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Jefast

INTERIM REPORT 2017

2017-01-01 to 2017-06-30
Jefast Holding AB (publ), org nr 556721-2526

Second quarter

- Revenue increase by 15.8% to SEK 78.1 m (67.5)
- Portfolio value increase by 25.9% to SEK 2,908 m (2,309)

	2017	2016	2016
Group key figures, SEKm	April-June	April-June	Jan-Dec

Revenue	78.1	67.5	275.2
Operating profit	43.7	56.6	221.4
Property portfolio value	2,908	2,309	2,458
Profit for the period	16.7	33.2	132.3

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Jefast was founded in 1977 and has since then had its headquarter in Höganäs, Skåne. Jefast owns and develops properties in Höganäs and Helsingborg and its close surroundings, as well as a hotel in Fort Lauderdale, Florida USA. The company owns a total of 40 properties including both commercial and residential properties.

CEO's COMMENTS



New as CEO

My first couple of months as the new CEO at Jefast has just passed by very quickly. I feel very honored and excited about this new role and I believe it will continue to be the case for both Jefast and me moving forward. My focus has been working with personnel questions and recruiting to handle the growth as well as the opening of the Galleria. Kv Holland 25's opening date is moving closer and we are happy to announce that we have recruited Alexandra Werder-Hallonkvist as our new Center Manager (sw. Centrumledare). We are also looking for a Property Director (sw. Fastighetschef) to further strengthen our team.

Acquisitions

During the second quarter, we finalised three acquisitions - two properties in Höganäs and one in Helsingborg. This added a total of 19,088 m² and an increase in property value of 269 m. These acquisitions fits well into our property portfolio with great locations.

Financing activities

In the second quarter a large portion of senior loans were renegotiated with lower margins and

more favourable terms, which has already had a positive impact on decreasing the financial costs.

I am also pleased to announce that we have engaged JLL in order for us to further improve our financing activities including clarifying our financial goals.

A relaxing summer has now come to its end & we are back with full force for this exciting fall!

Höganäs, August 2017

Cassandra Jertshagen
CEO

INCOME, EXPENSES & PROFITS

Revenue

Total revenue for the period amounted to 78.1m (67.5). That is an increase of 15.8% year over year. The hotel business in Florida accounted of 43.5 m - a total increase of 9% compared to last year! Also, the acquisitions made during the second quarter contributed with 3.3 m in increased revenues.

Operating expenses

Operating expenses increased to 39.4 m (33.4). The increase is mainly due to property acquisitions made last year. The gross profits margin is inline with last year amounting to 49.5% (50.6).

Administrative expenses

Administrative expenses amounted to 15.2 m (14.3). This is mainly generated from the Swedish business, and the increase is from an increase in personell costs as well as rebranding costs.

Loss on disposal o investment property

The company did not have any loss on disposal.

Value investment property

The change in fair value of investment properties in the first quarter amounted to 23.4 m (35.6).

Financial Income and Expense

Financial income amounted to 35 (123).

Total finance expenses for the second quarter amounted to 18.4 m (16.1). The increase derives mainly from increased debt due to acquisitions as well as a second bond loan. However, a large portion of the senior loans has been renegotiated during the second quarter, which has led to a decrease in finance expenses compared to last year.

Derivatives

Change in fair value of derivatives of 0 m (0.7) , this was tied to a swap that matured in the second quarter 2017.

Profit after taxes in the period

Profit after taxes amounted to 16.7 m (33.2) in the second 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 June 2017	30 June 2016
Area, m2	154,156	137,323
Economic rental rate, commercial, %*	93.2	90.0
Economic rental rate, apartments, %	99.5	99.4
Rental value, commercial, SEKm*	71.3	52.9
Rental value, apartments, SEKm	69.9	66.8
Value per square meter, SEK/m2	15,153	12,814
Number of commercial spaces*	251	237
Number of apartments	962	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.

	April-June 2017	April-June 2016
Building area, m2	19,430	19,430
Occupancy rate, %	82.83	82.79
Average rate, per night*	2,199	2,161
RevPAR*	1,822	1,789
Number of rooms owned	132	131

*Exchange rate USD to SEK: 8,8639

Group Key Figures - Financial

	30 June 2017	30 Dec 2016
Net Loan to Property value ratio, %	68	65.6
Equity / Assets ratio, %	26.2	29.3
Debt / Equity Ratio, times	2.8	2.4
Interest Coverage Ratio, times	1.6	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. The value of the property portfolio amounted to SEK 2,908 m (2,309).

Tenants

The ten largest tenants generates approximately 17% of the total rental income. None of the contracts will expire during 2017.

10 Largest tenants

	Tenant	Area	Percentage of total rental income
1	Arbetsförmedlingen	4,638	4,0%
2	Höganäs Kommun	2,365	2,6%
3	Capio Närsjukvård AB	2,637	2,5%
4	Fiskars Sweden AB	1,511	1,6%
5	Topbrands Scandinavia AB	5,780	1,5%
6	Helsingborgs Pastorat	1,106	1,3%
7	Nordea Bank Sverige AB	1,012	1,2%
8	Åklagarmyndigheten i Malmö	1,316	0,9%
9	Jem & Fix KB	1,100	0,9%
10	B W Hotel Duxiana, Pogh Hotell AB	1,139	0,8%
Total		22,604	17,3%

INVESTMENT PROPERTIES UNDER CONSTRUCTION

Kv. Holland

The project Kv. Holland 25 is in full speed. Skanska are projecting the Galleria to be finalised and open to the public in time for Easter in 2018. SF Filmstaden will open during Q2/Q3 in 2018. The building permit for the 19-story residential building is currently at the City of Helsingborg, and we are awaiting an approval, which will hopefully come sometime during the third quarter this year. The rental initiatives has developed further during the second quarter.

Recently an agreement with Nordic Wellness with a 15 year lease agreement with a total area of about 1,150 m² was signed. In May we signed an agreement with Döner Kebab with an establishment of 180 m².



Investments in progress > SEK 10 Million, 30 June 2017

Property	Category	Municipality	Completion date	Lettable area (approx.), m ²	Expended 300617, SEK m
Kv Holland 25 - mall, offices, cinema & parking	Commercial	Helsingborg	Q117 & Q317	16,535	200
Kv Holland 25 - apartment building	Apartments	Helsingborg	Q218	4,867	10.9
Total				21,402	210.9

PROPERTY ACQUISITIONS AND DIVESTMENTS

Property acquisition Danmark 29

In May Jefast took possession of the property Danmark 29 in the form of a company transaction. The property consists of commercial and residential spaces as well as a parking garage with 120 lots. There are 31 apartments consisting of 1,972 m² and the total lettable area amounts to 11,105 m². The largest tenants are The Swedish Employment Service (Sv. Arbetsförmedlingen) and The Swedish Migration Board (Sv. Migrationsverket). The property fits well into the Group's current portfolio since Danmark 29 is located very close to both Holland 25 and Belgien Norra 19 in the south parts of Helsingborg.



Property acquisition Jaguaren 4 and Tjöröd 6:8

Jefast also purchased the properties Jaguaren 4 and Tjöröd 6:8 in the form of a company transaction. The properties are located in Höganäs. Jaguaren 4 is a logistic facility with one tenant, Topbrands Scandinavia AB, renting the entire property with a total area of 5,780 m². Tjöröd 6:8 has a total area of 2,204 m² and consists of commercial spaces only. The largest tenant is Fiskars Sweden AB (Iittala Outlet). Jefast acknowledge great opportunities in this area to further develop this as an Outlet destination and fits well into the current portfolio due to its location in Höganäs.

Signed 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 is Fastighets AB Snödroppen. Jefast will take occupancy at the latest on October 1 2017. The transaction will be in form of a company transaction.

Signed property acquisition Noshörningen 1, 12 & 21

Jefast has entered into an agreement to buy 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 amount 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. Jefast will take possession of the properties on October 1 2017 at the latest. The seller is Fastighets Aktiebolaget Noshörningen AB and the acquisition is made through a property transaction.

Divestments

No divestments took place during this period.

EVENTS IN THE REPORTING PERIOD

New CEO

During the second quarter Cassandra Jertshagen was appointed as the new CEO of the company. She has worked for the company for several years, including the project at Pelican Grand when conference facilities, a spa and a penthouse was added.

Pelican Grand Beach Resort

No major events and/or changes took place at the Pelican Grand during the second quarter. On the right, a picture of the shining star employees and the employee of the month are showed. This is a very important part of recognising our employees!



Shining stars & Employee of the month at Pelican

EVENTS AFTER THE REPORTING PERIOD

Recruiting of Center Manager

We are happy to welcome Alexandra Werder-Hallonkvist to our team! Alexandra has previously worked as Helsingborg City's Business Developer with extensive knowledge not only about Helsingborg but also marketing, commercial letting initiatives and more. She will join the team during this fall.

Lease agreement termination

After the second quarter Jefast's 8th largest tenant that accounts for less than 1% of the rental income, Åklagarmyndigheten i Malmö, terminated their agreement. They will leave the premises at the end of the first quarter 2018. The location is truly great in the very center of Helsingborg, and the letting initiatives has already begun.

Pinchos

In August Jefast announced a new successful letting at the ongoing project at Kv Holland 25. It was announced that the restaurant Pinchos known for its app ordering system offering fun sharing appetizers. Pinchos will be renting a total area of 869 m2 with a 8 years long lease agreement.

Noshörningen 14

In August the tenant adjustment for Höganäs Municipality begun after IF Friskis och Svettis i Höganäs left the premises. The lease agreement is a 15 years. The adjustment is expected to amount to approximately 10 m.

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	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Revenue	78,141	67,491	163,377	138,007	275,159
Operating expenses	-39,424	-33,350	-79,346	-66,685	-131,217
Gross profit	38,717	34,141	84,031	71,322	143,942
Administrative Expenses	-15,235	-14,252	-31,839	-28,677	-62,449
Loss on disposal of investment property	0	0	0	0	-1,368
Changes in fair value of investment property	23,415	35,611	31,562	49,856	142,445
Other operating income	0	1,329	0	1,329	2,208
Other operating expenses	-3,178	-205	-4,886	-2,050	-3,391
Operating profit/(loss)	43,719	56,624	78,868	91,780	221,387
Finance Income	35	123	42	318	409
Finance Expense	-18,360	-16,150	-35,392	-30,039	-60,195
Changes in fair value of derivatives	0	703	960	1,406	3,514
Profit before tax	25,394	41,300	44,478	63,465	165,115
Income tax expense	-8,664	-8,131	-10,796	-10,604	-32,808
Profit for the year	16,730	33,169	33,682	52,861	132,307
Profit attributable to:					
Equity owners of the company	16,730	33,169	33,682	52,861	132,307

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
All amounts in SEK'000	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Profit for the year	16,730	33,169	33,682	52,861	132,306
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations	-12,500	8,009	-17,348	11,212	32,036
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-12,500	8,009	-17,348	11,212	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	1,435	-6,831	3,632	-9,563	-27,323
Income tax	-316	1,503	-800	2,104	6,011
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	1,119	-5,328	2,832	-7,459	-21,312
Total comprehensive income for the year net of tax	5,349	35,850	19,166	56,614	143,030
Total comprehensive income attributable to:					
Equity owners of the company	5,349	35,850	19,166	56,614	143,030

CONSOLIDATED GROUP BALANCE SHEET – ASSETS

All amounts in SEK'000		30 June	31 December
		2017	2016
ASSETS			
NON-CURRENT ASSETS			
Investment property and Investment Property under construction		2,430,135	2,048,962
Owner-occupied property		523,172	559,472
Owner-occupied property under construction		378	62
Other property, plant and equipment		39,897	42,432
Deferred tax assets		0	211
Receivables		1,488	1,599
Total non-current assets		2,995,070	2,652,738
CURRENT ASSETS			
Inventory		1,906	1,823
Rent and other receivables		12,076	14,188
Tax assets		3,379	1,837
Prepaid expenses and accrued income		32,318	21,773
Cash and cash equivalents		124,220	74,081
Total current assets		173,899	113,702
TOTAL ASSETS		3,168,969	2,766,440

CONSOLIDATED GROUP BALANCE SHEET – EQUITY AND LIABILITIES

All amounts in SEK'000	30 June 2017	31 December 2016
EQUITY AND LIABILITIES		
Share capital	500	500
Foreign currency translation reserve	39,165	56,514
Revaluation reserve	125,399	126,612
Retained earnings	665,902	628,175
Equity attributable to the shareholders of the parent	830,966	811,801
Total equity	830,966	811,801
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,562,103	1,419,995
Bond loans	400,000	200,000
Deferred tax liabilities	196,205	184,734
Total non-current liabilities	2,158,308	1,804,729
CURRENT LIABILITIES		
Interest bearing loans and borrowings	115,150	67,189
Derivative financial instruments	0	960
Trade and other payables	19,879	41,772
Tax liabilities	3,800	831
Other liabilities	6,594	9,038
Accrued expenses and prepaid income	34,272	29,486
Total current liabilities	179,695	149,276
Total liabilities	2,338,003	1,954,639
TOTAL EQUITY AND LIABILITIES	3,168,969	2,766,440

STATEMENT OF CHANGES IN EQUITY

Amounts in TSEK	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
EQUITY AT 31 DECEMBER 2016	500	56,513	126,612	628,175	811,800
Profit/loss for the year	0	0	0	33,682	33,682
Other comprehensive income	0	-17,348	2,832	0	-14,516
Total comprehensive income for the year	0	-17,348	2,832	33,682	19,166
Effect of depreciation on the revaluation reserve	0	0	-4,045	4,045	0
EQUITY AT 30 JUNE 2017	500	39,165	125,399	665,902	830,966

STATEMENT OF CASH FLOW

Amounts in TSEK	30 June 2017	31 December 2016
OPERATING ACTIVITIES:		
Profit or loss before tax	44,478	165,116
ADJUSTMENTS TO RECONCILE PROFIT BEFORE TAX TO NET CASH FLOWS:		
Changes in value from investment property	-31,562	-142,445
Gain/loss on disposal of property, plant and equipment	646	1,223
Depreciations	8,855	14,721
Exchange loss/gains	7,869	-4,929
Change in fair value of derivatives	-960	-3,514
	29,326	30,172
WORKING CAPITAL ADJUSTMENTS:		
Change in operating receivables	-8,433	5,343
Change in inventory	-83	-464
Change in operating liabilities	-19,551	41,008
Income tax paid	-1,427	-4,853
Net cash flow from operating activities	-168	71,206
INVESTMENT ACTIVITIES:		
Purchase of subsidiaries	-72,406	-158,264
Purchase of investment property	-281,858	-295,563
Expenditure on investment property under construction	-2,856	-80,333
Purchase of owner-occupied property	-329	-593
Expenditure on owner-occupied property under construction	-2,216	0
Purchase of property, plant and equipment	0	-4,910
Proceeds from disposal of owner-occupied property	0	6,527
Changes in long term receivables	111	-51
Net cash flow from investing activities	-359,554	-533,187
FINANCING ACTIVITIES:		
Proceeds from borrowings	489,555	350,537
Repayment of borrowings	-78,131	-19,190
Net cash flow from financing activities	411,424	331,347
Net increase in cash and cash equivalents	51,702	-130,634
Cash and cash equivalents at the beginning of the year	74,081	203,209
Translation adjustments of cash and cash equivalents	-1,563	1,506
Cash and cash equivalents at 31 June	124,220	74,081

PARENT COMPANY INCOME STATEMENT

	2017	2016	2017	2016	2016
All amounts in TSEK	April-June	April-June	Jan-June	Jan-June	Jan-Dec
NET SALES:					
Administrative expenses	-811	-400	-1,430	-743	-1,538
Operating profit/(loss)	-811	-400	-1,430	-743	-1,538
Finance expenses	-3,588	-2,162	-6,067	-5,029	-7,280
Profit/loss after financial items	-4,399	-2,562	-7,497	-5,772	-8,818
Received Group contributions	0	0	0	0	8,818
Profit/loss before tax	-4,399	-2,562	-7,497	-5,772	0
Income tax expense	0	0	0	0	0
Profit for the year	-4,399	-2,562	-7,497	-5,772	0

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
All amounts in TSEK	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Profit/loss for the year	-4,399	-2,562	-7,497	-5,772	0
Other comprehensive income net of tax	0	0	0	0	0
Total comprehensive income for the year net of tax	-4,399	-2,562	-7,497	-5,772	0

PARENT COMPANY BALANCE SHEET

All amounts in SEK	30 June 2017	31 December 2016
ASSETS		
NON-CURRENT ASSETS		
Shares in group companies	25,603	25,603
Receivables from group companies	363,253	223,172
Total non-current assets	388,856	248,775
CURRENT ASSETS		
Prepaid expenses and accrued income	7,648	2,593
Cash and cash equivalents	46,124	502
Total current assets	53,772	3,095
TOTAL ASSETS	442,628	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	-7,497	0
Non-restricted capital	14,439	21,936
Total equity	14,939	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	1,331	2,828
Accrued expenses and prepaid income	1,358	1,606
Total current liabilities	2,689	4,434
Total liabilities	427,689	229,434
Total equity and liabilities	442,628	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

- Quarterly Report 3 2017: 30 November 2017
- Year-end report 2017: 28 February 2018
- Annual Report 2017: 27 April 2018