties has now stabilised. Following full integration of the acquisitions during the first half of the year, the group's Swedish portfolio generated approximately SEK 31m (22) in revenue.

## Operating expenses

Operating expenses for the fourth quarter decreased slightly to SEK 32.3m (33.9). However, for the year operating expenses increased to SEK 131.3m (117.2). The main drivers of the increase are tied to the hotel business and its HR department. During the year, the General Manager, Controller and Executive Chef positions have partially been filled by interim solutions. Further, the company has been subject to costs tied to relocation of staff members and severance packages. These expenses are of non-recurring nature and are not expected moving forward since all vacant positions now have been filled.

## Administrative expenses

Administrative expenses for the fourth quarter increased to SEK 20.1m (16.3), but decreased for the year to SEK 62.4m (66.9). The reason being prior year included one-

time reclassification entry for construction, professional and legal fees of 4.96 m.

## Loss on disposal of investment property

The company did not have any loss on disposal of investment property for the fourth quarter. However, for the year the Company reports a loss of SEK 1.4m derived from disposal of investment properties. This is tied to the divestment of the property Ålsgårde in Denmark.

## Value investment property

The change in fair value of investment properties in the fourth quarter amounted to SEK 42.7m (20.6). For the year the change amounted to SEK 142.4m (82.5).

## Financial Income and Expense

Total interest expenses for the fourth quarter amounted to SEK 13.4m (10.9). Total interest expenses for the year was amounted to SEK 60.1m (41.8).

## Derivatives

Change in fair value of derivatives of SEK 1.05m (0.56) during the fourth quarter is tied to a swap maturing in the second quarter 2017. Change in fair value of derivatives for the year amounted to SEK 3.5m

## Profit after taxes in the period

Profit after taxes amounts to SEK 37.7m (17.1) in the fourth quarter. Profit after taxes for the year amounts to SEK 132.3m (65).

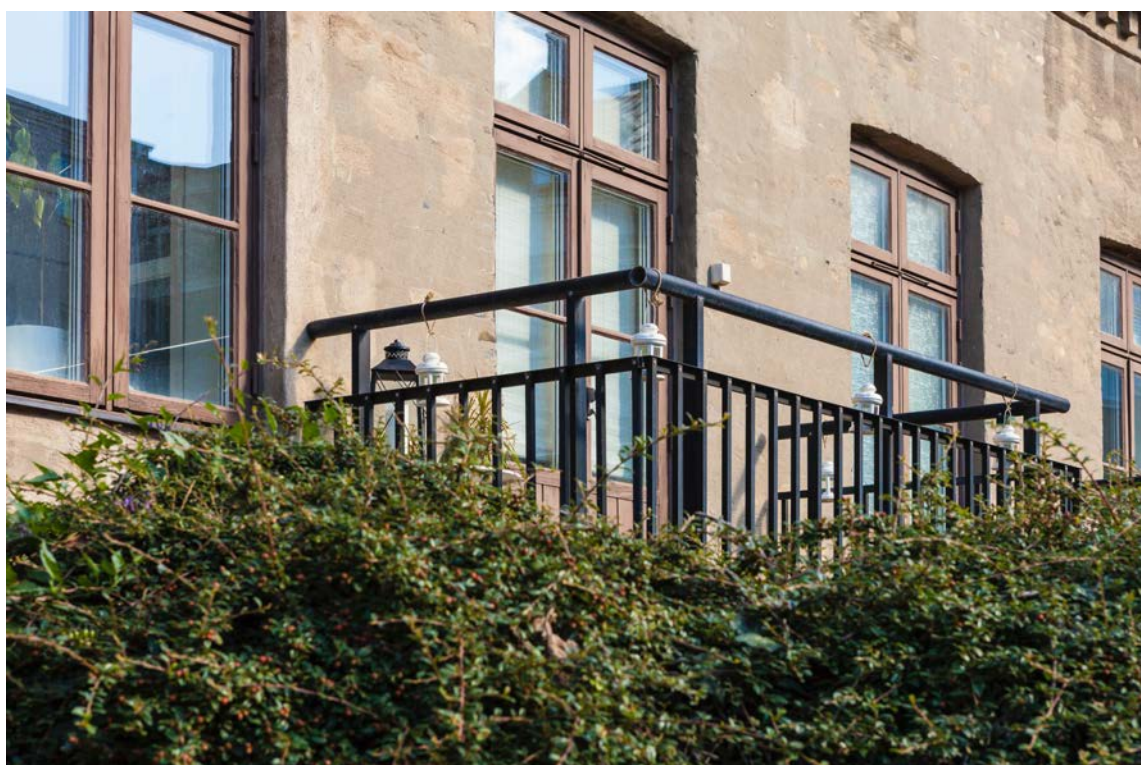
# Group Key Figures

## Investment Property Segment

	Oct-Dec 2016	Oct-Dec 2015
Area, m2	135,087	97,311
Economic rental rate, commercial, %*	93.3	89.7
Economic rental rate, apartments, %	99.5	99.8
Rental value, commercial, SEK	54,751,062	38,737,925
Rental value, apartments, SEK	67,020,054	39,854,949
Value per square meter, SEK/m2	13,670	13
Number of commercial spaces	237	187
Number of apartments	931	516
Number of properties	37	31

\*Kv Holland excluded.

\*\*Jefast bought its first properties in Åstorp in 2015



## Hotel Business Segment

	Oct-Dec 2016	Oct-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Building area, m2	19,430	19,431	19,432	19,433
Occupancy rate, %	76.5	83.3	80.49	83.67
Average rate, per night*	2,159	2,185	2,323	2,249
RevPAR*	3,558	3,847	3,358	3,317
Number of rooms owned	131	131	131	131

\*Exchange rate USD to SEK: 9.0971



## Group Key Figures - Financial

	Dec 2016	Dec 2015
Loan to Property value ratio, %	68.6	62.1
Net Loan to Property value ratio, %	65.6	51.0
Equity / Assets ratio, %	29.3	30.5
Debt / Equity Ratio, times	2.4	2.3
Interest Coverage Ratio, times	1.6	1.4

# Investment Properties

## Portfolio value increase

At the end of the fourth quarter of 2016 the group had all the properties externally evaluated by Newsec. The value of the property portfolio amounted to SEK 2,458bn (1,839). This equals an increase year over year of SEK 619m, of which acquisitions and sales contributed with an increase of SEK 427m. The property market in and around Helsingborg has experienced increasing demand especially for residential properties, thus increasing the portfolio value.

Jefast owns, manages and develops properties in the southern parts of Sweden and the portfolio consists of residential, office, retail and industrial properties. Jefast's properties are all located in and around Helsingborg - ensuring our closeness and attention to all of our properties in an easy way. In 2016, Jefast invested SEK 21.1m in the properties. Included in this is the rebuilding and tenant adjustment of Lerberget 49:710 as well as the conversion from retail to residential space in Höganäs 34:69.

## Kv. Holland

The project Kv. Holland is in full speed and during the fourth quarter Jefast had its official groundbreaking event. Several tenants have expressed interest in the remainder of the space, including both retail, office and residential. Currently, the economic occupancy rate amounts to 85%. The completion date of the galleria has been postponed to the first quarter of 2018 due to several unforeseen conditions. Furthermore, the residential and office building is scheduled to be completed in the third quarter of 2019. As per 2016-12-31, Jefast had invested SEK 80m into the project.



# Property Acquisitions and Sales



## Property Acquisitions and Sales January-December 2016

Quarter	Property	Municipality	Category	Area, m <sup>2</sup>	Price, MSEK
1	Flora 5	Höganäs	Residential/Office	1,502	16.5
1	Musslan 1,2 & Mullvaden 9, 10, 11	Åstorp	Residential	26,876	230
2	Belgien Norra 19	Helsingborg	Residential/Retail/Office	9,063	187.5
<b>Total Acquisitions 2016</b>				<b>37,441</b>	<b>434</b>
4	Ålsgårde, Hellebaek	Denmark	Residential villa	n/a	6.7
<b>Total Sales 2016</b>				<b>n/a</b>	<b>6.7</b>



# Events in and after the reporting period

## Rent negotiations

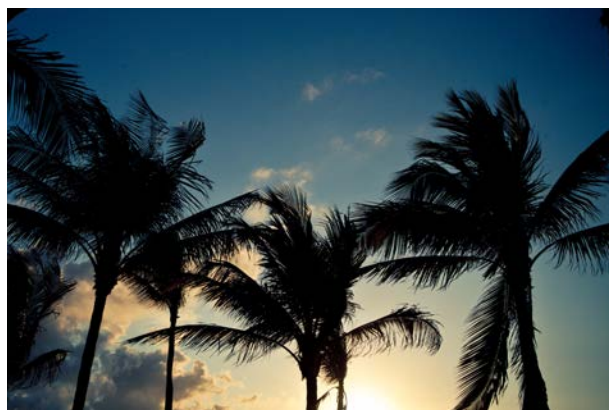
Rent negotiations were finalised with The Swedish Union of Tenants (Hyregästföreningen). The outcome for the upcoming year was approximately:

- Helsingborg: 0.75%
- Höganäs: 0.65%
- Åstorp: 0.5%

## Recruiting

As a result of the growth in 2016, Jefast has recruited a new team-member. We welcome Karin Andersson as our new administrator.

The Pelican Grand has also recruited a new Director of Finance, Americo Nocete, replacing the current interim Controller. Mr. Nocete comes from the hotel business and has previously worked for Tecton/Trust Hospitality as a Regional Controller/Dir. of Finance. Furthermore, a new Director of Sales has been hired, Tina S. Gerson. Miss Gerson has a background in sales positions in high-end boutique hotels, previously from the Loews Miami Beach Hotel.



## Lease Agreement: Municipality of Höganäs

In October 2016, Jefast signed a ten-year lease agreement with the Municipality of Höganäs for premises that are currently occupied by Friskis & Svettis. By the time of Friskis & Svettis's lease termination, the Municipality of Höganäs will move into the premise which totals an area of 1,930 m<sup>2</sup>.

## After the reporting period

One condominium unit ("hotel room") was purchased at the Pelican Grand Beach Resort and the hotel will access it on 31 January 2017.

Jefast signed a new agreement with Lamaro, property management company, to take over the external and internal property management service in Höganäs. The agreement will come into effect May 1 2017.

Jefast announced a delay in the opening of the galleria at Kv Holland due to unforeseen factors. The new projected opening date is set for easter 2018.

# Miscellaneous

## Employees

At the end of the period, 2016-12-31, Jefast had a total of 15 employees. At the hotel in USA, the employees are employed by Noble House (the hotel operator) whilst Jefast pays the salaries.

## Significant risks and other uncertainty factors

### **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. Approximately 29.3% of the loan portfolio in Jefast Group is hedged by interest rate swaps (maturing in 2017). In addition, loans of about 200 million are signed with a fixed interest rate (maturity 2017). The Group is in the process of refinancing these debts and estimating a decrease in interest costs. Net Loan to Property value ratio for the Group is 65.6% (51.0%).

### **Currency risk**

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

## Accounting policies

Jefast's consolidated accounts comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Furthermore, the recommendation RFR 1 Supplementary accounting rules for corporate groups issued by the Swedish Financial Reporting Board have been applied. The parent company has prepared its financial statements in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities. For complete accounting policies, please refer to Jefast's annual accounts for 2015.

# Consolidated Group Income Statement

All amounts in TSEK	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revenue	71,966	58,127	275,159	229,412
Operating expenses	-32,392	-29,002	-131,217	-117,144
<b>Gross profit</b>	<b>39,574</b>	<b>23,274</b>	<b>143,942</b>	<b>112,268</b>
Administrative Expenses	-20,072	-16,314	-62,449	-66,933
Loss on disposal of investment property	0	0	-1,368	0
Changes in fair value of investment property	42,733	20,628	142,445	82,510
Other operating income	0	133	2,208	533
Other operating expenses	-1,136	-98	-3,391	-394
<b>Operating profit/(loss)</b>	<b>61,099</b>	<b>33,474</b>	<b>221,387</b>	<b>127,984</b>
Finance Income	80	450	409	1,800
Finance Expense	-13,409	-10,992	-60,195	-41,803
Changes in fair value of derivatives	1,054	555	3,514	2,219
<b>Profit before tax</b>	<b>48,824</b>	<b>23,487</b>	<b>165,115</b>	<b>90,200</b>
Income tax expense	-11,125	-6,358	-32,809	-25,238
<b>Profit for the year</b>	<b>37,699</b>	<b>17,129</b>	<b>132,306</b>	<b>64,962</b>
<b>Profit attributable to:</b>				
Equity owners of the company	37,699	17,129	132,306	64,962

# Statement of Other Comprehensive Income

	2016	2015	2016	2015
All amounts in TSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Profit for the year</b>	<b>37,699</b>	<b>17,129</b>	<b>132,306</b>	<b>64,962</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of foreign operations	9,611	1,770	32,036	7,081
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>9,611</b>	<b>1,770</b>	<b>32,036</b>	<b>7,081</b>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Change in value of owner-occupied property	-8,197	-2,190	-27,323	-8,761
Income tax	1,803	482	6,011	1,927
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-6,394</b>	<b>-1,708</b>	<b>-21,312</b>	<b>-6,834</b>
<b>Total comprehensive income for the year net of tax</b>	<b>40,916</b>	<b>17,191</b>	<b>143,030</b>	<b>65,209</b>
<b>Total comprehensive income attributable to:</b>				
Equity owners of the company	40,916	17,191	143,030	65,209

# Consolidated Group Balance Sheet - Assets

All amounts in SEK	31 December 2016	31 December 2015
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Intangible assets	0	232
Investment property	1,899,136	1,300,133
Investment property under construction	149,826	67,978
Owner-occupied property	559,472	551,006
Owner-occupied property under construction	62	128
Other property, plant and equipment	42,432	37,872
Deferred tax assets	211	984
Receivables	1,599	1,548
<b>Total non-current assets</b>	<b>2,652,738</b>	<b>1,959,881</b>
<b>Current assets</b>		
Inventory	1,823	1,359
Rent and other receivables	14,188	20,067
Tax assets	1,837	0
Prepaid expenses and accrued income	21,773	20,920
Cash and cash equivalents	74,081	203,209
<b>Total current assets</b>	<b>113,702</b>	<b>245,555</b>
<b>TOTAL ASSETS</b>	<b>2,766,440</b>	<b>2,205,436</b>

# Consolidated Group Balance Sheet - Equity and Liability

All amounts in SEK	31 December 2016	31 December 2015
<b>EQUITY AND LIABILITIES</b>		
Share capital	500	100
Foreign currency translation reserve	56,514	24,478
Revaluation reserve	126,612	149,978
Retained earnings	628,175	497,212
<b>Equity attributable to the shareholders of the parent</b>	<b>811,801</b>	<b>671,768</b>
<b>Total equity</b>	<b>811,801</b>	<b>671,768</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	1,419,995	1,125,603
Bond loans	200,000	182,000
Deferred tax liabilities	184,734	159,735
Derivative financial instruments	960	4,475
Other liabilities	634	3,202
<b>Total non-current liabilities</b>	<b>1,806,323</b>	<b>1,475,015</b>
<b>Current liabilities</b>		
Interest bearing loans and borrowings	67,189	14,272
Trade and other payables	41,772	15,643
Tax liabilities	831	2,821
Other liabilities	9,038	9,018
Accrued expenses and prepaid income	29,486	16,899
<b>Total current liabilities</b>	<b>148,316</b>	<b>58,653</b>
<b>Total liabilities</b>	<b>1,954,639</b>	<b>1,533,668</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,766,440</b>	<b>2,205,436</b>

# Statement of Changes in Equity

Amounts in TSEK	Share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total equity
<b>Equity at 1 January 2015</b>	<b>100</b>	<b>17,397</b>	<b>158,960</b>	<b>430,102</b>	<b>606,559</b>
Profit/loss for the year	0	0	0	64,962	64,962
Other comprehensive income	0	7,081	-6,834	0	247
<i>Total comprehensive income for the year</i>	<i>0</i>	<i>7,081</i>	<i>-6,834</i>	<i>64,962</i>	<i>65,209</i>
Effect of depreciation on the revaluation reserve	0	0	-2,148	2,148	0
<b>Equity at 31 December 2015</b>	<b>100</b>	<b>24,478</b>	<b>149,978</b>	<b>497,212</b>	<b>671,768</b>
Profit/loss for the year	0	0	0	132,306	132,306
Other comprehensive income	0	32,036	-21,312	0	10,724
<i>Total comprehensive income for the year</i>	<i>0</i>	<i>32,036</i>	<i>-21,312</i>	<i>132,306</i>	<i>143,030</i>
Effect of depreciation on the revaluation reserve	0	0	-2,054	2,054	0
					<b>0</b>
<b>Transactions with owners:</b>					<b>0</b>
Issue of share capital	400			-400	0
Reduction of the share capital				-2,997	-2,997
<b>Equity at 31 December 2016</b>	<b>500</b>	<b>56,514</b>	<b>126,612</b>	<b>628,175</b>	<b>811,801</b>

# Statement of Cash Flow

Amounts in TSEK	2016	2015
<b>Operating activities</b>		
Profit or loss before tax	165,116	90,200
Adjustments to reconcile profit before tax to net cash flows:		
Changes in value from investment property	-142,445	-82,510
Gain/loss on disposal of property, plant and equipment	1,223	106
Depreciations	14,721	10,459
Exchange gains	-4,929	-1,689
Change in fair value of derivatives	-3,514	-2,219
	<b>30,172</b>	<b>14,347</b>
Working capital adjustments:		
Change in operating receivables	5,343	-18,033
Change in inventory	-464	-63
Change in operating liabilities	41,008	-1,857
Income tax paid	-4,853	-567
<b>Net cash flow from operating activities</b>	<b>71,206</b>	<b>-6,173</b>
<b>Investment activities</b>		
Purchase of subsidiaries	-158,291	-11,726
Purchase of investment property	-295,536	-62,976
Expenditure on investment property under construction	-80,333	-67,366
Purchase of owner-occupied property	-593	-2,307
Expenditure on owner-occupied property under construction	0	-87,922
Purchase of property, plant and equipment	-4,910	-479
Proceeds from disposal of investment property	0	450
Proceeds from disposal of owner-occupied property	6,527	0
Changes in long term receivables	-51	-163
<b>Net cash flow from investing activities</b>	<b>-533,187</b>	<b>-232,489</b>
Financing activities		
Proceeds from borrowings	350,537	421,445
Repayment of borrowings	-19,190	-11,940
<b>Net cash from financing activities</b>	<b>331,347</b>	<b>409,505</b>
Net increase in cash and cash equivalents	-130,634	170,843
Cash and cash equivalents at the beginning of the year	203,209	31,156
Translation adjustments of cash and cash equivalents	1,506	1,210
<b>Cash and cash equivalents as of 31 December</b>	<b>74,081</b>	<b>203,209</b>



# Parent Company Income Statement

All amounts in TSEK	2016	2015
Net sales		
Administrative expenses	-1,538	-762
<b>Operating profit/(loss)</b>	<b>-1,538</b>	<b>-762</b>
Profit from shares in group companies	0	0
Finance expenses	-7,280	-790
<b>Profit/loss after financial items</b>	<b>-8,818</b>	<b>-1,552</b>
Received Group contributions	8,818	1,553
<b>Profit/loss before tax</b>	<b>0</b>	<b>1</b>
Income tax expense	0	0
<b>Profit for the year</b>	<b>0</b>	<b>1</b>

# Statement of Other Comprehensive Income

All amounts in TSEK	2016	2015
Profit for the year	0	1
Other comprehensive income net of tax		
<b>Total comprehensive income for the year net of tax</b>	<b>0</b>	<b>1</b>

# Parent Company Balance Sheet

All amounts in SEK	31 December 2016	31 December 2015
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Shares in group companies	25,603	25,603
Receivables from group companies	223,172	173,257
<b>Total non-current assets</b>	<b>248,775</b>	<b>198,860</b>
<b>Current assets</b>		
Other receivables	0	10,000
Prepaid expenses and accrued income	2,593	3,954
Cash and cash equivalents	502	97
<b>Total current assets</b>	<b>3,095</b>	<b>14,051</b>
<b>TOTAL ASSETS</b>	<b>251,870</b>	<b>212,911</b>
<b>EQUITY &amp; LIABILITIES</b>		
<i>Restricted equity</i>		
Share capital	500	100
<b>Restricted equity</b>	<b>500</b>	<b>100</b>
Non-restricted capital		
Retained earnings	21,936	25,335
Profit/loss for the year	0	0
<b>Non-restricted capital</b>	<b>21,936</b>	<b>25,335</b>
<b>Total equity</b>	<b>22,436</b>	<b>25,435</b>
<b>Non-current liabilities</b>		
Long-term borrowings	200,000	182,000
Intercompany liabilities	0	0
Other liabilities	25,000	2,310
<b>Total non-current liabilities</b>	<b>225,000</b>	<b>184,310</b>
<b>Current liabilities</b>		
Other liabilities	2,828	0
Accrued expenses and prepaid income	1,606	3,166
<b>Total current liabilities</b>	<b>4,434</b>	<b>3,166</b>
<b>Total liabilities</b>	<b>229,434</b>	<b>187,476</b>
<b>Total equity and liabilities</b>	<b>251,870</b>	<b>212,911</b>

# Definitions

## Property related

### **No. of properties**

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

### **Economic rental rate**

Rental income as a percentage of rental value.

## Hotel related

### **Occupancy rate**

Rooms sold divided by rooms available multiplied by 100. Occupancy is always displayed as a percentage of rooms occupied.

### **Average rate**

ADR (Average Daily Rate) - Room revenue divided by rooms sold, displayed as the average rental rate for a single room.

### **RevPAR**

RevPAR (Revenue per Available Room) - Room revenue divided by rooms available.

### **Number of rooms owned**

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

## Financial

### **Interest-coverage ratio**

Profit from property management before tax after reversal of financial expense in relation to financial expenses.

### **Debt/equity ratio, multiple**

Total liabilities divided by total equity.

### **Loan-to-value ratio, properties**

Interest bearing liabilities at the end of the period in relation to the properties value at the end of the period.

### **Net Loan-to-value**

Net Interest Bearing Debt as a percentage of the aggregate Value of all Properties.

### **Equity/assets ratio**

Equity as a percentage of total assets at the end of the period

## Contact Information

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Financial report as well as press-releases will be available on Jefast's website:  
[www.jefast.se](http://www.jefast.se)

## Calendar 2017

- Annual report 2016: 28 April 2017
- Quarterly Report 1 2017: 31 May 2017
- Quarterly Report 2 2017: 31 August 2017
- Quarterly Report 3 2017: 30 November 2017
- Year-end report 2017: 28 February 2018