Annual report 2018

2018-01-01 to 2018-12-31
Jefast Holding AB (publ), org nr 556721-2526

The year in brief

Jan – Dec 2018

- Revenues amounted to 301,3 MSEK (305.8)
- Operating profit amounted to 70,3 MSEK (159.8)
- Net loan to value amounted to 65,2 % (65.8)
- The interest coverage ratio amounted to 1,3 x (1.5)
- The property portfolio value amounted to 3,110 MSEK (3,281)

Major events Jan - Dec 2018

- The loan attributable to the US business was refinanced during the first quarter
- An interest cap was issued in the amount of SEK 204 million for the Swedish business
- The company divested all properties in Åstorp with 28,500 sq.m. and an annual rental value of SEK 26.5 million.
- A new tap issue was made within the framework of the outstanding bond loan of SEK 225 million, the proceeds were used to redeem the outstanding bond
- The outstanding bond loan maturing in 2019 was redeemed on May 24 (ISIN SE0007186085)
- Rental initiatives were carried out in the property Holland 25, "SöDER", which resulted in 97% economic rental rate (excluding office space). The tenants gradually access their premises and tenant adjustments continues during the year
- A divestment of 10 properties took place including approximately 150 apartments and approximately 19,000 sq.m. The transaction was carried out as a company transaction with an underlying property value of SEK 289 million

- The project SöDER within the properties Holland, opened to the public on October 26

- Events after the year end

Jefast received a price as the Property Owner of the year in Helsingborg city. The award is initiated by the cooperation organization named HBG City, which is owned by the City of Helsingborg, The City Property Owners and Helsingborg City organization.

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Jefast was founded in 1977 and has since then had its headquarter in Höganäs, Skåne. Jefast owns and develops properties i Höganäs and Helsingborg and its close surroundings, as well as a hotel in Fort Lauderdale, Florida USA. The company owns total of 124,296 square meters including both commercial and residential properties in Sweden.

CEO's COMMENTS

The year in brief

The past year has been a very eventful year for the company. In the beginning of the year a tap issue was initiated on the outstanding bond loan. This took place in April leading to a total outstanding bond loan of 425 MSEK.
The hotel business loan was also refinanced, and the entire loan amount was hedged with an interest rate cap. 204 MSEK of outstanding loans related to the Swedish business was also hedged with an interest rate cap.

With two large projects ongoing the company has had many challenges to overcome. The delays in the opening of SöDER (Kv Holland 25,26) as well as the delay in the refurbishment project at Pelican Grand has effected the revenues and the result for the year. Due to delays we are also experiencing increasing financial costs with expensive construction loans. Furthermore, the result has also been effected with several one-time costs. These costs includes bond loan tap issue, refinancing of the hotel business as well as interest compensation costs due to divestments. It has also required a lot of engagement, hard work and time for the entire organisation in order to ensure the continuation and finalisation of the projects.

Divestments

During the year of 2018 two larger property portfolios were divested. A divestment of the company's Åstorp properties took place with an agreed property value of 270 MSEK. The portfolio included a total of 28,500 sq.m of lettable area with 371 apartments.

During the fourth quarter a divestment of 10 properties located in the municipality of Höganäs took place. With a long history as the largest Private property owner in Höganäs, we believe it is very valuable and strategically to further strengthen the market with an additional large and well-known property owner. This was also an indication of a lucrative property market in Höganäs.

Kv Holland

In October the grand opening of Kv Holland - SöDER, finally took place! It has been a long project and on the 26th of October we opened to the public. We had a wonderful opening weekend with many visitors.

The project is however partly still ongoing. Remaining investments in Holland 25 are being done mainly for the office building. Tenant adjustments are in full speed for the remaining tenants. Several tenants were signed during the year with a clear focus on complementing the offerings in the urban city center as well as further strengthen SöDER as an experience destination with new and unique concepts establishing in Helsingborg. We have also worked closely with the City of Helsingborg as well as other Property Owners in order to develop the city district together.

Pelican Grand

During 2018 condominum units has been purchased, leading to Jefast owning more than 90% of the total hotel. This is inline with our long-term goal to become 100% owners. The first quarter was the best performance so far for the hotel. The fourth quarter has been effected by the current refurbishment of the rooms. The refurbishment has been prolonged compared to the original plan due to several factors. However, the project is inline with the projected budget. The new room design has been very well received and at year-end most of the rooms were back in inventory.

On a final note, I would like to thank the entire organisation for hard and dedicated work this past year!

Höganäs, April 2019

Cassandra Jertshagen
CEO

Major events during the year

First quarter

- The loan attributable to the US business was refinanced
- An interest cap was issued for SEK 204 million for the Swedish business

Second quarter

- The company divested all properties in Åstorp with 28,500 sq.m. with an annual rental value of SEK 26.5 million
- A new tap issue was made within the framework of the outstanding bond loan of SEK 225 million, the proceeds were used to redeem the outstanding bond
- The outstanding bond loan maturing in 2019 was redeemed on May 24 (ISIN SE0007186085)
- Rental initiatives were carried out in the property Holland 25, "SöDER"

Third quarter

- Continued rental initiatives took place in the property Holland 25, “SöDER”, which resulted in 97% economic rental rate (excluding office space). The tenants gradually access their premises and tenant adjustments continued throughout the year

Fourth quarter

- The project SöDER within the properties Holland, opened to the public on October 26
- A divestment of 10 properties took place including approximately 150 apartments and approximately 19,000 sq.m. The transaction was carried out as a company transaction with an underlying property value of SEK 289 million

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 3,110 MSEK (3,281), with 30 properties (44) 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 442 (992) apartments, equaling 32,307 s.qm (70,089) residential area. Commercial units consist of 218 (287) commercial spaces, equaling 91,989 s.qm (98,814) rentable area. The hotel property consist of 156 rooms of which Jefast owns 136 (134), which means 90.8 % (89,4) of the total property is controlled by Jefast in which common areas such as restaurant, bar, spa etcetera is included.

Overview of the Swedish real estate portfolio

	31 December 2018	31 December 2017
Area, m2	124,296	168,903
Economic Rental rate, commercial, %*	86.1	90.9
Economic Rental rate, apartments, %	100.0	99.5
Number of commercial spaces *	218	287
Number of apartments	442	992
Number of properties	30	44

* Not yet finalized parts within the property Holland 25 project have been excluded.

Location

The Swedish property portfolio is concentrated to North-Western Skåne. Jefast's long-term 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 100% (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 86.1% at the year-end (90.9). By maintaining a diversified lease structure, the company reduces its risks. With more than 40 years of experience in the Real Estate business, the company holds extensive in-house experience allowing for active portfolio refinement and work. The business is and will continue to be geographically focused to Höganäs & Helsingborg and the surrounding area, as the company has made the assessment that there is sufficient potential for growth in both its own portfolio and in the market.

Projects & Development

Kv. Holland 25, 26 & 27

The largest on-going project during 2018 is continuing to be the three-dimensional property block Kv. Holland 25, 26 & 27. The anchor tenants include Hemköp, Filmstaden (previous SF Bio due to name change), Nordic Wellness, as well as the sports – and bowling bar Pitcher's with relatively long lease agreements, which contributes to a low project risk. The urban city center and Filmstaden opened for the public on October 26 2018. There are ongoing tenant adjustments within the property with gradual move in dates. The opening of new SöDER was very well received and the number of visitors from opening to December 31 amounted to more than 300,000 visitors.

SÖDER

HELSINGBORG

In the residential part, Holland 27, there are possibilities of building a 20-story building with more than 80 apartments. During the year an inquiry file was compiled in order to get pricing on the cost of this potential project.

Pelican Grand Beach Resort

During the fall an upgrade of all of Jefast's hotel rooms has been made. The refurbishment included new bathrooms as well as a complete change of furniture. This upgrade is a part of remaining in the 4-diamond hotel segment. The project started in August and was finalized in the beginning of 2019. The new room design has been very well received by our guests!

Property portfolio

Rental value

The total rental value amounted to 136 MSEK (137).

Occupancy rate

Residential occupancy rate amounted to 100 % (99.5) and the commercial occupancy rate to 86,1% (90,9).

Contract structure

The commercial tenant structure is well diversified with the 10 largest commercial tenants generating c. 29 % (19) of the rental income in Sweden. Out of the 10 largest tenants no lease agreements will mature during 2019.

Acquisitions & Divestments

The below overview shows divestments made during the year. No acquisitions took place during 2018.

Investment properties divestments during 2018

Quarter	Property	Municipality	Category	Area, m2 (ca)
2	Musslan 1 & 2, Mullvaden 9, 10, 11	Åstorp	Residential	28,500
3	Thor 8, Thor 15, Höganäs 34:69, Hotellet 1, Triangeln 6, Lyran 18, Lyran 20, Lerberget 49:710, Ceres 20, Noshörningen 14	Höganäs	Residential & commercial	19,000
Total divestments 2018				47,500

Valuations

Market value

The portfolio value at the year-end amounted to 3,110 MSEK (3,281).

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 Waronker & Rosen, Inc.. The yields generally decreased throughout the portfolio, which leads to a portfolio value increase.

Financing

Debt maturity

Debt maturing during 2019 consists primarily Construction loans, which is considered to have good refinancing possibilities.

Interest maturity

The entire loan amount in the US is interest-hedged and SEK 344 million of the Swedish loan amount.

Events after the reporting period

Jefast – Property Owner of the Year in Helsingborg

Jefast received a price as the Property Owner of the year in Helsingborg city. The award is initiated by the cooperation organization named HBG City, which is owned by the City of Helsingborg, The City Property Owners and Helsingborg City organization.

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 2018. 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 3,110 MSEK (3,281), with 30 (44) 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 442 (992) apartments, equaling 32,307 sq.m (70,089) residential area. Commercial units consist of 218 (287) commercial spaces, equaling 91,989 sq.m (98,814) rentable area. The hotel property consists of 156 rooms of which Jefast currently owns 136 (134), and controls 90.8% (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 14 (15) people by year-end. The organization is responsible for the financial and technical management and Jefast Byggservice AB works with both internal and external services.

Acquisitions & divestments

Åstorp divestment

During the first quarter all Åstorp properties were divested with a total of 28,500 sqm and a yearly rental values of 26.5 MSEK.

Parts of the Höganäs portfolio divestment

A divestment in Höganäs with a total of 10 properties consisting of c. 150 apartments and 19,000 sqm of rentable area was divesterd. The transaction was a company transaction and based on an agreed property value of 289 MSEK.

Acquisitions

No acquisitions were made during the year.

Investments in existing properties and ongoing projects

Kv Holland 25, 26, 27 - "SöDER"

During 2018 the current project Kv Holland continued to develop and further renting initiitvtives took place inside the prpoertey Holland 25 “SöDER. This resulted in a 97% (92) economic rental agreement (excluding office premises). The project SöDER in the Holland properties opened for the public on October 26.

Jefast works with TAM Retail & Nordic Property Group to develop the urban city center and finalise the rental process.

SöDER offer visitors a wide selection of movie theather, food, pharmacy, cafes, restaurants, bowling, sports bar, gym, hair and nail salon and other attractive meeting places. The urban city center has quickly become an attractive and natural meeting place, destination and pass through for those who live and work near the southern part of Helsingborg and also with generous opening hours.

Building permits for the 20-story residential building consisting of 83 apartments have been obtained and planning of the housing high-rise begun during the year.

The property has been divided into a three dimensional building in which Holland 25 consists of all commercial parts including shops, restaurants, offices, parking. Holland 26 is the cinema and Holland 27 is the residential part.

Jefast USA

Pelican Grand Beach Hotel, Ft Lauderdale, Florida in USA

The hotel in Florida, Pelican Grand Beach, had a very strong first quarter and during fall/winter a complete refurbishment of the guestrooms owned by Jefast took place. Complete bathroom replacements and upgrades took place as well as new furniture's, fixtures, paint and curtains were refurbished. The guestrooms were finalized during the beginning of 2019. The occupancy rate and revenues have been affected by the ongoing renovation, despite low occupancy rates, there are fixed costs regardless of occupancy rate.

All employees are legally employed by the American hotel service management company Noble House and Jefast is responsible for all expenses. During 2018 Jefast has acquired two more hotel rooms, which has resulted in Jefast owning 90.8% of the entire property.

Possible future prospects

The Group's long-term goal is to focus on the Swedish market. The business is and will continue to be geographically focused on Höganäs & Helsingborg and the surrounding area, as the company has made the assessment that there is sufficient potential in both its own portfolio and in the rest of the market.

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, 700 MSEK (600) are secured with fixed interest rate of which approximately 0 MSEK (300) matures during 2019. The net loan to value ratio for the Group was 65.2% (65.8).

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 recognises financial instruments at amortised cost and fair value through profit or loss. Hedging instruments consist of interest rate swaps.

Ownership

The company is owned to 91.1% by Bo Jertshagen and 8.9% of Induere AB, corporate id no 556767-3941, which in turn is fully owned by Bo Jertshagen.

Multi-Year Overview (tkr)

The Group	2018	2017	2016	2015
Net turnover	301,273	305,823	275,159	229,412
Gross earnings	151,710	165,915	143,942	112,268
Operating result	70,318	159,848	221,387	127,984
Profit/loss after financial items	-4,963	90,700	165,115	90,200
Interest coverage ratio (times)	1.3	1.5	1.6	1.4
Property value (mkr)	3,110	3,281	2,608	1,919
Net loan to value (%)	65.2	65.8	65.6	60
Balance sheet total	3,272,685	3,465,485	2,766,440	2,205,436
Equity/asset ratio (%)	27	25	29	30
Number of employees	14	15	14	15

The Parent company	2018	2017	2016	2015
Profit/loss after financial items	-19,511	-15,098	-8,818	-1,552
Balance sheet total	455,977	447,897	251,870	212,911
Equity/asset ratio (%)	4	4	9	12

*For definitions of key ratios please see page 59

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	18,936,121
Issue of share capital	-2,000
Reduction of the share capital	-2,998,000
Profit for the year	0
	15,936,121
To be distributed so they are:	
Carried over	15,936,121

Consolidated Income Statement

TSEK	Not	2018	2017
Revenue	4, 5, 6	301,273	305,823
Operating expenses	4, 7	-149,563	-139,908
Gross profit	4	151,710	165,915
Administrative expenses	6, 7, 8, 9	-76,461	-70,271
Changes in fair value of investment property	13	831	70,587
Other operating income		38	0
Other operating expenses		-5,800	-6,383
Operating profit/loss		70,318	159,848
Financial income	10	263	113
Financial expenses	10	-74,283	-70,221
Change in fair value of derivate	20	-1,261	960
Profit before tax		-4,963	90,700
Tax	11	18,715	-33,234
Profit for the year		13,752	57,466
Profits attributable to:			
Equity owners of the parent		13,752	57,466
Profit for the year in TSEK (there are no dilutive effects) per share data	19	3	12

Consolidated Statement of Other Comprehensive Income

TSEK	Not	2018	2017
PROFIT FOR THE YEAR		13,752	57,466
Other comprehensive income to be reclassified to profit or loss in ssubsequent periods			
Exchange differences on translation of foreign operations		30,437	-20,689
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		30,437	-20,689
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in value of owner occupied property		-9,252	24,277
Tax	11	2,036	-5,341
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-7,216	18,936
Total comprehensive income for the year net of tax		36,973	55,713
Total comprehensive income attributable to:			
Equity owners of the parent		36,973	55,713

Consolidated Statement of Financial Position

TSEK	Not	31 december 2018	31 december 2017
ASSETS			
Non-current assets			
Intangible assets	12	-	-
Investment properties	13	2,481,861	2,750,992
Owner-occupied properties	14	627,970	530,976
Equipment, tools and installations	15	38,031	39,118
Deferred tax assets	11	260	0
Receivables	20	1,800	1,474
Total non-current assets		3,149,922	3,322,560
Current assets			
Inventory		1,555	1,897
Rent and other receivables	16, 20	15,503	15,153
Tax assets		1,828	2,813
Prepaid expenses and other receivables	17, 20	40,045	27,593
Cash	18, 20	63,832	95,469
Total current assets		122,763	142,925
Total assets		3,272,685	3,465,485
Equity and liabilities			
Share capital		500	500
Foreign currency translation reserve		66,263	35,825
Revaluation reserve		134,414	143,754
Retained earnings incl. net income		697,310	684,435
Equity attireutable to the shareholders of the parent		898,487	864,514
Total equity	19	898,487	864,514
Non-current liabilites			
Interest bearing loans and borrowings	20	1,575,944	1,831,609
Bond loans	20	425,000	400,000
Deferred tax liability	11	180,042	221,151
Derivate financial instruments	20	1,261	0
Total non-current liabilities		2,182,247	2,452,760
Current liabilities			
Interest bearing loans and borrowings	20	92,353	20,319
Account payables	20, 21	49,766	83,084

Current tax payable		4,484	2,322
Other liabilities	20, 21	12,724	9,547
Accrued expenses and prepaid income	20, 22	32,624	32,939
Total current liabilites		191,951	148211
Total liabilities		2,374,198	260,0971
Total equity and liabilites		3,272,685	3,465,485

Consolidated Statement of Changes in Shareholders Equity

TSEK	Note	Sharecapital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total equity
EQUITY AT 1 JANUARY 2017		500	56,513	126,612	628,176	811,801
Profit/loss for the year		-	-	-	57,466	57,466
Other comprehensive income		-	-20,689	18,936	-	-1,753
Total comprehensive income for the year		**-**	**-20,689**	**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	35,826	143,753	684,435	864,514
Profit/loss for the year		-	-	-	13,752	13,752
Other comprehensive income		-	30,437	-7,216	-	23,221
Total comprehensive income for the year			**30,437**	**-7,216**	**13,752**	**36,973**
Effect of depreciation on the revaluation reserve			-	-2,123	2,123	-
Transaction with Owners:						
Issue of share capital		2	-	-	-2	-
Reduction in share capital		-2	-	-	-2,998	-3,000
Equity at 31 december 2018		500	66,263	134,414	697,310	898,487

Consolidated Statement of Cash Flows

TSEK	Note	2017	2017
OPERATING ACTIVITIES			
Profit or loss before tax	27	-4,963	90,700
Adjustments to reconcile profit before tax to net cash flows:			
Change in value from investment properties		-831	-70,587
Resultat för avyttring av verksamhet, anläggning och inventarier		2,351	2,635
Depreciations		20,714	14,377
Exchange gains		137	5,409
Change in fair value of derivates		1,261	-960
Paid tax		1,021	-3,014
		19,690	38,560
Working capital adjustments:			
Change in operating receivables		-12,801	-6,785
Change in inventory		342	-74
Change in operating liabilities		-27,345	48,274
Net cash flow from operating activities		-20,114	79,975
INVESTMENT ACTIVITIES			
Purchase of subsidiaries	26	0	-133,217
Purchase of investment properties		-281,702	-501,559
Purchase of owner-occupied properties		-73,212	-12,117
Purchase of property, plant and equipment		-857	-4,332
Proceeds from disposal of subsidiaries		208,074	-
Changes in long term receivables		-326	125
Net cash flow from investment activities		-148,023	-651,100
FINANCING ACTIVITIES			
Proceeds from borrowings		394,651	790,909
Amortization of borrowings		-255,621	-193,224
Reduction in share capital		-3,000	-3,000
Net cash flow from financing activities		136,030	594,685
Net increase/decrease in cash and cash equivalents		-32,107	23,560
Cash and cash equivalents at the beginning of the year		95,469	74,081
Translation adjustments of cash and cash equivalents		470	-2,172
Cash and cash equivalents at 31 December	18	63,832	95,469

Parent Company Income Statement

TSEK	Not	2018	2017
NET SALES			
Administrative expenses	8, 9	-8,704	-2,999
Operating profit/loss		-8,704	-2,999
Financial income	10	14,499	11,087
Financial expenses	10	-25,306	-23,186
Profit/loss after financial items		-19,511	-15,098
Received Group contributions		19,511	15,098
Profit/loss before tax		0	0
Tax	11	0	0
Result for the year		0	0

Parent Company Statement of Other Comprehensive Income

TSEK	Note	2018	2017
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 2018	31 December 2017
ASSETS			
Fixed assets			
FINANCIAL ASSETS			
Shares in Group companies	28	25,603	25,603
Receivables from Group companies	29	383,960	414,627
Total financial assets		409,563	440230
Total non-current assets		409,563	440230
CURRENT ASSETS			
Other receivables		28	-
Prepaid expenses and accrued income		11,950	6,146
Cash and cash equivalents		34,436	1,521
Total current assets		46,414	7667
Total assets		455,977	447,897
EQUITY AND LIABILITIES	19		
Restricted equity			
Share capital		500	500
Restricted equity		500	500
NON-RESTRICTED EQUITY			
Retained earnings		15,936	18,936
Result for the year		0	0
Non-restricted equity		15,936	18936
Total equity		16,436	19,436
NON-CURRENT LIABILITIES			
Bond loan	20	425,000	400,000
Interest bearing loans and borrowings	20	10,000	25,000
Other liabilities	20	4,347	2,077
Total non-current liabilities		439,347	427,077
CURRENT LIABILITIES			
Other liabilities		194	1,384
Total current liabilities		194	1,384
Total liabilities		439,541	428,461
Total equity and liabilities		455,977	447,897

Parent Company Statement of Changes in Shareholders Equity

TSEK	Share capital	Retained earnings	Total equity
EQUITY AT 1 JANUARY 2017	500	21,936	22,436
Result for the year	-	0	0
Other comprehensive income:	-	0	0
Total comprehensive income	-	0	0
Issue of share capital	2	-2	0
Reduction in share capital	-2	-2,998	-3,000
EQUITY AT 31 DECEMBER 2017	500	18,936	19,436
Result for the year	-	0	0
Other comprehensive income:	-	0	0
Total comprehensive income	-	0	0
Issue of share capital	2	-2	0
Reduction in share capital	-2	-2,998	-3,000
EQUITY AT 31 DECEMBER 2018	500	15,936	16,436

Parent Company Statement of Cash flows

TSEK	Note	2018	2017
OPERATING ACTIVITIES			
Profit or loss before tax		0	0
Adjustments in working capital			
Change in operating receivables		-5,832	-3,553
Change in operating liabilities		-1,190	-222
Net cash flow from operating activities		-7,022	-3775
INVESTMENT ACTIVITIES			
Payments to Group companies		-140,228	-234,191
Repayment from Group companies receivables		170,895	42,736
Net cash flow from investment activities		30,667	-191,455
FINANCING ACTIVITIES			
Proceeds from borrowings		27,270	200,000
Repayment of borrowings		-15,000	-751
Reduction in share capital		-3,000	-3,000
Net cash flow from financing activities		9,270	196,249
Net increase/decrease in cash and cash equivalents		32,915	1,019
Cash and cash equivalents at the beginning of the year		1,521	502
Cash and cash equivalents at 31 December		34,436	1,521

Notes Overview

Note 1 Accounting principles

General information

The consolidated accounts and the annual accounts of Jefast Holding AB (publ) 556721-2526 for the 2018 financial year have been approved by the Board of Directors and CEO for publication on 30 April 2019 and will be presented to the Annual General Meeting on 30 April 2019 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.

Assets and liabilities have been based on historical acquisition values in addition to certain financial assets and liabilities that are valued at fair value. Financial assets and liabilities valued at fair value consist of derivatives in the form of interest rate swaps.

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 the companies in which the Parent Company directly or indirectly has a controlling influence. Direct or indirect controlling influence means the right to formulate a companies financial and operational strategies in order to obtain economic benefits.

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. The subsidiaries' financial statements are included in the consolidated financial statements from the date when the controlling influence commences until the date when it 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 at the moment of the transaction and exchange differences are recognised in the result.

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.

Translation of foreign subsidiaries

The result and financial position of all Group companies are translated to the Group's reporting currency as follows:

• Assets and liabilities are translated at the closing day rate

• Revenues and expenses are translated at the average exchange rate during the financial year

• Exchange rate differences arising on translation of foreign operations are reported as translation differences for the year in other comprehensive income.

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

The Group reports revenue when the Group fulfills a performance commitment, which is when a promised product or service is delivered to the customer and the customer takes over the control of the product or service. Control of a performance commitment can be transmitted over time or at a time. The revenue consists of the amount that the Group expects to receive as compensation for transferred goods or services. In order for the Group to be able to report revenue from agreements with customers, each customer agreement is analyzed in accordance with the five-step model found in the standard. Jefast's revenues mainly consist of hotel revenue and rental income and to some extent income from property sales.

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. Hotel revenue is included in the item Revenue in the income statement.

Rental and service revenue

Leasing agreement where a substantial part of the risks and benefits associated with the ownership fall on the lessor, are classified as operating leases. All leases related to Jefast's investment properties are recognised as operating leases. Rental income deriving from operating leases
is announced in advance and reported on a straight-line basis during the lease term and is included in the item “Net sales” in the income statement. Rental income includes traditional rent including indices and any additional charges for investments. Any rental reductions are reported as a reduction in rental income on a straight-line basis over the lease term. The lease term is the non-cancellable period of the lease agreement together with any extension options and / or termination options that the management is reasonably certain that the lessee will use.

In addition to leasing income for rent, the Group has service revenues in the form of additional charges such as heating, cooling, garbage disposal and water, etc. These revenues are included in net sales and are reported in

the period the service is performed and delivered to the tenant.
The management's assessment is that the Group acts as the principal in this regard. Advance rentals are reported as prepaid rental income.

Revenue from property sales
Revenue from property sales is reported when the control has been transferred to the buyer. This usually means that accounting will take place at the buyer's date of access unless it is conflict with the sales purchase agreement. Profit from property sales is reported as a change in value and refers to the difference between the sales price received after deduction for selling expenses and the reported value in the latest published report with adjustment for investments thereafter. In cases where sales are made via companies, the part of the profit attributable to previously booked deferred tax is recognized in profit or loss on the line for tax on the profit for the year.

Financial revenue
Financial revenues concern interest revenue and are recognised in the period which they become receivable. When calculating financial income, the effective interest method is applied.

Compensation to employees
Remuneration to employees in the form of paid holidays, paid sick leave, etc. is reported as employees have performed services corresponding to the remuneration. Pensions and other post-employment benefits may be classified as defined contribution plans or defined benefit plans. Most of the Group's commitments for pensions consist of defined contribution plans that are fulfilled through premiums to independent authorities or companies that administrates the plans. Charges for defined contribution plans are recognized as an expense when they arise. A number of the Group's employees have defined-benefit ITP plans with continuous payments to Alecta. According to IFRS, this is to be classified as a defined benefit plan, which covers several employers. Since there is insufficient information to report these as defined benefit plans, these are also reported as defined contribution plans.

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. The hotel property in USA is the only property that is classified as an owner occupied propery. 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. At each reporting period, the company evaluates whether there are indications that a financial asset or group of financial assets is in need of impairment.

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.

Profit and loss from removal from the balance sheet and modification are reported in the result.

Classification and valuation

Financial assets

Debt instruments: the classification of financial assets that are debt instruments based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows.

The instruments are classified to:
• accrued acquisition value
• fair value through other comprehensive income, or
• fair value through profit.

The Group's debt instruments are classified at amortised cost.

Financial assets are classified at amortised cost, are initially valued at fair value with the addition of transaction costs. Accounts receivable are initially recognised at the invoiced value. After the first accounting period, the assets are valued according to the effective interest method. Assets classified at amortised cost are held according to the business model to collect contractual cash flows that are only payments of principal amounts and interest on the outstanding capital amount. The assets are covered by a loss reserve for expected loan losses.

Equity instrument: is classified at fair value through profit or loss with the exception if they are not held for trading, as an irrevocable choice can be made to classify them at fair value through other comprehensive income without subsequent reclassification to the result. The Group currently does not hold any equity instruments.

Classification and valuation of financial liabilities

Financial liabilities are classified at amortised cost with the exception of derivatives and bond loan. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After the first accounting date, they are valued at accrued acquisition value according to the effective interest method.

Derivatives and bond loan classified at fair value through profit or loss. The Group does not apply any hedge accounting.

Impairment of financial assets

The Group's financial assets, other than those that are classified at fair value through profit or loss or equity instruments that are measured at fair value through other comprehensive income, are subject to impairment losses for expected loan losses. Write-downs for loan losses according to IFRS 9 are forward-looking and a loss reserve is made when there is an exposure to credit risk, usually at the first reporting date. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next 12 months or for the expected remaining term of the financial instrument, depending on the asset class and on the credit deterioration since the first reporting date. Expected credit losses reflect an objective, probability-weighted outcome that takes into account the majority of scenarios based on reasonable and verifiable forecasts.

The simplified model is applied to customer- and rental receivables, lease receivables and contract assets. A loss reserve is reported, in the simplified model, for the expected residual maturity of the asset or asset.

For other items covered by expected loan losses, an impairment model with three stages is applied.

Initially, and at each balance sheet date, a loss reserve for the next 12 months is reported, or for a shorter period of time depending on the remaining term (stage 1). The Group's assets have been judged to be in stage 1, that is, there has been no significant increase in credit risk.

If there has been a significant increase in credit risk since the first accounting date, resulting in a rating below investment grade, a loss reserve for the asset's remaining maturity (stage 2) is reported. For assets that are judged to be impaired, reserves are still reserved for expected loan losses for the remaining maturity (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss reserve, as opposed to the gross amount as in the previous stages.

The valuation of expected loan losses is based on various methods. The method for customer and rental receivables and contract assets is based on historical customer losses combined with forward-looking factors. Other receivables and assets are impaired according to a rating-based method through external credit ratings. Expected credit losses are valued at the product of probability of default, loss given default and the exposure in the event of default. For credit-impaired assets and receivables, an individual assessment is made taking into account historical, current and forward-looking information. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets are reported in the balance sheet at amortised cost, that is, net of gross value and loss reserve. Changes in the loss reserve are reported in the income statement.

Comparative year according to IAS 39

Financial instruments are reported in accordance with IAS 39 for the comparative year 2017. IAS 39 had other classification categories than IFRS 9. The classification categories according to IAS 39 nevertheless entailed corresponding accounting at amortised cost and fair value through profit or loss.

Furthermore, IAS 39 had another method for provisions for loan losses which meant that a provision was made at an established credit event, unlike the method in IFRS 9, where provision is made for expected loan losses. Otherwise, there are no differences between the standards for the Group. The Group has not had any significant effects on the transition from IAS 39 to IFRS 9.

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 20.

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.

Equity

The calculation of earnings per share is based on the Group's profit for the year attributable to the parent company's shareholders and on outstanding shares during the year.

Segment definition

The Group's operations are divided into two operating segments: investment properties and hotel operations. Revenues, operating expenses and changes in value of properties are reported and monitored regularly by segment of the Group's management. There is no distribution of common costs or other assets and liabilities in each segment.

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.

Financial instruments

Due to the relationship between accounting and taxation, the parent company does not apply IFRS 9 for financial instruments. Instead, the Parent Company reports financial instruments applying the acquisition value method in accordance with the Annual Accounts Act. In the Parent Company, therefore, financial fixed assets are valued at acquisition value and financial current assets according to the lowest value principle, with the application of depreciation for expected loan losses according to IFRS 9 for assets that are debt instruments. For other financial assets, depreciations on fair value are based on derivative instruments with a negative fair value are reported as a liability to the negative fair value with a change in value in the result.

The parent company applies the exception not to value financial guarantee agreements for the benefit of subsidiaries in accordance with the rules in IFRS 9, but instead applies the principles for valuation according to IAS 37 Provisions, contingent liabilities and contingent assets.

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

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 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

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 2018 and December 31 2017. 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 New standards and standards issued not yet effective

New standards that came into force in 2018

For the first time, the Group and the Parent Company applied the new and amended standards and interpretations, which are to be applied for the fiscal year beginning January 1 2018 or later, in this annual report. None of the new and amended standards and interpretations that are applied as of January 1 2018 have any significant impact on the Group's or the Parent Company's financial reports.

No new or amended IFRS has been applied in advance.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 and entered into force on 1 January 2018 and is applied by the Group from that date. The standard introduces new principles for classifying and valuing financial assets and liabilities. The new principles regarding the classification and valuation of financial assets are based on an analysis of the company's purpose with ownership and on the asset's cash flow character. Furthermore, IFRS 9 entails new principles for the provision of credit losses, where provision must be made according to a model based on expected losses.

The first application of IFRS 9 had no effect on the Group's equity as of January 1, 2018. Nor has the transition to IFRS 9 caused any changes in the valuation of financial instruments other than the designation of the classification categories: Loan receivables and accounts receivable and other financial liabilities under IAS 39 is classified and valued under IFRS 9 at amortised cost. Financial assets and liabilities measured at fair value through profit or loss in the previous year continue under IFRS 9 to be classified and valued at fair value through profit or loss. The Group has not identified any financial assets that are measured at fair value through other comprehensive income.

The effect of the first application of expected loan losses has been of insignificant nature for the Group. For this reason, no additional provision has been made at the transition, and therefore, the carrying amounts of assets reported at amortised cost have not been affected.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers replaces previous revenue standards (IAS 18 Revenue and IAS 11 Construction Contracts) and related interpretations and entered into force on January 1, 2018. The standard, including changes from 2016, has been applied by the Group and the Parent Company from this date. The transition to IFRS 15 has been reported in accordance with the retroactive method, which means that the comparative figures for 2017 are presented in accordance with IFRS 15.

In connection with the transition to IFRS 15, a review of the Group's total revenue has been carried out. The Group's revenues mainly consist of hotel revenues and rental income. Hotel revenues include income for rooms, spa, restaurant, group events and more and are reported in the period in which the service is utilised.

Rental income is recognised in the period in which the tenant uses the premises in accordance with IAS 17 Leasing. Rental income refers to rent including index adjustments and any additional charges for investments. Service revenue refers to all other forms of supplementary charge such as heating, cooling, waste management and water etc. Revenue for service revenue is reported in the period in which the service is performed and delivered to the tenant in accordance with IFRS 15 Revenue from agreements with customers.

In connection with the review of revenue, an analysis has also been carried out regarding whether Jefast is the principal or the agent for the supplementary services, which resulted in the assessment that Jefast mainly acts as the principal.

Jefast's assessment is that the transition to IFRS 15 had no impact on the Group's accounts.

New standards that come into force in 2019 and onwards

A number of new and amended IFRS have not yet come into force and have not been applied in advance in preparing the Group's and the Parent Company's financial reports. The IFRS that may affect the Group's or the Parent Company's financial statements are described below. Other new or amended standards or interpretations published by IASB are not expected to have any impact on the Group's or the Parent Company's financial statements.

IFRS 16 Leases

As of January 1 2019, IFRS 16 Leases replaces the current standard IAS 17 Leases and related interpretations. In 2018, the Group's leasing agreements were evaluated and the effects of the transition to IFRS 16 were analysed.

The Group applies the standard as of January 1 2019 and will, at the transition, apply the simplified transition method, which means that comparative information in earlier periods will not be recalculated. The leasing debt consists of the discounted remaining leasing fees as of January 1 2019. For all agreements, the right to use the right amounts to an amount corresponding to the lease liability adjusted for prepaid or accrued leasing fees reported in the statement of financial position at the first application date. Leases with a remaining maturity of less than 12 months at the time of transition to IFRS 16 are classified as short-term lease agreements in accordance with the relief rule at the transition and is expensed. The transition to IFRS 16 has no effect on equity.

At the transition, the Group will apply IFRS 16 only to the agreements that were considered to contain leases under IAS 17 and IFRIC 4 in accordance with the relief rule in the transition to the standard. The Group's leasing portfolio consists of agreements covering premises and vehicles, which constitute the classes of underlying assets that the Group intends to present existing leasing agreements within. Upon the transition to IFRS 16, all remaining leasing fees attributable to operational leases have been valued at the present value using the Group's marginal loan interest.

When introducing IFRS 16, the Group's total assets will increase by approx. SEK 5 million by the inclusion of user rights assets and leasing liabilities. The Group intends to present user rights on a separate line in the statement of financial position. Leasing fees that have been reported under IAS 17 as operating expenses in the income statement are replaced by depreciation on the utilisation rights and interest on the lease liability. The leasing fee is divided between amortisation on the lease debt and payment of interest. This means that the Group's EBITDA will improve while depreciation and interest expenses will increase.

The Group has chosen to apply the relief rules in the standard and expense leasing agreements for less than 12 months (short-term lease agreements) and contracts where the underlying asset is of low value. An assessment of leasing agreements where the asset is considered to be of low value is made based on the value of the asset as new. In the event that the value of the asset in new condition is deemed to be less than SEK 50,000, the leasing agreement is treated as a low-value lease.

In the Parent Company, the exception in RFR 2 regarding leasing agreements will be applied. This means that the parent company's principles for reporting leases will remain unchanged.

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

Within the investment property segment, leasing of housing and premises in Sweden is conducted. In the hotel business, rooms, hotel services such as a spa and restaurant are rented out.

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 2018	Investment Properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Internal revenue	8,402	-	8,402	-8,402	0
Hotel revenue	-	153,762	153,762	-	153,762
External revenues from agreements with customers	11,526	-	11,526	-	11,526
External rental revenues	135,985	-	135,985	-	135,985
Total revenue	**155,913**	**153,762**	**309,675**	**-8,402**	**301,273**
Property expenses	-46,691	-	-46,691	1,258	-45,433
Raw materials and consumables	-4,445	-37,851	-42,296	-	-42,296
Depreciation of owner-occupied property	-	-9,042	-9,042	-	-9,042
Personnel costs	-	-52,792	-52,792	-	-52,792
Gross profit	**104,777**	**54,077**	**158,854**	**-7,144**	**151,710**
Operating profit/loss	53,526	9,648	63,174	7,144	70,318
Net financial	-47,144	-26,876	-74,020	-1,261	-75,281
Income tax expenses					18,715
Result for the year					13,752

Year ended 31 December 2017	Investment Properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Internal revenue	11,209	-	11,209	-11,209	0
Hotel revenue	-	163,551	163,551	-	163,551
External revenues from agreements with customers	9,381	-	9,381	-	9,381
External rental revenues	132,891	-	132,891	-	132,891
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

Property value per segment

Year ended 31 December 2018	Investment Properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Properties	2,482	628	3,110	-	3,110
Year ended 31 December 2017	Investment Properties	Hotel business	Total segments	Adjustments and eliminations	Consolidated
Properties	2,751	531	3,282	-	3,282

Note 5 Revenue

Group

Revenue

TSEK	2018	2017
Rental income	135,985	132,891
Hotel revenue	153,762	163,550
Other income	11,526	9,381
Total revenue	301,273	305,823

Group

Revenue from external customers/geographical

TSEK	2018	2017
Sweden	147,511	142,273
USA	153,762	163,550
Total Revenue	301,273	305,823

Note 6 Operationella leasingavtal

Group as lessor

The Group has entered into leases on its property portfolio. The commercial property leases typically have leases between years 2019 and 2023 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:

TSEK	2018	2017
Within 1 year	85,968	79,646
After 1 year, but not longer than 5 years	164,262	130,223
More than 5 years	132,583	5,888
Total minimum lease payments under non-cancellable operating leases	382,813	215,757

Group

This years lease revenues amounted to 135,985 (132,891).

Group as leasee

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

TSEK	2018	2017
Within 1 year	916	1,074
After 1 year, but not longer than 5 years	135	300
More than 5 years	-	-
Total minimum lease payments under non-cancellable operating leases	1,051	1051

Group

This years lease revenues amounted to 1,412 (1,216).

Note 7 operating – and administrative expenses

Operating expenses TSEK	2018	2017
Repair and maintenance	16,328	15,993
Heat	12,374	12,455
Other expenses	11,229	10,964
Property tax	5,502	4,012
Raw materials and consumables	42,296	40,786
Depreciation of owner occupied properties	9,042	8,154
Personnel costs	52,792	47,544
Total operating expenses	149,563	139,908

Administrative expenses		
TSEK	2018	2017
Personnel costs	10,099	9,674
Depreciation for the year	11,672	6,223
Other	54,690	54,374
Total administrative expenses	76,461	70,271

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 147 (176) 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	2018	2017
KEY MANAGEMENT PERSONNEL AND DIRECTORS		
Salaried and remunerations, board members	178	175
Salaries and remunerations, CEO	424	1,082
Social security costs	163	395
Pension costs	22	222
Total remuneration	787	1,874
OTHER EMPLOYEES		
Salaries and remunerations	6,181	4,667
Social security costs	1,997	1,675
Pension costs	537	744
Total remuneration	8,715	7,086

Number of employees		
	2018	2017
Women	8	7
Men	6	8
Total	14	15

Gender distribution amongst key management personnel				
TSEK	No of ppl	2018	No of ppl	2017
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	2018	2017
Audit services	1,687	1,131
Other services	427	654
Tax advice services	-	21
Other no-audit services	-	-
Total	2,114	1,806

Sharff, Wittmer, Kurtz & Diaz P.A		
TSEK	2018	2017
Audit services	409	426
Other services	211	221
Tax advice services	217	81
Other no-audit services	-	-
Total	837	728

No audit fees in the Parent company.

NOTE 10 FINANCIAL INCOME AND EXPENSES

Group

Financial income		
TSEK	2018	2017
Interest income from accounts receivables	263	113
Total financial income	263	113

Financial expenses TSEK	2018	2017
Interest expenses, credit institutions	-74,147	-69,194
Foreign exchange adjustments	-136	-1,027
Total financial expenses	-74,283	-70,221

All interest income and interest expenses are derived from financial assets and liabilities valued at amortized cost.
with the exception of interest expense related to derivatives valued at fair value through profit or loss amounting to TSEK 661 (924).

Parent company

Financial income TSEK	2018	2017
Interest income from Group companies	14,499	11,087
Total financial income	14,499	11,087

Financial expenses TSEK	2018	2017
Interest expenses	-25,306	-23,186
Total financial expenses in accordance with the effective interest method	-25,306	-23,186

Note 11 Tax

Group

Income statement TSEK	2018	2017
Current income tax:		
Current income tax charge	-1 144	-1,947
Deferred tax:		
Deferred tax related to temporary differences	19,859	-31,287
Total reported income tax	18,715	-33,234

Other comprehensive income (“OCI”)	2018	2017
Deferred tax related to items recognized in OCI during the year:		
Deferred income tax on fair value changes of owner occupied property	2,036	-5,341
Total tax in OCI	2,036	-5,341

Reconcilation of the effective tax rate for the year	2018		2017	
	%	TSEK	%	TSEK
Result before tax		-4,963		90,700
Nominal weighted tax rate for the group	22%	1,092	22 %	-19,954
Non-taxable income		0		0
Non-deductible expenses		-17		-19
Property divestment through company		1,040		
Effect on deferred tax due to reduced tax rate		9,656		
Other		6,944		-13,261
Effective tax rate for the year		18,715	37 %	-33,234

"Other" includes deferred tax on temporary differences and deferred tax assets on loss carryforwards in Sweden, which have not yet been recognised. Loss carry-forwards for the Group amount to TSEK 128,934 (146,956). The deficits include both the Swedish and American operations. The US deficits have expiration dates from 2029 onwards. Total deficit corresponds to a deferred tax asset of TSEK 27,493 (30,982). Deferred tax assets are recognized if the deficit is expected to be used in the foreseeable future.

Deferred tax assets have been calculated at a tax rate of 20.6% (22) for temporary differences in Sweden and 21.4% for temporary differences in the US.

Parent Company

Income statement TSEK	2018	2017
Current income tax:		
Total reported income tax	0	0

Reconcilation of the effective tax rate for the year	2018		2017	
	%	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

Reconcilation of deferred tax liabilities/assetes TSEK	2018	2017
Deferred tax liabilities/assets at 1 January	221,151	184,523
Tax on other comprehensive income	-2,036	5,341
Temporary differences in the Group's properties	-38,496	30,707
Tax loss carryforwards	-577	369
Derivate	-260	211
Deferred tax liabilities/assets at 1 January	179,782	221,151

Deferred tax specification	Deferred tax asset		Deferred tax liability	
TSEK	2018	2017	2018	2017
Investment properties		-	142,083	180,605
Other non-current assets		-	44,956	46,966
Derivat	260	-	-	-
Tax loss carry forwards	6,997	6,420	-	-
Deferred tax	7,257	6,420	187,039	227,571

Note 12 Intangible assets

Group

Acquisition cost		
TSEK	2018	2017
At 1 January	-	1,029
Divestment	-	-983
Exchange differences	-	-46
At 31 December	-	-
Depreciations and impairments		
TSEK	2018	2017
At 1 January	-	-1,029
Depreciation	-	-
Divestment	-	983
Exchange differences	-	46
At 31 December	-	-
Net book value at 31 Decemeber	-	-

Note 13 Investement property

Group

TSEK	Not	2018	2017
At 1 January		2,750,992	2,048,962
Acquisition through subsidiaries	28	-	316,000
Property acquisitions		-	37,500
Capital expenditure on owned property		277,539	279,515
Divestments		-551,767	-693
Exchange differences		4,267	-879
Remeasurement adjustments		831	70,587
Total completed investment property 31 December		2,481,862	2,750,992

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%

The valuation thus takes place according to IFRS 13, Level 3.

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.

Investement properties	Assumed change		Change in value, MSEK	
	2018	2017	2018	2017
Market rent level	5 %	5 %	183	152
Market rent level	-5 %	-5 %	-188	-155
Operation and maintenance costs	5 %	5 %	-75	-44
Operation and maintenance costs	-5 %	-5 %	70	41
Yield	0.5	0.5	-256	-199
Yield	-0.5	-0.5	323	239

Kv Holland has been excluded in the above table for 2017. Regarding 2018, Holland 25 and 26 have been adjusted to correspond to a full year

27 percent (41) of all investment properties are classified as residential properties and 73 percent (59) as commercial properties, this is based on the total area.

Note 14 Owner-occupied property

Koncernen

TSEK	2018	2017
At 1 January	530,976	559534
This year's acquisition	68,243	10,235
This year's divestements	-1,434	-1,451
Transfer*	-12,279	-4,969
Revaluation	-9,252	26,598
Exchange differences	51,716	-58,971
At 31 December	627,970	530,976

Depreciaiton and impairment

TSEK	2018	2017
At 1 January	-	-
Depreciaiton for the year	9,041	8,154
Transfer*	-12,279	-4,969
Exchange differences	3,238	-3,185
Den 31 december	-	-

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

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. The Group's operating properties have been valued at MSEK 628 (531), corresponding to the value if the acquisition value method has been applied to MSEK 371 (341).
The valuation thus takes place in accordance with IFRS 13, Level 3.

Sensitivity analysis

When calculating the market value, there is always some uncertainty due to the assumptions used in the valuation model. The table below aims to show the impact of changed assumptions.

Owner-occupied properties	Assumed change		Change in value, MSEK	
	2018	2017	2018	2017
Total revenue	5 %	5 %	17.4	14.7
Total revenue	-5 %	-5 %	-7.9	-4.8
Total expenses	5 %	5 %	-4.1	-1.4
Total expenses	-5 %	-5 %	13.7	11.2
Yield	0.5	0.5	-7.3	-3.5
Yield	-0.5	-0.5	2.3	3.9

Note 15 Equipment, tools and installation

Group

Equipment, tools and installation TSEK	2018	2017
At 1 January	62,081	63,766
This year's acquisition	659	4,332
Acquisition through subsidiary	0	3,002
Divestments	-4,834	-3,164
Exchange differences	4,791	-5,855
At 31 December	62,697	62,081

Depreciations and impairment TSEK	2018	2017
At 1 January	22,963	21,334
Depreciaiton for the year	5,629	3,928
This yearäs divestment	-2,067	-385
Exchange differences	-1,859	-1,914
At 31 December	24,666	22,963
Net book value	38,031	39,118

Note 16 Rent and other receivables

Rent and other receivables		
TSEK	2018	2017
Receivables	6,798	5,648
Rent receivables	4,202	1,288
Other receivables	4,503	8,217
Total	15,503	15,153

Rent and other receivables not impaired have the following maturites		
TSEK	2018	2017
Not due	10,666	12,931
Due ≥ 30 dagar	4,518	1,931
Due 31-90 dagar	15	0
Due > 90dagar	304	291
Total	15,503	15,153

The creditworthiness of receivables that have not reached maturity or write-downs is deemed to be high.

Group

Receivables mainly consist of customer and rental receivables for which the Group has chosen to apply the simplified method for reporting expected credit losses. This means that expected loan losses are reserved for the remaining maturity, which is expected to be less than one year for all receivables. All reported rental receivables have fallen due. The Group reserves for expected credit losses based on historical credit losses, as well as forward-looking information and other known information about each customer. The Group's customers have similar risk profiles, which is why the credit risk is initially assessed collectively for all customers. Any major individual receivables are assessed per counterparty. The Group writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been terminated.

Note 17 Prepaid expenses and accrued income

Group

TSEK	2018	2017
Prepaid insurance	6,189	1,436
Accrued income	349	1,329
Other prepaid expenses	33,507	24,828
Total	40,045	27,593

Other prepaid expenses mainly consist of prepaid loan fees which are accrued over the term of the loans, funds allocated in the US for future renovations, prepaid advertising and leasing fees.

Note 18 Cash

Group

TSEK	2018	2017
Cash at bank and on hand	63,832	95,469
Cash at 31 December	63,832	95,469

Overdraft facilities amount to 0 tkr (0 kr).

Note 19 Equity

Share capital	2018		2017	
	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) Issued for cash	500	5	500	5
Share capital at 31 December	500	5	500	5

In December 2018 the share capital was increased to 502 (502) TSEK through an issuance of 20 (20) shares, which later reduced to 500 (500) TSEK through a withdrwal of 20 (20) shares.

Share capital and number of shares	Number of shares		Quota value	
	2018	2017	2018	2017
Class A shares	4,625	4,625	462,500	462,500
Class B shares	255	255	25,500	25,500
Class C shares	120	120	12,000	12,000
Total	5,000	5,000	500,000	500,000

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. Result per share has been calculated by the result of the year divided by the number of outstanding 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 29% (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

Interest rate risk refers to the exposure to changes in market interest rates and credit margins. One of the Group's largest costs is interest and change in the interest rate market may thus have a negative impact on Jefast's business and results, the Group has limited this risk by working with long-term credit limits with fixed terms and fixed interest through derivatives. The derivatives are recognised in the balance sheet as per the contract date and are valued on an ongoing basis at fair value in accordance with level 2 of IFRS 13.

Counter-party risk

The counter-party risk means that Jefast's counter-party cannot live up to its financial obligations towards Jefast. The financial situation of tenants and other counter-parties may change and this would change their ability to pay the agreed commitments to Jefast. This would have a negative impact on Jefast's business, balance sheet and earnings. Jefast limits counter-party risk by carrying out customary credit reports before accepting a new tenant and, if necessary, supplementing the lease agreement with a guarantee, rental deposit or bank guarantee.

The financial assets covered by provisions for expected credit losses according to the general method consist of cash and cash equivalents, other receivables and accrued income. Jefast applies a rating-based method in combination with other known information and forward-looking factors for assessing expected credit losses. The Group has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that payment cancellation exists. Significant increase in credit risk has not been considered to exist for any receivable or asset on the balance sheet date. Such an assessment is based on whether payment is 30 days late or more, or if significant deterioration of the rating occurs, entailing a rating below investment grade. In cases where the amounts are not deemed to be insignificant, a reserve for expected loan losses is reported.

Liquidity and financing risk

Liquidity and financing risk refers to the risk of not being able to fulfill their payment obligations as a result of insufficient liquidity or difficulty in acquiring new loans. Liquidity risk is managed through regular liquidity forecasts and access to credit or liquid funds that can be raised at short notice. Jefast may be obliged to refinance some or all of its outstanding debts. Jefast's may be required to refinance a few or all of its outstanding debt. The outcome of these are based on Jefast's own financial position at that time. The risk that future refinancing will not be possible or be according to desirable conditions is always a risk that can have negative consequences for Jefast's business operations, balance sheet and results. Jefast works continuously with refinancing and has good relations with several Swedish financiers.

The tables below show the Group's financial assets and liabilities that are subject to financial risk, classified in the categories according to IFRS 9. The Group's financial assets and liabilities for the comparative year 2017 are presented according to IAS 39 classification categories.

Group

TSEK	Carrying amount 2018	Carrying amount 2017	Fair value 2018	Fair value 2017
Financial assets				
Financial assets at amortized cost (IAS 39: Loans and receivables)				
Other receivables	1,800	1,474	1,800	1,474
Rent and other receivables	15,503	15,153	15,503	15,153
Cash and cash equivalents	63,832	95,469	63,832	95,469
Total financial assets	81,484	113,425	81,484	113,425
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivats	1,261	-	1,261	-
Bond loans	425,000	400,000	425,000	400,000
Financial liabilities at amortised cost (IAS 39: Other financial liabililties)				
Interest-bearing loans and borrowings	1,668,297	1,851,928	1,668,297	1,851,928
Trade and other payables	49,766	83,084	49,766	83,084
Other liabilities	12,724	9,547	12,724	9,547
Accrued expenses	20,787	17,478	20,787	17,478
Total financial liabilities	2,177,835	2,362,037	2,177,835	2,362,037

The maximum credit risk of the assets consists of the net amounts of the reported values in the table above. The Group has not received any pledged assets for the financial net assets.

Quantative disclousures of the Group's financial instruments in the fair value measurements hierarchy as at 31 December 2018	Level 1	Level 2	Level 3	Total
	TSEK	TSEK	TSEK	TSEK
Financial liabilities at fair value through profit or loss				
Derivates		1,261		425,000
Bond loans	425,000			425,000
31 december 2017	Level 1	Level 2	Level 3	Total
	TSEK	TSEK	TSEK	TSEK
Financial liabilities at fair value through profit or loss				
Derivates				
Bond loans	400,000			400,000

Parent company

	Carrying amount		Fair value	
TSEK	2018	2017	2018	2017
Financial assets				
Financial assets at amortized cost (IAS 39: Loans and receivables)				
Depositions	383,960	414,627	383,960	414,627
Rent and other receivables	28	-	28	-
Accrued income	34,436	1,521	34,436	1,521
Cash and cash equivalents	418,424	416,148	418,424	416,148
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Bond loans	425,000	400,000	425,000	400,000
Financial liabilities at fair value through profit or loss				
Interest-bearing loans and borrowings	10,000	15,000	10,000	15,000
Other liabilities	4,541	3,461	4,541	3,461
Accrued expenses	439,541	418,461	439,541	418,461

The maximum credit risk of the assets consists of the net amounts of the reported values in the table above. The Parent has not received any pledged assets for the financial net assets.

Quantative disclousures of the Group's financial instruments in the fair value measurements hierarchy as at 31 December 2018 Kvantitativa upplysningar av koncernens finansiella instrument för verkligt värdeklassificering per den				
	Level 1 TSEK	Level 2 TSEK	Level 3 TSEK	Total TSEK
Financial liabilities at fair value through profit or loss				
Bond loans	425,000			425,000
31 december 2017	Level 1 TSEK	Level 2 TSEK	Level 3 TSEK	Total TSEK
Financial liabilities at fair value through profit or loss				
Derivates				
Bond loans	400,000			400,000

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 IFRS 13. Changes in the value of derivatives are reported as profit or loss on a separate line in the income statement. The value of interest rate swaps is reported as the current value of the estimated flows during the remaining term. The estimated flows are calculated by looking at the first period and forward rates of 3-month Stibor and their volatility.

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 2018.

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 below table shows future cashflow per 2018-12-31

Group

2018, TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
Interest-bearing loans and borrowing	471,781	697,576	254,728	332,946	1,757,031
Bond loans	23,163	23,163	430,469	-	476,795
Other liabilities	12,724				12.724
Trade payables and other financial liabilities	49,766				49.766
Total financial liabilities	557,434	720,739	685,195	332,946	2,296,316

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

2017, TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
Interest-bearing loans and borrowing	672,139	91,873	599,432	637,034	2000478
Bond loans	23,900	211,767	213,474	-	449141
Other liabilities	9,547	-	-	-	9,547
Trade payables and other financial liabilities	83,084	-	-	-	83,084
Total financial liabilities	788670	303640	812906	637034	2542250

Parent Company

2018, TSEK	Year 1	Year 2	Year 3-5	More than 5 years	Total
Interest-bearing loans and borrowing	350	10,117	-	-	10.467
Bond loans	23,163	23,163	430,469	-	476,795
Other liabilities	194	-	-	4,319	4,513
Total financial liabilities	23,707	33,280	430,469	4,319	491,775

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

Note 21 Trade and other payables

Group

TSEK	2018	2017
Account payables	49,766	83,084
Other liabilies	12,724	9,547
Total	62,490	92,631

Other liabilities mainly consists of VAT and social security contributions.

Note 22 Accrued expenses and prepaid income

Group

TSEK	2018	2017
Accrued personnel cost	5,098	5,066
Accrued interest	9,699	9,454
Accrued revenues	11,837	15,461
Other accrued expenses and prepaid income	5,990	2,958
Total	32,624	32,939

Note 23 Related parties

Entity	Relation	Ownership
Bo Jertshagen	Majority owner	91.1 %
Induere AB (Bo Jertshagen)	Shareholder	8.9 %

Group

Significant transactions and balances with related parties				
	Jefast Förvaltning		Induere	
TSEK	2018	2017	2018	2017
Service management costs	360	299	-	-
Rent	-721	-718	-	-
Liabilities to related parties	0	93	4,319	1,983

The parent company of the Group Jefast Holding AB has debt to the related companies as described above. Jefast Holding AB's subsidiary Jefast AB is responsible for administrative services related to the companies and thus invoices management services. Two of the Group's companies rent premises from related companies as described above. All transactions take place in accordance with the market conditions in accordance with the arm's length principle.

Parent company

Significant transactions and balances with related parties and balance				
	Jefast Förvaltning		Induere	
TSEK	2018	2017	2018	2017
Liabilities to related parties	0	93	4,319	1,983

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

Note 24 Guarantees and contingencies

Group

TSEK	2018	2017
Pledged guaranties for own liabilities and provisions		
Property mortgages	1,421,178	1,977,054
	1,421,178	1,977,054
Contingent liabilities	None	None

Parent company

TSEK	2018	2017
Pledged guaranties		Inga
Contingent liabilities Contingent liabilities for the benefit of the subsidiaries	411,940	300,060
	411,940	300,060

Note 25 Interest and dividends

Group

TSEK	2018	2017
Received interest	1,592	1,261
Paid interest	-73,902	-68,264
	-72,310	-67,003

Note 26 Purchase of subsidiaries

Group

TSEK	2018	2017
Cash paid, acquisition price	-	139,726
Cash and cash equivalents in the acquired subsidiary	-	-6,510
Effect of acquisition on considated cash and cash equivalents	-	133,216

Acquired assets and liabilities		
Investment property	-	316,000
Non-current assets	-	30
Operating receivables	-	22,102
Cash and cash equivalents	-	6,510
Total acquired assets	-	344,642
Deferred tax	-	491
Current liabilities	-	204,425
Total acquired liabilities	-	204,916
Acquired net assets	-	139,726
Acquisition price	-	139,726

Note 27 Reconcilation of liabilities related to financing activities

TSEK	2018	2017
Opening balance for liabilities and current liabilities related to financing activitiess	2,252,928	1,688,778
Changes effecting the cashflow		
Borrowings	394,651	790,909
Loan repayments	-255,621	-193,224
Changes not effecting the cashflow		
Conversion effects	33,192	-32,575
Repayment of loans related to divested companies	-331,853	-
Derivats	1,261	-960
Closing balance for liabilities and current liabilities related to financing activites	2,094,558	2,252,928

Note 28 Shares in subsidiaries

Group

TSEK	2018	2017
Acquisition cost per 1 January	25,603	25,603
Acquisition cost per 31 December	25,603	25,603

Company	Corporate ID	City	Result	Equity	Prop. Of shares	Net book value 2018	Net book value 2017
Jefast AB	556311-1409	Höganäs	-46,364	204 432	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 Borrower II AB	559109-3140	Höganäs			100 %		
Jefast Danmarkshuset AB	556742-3438	Höganäs			100 %		

Company	Corporate ID	City	Result	Equity	Prop. Of shares	Net book value 2018	Net book value 2017
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 %		
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 %		
Struere AB	556767-3933	Höganäs			100 %		

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

Note 29 Receivables from Group companies

Parent company

TSEK	2018	2017
Receivables from Group companies at 1 January	414,627	223,172
Added receivables	140,228	234,191
Substracted receivables	-170,895	-42,736
Receivables from Group companies at 31 December	383,960	414,627

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

The parent company applies a rating-based method for calculating expected credit losses on intra-group receivables based on the probability of default, expected loss and exposure in the event of default. The parent company has defined default as when payment of the claim is 90 days late or more, or if other factors indicate that the payment default is present. The parent company believes that the subsidiaries currently have similar risk profiles and therefore the assessment is done on a collective basis. Significant increase in credit risk has not been considered to exist for any intra-group receivable on the balance sheet date. Such assessment is based on whether payment is 30 days late or more, or if significant deterioration of the rating takes place, entailing a rating below investment grade. The parent company's receivables from its subsidiaries are subordinated external lenders' claims for which the subsidiary's properties are pledged as collateral.

The parent company applies the general method for the intra-group receivables. The parent company's expected loss in the event of default takes into account the subsidiaries' average loan-to-value ratio and the expected market value in the event of a forced sale. Based on the parent company's assessments according to the above method, taking into account other known information and forward-looking factors, expected loan losses are not expected to be significant and no provision has therefore been reported.

Note 30 Alternative Key ratios

Group

TSEK	2018	2017
Closing balance for equity at the end of the period	898,487	864,514
Total asset	3,272,685	3,465,485
Solidity, %	**27**	**25**
Cash and cash equivalents	63,832	95,469
Interest bearing liabilities	1,575,944	1,831,609
Bond loans	425,000	400,000
Current interest bearing loans	92,353	20,319
Interest bearing net liability	**2,029,465**	**2,156,459**
Interest bearing net liability	2,029,465	2,156,459
Property value at the end of the period	3,109,831	3,281,968
Net loan to value, %	**65,2**	**65,7**
Adjusted operating result	84,346	103,458
Adjusted financial expenses	64,680	70,221
Interest coverade ratio, times	**1,3**	**1,5**
Number of properties	**30**	**44**
Number of owned hotel rooms	**136**	**134**
Total rent value	99,930	146,699
Total rent-income	113,100	154,604
Economic rental rate, %	**88**	**95**
Occupied rooms	34,022	41,628
Total available rooms	52,624	51,709
Average occupancy rate,%	**64.65**	**80.5**
Room revenue (USD)	9,605,120	10,673,286
Occupied rooms	34,022	41,628
Average daily rate (ADR) (USD)	**282.32**	**256.4**
Room revenue (USD)	9,605,120	10,673,286
Total available room	52,624	51,709
Revenue per available room (RevPAR) (USD)	**182.52**	**206.41**

Note 31 Events after the reporting period

No events took place after the reporting period.

Note 32 Proposed profit allocation

Proposed profit allocation	
The Board of Directors proposes that available earnings (SEK) be made available as follows:	
Profit carried forward	18,936,121
Issue of share capital	-2,000
Reduction of the share capital	-2,998,000
Profit for the year	0
	15,936,121
to be distributed so they are carried over:	15,936,121

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.

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

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 as a relation to / percentage of total financial expenses. The calculation is adjusted for change in fair value of Investment Properties, depreciations, profits and expenses including financial expenses related to divestments and/or acquisitions made during the period, which is in accordance with the bond documents.

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 30 April 2019.

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 30 april 2019

Bo Jertshagen, Chairman

Cassandra Jertshagen, Board member & CEO

Joakim Green, Board member

Our Audit report was submitted April 30 2019
Ernst and Young AB

Henrik Nilsson, Authorized Public Accountant

Contact Information

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

Calendar 2019-2020

- Quarterly report 1 2019: 31 May 2019
- Quarterly report 2 2019: 30 August 2019
- Quarterly report 3 2019: 29 November 2019
- Year-end report 2019: 28 February 2020
- Annual Report 2019: 30 April 2020

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 16:00 CEST on 30 April 2019.

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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 2018. The annual accounts and consolidated accounts of the company are included on pages 10-61 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 2018 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 2018 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 2 483 MSEK in the consolidated statement of financial position as of 31 December 2018. Investment properties is recorded at fair value. Owner-occupied properties is a significant balance sheet item and amounted to 628 MSEK in the consolidated statement of financial position as of 31 December 2018. 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 1-9. 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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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 2018 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 2018 and has been the company's auditor since the 11 of February 2013.

Ängelholm 30 April, 2019

Ernst & Young AB

Henrik Nilsson
Authorized Public Accountant