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Jefast

QUARTERLY REPORT 3 2017

2017-01-01 to 2017-09-30
Jefast Holding AB (publ), org nr 556721-2526

Third quarter

- Revenue inline with last year
- Portfolio value increase of 28.6% to 2,965 m (2,305)

	2017	2016	2016
Group key figures, SEKm	July-Sep	July - Sep	Jan-Dec
Revenue	65.8	65.2	275.2
Operating profit	28.3	68.3	221.4
Property portfolio value	2,965	2,305	2,458
Profit for the period	10.8	41.7	132.3

TABLE OF CONTENTS

CEO'S COMMENTS	3
INCOME, EXPENSES & PROFITS	4
GROUP KEY FIGURES	5
INVESTMENT PROPERTIES	6
INVESTMENT PROPERTIES UNDER CONSTRUCTION	7
PROPERTY ACQUISITIONS AND DIVESTMENTS	8
EVENTS IN THE REPORTING PERIOD	8
EVENTS AFTER THE REPORTING PERIOD	8
MISCELLANEOUS	9
CONSOLIDATED GROUP INCOME STATEMENT	11
STATEMENT OF OTHER COMPREHENSIVE INCOME	12
CONSOLIDATED GROUP BALANCE SHEET - ASSETS	13
CONSOLIDATED GROUP BALANCE SHEET - EQUITY AND LIABILITIES	14
STATEMENT OF CHANGES IN EQUITY	15
STATEMENT OF CASH FLOW	16
PARENT COMPANY INCOME STATEMENT	17
STATEMENT OF OTHER COMPREHENSIVE INCOME	17
PARENT COMPANY BALANCE SHEET	18
DEFINITIONS	19
CONTACT INFORMATION	20
CALENDAR 2017-2018	20

Jefast was founded in 1977 and has since then had its headquarter in Höganäs, Skåne. Jefast owns and develops properties in Höganäs and Helsingborg and its close surroundings, as well as a hotel in Fort Lauderdale, Florida USA. The company owns a total of 161,000 square meters including both commercial and residential properties in Sweden.

CEO's COMMENTS



Pelican Grand

During the quarter the Florida cost was hit by Hurricane Irma. Fort Lauderdale, in which Jefast's hotel Pelican Grand Beach Resort is located, was also effected. The hotel was closed for a few days and did have an impact on lower revenues as well as a decrease in expenses. However, the material impact was very limited and the hotel team was able to quickly turnaround and re-open.

Kv Holland

The project is in full speed. Building permit for a 20 -story apartment building was approved by the city. We feel very confident that adding these high quality apartments to this part of Helsingborg will have a significant impact on this part of the city and our project as a whole. Furthermore, we have also made the decision to have one Grand Opening of the galleria and cinema. The plan was earlier to open in different stages. We believe this will have a rather small impact on the project as a whole. First of all, our largest tenant SF Bio is not impacted since their opening date has not changed. Jefast is currently talking to each of the tenants. This decision will

not impact Jefast's result 2017, and will have a minor impact 2018.

Höganäs, November 2017

Cassandra Jertshagen
CEO

INCOME, EXPENSES & PROFITS

Revenue

Total revenue for the period amounted to 65.8m (65.2). The hotel business in Florida experienced an decrease of -14% compared to last year due to hurricane Irma. However, in the Swedish business an increase of 18% in revenue took place, which is due to recent acquisitions. For more information see below.

Operating expenses

Operating expenses decreased to 31.3 m (32.9). The Swedish business increased with 2.8 m however the hotel business decreased with -17% due to the hotel being closed during hurricane Irma.

Administrative expenses

Administrative expenses amounted to 14.3 m (13.2). The Swedish business was stable compared to last year however the hotel business increased with 1.1 m compared to last year.

Loss on disposal of investment property

The company did not have any loss on disposal.

Value investment property

The change in fair value of investment properties in the third quarter amounted to 10.4 m (49.9).

Financial Expenses

Total finance expenses for the third quarter amounted to 17.1 m (16.7). The total loan portfolio has increased with 811 m to 2,112 m (1,301). However, a large portion of senior loans has been renegotiated during this year, which has led to a decrease in finance expenses compared to last year.

Derivatives

Change in fair value of derivatives of 0 m (1.1) , this was tied to a swap that matured in the second quarter 2017.

Profit after taxes in the period

Profit after taxes amounted to 10.8 m (41.7) in the third quarter.



GROUP KEY FIGURES

Investment Property Segment

The investment property area grew with approximately 12 % during the second quarter. The economic rental rate was increased, the acquired properties were near to 100% economic rental rate.

	30 September 2017	30 September 2016
Area, m2	154,156	137,323
Economic rental rate, commercial, %*	93.1	93.6
Economic rental rate, apartments, %	99.4	99.9
Rental value, commercial, SEKm*	73.5	54.1
Rental value, apartments, SEKm	70.2	67.2
Value per square meter, SEK/m2	13,148	12,814
Number of commercial spaces*	265	237
Number of apartments	993	931
Number of properties	40	37

*Kv Holland 25 excluded.

Hotel Business Segment

The occupancy rate has been slightly down in the Miami area, thus effecting the Fort Lauderdale market. However, we experienced a continuously high demand with an Average rate above last year with 1.75% and RevPar 1.84% above last year.

	July-September 2017	July-September 2016
Building area, m2	19,530	19,430
Occupancy rate, %	73.81	80.57
Average rate, per night*	1,656	1,672
RevPAR*	1,222	1,347
Number of rooms owned	134	131

*Exchange rate USD to SEK: 8.1086

Group Key Figures - Financial

	30 September 2017	31 December 2016
Net Loan to Property value ratio, %	67.6	65.6
Equity / Assets ratio, %	25.8	29.3
Debt / Equity Ratio, times	2.5	2.4
Interest Coverage Ratio, times	1.5	1.6

INVESTMENT PROPERTIES

Jefast owns, manages and develops properties in the southern parts of Sweden and the portfolio consists of residential, office, retail and industrial properties. Jefast's properties are all located in and around Helsingborg and Höganäs – ensuring our closeness and attention to all of our properties in an easy way.

Portfolio value increase

At the end of the fourth quarter of 2016 the group had all the properties externally evaluated by Newsec. In the first and second quarter internal evaluations was made, with a rather precautionary approach. The acquisitions made during the second quarter were externally valued by Newsec as well as one property that was refinance during the third quarter. The value of the investment property portfolio amounted to SEK 2,413 m (1,727). The total portfolio value (including Owner Occupied properties) amounted to SEK 2,965 m (2,305).

Tenants

The ten largest tenants generates approximately 17% of the total rental income. None of the contracts will expire during 2017. The 8th largest tenant, "Åklagarmyndigheten i Malmö", has terminated its contract and will leave its premises in April 2018. Letting initiatives has already begun.



10 Largest tenants

Tenant	
1	Arbetsförmedlingen
2	Höganäs Kommun
3	Capio Närsjukvård AB
4	Fiskars Sweden AB
5	Topbrands Scandinavia AB
6	Helsingborgs Pastorat
7	Nordea Bank Sverige AB
8	Åklagarmyndigheten i Malmö
9	Jem & Fix KB
10	B W Hotel Duxiana, Pogh Hotell AB

INVESTMENT PROPERTIES UNDER CONSTRUCTION

Kv. Holland

The project Kv. Holland 25 is in full speed. The rental initiatives has developed further during this quarter. The economic rental rate amounts to 92 %. During the third quarter Lifestyle Store signed a lease agreement renting a total of 630 m2, they will offer trendy clothing for both men and women.



Investments in progress > SEK 10 Million, 30 September

Property	Category	Municipality	Completion date	Lettable area (approx.), m2	Expended 300917, SEK m
Kv Holland 25 - mall, offices, cinema & parking	Commercial	Helsingborg	Q418	16,535	260.3
Kv Holland 25 - apartment building	Apartments	Helsingborg	Q418/Q119*	4,867	20.2
Noshörningen 14	Community Service	Höganäs	Q218		0.5
Total				21,402	281

*Project timeline is not yet finalised

PROPERTY ACQUISITIONS AND DIVESTMENTS

No property acquisitions or divestments took place during the third quarter.

EVENTS IN THE REPORTING PERIOD

Hurricane Irma, Pelican Grand Beach Resort

During the third quarter the Hurricane Irma hit the Florida coast. Jefast's hotel Pelican Grand Beach Resort is located on the beach in Ft Lauderdale, Florida. The hotel was mainly economically effected from being closed during the hurricane as well as after the storm. There were no major damages reported to the building nor any of the team members. The hotel is fully up and running as of now, and running a high occupancy and decent rates.

EVENTS AFTER THE REPORTING PERIOD

Property acquisition Oskar II 3

During the second quarter Jefast signed an agreement to acquire the Helsingborg located property Oskar II 3. The property is located in the same neighbourhood in which Jefast already owns 7,500 m², in the very city center of Helsingborg with ocean views from several of the offices and apartments. The property comprises of about 2,585 m² of which 2,225 m² consists of commercial tenants. The seller was Fastighets AB Snödroppen. Jefast took occupancy of the property on October 16 2017. The transaction was a company transaction and the lender was Brunswick Real Estate Capital.

Property acquisition Noshörningen 2, 12 & 21

After the reporting period, Jefast took occupancy of the properties Noshörningarna 12, 2 and 21 in Höganäs,. This is in line with the company's overall strategy to focus on the north west Skåne area. The total rentable area amounts to about 7,600 m² the largest tenant is Lager 157 AB with a total area of 3,585 m². The second largest tenant is the very well known "Keramiskt Center" offering historic views on the ceramic development in the area as well as exhibitions and more. The seller was Fastighets Aktiebolaget Noshörningen AB and the acquisition was made through a property transaction. The lender was Brunswick Real Estate Capital.

Pelican Grand Beach Resort Voted top resort in Florida

After the reporting period Pelican Grand beach Resort was voted one of the top resorts in Florida. It was the prestigious Condé Nast Reader's Choice Awards from which the hotel was rewarded. Furthermore, the hotel is recognised as the number 9 out of 127 hotels in Ft Lauderdale.



Jefast announced postponed opening date of Kv Holland 25

The plan was previously to open the galleria and cinema in different stages. However, the opening of the galleria was postponed and is now scheduled to open in October 2018. The largest anchor tenant, SF Bio is not impacted since their opening date remains the same. Jefast is currently talking to each of the tenants. This decision will not impact Jefast's result 2017, and will have a minor impact 2018.

Building permit approved - 20 story apartment building

The building permits for the new 20-story apartment building at Kv Holland 25 was approved. This will allow for Jefast to fully start the building process. The building will consist of mainly two room apartments with beautiful views of the ocean. On the 19th and 20th floors larger apartments will be available with large private terraces.

New tenants for Kv Holland 25 and New name announced

Pizzabakaren is one of our latest tenants to sign a lease agreements in the Galleria. Pizzabakaren is a Norwegian pizza chain and is also one of the fastest growing pizza chain in the nordic countries. Furthermore, a Nail Studio is also one of the recent additions and will compliment our mix of offerings very well. Jefast announced a new name for the previously called "Söderpunkten", the new name will be "SöDER". Jefast has been able to trademark register "SöDER Helsingborg", which we are very happy about.

MISCELLANEOUS

Employees

At the end of the period, the number of employees amounted to 15 people (14) for the Swedish business. At the Pelican Grand the number of people employed amounted to 171 (170), however they are all legally employed by the hotel service management company Noble House.

Significant risks and other uncertainty factors

Jefast's operations, financial status and profit may be affected by a number of risks and uncertainty factors, which are described in detail in the Annual Report.

Currency risk

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

Use of financial instruments

The Group measures financial instruments at fair value. Hedging instruments consist of interest rate swaps, which matured on 14 March 2017. The group is currently investigating other possible hedging instruments.

Ownership

The company is owned to 92.1% by Bo Jertshagen and 7.9% of Induere AB, corporate id no 556767-3941, which in turn is fully owned by Bo Jertshagen.

Accounting policies

Jefast's consolidated accounts comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Furthermore, the recommendation RFR 1 Supplementary accounting rules for corporate groups issued by the Swedish Financial Reporting Board have been applied. The parent company has prepared its financial statements in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities. For complete accounting policies, please refer to Jefast's Annual Report for 2016.

CONSOLIDATED GROUP INCOME STATEMENT

	2017	2016	2017	2016	2016
All amounts in SEK'000	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
Revenue	65,838	65,234	229,215	203,193	275,159
Operating expenses	-31,259	-32,902	-110,605	-99,587	-131,217
Gross profit	34,579	32,332	118,610	103,606	143,942
Administrative Expenses	-14,298	-13,188	-46,137	-41,614	-62,449
Loss on disposal of investment property	0	-1,368	0	-1,368	-1,368
Changes in fair value of investment property	10,443	49,856	42,005	99,711	142,445
Other operating income	0	880	0	2,208	2,208
Other operating expenses	-2,465	-206	-7,351	-2,256	-3,391
Operating profit/(loss)	28,259	68,306	107,127	160,287	221,387
Finance Income	5	11	47	329	409
Finance Expense	-17,056	-16,747	-52,448	-46,786	-60,195
Changes in fair value of derivatives	0	1,054	960	2,460	3,514
Profit before tax	11,208	52,624	55,686	116,290	165,115
Income tax expense	-383	-10,879	-11,179	-21,683	-32,809
Profit for the year	10,825	41,745	44,507	94,607	132,306
Profit attributable to:					
Equity owners of the company	10,825	41,745	44,507	94,607	132,306

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
All amounts in SEK'000	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
Profit for the year	10,825	41,745	44,507	94,607	132,306
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations	-10,990	11,212	-28,338	22,425	32,036
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-10,990	11,212	-28,338	22,425	32,036
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Change in value of owner-occupied property	-968	-9,563	2,664	-19,126	-27,323
Income tax	213	2,104	-587	4,208	6,011
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-755	-7,459	2,077	-14,918	-21,312
Total comprehensive income for the year net of tax	-920	45,498	18,246	102,114	143,030
Total comprehensive income attributable to:					
Equity owners of the company	-920	45,498	18,246	102,114	143,030

CONSOLIDATED GROUP BALANCE SHEET – ASSETS

	30 September	31 December
All amounts in SEK'000	2017	2016
ASSETS		
NON-CURRENT ASSETS		
Investment property and Investment Property under construction	2,511,887	2,048,962
Owner-occupied property and Owner-occupied property under construction	509,433	559,534
Other property, plant and equipment	36,309	42,432
Deferred tax assets	0	211
Receivables	1,452	1,599
Total non-current assets	3,059,081	2,652,738
CURRENT ASSETS		
Inventory	1,883	1,823
Rent and other receivables	17,105	14,188
Tax assets	4,273	1,837
Prepaid expenses and accrued income	31,598	21,773
Cash and cash equivalents	108,347	74,081
Total current assets	163,206	113,702
TOTAL ASSETS	3,222,287	2,766,440

CONSOLIDATED GROUP BALANCE SHEET – EQUITY AND LIABILITIES

	30 September	31 December
All amounts in SEK'000	2017	2016
EQUITY AND LIABILITIES		
Share capital	500	500
Foreign currency translation reserve	28,175	56,514
Revaluation reserve	122,672	126,612
Retained earnings	678,700	628,175
Equity attributable to the shareholders of the parent	830,047	811,801
Total equity	830,047	811,801
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,693,055	1,420,629
Bond loans	400,000	200,000
Deferred tax liabilities	196,426	184,734
Total non-current liabilities	2,289,481	1,805,363
CURRENT LIABILITIES		
Interest bearing loans and borrowings	19,721	67,189
Derivative financial instruments	0	960
Trade and other payables	41,844	41,772
Tax liabilities	5,182	831
Other liabilities	5,241	9,038
Accrued expenses and prepaid income	30,771	29,486
Total current liabilities	102,759	149,276
Total liabilities	2,392,240	1,954,639
TOTAL EQUITY AND LIABILITIES	3,222,287	2,766,440

STATEMENT OF CHANGES IN EQUITY

2017					
All amounts in SEK'000	Share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total equity
EQUITY AT 1 JANUARY 2016	100	24,477	149,978	497,212	671,767
Profit/loss for the year	0	0	0	132,306	132,306
Other comprehensive income	0	32,036	-21,312	0	10,724
Total comprehensive income for the year	0	32,036	-21,312	132,306	143,030
Effect of depreciation on the revaluation reserve	0	0	-2,054	2,054	0
Transactions with owners:					
Issue of share capital	400	0	0	-400	0
Reduction of the share capital	0	0	0	-2,997	-2,997
Paid dividends	0	0	0	0	0
EQUITY AT 31 DECEMBER 2016	500	56,513	126,612	628,176	811,801
Profit/loss for the year	0	0	0	44,507	44,507
Other comprehensive income	0	-28,338	2,077	0	-26,261
Total comprehensive income for the year	0	-28,338	2,077	44,507	18,246
Effect of depreciation on the revaluation reserve	0	0	-6,017	6,017	0
EQUITY AT 30 JUNE 2017	500	28,175	122,672	678,700	830,047

STATEMENT OF CASH FLOW

All amounts in SEK'000	30 September 2017	31 December 2016
OPERATING ACTIVITIES:		
Profit or loss before tax	55,686	165,116
ADJUSTMENTS TO RECONCILE PROFIT BEFORE TAX TO NET CASH FLOWS:		
Changes in value from investment property	-42,005	-142,445
Gain/loss on disposal of property, plant and equipment	497	1,223
Depreciations	13,654	14,721
Exchange loss/gains	7,869	-4,929
Change in fair value of derivatives	-960	-3,514
	34,741	30,172
WORKING CAPITAL ADJUSTMENTS:		
Change in operating receivables	-15,915	5,343
Change in inventory	-274	-464
Change in operating liabilities	5,458	41,008
Income tax paid	-97	-4,853
Net cash flow from operating activities	23,913	71,206
INVESTMENT ACTIVITIES:		
Purchase of subsidiaries	-72,406	-158,264
Purchase of investment property	-351,338	-375,896
Purchase of owner-occupied property	-13,611	-593
Purchase of property, plant and equipment	-2,300	-4,910
Proceeds from disposal of owner-occupied property	0	6,527
Changes in long term receivables	170	-51
Net cash flow from investing activities	-439,485	-533,187
FINANCING ACTIVITIES:		
Proceeds from borrowings	594,532	350,537
Repayment of borrowings	-143,921	-19,190
Net cash flow from financing activities	450,611	331,347
Net increase in cash and cash equivalents	35,039	-130,634
Cash and cash equivalents at the beginning of the year	74,081	203,209
Translation adjustments of cash and cash equivalents	-773	1,506
Cash and cash equivalents at 31 June	108,347	74,081

PARENT COMPANY INCOME STATEMENT

	2017	2016	2017	2016	2016
All amounts in SEK'000	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
NET SALES:					
Administrative expenses	-792	-314	-2,222	-1,057	-1,538
Operating profit/(loss)	-792	-314	-2,222	-1,057	-1,538
Finance expenses	-3,095	-1,438	-9,162	-6,467	-7,280
Profit/loss after financial items	-3,887	-1,752	-11,384	-7,524	-8,818
Received Group contributions	0	0	0	0	8,818
Profit/loss before tax	-3,887	-1,752	-11,384	-7,524	0
Income tax expense	0	0	0	0	0
Profit for the year	-3,887	-1,752	-11,384	-7,524	0

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
All amounts in SEK'000	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
Profit/loss for the year	-3,887	-1,752	-11,384	-7,524	0
Other comprehensive income net of tax	0	0	0	0	0
Total comprehensive income for the year net of tax	-3,887	-1,752	-11,384	-7,524	0

PARENT COMPANY BALANCE SHEET

All amounts in SEK'000	30 September 2017	31 December 2016
ASSETS		
NON-CURRENT ASSETS		
Shares in group companies	25,603	25,603
Receivables from group companies	358,125	223,172
Total non-current assets	383,728	248,775
CURRENT ASSETS		
Other receivables	709	0
Prepaid expenses and accrued income	6,836	2,593
Cash and cash equivalents	46,152	502
Total current assets	53,697	3,095
TOTAL ASSETS	437,425	251,870
EQUITY & LIABILITIES		
RESTRICTED EQUITY		
Share capital	500	500
Restricted equity	500	500
NON-RESTRICTED CAPITAL		
Retained earnings	21,936	21,936
Profit/loss for the year	-11,384	0
Non-restricted capital	10,552	21,936
Total equity	11,052	22,436
NON-CURRENT LIABILITIES		
Long-term borrowings	400,000	200,000
Other liabilities	25,000	25,000
Total non-current liabilities	425,000	225,000
CURRENT LIABILITIES		
Other liabilities	0	2,828
Accrued expenses and prepaid income	1,373	1,606
Total current liabilities	1,373	4,434
Total liabilities	426,373	229,434
Total equity and liabilities	437,425	251,870

DEFINITIONS

Property related

No. of properties

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

Economic rental rate

Rental income as a percentage of rental value.

Hotel related

Occupancy rate

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

Average rate

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

RevPAR

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

Number of rooms owned

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

Financial

Interest-coverage ratio

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

Debt/equity ratio, multiple

Total liabilities divided by total equity.

Net Loan-to-value

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

Equity/assets ratio

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

CONTACT INFORMATION

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

CALENDAR 2017-2018

- Year-end report 2017: 28 February 2018
- Annual Report 2017: 27 April 2018
- Quarterly report 1 2018: 31 May 2018