

Tefast AB
Grundat 1977 -

Company presentation

March 2017



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TODAY'S PRESENTERS



BO JERTSHAGEN

*Chairman, Founder and Owner
Born 1951*



- Founded the Company in 1977
- Chairman since 2007
- Machine Engineer and 40 years of experience from the real estate sector

MARIA JONASSON

*CFO
Born 1972*



- Joined the Company in 2016
- 6 years of experience from Höganäs as Financial Controller and 9 years at EY as Accountant
- MSc in Accounting, Lund University

CASSANDRA JERTSHAGEN

*Business Developer and
Board Member
Born 1991*



- Joined the Company in 2009, Board Member since 2014
- 8 years of experience from Jefast and former Project Manager at Pelican Grand Beach Resort
- BSc in Business Administration, Copenhagen Business School



Agenda

1. Introduction

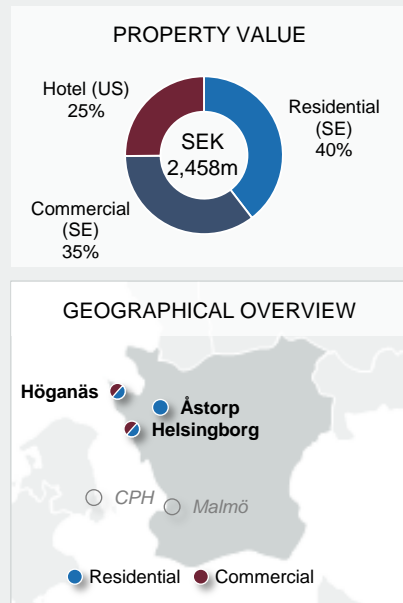
- 2. Market overview
- 3. Company description
- 4. Financial information
- 5. Organisation and board
- 6. Q&A

Company snapshot

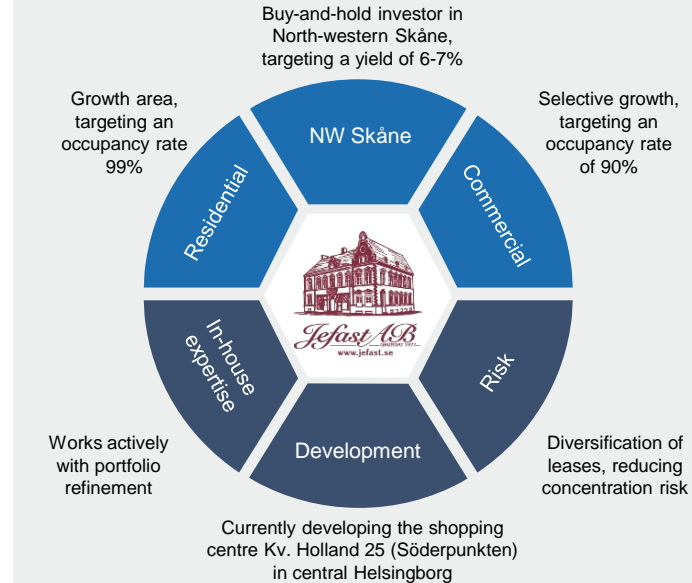
Company background

- Jefast is a Swedish privately owned real estate company, focused on long-term asset management, development and property management of properties in Skåne, Sweden. The Group also owns a hotel property in Florida, USA
- The property portfolio is valued at SEK 2,458m 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 931 apartments, equalling 65,675 sqm residential area
 - Commercial units consist of 237 commercial spaces, equalling 69,412 sqm rentable area
 - Hotel property consist of 156 rooms of which Jefast currently owns 132, and 87.6% of the total property

The Jefast Group



Business model



The Swedish properties and operational figures

37
properties

931
residential apartments

237
commercial spaces

SEK 118m
rental value

96%
economic occupancy rate

135k sqm
rentable area

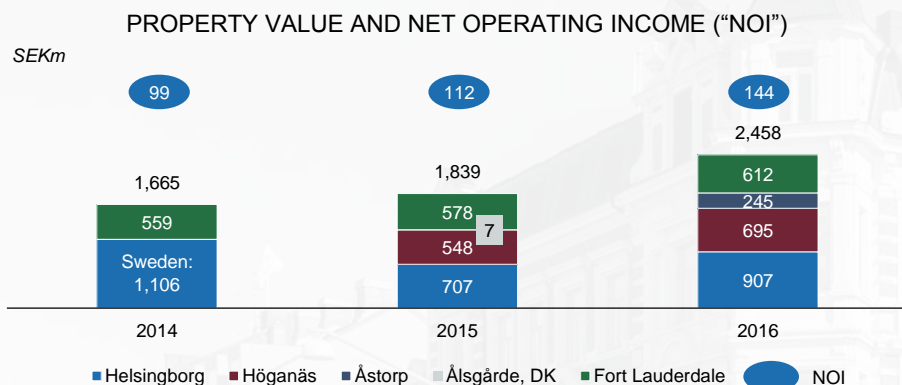
SEK 14k
market value per sqm



Source: Company data; Management estimates.

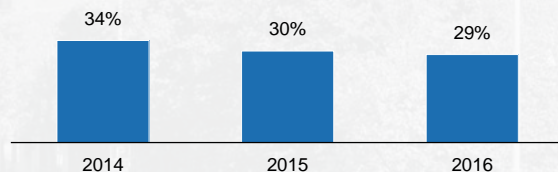
Financial development in brief

Stable development of financial ratios during the acquisitive period 2014-2016

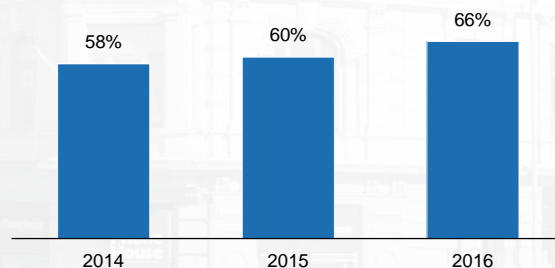


- ▶ PROPERTY VALUE – external valuation has valued the properties to SEK 2,458m, a year-over-year increase of SEK 619m
- ▶ EQUITY RATIO decreased primarily as a result of increased bank loan and bond issue in 2015
- ▶ NET LOAN TO VALUE increased due to acquisitions and other investments being financed via debt
- ▶ INTEREST COVERAGE RATIO improved to 1.59x due to new acquisitions having a positive net effect

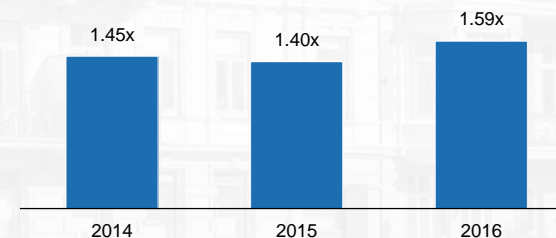
EQUITY RATIO



NET LOAN TO VALUE



INTEREST COVERAGE RATIO



Source: Company data.

Development since the bond issue in 2015

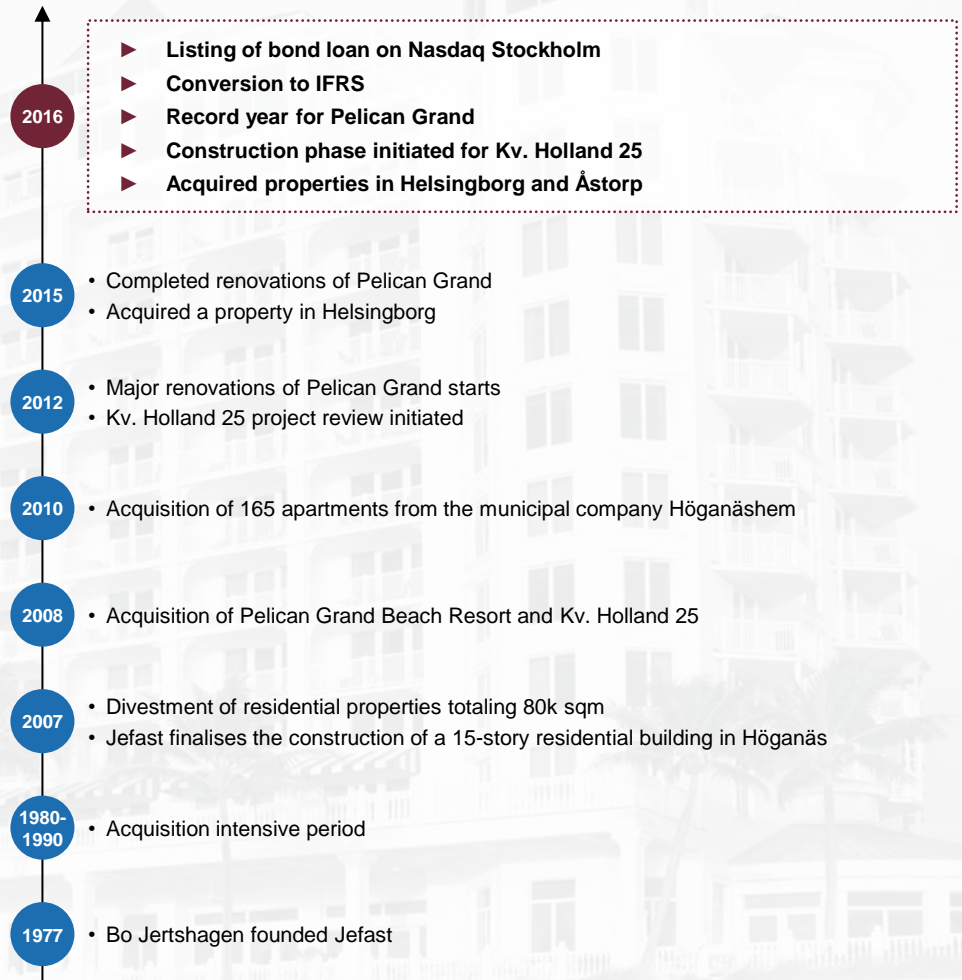
Since 2015, Jefast has come a long way, but further upside remains

	Autumn 2015	Spring 2017	Future
Swedish property portfolio	<ul style="list-style-type: none"> ■ Grow business and strengthen presence in the Öresund region ■ Swedish property portfolio with a market value of SEK 1,253m ■ Occupancy rate of 99.8% for residential and 89.7% for commercial 	<ul style="list-style-type: none"> ■ Swedish property portfolio value increased by 47% to SEK 1,847m ■ Several exciting potential acquisition targets ■ Occupancy rate of 99.5% for residential and 93.3% for commercial ■ Invested SEK 80m¹⁾ in Kv. Holland 25, with a currently contracted economic occupancy rate of 85% upon completion 	<ul style="list-style-type: none"> ■ Continue to develop and refine property portfolio in North-western Skåne ■ Acquire residential properties and selectively commercial properties with development potential in the Öresund region ■ Complete Kv. Holland 25 in different phases during 2018-19
Status Pelican Grand	<ul style="list-style-type: none"> ■ Finalised an extensive 2 year investment programme, amounting to SEK 52m, adding two conference facilities, a spa and a penthouse to the property ■ Owned 131 rooms and 87.1% of the property 	<ul style="list-style-type: none"> ■ During 2016, the hotel performed its best year since it was acquired by Jefast in 2008 ■ Owns 132 rooms and 87.6% of the property 	<ul style="list-style-type: none"> ■ Possibility to acquire the remaining condos and become valued as a hotel <ul style="list-style-type: none"> – Surpassing 90% ownership provide Jefast with the opportunity to acquire the remaining rooms and subsequently revalue itself as a hotel – Expected positive property market value increase
Operating targets and outcome	<ul style="list-style-type: none"> ■ Make the organisation more efficient ■ Long-term goal of expanding group property portfolio, having added SEK 800m by 2018 and 200m by 2020 <ul style="list-style-type: none"> – Valued at SEK 1,851m per year-end 2015 ■ ICR of 1.40x for 2015 	<ul style="list-style-type: none"> ■ Decreased administrative expenses by 7% to SEK 62m (67m in 2015) ■ Increased group property portfolio value by 33% to SEK 2,458m per year-end 2016 ■ Increased ICR of 1.59x for 2016 	<ul style="list-style-type: none"> ■ Increase operational leverage as property portfolio grows ■ Reach and grow beyond a property portfolio worth SEK 2,800m ■ Improve credit ratios <ul style="list-style-type: none"> – Completed development projects will increase property value and contribute to the cash flow

Note: 1) Per 31 December 2016.
Source: Company data.

Development since foundation

Recent success based on
a strong track record



Source: Company data.



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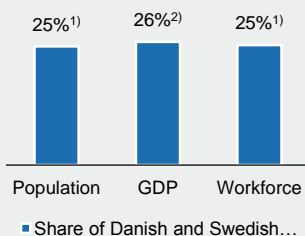
Öresund – Overview

The metropolis of the Nordic region, where Scandinavia meets the world

- The Öresund region is a transnational metropolitan area in Northern Europe and one of the most dynamic and expansive regions, with c. 3.9 millions inhabitants. More than 1/4 of the total Danish and Swedish GDP is generated in the region, with the integration between the cities Copenhagen and Malmö being one of the main regional drivers
- Large infrastructure investments have been made in the region, with the Öresund Bridge being the largest. In 2010 the City Tunnel was completed, improving the rail bound traffic between Denmark and Sweden
- The Öresund Region is home to the largest concentration of highly educated people in Northern Europe, with 12 universities, 190k students and 14k researchers. 1/3 of the population between the ages of 25-64 have university or other higher education
- Being an easily commutable and knowledge-intensive area has led to the establishment of several head offices and 19 science parks. In Lund two new research centers are currently being built, MAX IV and ESS, with planned investments of SEK c. 18bn

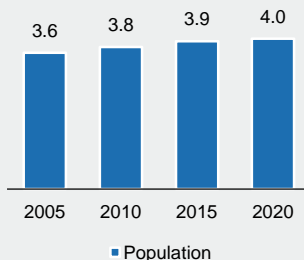
ÖRESUND REGION IN %

Öresund region's share of the total Danish and Swedish...



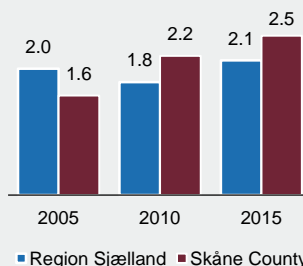
POPULATION

Öresund region population, millions



HOUSING PRICES

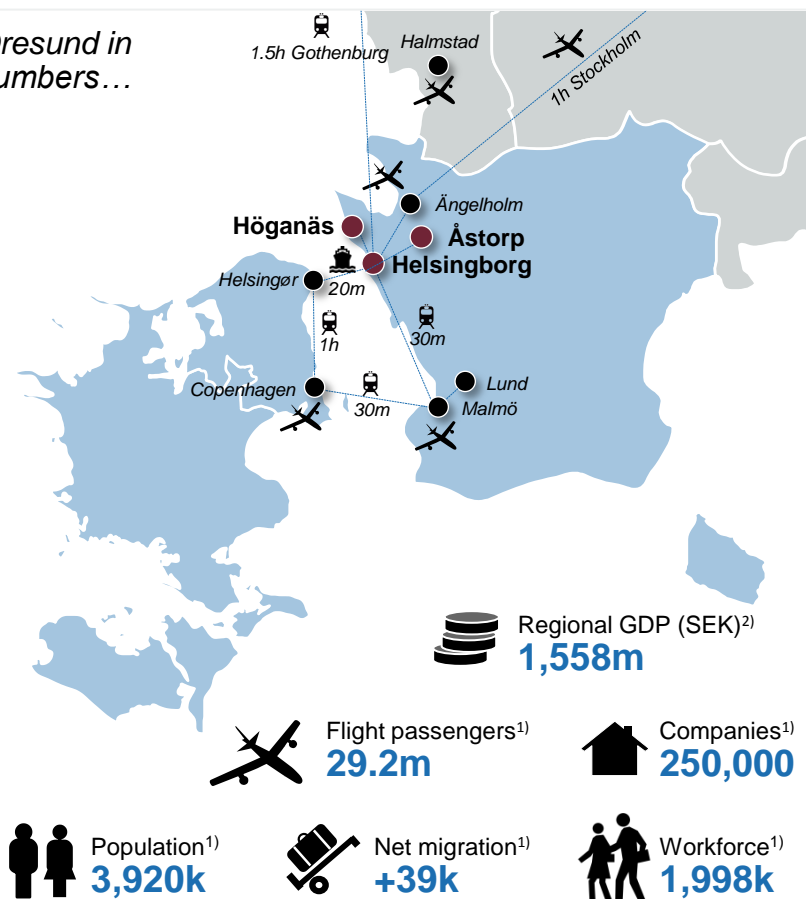
One-family houses, avg. price, SEKm



Note: 1) 2015 figure; 2) 2013 figure.

Source: Business Helsingborg; Københavns Lufthavne; Newsec; Swedavia, Ängelholms Flygplats; Örestat.

Öresund in numbers...



North-western Skåne

Dynamic and growing region

Helsingborg and Åstorp

- Helsingborg Municipality is the 8th largest municipality in Sweden and the 2nd largest in Skåne County
- It is a commuting municipality, being interconnected to the Öresund region via the E4 and E6 paths, Öresundståg and the Helsingør-Helsingborg ferry route
- In 2015, the municipality experienced the largest population increase, 1.9%, among the 15 largest municipalities in Sweden, with one of the main drivers being Campus Helsingborg, Lund University
- Åstorp Municipality is an urban area in North-western Skåne, with population of c. 15k. It is located closely to Helsingborg (20m) and is a junction municipality, through Pågatåg, Skånebanan, Söderåsbanan and Väst kustbanan

Helsingborg Municipality in numbers...



Population¹⁾
138k
(2000: 118k)



Average income¹⁾
+28%
(Base 2005: SEK 161k)



Net commuting¹⁾
+7,927
(2005: 6,023)

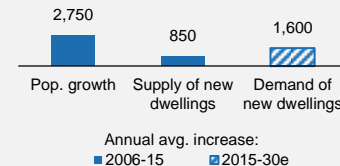


Increase in workforce¹⁾
+16%
(Base 2005: 54k)



Job opportunities within 1h¹⁾
2 millions

North-western Skåne in numbers...
Annual population growth, supply and demand of new dwellings during 2006-30



Höganäs

- Höganäs is a growing municipality located c 15 km north of Helsingborg, with a positive population net inflow of c. 200/year during the last 10 years
- Through Helsingborg City, it has good commuting alternatives, with access to the national highway network and the ferry to Denmark
 - c. 1/2 of the work force in Höganäs commutes to another municipality to work, primarily to Helsingborg
- Deficit of housing both in the central and peripheral parts. Municipality-owned Höganäshem has a housing queue of c. 3,100 applicants

Höganäs Municipality in numbers...



Population¹⁾
26k
(2000: 23k)



Average income¹⁾
+31%
(Base 2005: 171k)



Net commuting¹⁾
-3,001
(2005: -3,349)



Increase in workforce
+9%
(Base 2005: 11k)



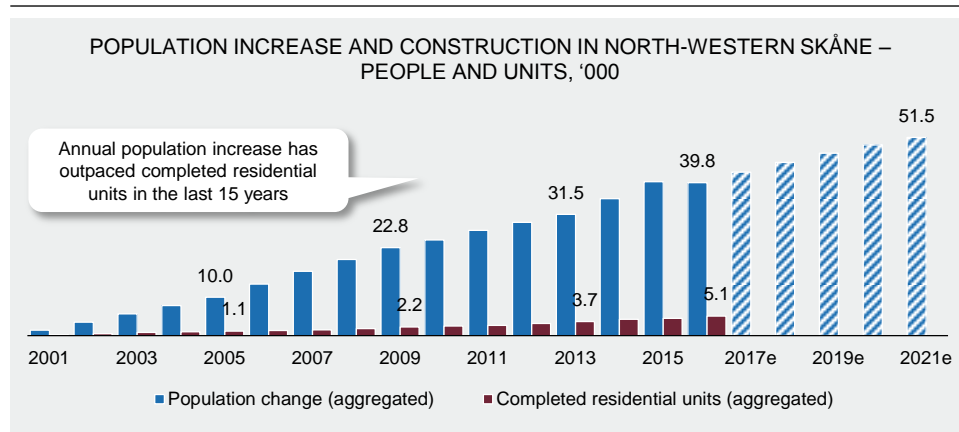
Municipality housing queue¹⁾
3,100 queueing
(2015: 2,500)

Note: North-western Skåne includes the following municipalities: Bjur, Båstad, Helsingborg, Höganäs, Klippan, Landskrona, Perstorp, Svalöv, Åstorp, Ängelholm and Örkelljunga. 1) 2015 figure; 2) 2014 figure.

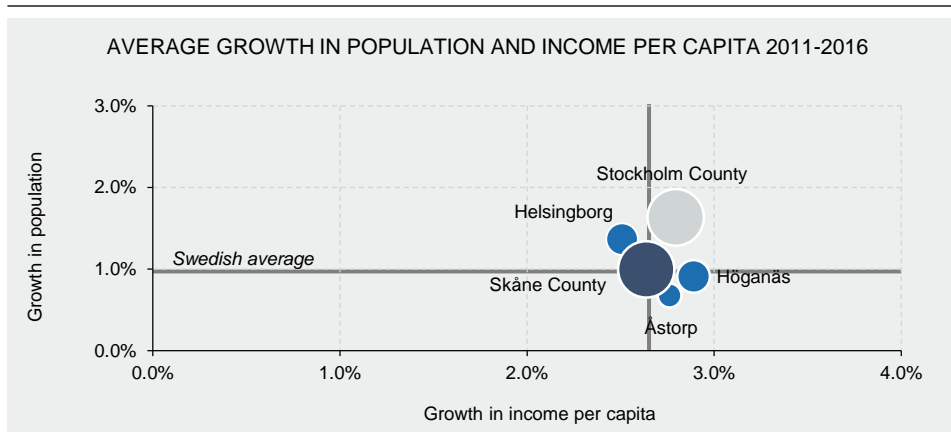
Source: Business Helsingborg; Catella; Helsingborg Stad; Hyresgästföreningen; Höganäs Municipality; Höganäshem; Newsec; NAI Svefa; SCB.

North-western Skåne – Residential property market

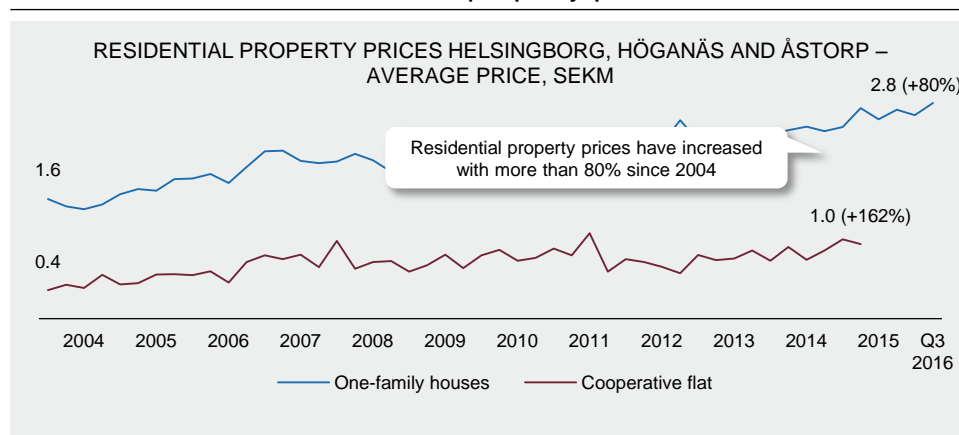
Population increase outpacing residential constructions



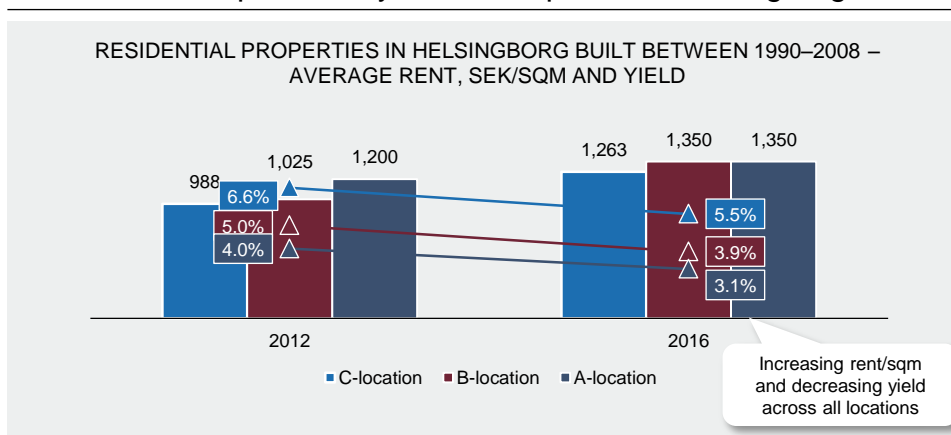
Similar growth profile to region and country



Residential property prices



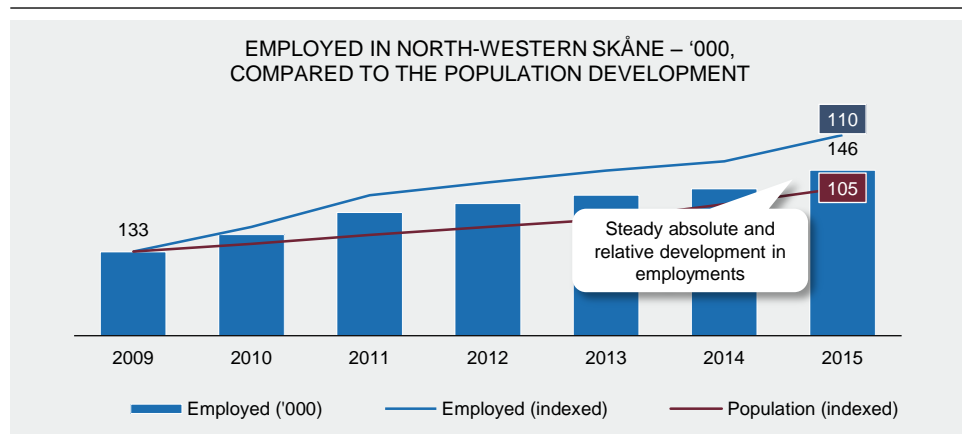
Recent price and yield development in Helsingborg



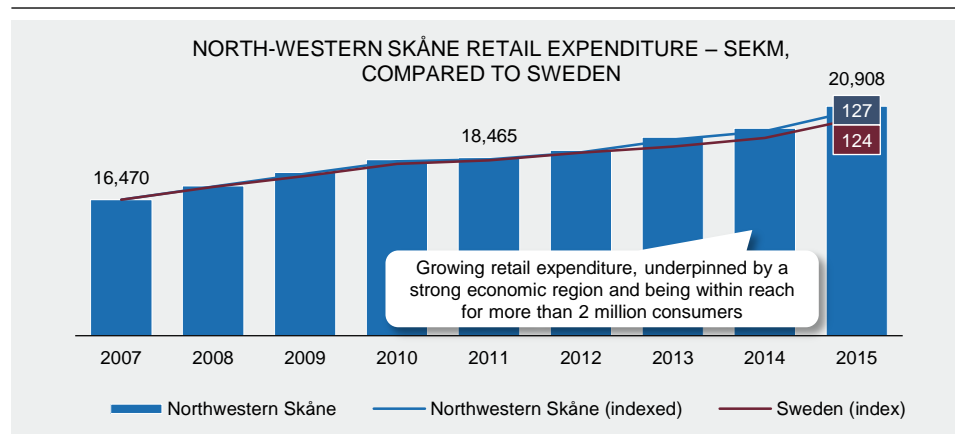
Note: North-western Skåne includes the following municipalities: Bjur, Båstad, Helsingborg, Höganäs, Klippan, Landskrona, Perstorp, Svalöv, Åstorp, Ängelholm and Örkelljunga.
Source: NAI Svefa; SCB.

North-western Skåne – Commercial property market

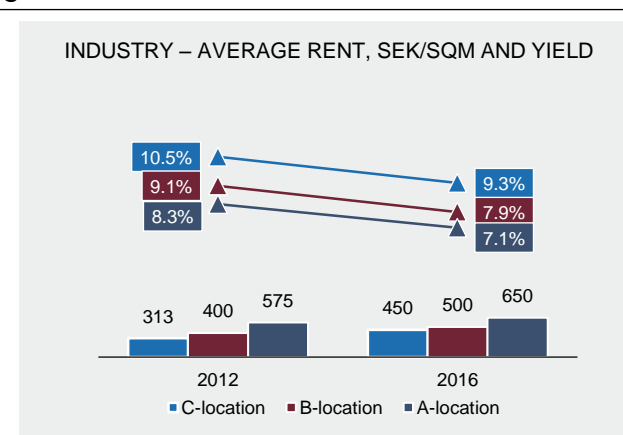
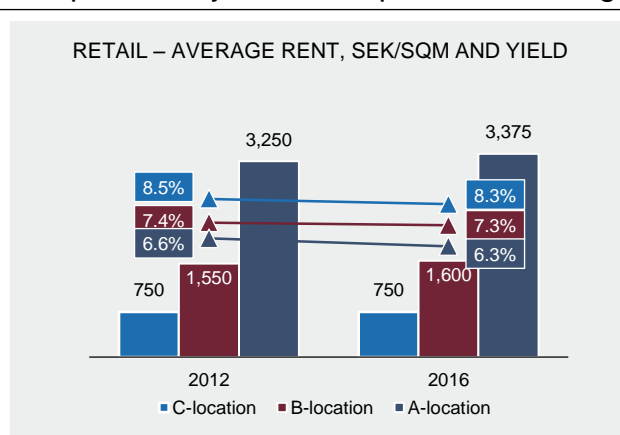
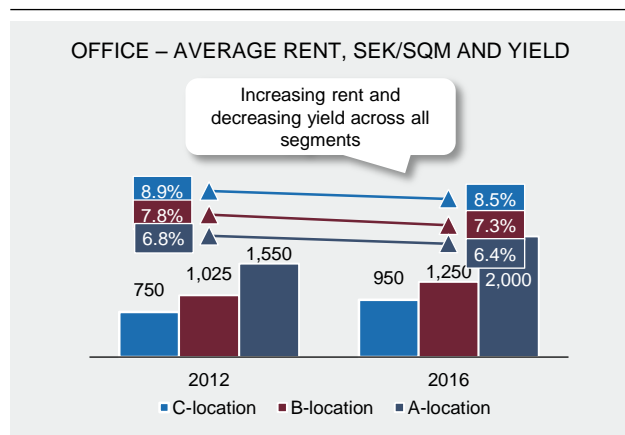
Employments



Retail expenditure



Recent price and yield development in Helsingborg



Note: North-western Skåne includes the following municipalities: Bjur, Båstad, Helsingborg, Höganäs, Klippan, Landskrona, Perstorp, Svalöv, Åstorp, Ängelholm and Örkelljunga.
Source: Helsingborg Stad; HUI; NAI Svefa; SCB.

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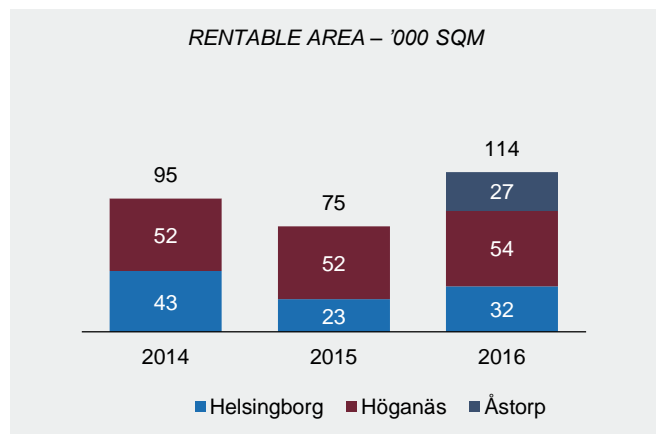
Swedish property portfolio – overview

Swedish real estate portfolio per 31 December 2016

SEKm	Rentable area ('000)	Property value (SEKm)	Rental value (SEKm)	Occupancy rate (%)	Rental income (SEKm)
Existing property					
Helsingborg	32k	732	47	96	45
Höganäs	54k	695	51	96	49
Åstorp	27k	245	26	98	25
Development project (estimates)					
Helsingborg (Kv. Holland 25)	21k ¹⁾	175 ²⁾	39 ³⁾	85 ⁴⁾	35-40 ³⁾



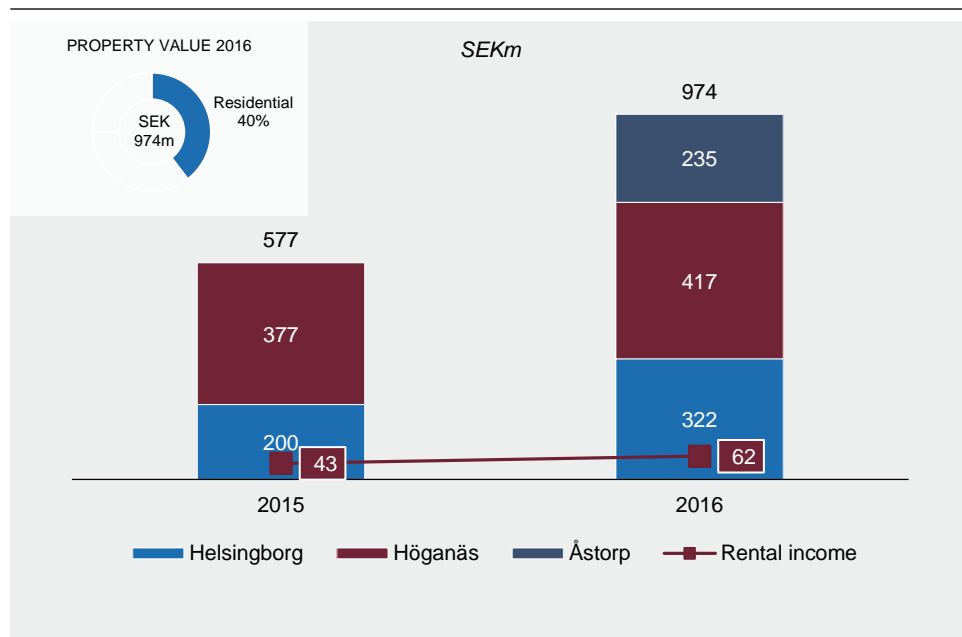
Growth in rentable area



Note: 1) Building permits for 15,053 sqm; 2) In December 2016, Newsec valued the property at SEK 740m if completed 1 December 2016; 3) Estimate by TAM Retail per December 2016, when fully developed; 4) Per 31 December 2016.
Source: Company data; Newsec; TAM Retail.

Swedish property portfolio – value and rent development

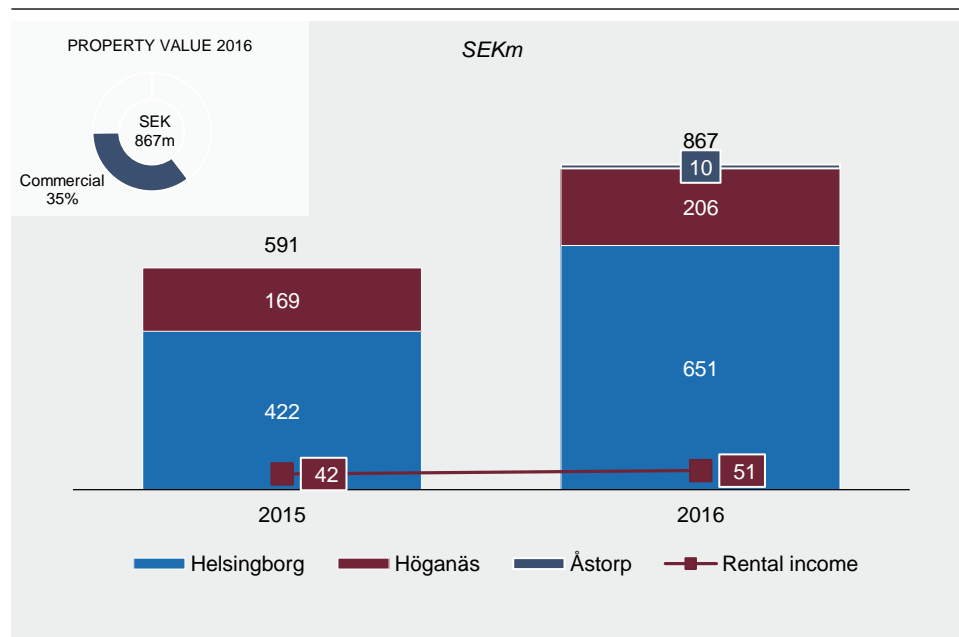
Residential



- Growth in all municipalities driven by acquisitions and revaluation
- Major acquisitions in Helsingborg and Åstorp during the first half year of 2016
- Negotiated for 2017 rental increases with the Swedish Union of Tenants (Sw: Hyresgästföreningen) approximately:
 - Helsingborg 0.75%
 - Höganäs 0.65%
 - Åstorp 0.50%

Source: Company data.

Commercial



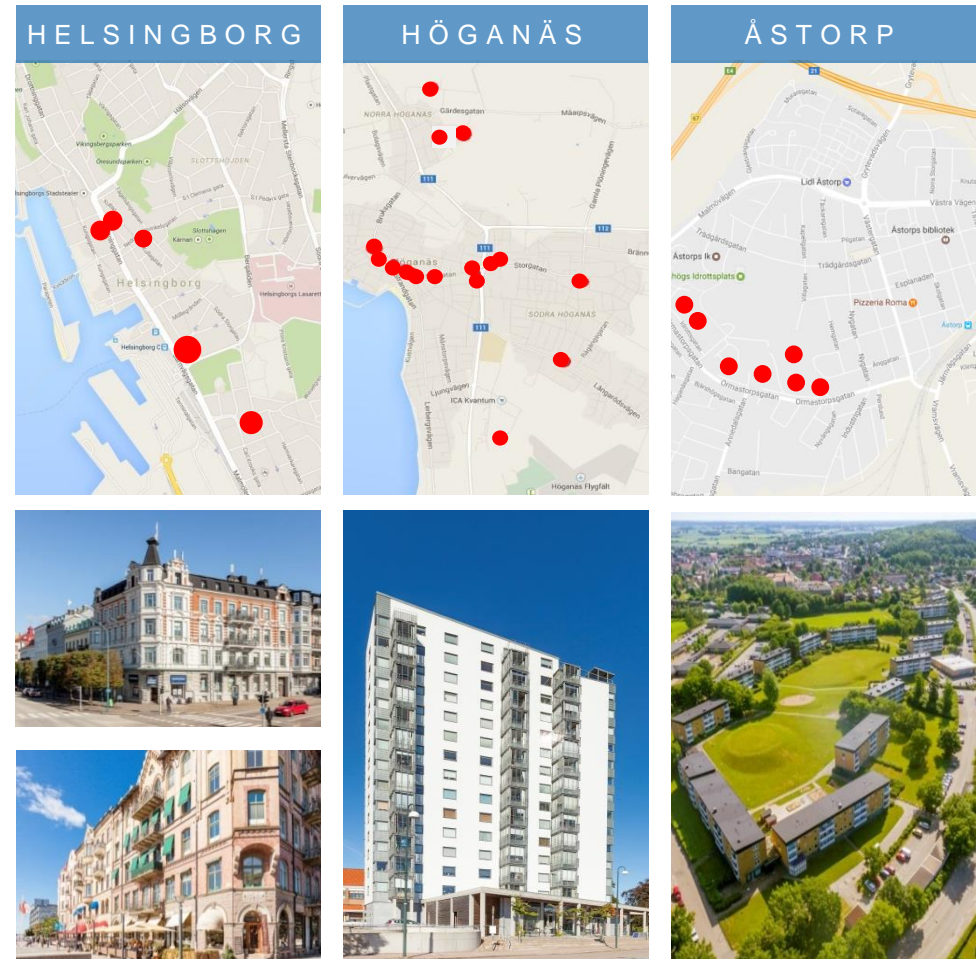
- Growth in all municipalities driven by acquisitions and revaluation
- Major acquisitions in Helsingborg and minor in Höganäs during the first half year of 2016

The properties and residents

Comments

Residential	Type of properties	<ul style="list-style-type: none"> Total residential area of 65,675 sqm 931 apartments
	Locations	<ul style="list-style-type: none"> Helsingborg: 100% A-location Höganäs: 60% A-location and 40% B-location Åstorp: 100% C-location
	High demand and no vacancy	<ul style="list-style-type: none"> Helsingborg, Höganäs and Åstorp as a group have relatively young and growing population Stable economic occupancy rate of 99.5%, maintained by an active housing queue consisting of c. 5,000 people
Commercial	Type of properties	<ul style="list-style-type: none"> Total rentable area of 69,412 sqm 237 commercial spaces
	Locations	<ul style="list-style-type: none"> Helsingborg: 100% A-location Höganäs: 65% A-location and 35% B-location Seeks to develop properties to increase customer traffic
	Diversified tenant and lease contract mix	<ul style="list-style-type: none"> The 10 largest commercial tenants generate c. 15% of the commercial rental income in Sweden. Of these ten, 0% will expire during 2017 Average lease tenant agreement of 5 years


Central properties in Helsingborg, Höganäs and Åstorp

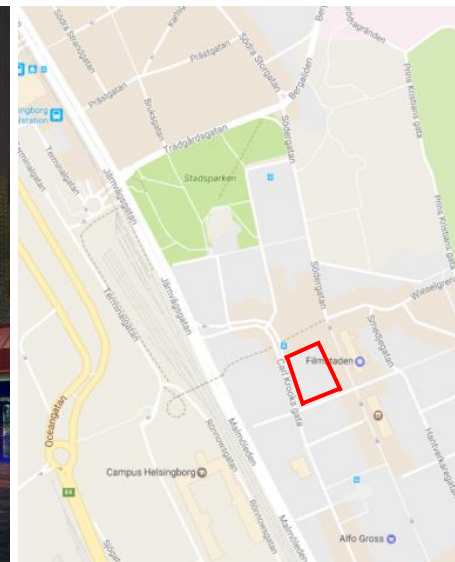


Source: Company data; Management estimates.

Kv. Holland 25 snapshot

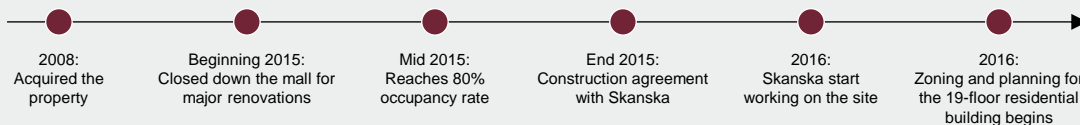
KEY INFORMATION

Location:	Centre of Helsingborg City	<i>Example of tenants</i> 
Lettable area:	22,104 sqm	
Market value:	SEK 175m ¹⁾	
Rental value:	SEK 39m ²⁾	
Originally constructed:	1967	
Type of asset:	Residential and commercial	



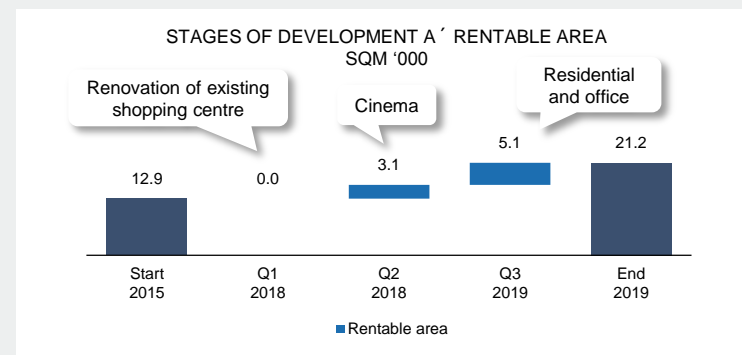
OVERVIEW

- One of the larger properties in Helsingborg, currently undergoing renovations to become the largest shopping centre in the middle of Helsingborg
- Renovations are being carried out in 3 stages:
 - ➔ 1st stage: Renovating shopping centre, completion Q1 2018
 - ➔ 2nd stage: Cinema built on top of current property, completion Q2 2018
 - ➔ 3rd stage: 19-floor residential building built in the NE corner of the property



Currently 85% occupancy rate

RENTABLE AREA



Note: 1) In December 2016, Newsec valued the property at SEK 740m, if completed 1 December 2016; 2) Estimate by TAM Retail per December 2016, when fully developed.
Source: Company data; Newsec; TAM Retail.

US property portfolio – Pelican Grand

BEACH FRONT LUXURY CONDOMINIUM HOTEL

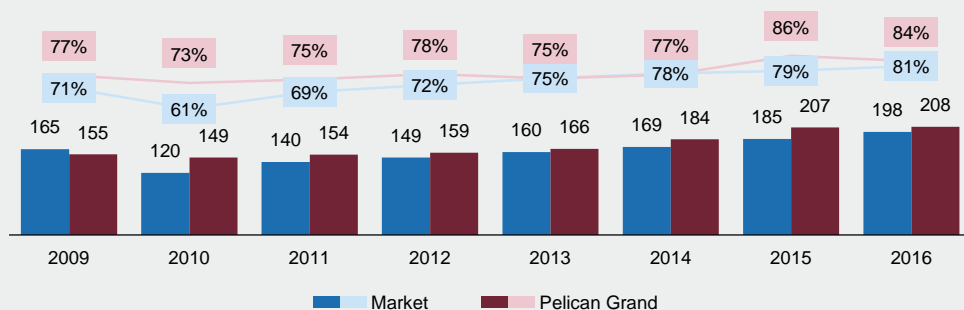
- Pelican Grand is a 4 diamond condo hotel located on the beach in Fort Lauderdale, Florida, USA. Fort Lauderdale is popular among tourists and in 2015 the greater Fort Lauderdale area attracted 15 million visitors
- Operations are managed by Noble House, a firm specialising in management of upper segment boutique hotels
 - ➔ The hotel has 156 rooms of which 132 are owned by Jefast. In addition, Jefast operates a rental pool covering an additional 10 rooms where the income is shared between the Company and the respective owners
- Acquired in 2008 for c. USD 31m during the peak of the financial crisis, and was in January 2017 valued at USD 62m (SEK 559m)¹⁾ by Cushman & Wakefield
- The initial acquisition, condo and renovation financing of USD 35m is fully serviced on a stand alone-basis by the hotel property income, mitigating the currency risk

RECENT DEVELOPMENT

- During the summer of 2015, Pelican Grand finished an extensive 2 year investment programme of SEK 52m¹⁾, adding 2 conference facilities, 1 spa and 1 penthouse
- In January 2017 a condominium unit was acquired by Jefast, now holding 87.6% of the property
 - ➔ When surpassing 90%, Jefast will have the opportunity to acquire the remaining condos
 - ➔ This will allow Pelican Grand to be assessed as a hotel rather than a condo hotel, which is expected to have a positive impact on the valuation

RECORD HIGH REVPAR SINCE ACQUIRED

Revenue per Average Room ("RevPAR") in USD and occupancy rate for its relevant market and Pelican Grand



THE PROPERTY IN FIGURES

- 132** rooms owned²⁾
- 19k** sqm building area
- 15/9 km** distance to airport/port
- 180** FTE's³⁾
- 84%** occupancy rate
- SEK 1,897** RevPAR¹⁾
- SEK 559m** market value^{1,4)}

Note: 1) Exchange rate USD/SEK of 9.0971; 2) of a total of 156; 3) Legally employed by Noble House, the operator of Pelican Grand; 4) Cushman & Wakefield.
Source: Company data; Cushman & Wakefield.

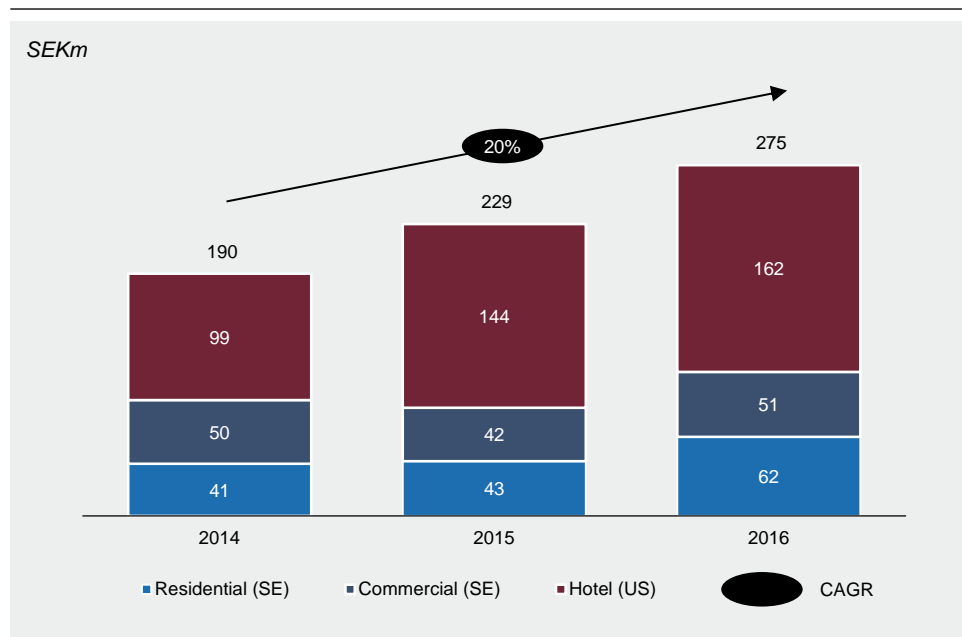


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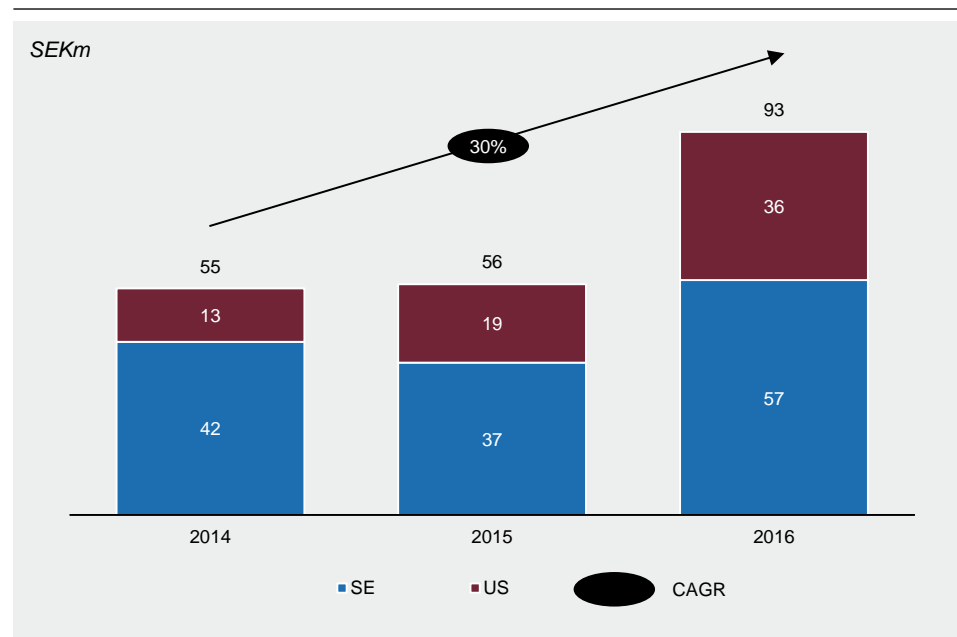
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Income and cost

Rental income



EBITDA

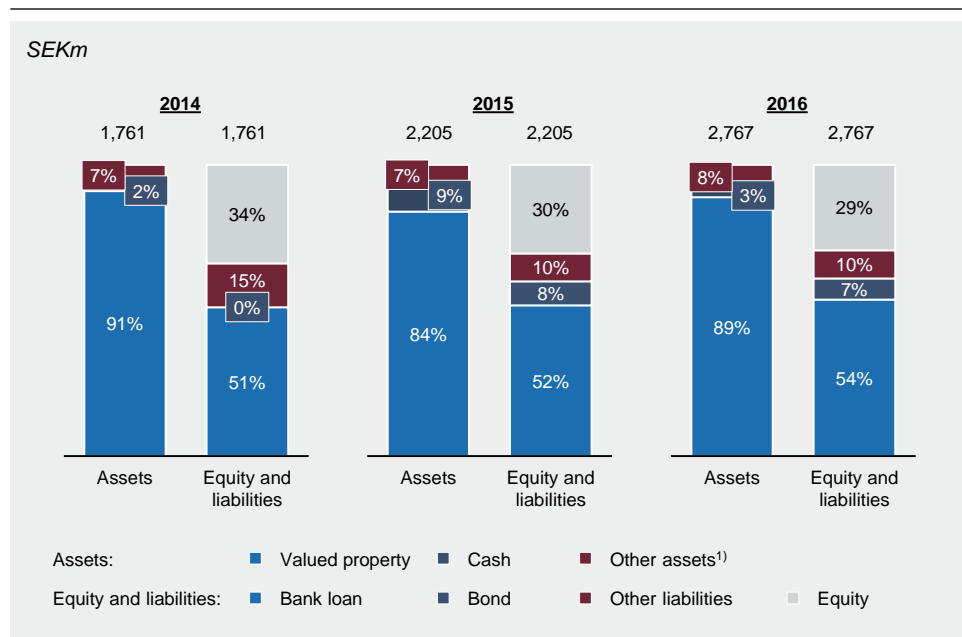


- Strong increase primarily driven by acquisitions of residential properties and the successful renovation of Pelican Grand
- Decrease within Commercial (SE) in 2015 due to the started renovation programme of Kv. Holland 25, however increasing underlying rental income
- Increase in 2016 primarily driven by acquisitions in Helsingborg and Höganäs
- Albeit the majority of rental income is derived from US operations, the majority of EBITDA is derived from Swedish operations
 - Higher direct and operational expenditure for US operations relative Swedish operations

Source: Company data.

Balance sheet and cash flow

Balance sheet



- Property value increase of 34% in 2016, equalling SEK 619m
 - Acquisitions contributed with SEK 427m in 2016, financed by bank loan, proceeds from bond issue in 2015 and internally generated cash
 - Revaluations contributed with SEK 192m in 2016
- Jefast invested SEK 21m in its existing property portfolio during 2016
 - Large share related to long-term lease agreement with Höganäs municipality requiring property adjustments

Note: 1) Including property under construction, equalling 4%, 3% and 5% of total assets for 2014, 2015 and 2016 respectively.
Source: Company data

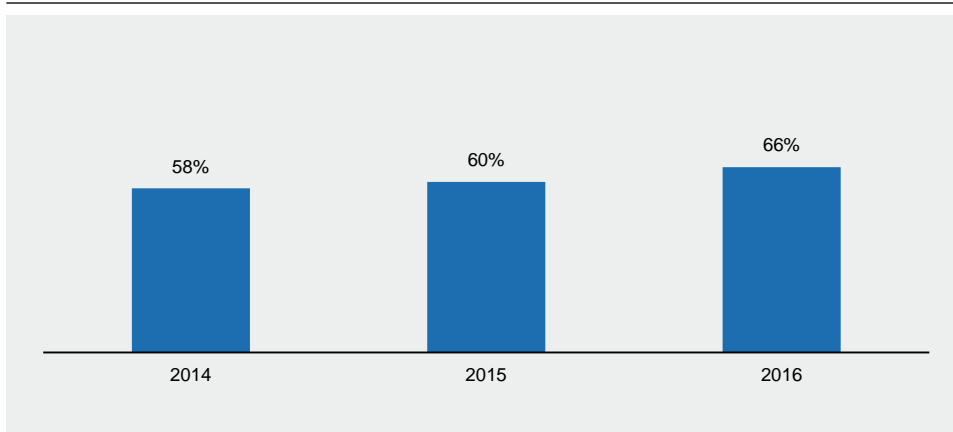
Cash flow

	2014	2015	2016
Operating activities before changes in NWC	17	14	30
Change in NWC	-59	-21	41
Operating activities	-47	-7	71
Investing activities	-52	-232	-563
Financing activities	104	410	361
<i>FX effects on cash</i>	3	1	2
Cash and cash equivalents at year-end	31	203	74

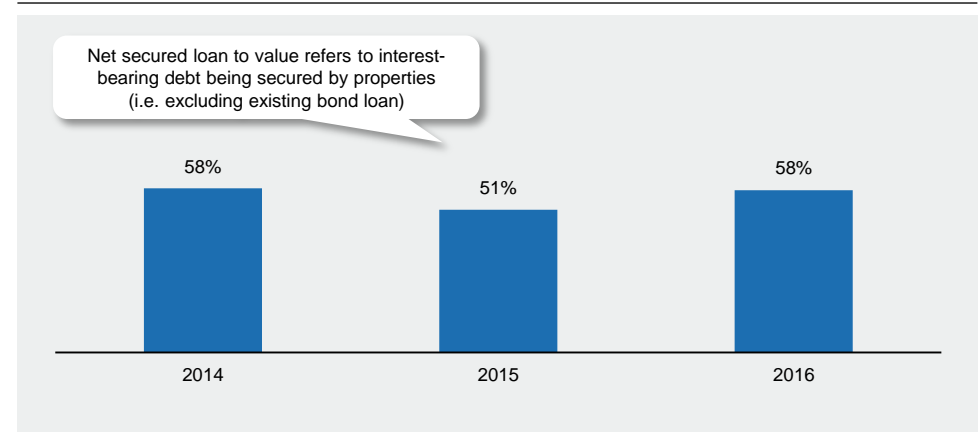
- Investing activities in 2015 and 2016 driven by acquisitions and investments in existing portfolios
 - During 2015 and 2016, the Company invested SEK 80m and 67m in development projects with the majority related to Kv. Holland 25
- The abovementioned investing activities were primarily financed by bank loan and proceeds from bond issue in 2015
- Changes in NWC primarily attributable to Pelican Grand hotel business

Key ratios and covenants

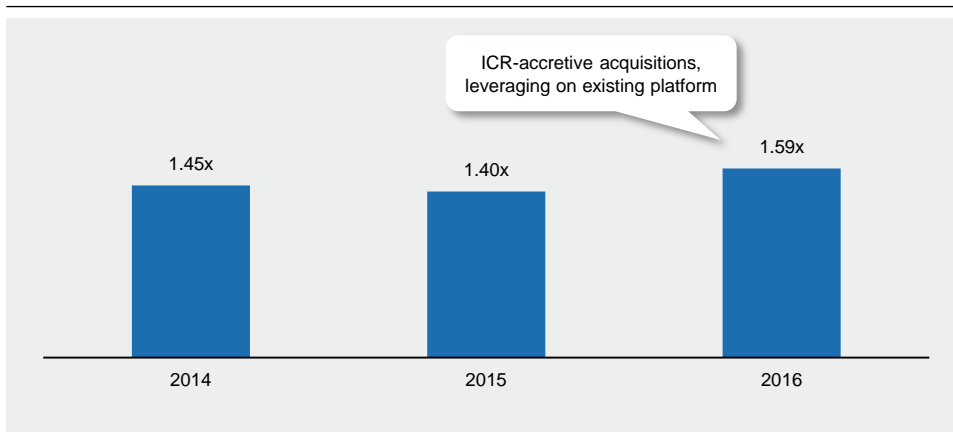
Net loan to value



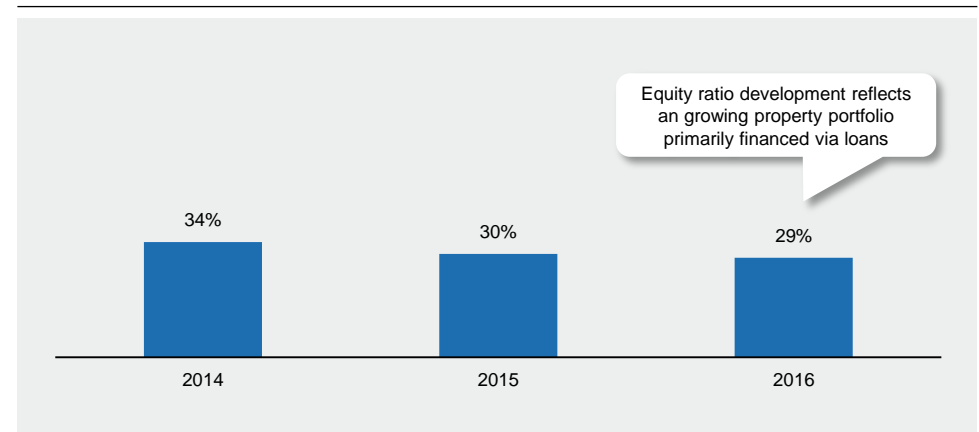
Net secured loan to value



Interest coverage ratio



Equity ratio

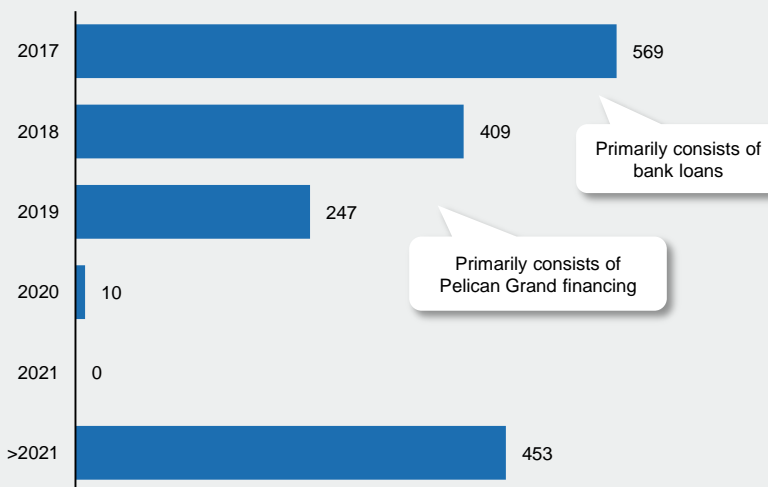


Source: Company data

Debt financing structure

Debt maturity profile

SEKm

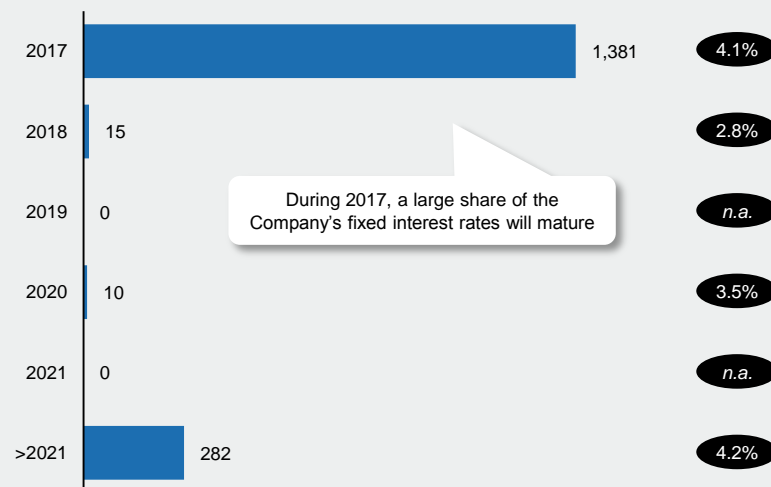


- Debt maturing during 2017 consists primarily of bank loans, expected to be refinanced at more favourable terms due to a beneficial interest rate climate
- The Company's existing bond matures during 2019

Source: Company data.

Interest maturity structure

SEKm and interest rate %



- Large share of existing interest structure matures during 2017, having been fixed at relatively high levels
 - One small US loan which matures during 2017 is expected to be repaid
- In the existing interest rate climate, the Company expects to refinance at substantially lower levels which will decrease its interest costs going forward
 - The ICR-ratio is expected by the Company to improve as a result

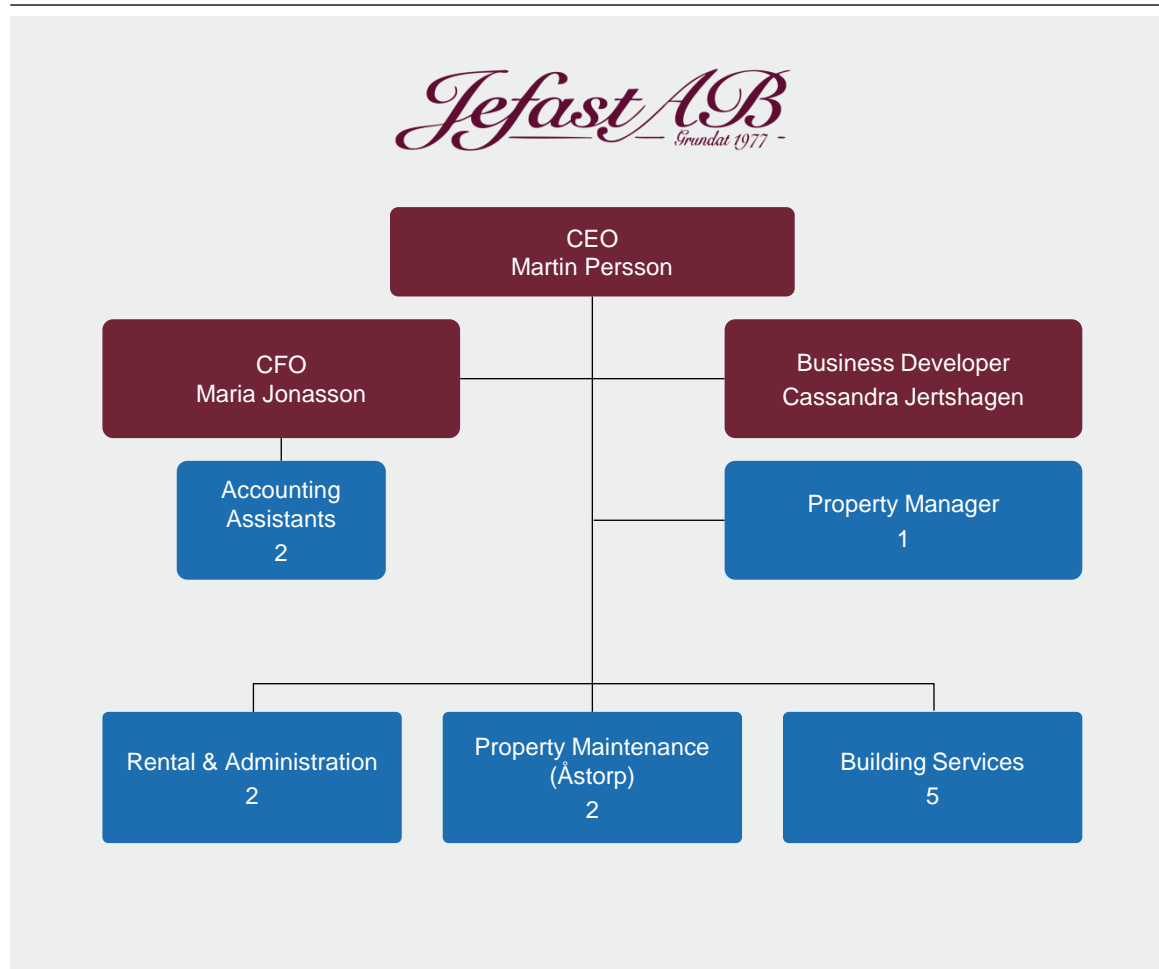


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4. Financial information
- 5. Organisation and board**
6. Q&A

Organisation and key personnel

Organisation structure



Source: Company data

Personnel

- Jefast develops and manages its property portfolio in-house, but outsources in large the property maintenance (except Åstorp) due to scale benefits
- All personnel within the Jefast's hotel operations are legally employed by the hotel operator Noble House
 - ✓ Noble House employs 180 FTE's to run Pelican Grand Hotel



Management and Board of Directors

Committed management and Board of Directors team

BO JERTSHAGEN

*Chairman, founder
and sole owner*



- **Background**
Founded the Company in 1977
- **Board assignments**
Chairman since 2007
- **Education**
Machine Engineer and 40 years of experience from the real estate sector

MARTIN PERSSON

*CEO and
Board Member*



- **Background**
2 years at Brogripen as Head of Property Management, 7 years at Landskronahem as Property Manager
- **Board assignments**
Board member since 2014
- **Education**
MSc in Civil Engineering, Lund University

MARIA JONASSON

CFO



- **Background**
6 years at Höganäs as Financial Controller and 9 years at EY as Accountant
- **Education**
MSc in Accounting, Lund University

CASSANDRA JERTSHAGEN

*Business Developer
and Board Member*



- **Background**
8 years at Jefast and former Project Manager at Pelican Grand Beach Resort
- **Board assignments**
Board member since 2014
- **Education**
BSc in Business Administration, Copenhagen Business School



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