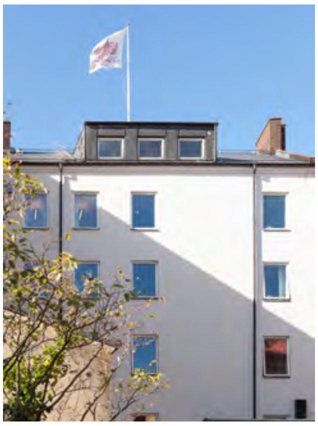
Jefast Holding AB (publ)
org. nr 556721-2526

Annual Report 2016

2016-01-01 to 2016-12-31

Eventful and growth focused year!

- Revenue increase by 20% to SEK 275.2 MSEK (229.4)
- Operating profit increase by 73% to 221.4 MSEK (128)
- Portfolio value increase by 32.8% to SEK 2,458 MSEK (1,851)

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CEO's Comments

A strong and eventful year!

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

During the year we have noticed a strong demand for properties in Helsingborg and Höganäs. This was clear in the latest valuations that were finalized in the fourth quarter by Newsec. Jefast is increasing its property portfolio value by SEK 607MSEK compared to the latest valuations done in 2015 of which acquisitions and divestments accounts for 465.8 MSEK.

On the other side of the Atlantic – the hotel business in Fort Lauderdale has performed its best year since Jefast acquired it. We are starting to see the returns on the investments done throughout the years – especially from 2014-2015 when two conference facilities, a spa and a penthouse was added to the property. Furthermore, several management positions has been replaced amongst these a new General Manager, Miss Heidi Dennis, which has done a fabulous job so far!

With an intense year behind us, the fourth quarter was characterized by focus on preparing for the new year and continue the work with Kv Holland. In addition, the company continues to identify exciting acquisition targets and is evaluating potential financing sources to secure such acquisitions. Therefore, we are very happy to have successfully placed our second bond loan in the Nordic corporate bond market. This follows a book building process, which rendered the book being significantly oversubscribed. It is further encouraging that the market recognizes our positive development in the past year-and-a-half by enabling us to issue a more standardized senior unsecured bond loan at a notably lower interest than our first bond loan. This marks a very encouraging beginning of our 40-year anniversary!

Höganäs, April 2017

Martin Persson
CEO

Major events during the year

Q1

- One property acquisition with a market value of 16 MSEK in Höganäs
- Begins tenant adjustment of 2,500 m^2 in Lerberget 49:710
- Start converting 137 m^2 commercial to apartments in Höganäs 34:69

Q2

- 6 property acquisition, of 417.5 MSEK, 400 apartments, 6,000 m^2 commercial in Åstorp and Helsingborg
- Finalizing tenant adjustment with a 15 year lease agreement, 2,500 m^2 rental amount of 3.8m/year
- Finalizing apartments of 137m^2 generating 240 TSEK in yearly rental income

Q3

- Maria Jonasson, Jefast's new CFO starts August 15
- 10 year lease agreement with Höganäs municipality 1,930 m^2
- 3 year lease of 530 m^2 is signed
- Planning-and zoning approval to build high rise at Kv Holland 25

Q4

- Publishes bond prospectus on Nasdaq
- IFRS reporting
- Investment Property value increase of 142.4 MSEK

Overview & Business Model

About Jefast


Kv Vesta

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 2,458 MSEK, with 37 properties (32) 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, equaling 65,675-sqm residential area. Commercial units consist of 237 commercial spaces, equaling 69,412-sqm rentable area. Hotel property consists of 156 rooms of which Jefast owns 131, thus controlling 87.1% of the total property space including common areas such as restaurant, bar, spa etc.

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)]

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.

37
Properties

931
residential properties

237
commercial spaces

96%
economic occupancy

135 k sqm
rentable area

SEK 14k
Market value per sqm

SEK 118 m
Rental value

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 99.5% (99.8). 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 93.3% at the year-end (89.7). By maintaining a diversified lease structure, the company reduces its risks. With 40 years of experience in the Real Estate business, the company holds extensive in-house experience allowing for active portfolio refinement and work. Furthermore, Jefast strives to buy-and-hold properties in the North-western Skåne, targeting yields of 6-7%.

Projects & Development

Kv. Holland 25

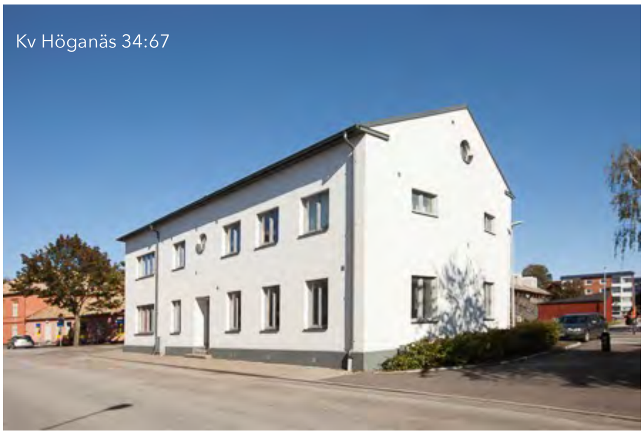
The largest on-going project is Kv. Holland 25. At the year-end the economic occupancy rate for the project amounted to 85%. The tenants includes Hemköp, SF bio, Apoteket, Beijing 8, Wayne 's Coffee and New York Legends with 10-, 15 and 10 years long lease agreements for the lager tenants respectively, thus leading to a decreased project risk with an immediate positive impact on the groups cash flow when finalized. The projects is divided into three stages, the first being the galleria set to open Easter 2018, second a SF cinema opening during the first six months of 2018 and lastly a residential building estimated to be finalized in 2019.

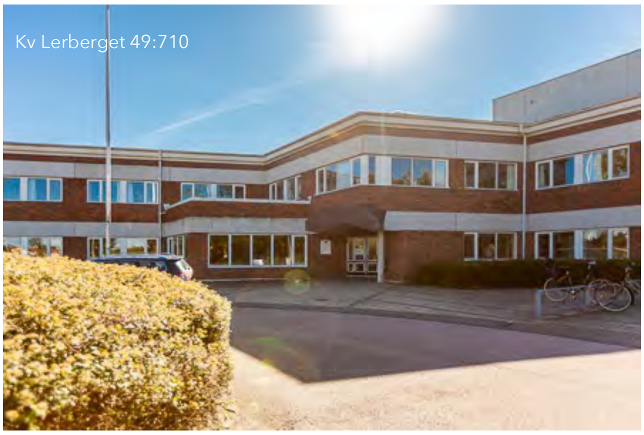
Key figures

21,204 sqm lettable area	**SEK 175m** Current market value	**SEK 39m** rental value, when finalised

Lerberget 49:710

During the first six months, a large tenant adjustment in the property Lerberget 49:710 was realized. The project included a tenant adjustment of a total of 2,500 sqm, with an investment of about 18MSEK. The premises were finalized in the second quarter and the tenant moved into the July 1. The lease agreement maturity is 15 years and will on a yearly basis generate 3.8 MSEK. Thus, making Höganäs Municipality Jefast's second largest tenant contributing to 3.2% of the total rental income.





Höganäs 34:69

A smaller investment project was made in the property Höganäs 34:69. Previous commercial space was converted to apartments. The added 137 sqm will generate approximately 220TSEK rental income on a yearly basis.

Property Portfolio

Rental Income

The total rental income amounted to 108MSEK (76).

Occupancy Rate

Residential occupancy amounted to 99.5% (99.8) and commercial occupancy rate of 93.3% (89.7).

Contract Structure

Commercial tenant structure is well diversified with the 10 largest commercial tenants generating c. 14% of the commercial rental income in Sweden. Of these ten, 0% will expire during 2017. Average lease tenant agreement of 5 years. The above excludes Kv Holland 25.

Acquisitions & Divestments

Property Acquisitions and Sales January-December 2016

Quarter	Property	Municipality	Category	Area, m^2	Price, MSEK
1	Flora 5	Höganäs	Residential/Office	1,522	16
1	Musslan1,2 & Mullvaden 9, 10, 11	Åstorp	Residential	27,191	230
2	Belgien Norra 19	Helsingborg	Residential/Retail/ Office	9,063	187.5
Total Acquisitions 2016				**37,776**	**433,5**
4	Ålsgårde, Hellebaek	Denmark	Residential villa	n/a	6.7
Total Sales 2016				**n/a**	**6.7**

Valuations

Fair value

The portfolio value at the year-end amounted to 2,458MSEK (1,851), of this increase the net of acquisitions and divestments accounts for 465.8 MSEK.

External Valuations

Jefast completes comprehensive 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. Newsec, made the current valuations apart from the hotel business, which was appraised by Cushman and Wakefield. Required yields generally continued to fall in the year. This means that the overall value of the portfolio increased.

Financing

Debt maturity

Debt maturing during 2017 consists primarily of bank loans, expected to be refinanced at more favorable terms due to beneficial interest rate climate.

Interest maturity

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.

Events after the reporting period

Pelican Grand Beach Resort


Pelican Grand Beach Resort

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

Project

Jefast announced a delay in the opening of the galleria at Kv Holland 25 due to unforeseen factors and added scope. The new projected opening date is set for Easter 2018.

Bond issuance

In March Jefast issued a 4-year senior unsecured bond loan in the amount of 200 MSEK. The bond loan will carry a floating rate interest of Stibor 3m + 5.45% and has a total framework amount of 500 MSEK. Jefast will apply for a listing of the bond loan on Nasdaq Stockholm. The proceeds from the bond issue will be used for general corporate purposes, including acquisitions of properties in Sweden and refinancing of outstanding debt.

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 2016. 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.

Business Concept

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 2,458 MSEK, with 37 properties (32) located in Sweden and consists of residential and commercial. As well as a hotel property and two minor properties located in Fort Lauderdale, Florida, USA. Residential units consist of 931 apartments, equaling 65,675-sqm residential area. Commercial units consist of 237 commercial spaces, equaling 69,412-sqm rentable area. Hotel property consists of 156 rooms of which Jefast currently owns 131, and controls 87.1% 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 their own real estate market in Northwest Skåne in Sweden with adequate housing and premises.

Operations and Organization

Jefast Group's Swedish organization consisted of 14 people by year-end. Two people were added in relation to the Åstorp property purchase. The organization is responsible for the financial and technical management and Jefast Byggservice AB works with both internal and external services.

Significant events during the financial year and after its closing

Jefast in Sweden

During the year, the ongoing housing management progressed very well with a high occupancy rate. Jefast's ongoing efforts to work effectively with renting out premises led to an economic occupancy rate of which residential amounted to 99.5% (99.8) and commercial 93% (89.7) (excl. Kv Holland 25).

IFRS conversion

In 2016 Jefast changed its reporting method to International Financial Reporting Standards (IFRS) from K3. The 2015 Annual Report was converted as well as the 2014 numbers. The year-end report of 2016 was the first quarterly report to be reported in accordance with IFRS. Details of effects of IFRS conversion reproduced (for convenience) in note 31.

Acquisitions & Divestments

Kv Flora 5

During the first quarter Jefast has acquired a property in the center of Höganäs, Kv Flora 5 with an area of 1,522 sqm. The property fits very well in the property portfolio, with both commercial and apartments. The total investment amounted to 16 MSEK.

Kv Musslan 1,2, Mullvaden 9, 10, 11

April 15 the group took possession of the purchased properties in Åstorp with a total of 371 apartments and 27,191 sqm including five properties. The properties consist of 91% apartments and have an occupancy rate of 99%. The total investment amounted to 230 MSEK and was partly financed by Brunswick Real Estate Capital.

Kv Belgien Norra 19 KB

May 2 the group purchased and took possession of the property Kv Belgien in the city center of Helsingborg. The purchase was made from Wihlborgs and consists of 9,000 sqm including 33 apartments and commercial facilities. Some of the tenants are Capio, Life, Fonus as well as The Public Prosecutor (*Sv. Åklagarmyndigheten*). The investment amounted to 187.5 MSEK and was partly financed by Brunswick Real Estate Capital.

Divestments

One property was sold in the second quarter. The property located in Ålsgårde was sold for 6,7 MSEK.

Investments in existing properties and ongoing projects

Kv Holland 25 "Söderpunkten"

In 2016, the work with the project Söderpunkten progressed, and at the year-end the economic occupancy rate for the project reached 85%. Jefast uses TAM Retail to develop the market place and complete the rental.

Söderpunkten will attract visitors through its wide range with for example SF Bio Filmstaden, Hemköp and New York Legends sports- and bowling bar. In addition to this attractive meeting places created through the creation of cafes and restaurants the range will be supplemented by consumer discretionary and a wide selection of basic commodities in the clothing and leisure. In the town center, a natural meeting place will be created, trade destination and passage for those who live and work nearby the southern parts of Helsingborg, with generous opening hours.

Building permits have been obtained and planning of framework documents that form the basis for the construction has been developed. Söderpunkten is expected to be ready to open in time for Easter 2018. Planning and zoning took for a 19 story residential building containing about 80 apartments begun in 2016. The residential high-rise is expected to be ready for move in late 2019.

As a result of the Söderpunkten project revenues have fallen sharply since the mall is vacant. In connection with the project there have also been exit costs, and the company has still had ongoing running costs.

Kv Lerberget 49:710

July 1 Höganäs Municipality moved into the renovated premises in Kv Lerberget 49:710. This concluded a tenant adjustment of approximately 18 millions with a 15-year agreement leaving the property fully rented.

Kv Höganäs 34:69

July 2016 former retail space was finalized and converted into apartments in Kv Höganäs 34:69. The three very attractive apartments were easy to rent out and will generate yearly revenues of approximately 220 TSEK.

Jefast USA

Pelican Grand Beach Hotel, Ft Lauderdale, Florida in USA

The hotel in Florida, Pelican Grand Beach, performed its best year since Jefast acquired the hotel in 2008. A new General Manager was recruited and begun in September. Furthermore a new Executive Chef-, Director of Sales-, Director of Engineering and Controller was recruited during 2016 and beginning of 2017. However, the Hotel Service Management Company Noble House legally employs all employees and Jefast is responsible for all costs. In January 2017 Jefast acquired one condo unit, with a purchase price of $328,000. Jefast now owns 87.6% of the entire hotel.

Expected future prospects

The Group's long-term goal is to grow in the Swedish market, by acquiring and developing properties essentially in Höganäs, Helsingborg and its close surroundings. The plan is to expand the property portfolio by 800 million by the end of 2018 and another 200 million by the end of 2020, which would mean a property portfolio amounting to approximately 2 800 million in 2020. Furthermore, upgrading of housing and larger commercial properties will occur to accommodate what market demands.

A long-term goal is that the group as a whole shall be composed of 70% residential and 30% commercial real estate. This is what Jefast believes is an optimal mix in terms of risk allocation and management, housing is estimated to have great potential in the coming decade. This holds true unless A-location with commercial character becomes available in order to mix yields.

With the ongoing project Kv Holland 25 and potential new property acquisitions Jefast anticipates 2017 to continue in the same eventful footprints, as was the case in 2016! Furthermore, the organization will continue to work with efficiency improvements in both the Sweden and US operations. Furthermore, 2017 is a jubilee year for Jefast, which is celebrating 40 years in business with hopefully 40 more years to come!

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, 300 MSEK are possible to secure, of which approximately 33% are hedged by interest rate swaps (maturing in 2017). In addition, loans of about 870 MSEK are signed with a fixed interest rate (of which 550 MSEK has a maturity during 2017). Net Loan to value ratio for the Group is 65.6%.

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.

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.

Multi-year overview (tkr)

The Group	**2016**	**2015**	**2014**	**2013***
Net turnover	275,159	229,412	190,458	179,727
Gross earnings	143,942	112,268	114,389	104,340
Profit/loss after financial items	165,115	90,200	107,086	-23,530
Balance sheet total	2,766,440	2,205,436	1,713,019	1,237,006
Equity/assets ratio (%)	29	30	33	21
Number of employees	14	15	21	22

The parent company	**2016**	**2015**	**2014**	**2013***
Profit/loss after financial items	-8,818	-1,552	24,999	-1
Balance sheet total	251,870	212,911	37,586	25,702
Equity/assets ratio (%)	9	12	68	21

For definitions of key ratios, see Accounting and Valuation Principles.
*Comparative figures for years 2013 for the group have not been restated in accordance with IFRS. Comparative figures for years 2013 for the parent company have not been restated in accordance with RFR 2.

Proposals for profit allocation

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):

Profit carried forward	25,336,046
Issue of share capital	-403,000
Reduction of the share capital	-2,997,000
Profit for the year	75
	21,936,121
To be distributed so they are:	
carried over	21,936,121

Consolidated Income Statement

SEK '000	Note	2016	2015
Revenue	4.5	275,159	229,412
Operating expenses	4.7	-131,217	-117,144*
Gross profit	**4**	**143,942**	**112,268**
Administrative expenses	6,7,8,9	-62,449	-66,933*
Loss on disposal of investment property		-1,368	-
Changes in fair value of investment property	13	142,445	82,510
Other operating income		2,208	533
Other operating expenses		-3,391	-394
Operating profit/(loss)		**221,387**	**127,984**
Finance income	10	409	1,800
Finance expenses	10	-60,195	-41,803
Change in fair value of derivatives	22	3,514	2,219
Profit before tax		**165,115**	**90,200**
Tax	11	-32,809	-25,238
Profit for the year		**132,306**	**64,962**
Profits attributable to:			
Equity owners of the parent		132,306	64,962
Profit for the year in SEK'000 (there are no dilutive effects) per-share data	21	26	13
Per-share data			

*Reclassification has been made, compared to the annual report 2015 for further information see note 7.

Consolidated Statement of other Comprehensive Income

SEK '000	Note	2016	2015
Profit for the year		**132,306**	**64,962**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		32,036	7,081
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**32,036**	**7,081**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in value of owner-occupied property		-27,323	-8,761
Tax	11	6,011	1,927
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-21,312**	**-6,834**
Total comprehensive income for the year net of tax		**143,030**	**65,209**
Total comprehensive income attributable to:			
Equity owners of the parent		143,030	65,209

Consolidated Statement of Financial Position

SEK '000	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Intangible assets	12	-	232
Investment property	13	1,899,136	1,300,133
Investment property under construction	14	149,826	67,978
Owner-occupied property	15	559,472	551,006
Owner-occupied property under construction	16	62	128
Equipment, tools and installations	17	42,432	37,872
Deferred tax asset	11	211	984
Receivables	18.22	1,599	1,548
Total non-current assets		**2,652,738**	**1,959,881**
Current assets			
Inventory		1,823	1,359
Rent and other receivables	18.22	14,188	20,067
Tax assets		1,837	-
Prepaid expenses and accrued income	19.22	21,773	20,920
Cash	20.22	74,081	203,209
Total current assets		**113,702**	**245,555**
Total assets		**2,766,440**	**2,205,436**
Equity and liabilities			
Share capital		500	100
Foreign currency translation reserve		56,514	24,478
Revaluation reserve		126,612	149,978
Retained earnings including net income		628,175	497,212
Equity attributable to the shareholders of the parent		**811,801**	**671,768**
Total equity	**21**	**811,801**	**671,768**
Non-current liabilities			
Interest bearing loans and borrowings	22	1,420,629	1,125,603
Bond loans	22	200,000	182,000
Deferred tax liability	11	184,734	159,735
Derivative financial instruments	22	0	4,475
Other liabilities	22	0	3,202
Total non-current liabilities		**1,805,363**	**1,475,015**
Current liabilities			
Interest bearing loans and borrowings	22	67,189	14,272
Derivative financial instruments	22	960	0
Trade and other payables	22.23	41,772	15,643
Income tax payable		831	2,821
Other liabilities	22.23	9,038	9,018
Accrued expenses and prepaid income	22.24	29,486	16,899
Total current liabilities		**149,276**	**58,653**
Total liabilities		**1,954,639**	**1,533,668**

Total equity and liabilities	**2,766,440**	**2,205,436**

Consolidated Statement of Changes in Shareholders Equity

SEK '000	Not	Share capital	Foreign Currency translation reserve	Revaluation reserve	Retained Earnings	Total Equity
Equity at 1 January 2015	21	**100**	**17,397**	**158,960**	**383,837**	**560,293**
Effect of new definitions on Shareholders equity		-	-	-	46,265	-
Profit/loss for the year		-	-	-	64,962	64,962
Other comprehensive income		-	7,081	-6,834	-	247
Total comprehensive income for the year		-	*7,081*	*-6,834*	*64,962*	*65,209*
Effect of depreciation on the revaluation reserve		-	-	-2,148	2,148	-
Equity at 31 December 2015		**100**	**24,478**	**149,978**	**497,212**	**671,768**
Profit/loss for the year		-	-	-	132,306	132,306
Other comprehensive income		-	32,036	-21,312	-	10,727
Total comprehensive income for the year		-	*32,036*	*-21,312*	*132,306*	*143,030*
Effect of depreciation on the revaluation reserve		-	-	-2,054	2,054	-
Transactions with owners:						
Issue of share capital		400	-	-	-400	-
Effect of depreciation on the revaluation reserve		-	-	-	-2,997	-2,997
Equity at 31 December 2016		**500**	**56,514**	**126,612**	**628,175**	**811,801**

Consolidated Statement of Cash Flows

SEK '000	Note	2016	2015
Operating activities			
Profit or loss before tax	27	165,116	90,200
Adjustments to reconcile profit before tax to net cash flows:			
Changes in value from investment property		-142,445	-82,511
Gain/loss on disposal of property, plant and equipment		1,223	106
Depreciations		14,721	10,459
Exchange gains		-4,929	-1,689
Change in fair value of derivatives		-3,514	-2,219
Tax		-4,853	-567
		25,319	13,780
Working capital adjustments:			
Change in operating receivables		5,343	-18,033
Change in inventory		-464	-63
Change in operating liabilities		41,008	-1,857
Net cash flow from operating activities		**71,206**	**-6,173**
Investment activities			
Purchase of subsidiaries	28	-158,264	-11,726
Purchase of investment property		-295,563	-62,976
Expenditure on investment property under construction		-80,333	-67,366
Purchase of owner-occupied property		-593	-2,307
Expenditure on owner-occupied property under construction		-	-87,922
Purchase of property, plant and equipment		-4,910	-479
Proceeds from disposal of investment property		-	450
Proceeds from disposal of owner-occupied property		6,527	-
Changes in long term receivables		-51	-163
Net cash flow from investing activities		**-533,187**	**-232,489**
Financing activities			
Proceeds from borrowings		350,537	421,445
Amortization of borrowings		-19,190	-11,940
Net cash from financing activities		**331,347**	**409,505**
Net increase in cash and cash equivalents		-130,634	170,843
Cash and cash equivalents at the beginning of the year		203,209	31,156
Translation adjustments of cash and cash equivalents		1,506	1,210
Cash and cash equivalents at 31 December	**20**	**74,081**	**203,209**

Parent Company Income Statement

SEK '000	Note	2016	2015
Net sales			
Administrative expenses	8,9	-1,538	-762
Operating profit/(loss)		**-1,538**	**-762**
Finance income		353	78
Finance expenses	10	-7,633	-868
Profit/loss after financial items		**-8,818**	**-1,552**
Received Group contributions		8,818	1,553
Profit/loss before tax		**-**	**1**
Tax	11	-	-
Profit for the year		**-**	**1**

Parent Company Statement of Other Comprehensive Income

Profit for the year	0	1
Other comprehensive income net of tax	0	0
Total comprehensive income for the year net of tax	**0**	**1**

Parent Company Balance Sheet

SEK '000	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Financial assets			
Shares in group companies	29	25,603	25,603
Receivables from group companies	30	223,172	173,257
Total financial assets		**248,775**	**198,860**
Total non-current assets		**248,775**	**198,860**
Current assets			
Other receivables		-	10,000
Prepaid expenses and accrued income		2,593	3,954
Cash and cash equivalents		502	97
Total current assets		**3,095**	**14,051**
Total assets		**251,870**	**212,911**
Equity and liabilities	21		
Restricted equity			
Share capital		500	100
Restricted equity		**500**	**100**
Non-restricted capital			
Retained earnings		21,936	25,334
Profit/loss for the year		-	1
Non-restricted capital		**21,936**	**25,335**
Total equity		**22,436**	**25,435**
Non-current liabilities			
Bond loan	22	200,000	182,000
Interest bearing loans and borrowings	22	25,000	-
Other liabilities	22	2,828	2,310
Total non-current liabilities		**227,828**	**184,310**
Current liabilities			
Other liabilities		1,606	3,165
Total current liabilities		**1,606**	**3,165**
Total liabilities		**229,434**	**187,475**
Total equity and liabilities		**251,870**	**212,911**

Parent Company Statement of Changes in Shareholders Equity

2015

SEK '000	Share capital	Retained earnings	Total
Equity at 1 January 2015	**100**	**25,334**	**25,434**
Profit for the year	0	1	1
Other comprehensive income:	0	-	-
Total comprehensive income	*0*	*1*	*1*
Equity at 31 December 2015	**100**	**25,335**	**25,435**
Profit for the year	0	-	-
Other comprehensive income:	0	-	-
Total comprehensive income	*0*	*0*	*0*
Issue of share capital	403	-403	-
Reduction of the share capital	-3	-2,997	-3,000
Equity at 31 December 2016	**500**	**21,936**	**22,436**

Parent Company Statement of Cash Flows

SEK '000	Note	2016	2015
Operating activities			
Profit or loss before tax		-	1
		-	1
Working capital adjustments:			
Change in operating receivables		11,360	-13,954
Change in operating liabilities		1,269	3,166
Net cash flow from operating activities		**12,629**	**-10,787**
Investment activities			
Payments to group companies		-246,915	-185,978
Repayment from group companies receivables		197,000	17,912
Acquisition of subsidiaries and activities		-	-
Net cash flow from investing activities		**-49,915**	**-168,066**
Financing activities			
Proceeds from borrowings		43,000	181,998
Repayment of borrowings		-2,310	-3,146
Reduction of share capital		-2,999	-
Net cash from financing activities		**37,691**	**178,852**
Net increase in cash and cash equivalents		405	-1
Cash and cash equivalents at the beginning of the year		97	98
Cash and cash equivalents at 31 December		**502**	**97**

Notes Overview

Note 1 Accounting policies

The consolidated accounts and the annual accounts of Jefast Holding AB (publ) 556721-2526 and its subsidiaries, for the 2016 financial year have been approved by the Board of Directors and CEO for publication on 28 April 2017 and will be presented to the Annual General Meeting on 30 April 2017 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 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 applies the same accounting policies as the Group except in cases listed below in the section for Accounting polices for parent. The Parent Company applies 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.

These consolidated financial statements are expressed in SEK, as this is Jefast Holding's functional and presentation currency. All values are rounded to the nearest thousand SEK '000 where indicated.

Measurements basis
Assets and liabilities are based on historical acquisition values, except for certain financial assets and liabilities that are valued at fair value. Financial assets and liabilities that are valued at fair value consist of derivatives.

Basis of consolidation
Subsidiaries are those enterprises, which are controlled by Jefast Holding. 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.

These consolidated financial statements include the accounts of Jefast Holding and its subsidiary companies, which are presented in note 29.

The financial statements for the subsidiaries are prepared for the same accounting period as Jefast Holding using consistent accounting policies. On consolidation, intragroup balances and intragroup transactions are eliminated in full.

Foreign currency translation
Transactions and balances
Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are recognized in the Income Statement under financial items. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

*Group companie*s
The assets and liabilities of foreign operations are translated into SEK at the rate of exchange prevailing at the reporting date and their Income Statements are translated at exchange rates prevailing at the dates of their transactions. The currency differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the Consolidated Income Statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated based on the exchange rate at the reporting date.

Business combinations and asset purchases
The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.).

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.

Investment property
Investment property is held to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial tenant adjustments to bring the property to the condition necessary for it to be capable of operating.

The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the line ""Changes in fair value of investment property"" in the period in which they arise.

Investment property under construction
Investment property under construction is measured at cost until the construction is completed.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition.

A property is regarded as sold when the significant risks and rewards of ownership of the real estate have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

Financial assets

Rent and other receivables are recognized at their original invoiced value except where the time value of money is material, in which case receivables are recognized at fair value and subsequently measured at amortized cost. Cash and cash equivalents in the balance sheet comprise cash at bank.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to inventory and credit risks.

Rental income

The Group is the lessor in operating leases (all contracts). Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Hotel Revenue

Hotel revenue includes room-, spa-, restaurant-, group events- and other minor departments revenue.

Service charges, property management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in revenue gross of the related costs, as the directors consider that the Group acts as principal in this respect.

Property, plant and equipment

Property, plant and equipment, except of land and buildings (owner-occupied property), are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The assets are depreciated over the estimated useful lives, see below. If an item of property, plant and equipment comprises components with different useful lives, each such significant component is depreciated separately.

The Group has elected to use the revaluation method for land and buildings. Land and buildings are measured at fair value at the date of the valuation, less accumulated depreciation on buildings. Valuations are performed each year to ensure that the fair value of a revalued assets does not differ materially from its carrying amount. Changes in fair value are recognized in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the statement of profit or loss, the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Owner-occupied properties	75 years
Land Improvements	20 years
Equipment, tools and installations	5-30 years

Interest bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds initially received and the nominal value is recognized in the income statement under financial expenses over the term of the loan.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed.

The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Interest income

Interest income is recognized as it accrues using the effective rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

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

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Leases

The determination of whether an arrangement is a lease is based on the substance of the arrangement at inception of the lease. The arrangement is a lease if fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

Operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Derivative financial instruments

The Group uses interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognized at fair value on the date on which the contract is entered into, and subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains and losses are recognized immediately in the income statement as change in value of derivatives.

Fair value measurement

The Group measures derivatives and investment properties at fair value each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
The techniques used to determine fair value of property are described in detail in Note 2 and Note 13 while financial instruments valuation is described in Note 22.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted market prices in active markets for identical assets and liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting date.

Differences between the Group's and Parent Company's accounting principles

The differences between the Goup's and the Parent's accounting principles are described below. The below stated accounting principles for the parent company have been applied consistently to all periods presented in the parents financial statements, if not otherwise described.

Basis of preparation

The Parent Company prepares their financial statements in accordance with the Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities. The recommendation means that the Parent Company applies the same accounting policies as the Group, except in those cases when the Annual Accounts Act or current tax rules limits the opportunities to apply IFRS.

Subsidiaries and associates

Shares in subsidiaries are in the parent accounted for using the cost method. This means that transaction costs are included in the carrying amount for the subsidiary.

In cases where the carrying amount of the participations exceeds the subsidiaries' fair value, an impairment loss is charged to the income statement. Where the grounds for a previous impairment loss no longer exist, the impairment loss is reversed.

Value transfers between subsidiaries may arise in connection with intra-group restructuring, whereupon an adjustment of book value of shares in subsidiaries may be necessary. The transactions are recognized in the balance sheet in accordance with RR 1:00 item 38.

Financial instruments

Due to the relationship between accounting and taxation the parent company does not apply IAS 39 for financial instruments. Instead, the parent company accounts for financial instruments using the cost method, in accordance with RFR 2. This means that the parent company accounts for financial assets at cost, less any impairments, and short-term financial assets at the lower of cost or net realizable value. Derivative instruments consist of interest rate swaps reducing the uncertainty of future interest payments on mortgage loans. Deferral hedge accounting is applied, meaning that the derivatives are not recognized in the income statement or the balance sheet. The fair value of the parent company's interest rate swaps are disclosed in Note 22.

Group contributions and shareholders' contributions

Both received and given group contributions are accounted for as appropriations in accordance with the alternative rule (RFR 2). Shareholders' contributions are accounted for directly against equity at the receiver and are capitalized as shares at the provider, provided there are no needs for impairments.

Note 2 Significant accounting judgements and assumptions

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Classification of properties

The Group determines whether a property is classified as investment property or owner-occupied property:

Investment property comprises land and buildings (principally offices, residential, commercial and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants.

- Owner-occupied property is property that generates cash flows that are attributable not only to the property, but also to other assets used in the supply process, which comprises of the hotel business in USA.

Valuation of investment property

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13 Fair Value Measurement.
It is management's assessment that the Group does not have inventory property. The hotel in the US is classified as owner-occupied property.

Investment property under construction is measured at cost including any transaction cost.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in OCI. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2016 and 31

December 2015. For investment properties, a valuation methodology based on a DCF model was used as there is a lack of comparable market data because of the nature of the properties.

Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Note 3 Standards issued not yet effective

Standards issued not yet effective

The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below, only includes standards that has an impact on the Group. The Group intends to adopt these standards, if applicable when they become effective.

IFRS 9 Financial Instruments

This standard addresses the classification, measurement, recognition, impairment and derecognition of financial instruments. It also addresses general hedge accounting. The mandatory effective date is January 1, 2018, with early application allowed. In addition to a possible change in hedge accounting, IFRS 9 will mainly impact documentation and disclosures.

IFRS 15 Revenue from Contracts with Customers

The standard establishes a new framework for revenue recognition. The standard introduces a five-step model to be applied to all contracts with customers in order to establish when and how to recognize revenue. The mandatory effective date is January 1, 2018, with early application allowed. The assessment is that IFRS 15 will not significant change the revenue recognition for the Group, but mainly expand the documentation and disclosures.

IFRS 16 Leases

The standard is a major revision of how to account for leases and requires all leases to be reported on the balance sheet. Thus, the application of IFRS 16 will lead to operational leases being recognized in the balance sheet. The mandatory effective date is January 1, 2019, with early application allowed if IFRS 15 Revenue from Contracts is also applied. The assessment is that IFRS 16 will not have a material impact on Jefast.

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 organized so that Group management monitors the earnings as 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.

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 an interest in the transactions.

The following operating segments have been identified:

- Investment properties
- Hotel business

The Group's operating segments are divided into the following geographical areas; Sweden and the United States. The geographic areas consistent with the operating segments, investment property is entirely located in Sweden while the Hotel business conducted solely in the United States.

The Group has no single tenant that accounts for more than 10 percent of total revenue.

Group

Year ended 31 December 2016	Investment properties	Hotel business	Total Segments	Adjustments and eliminations	Consolidated
Internal revenue	7,695	-	7,695	-7,695	0
External revenue	113,249	161,910	275,159	-	275,159
Total Revenue	**120,944**	**161,910**	**282,855**	**-7,695**	**275,159**
Property expenses	-34,954	-	-34,954	1,708	-33,246
Raw materials and consumables	3,015	-36,111	-39,126	-	-39,126
Depreciation of owner-occupied property	-	-8,234	-8,234	-	-8,234
Salaries	-	-50,611	-50,611	-	-50,611
Gross profit	**82,975**	**66,954**	**149,929**	**-5,987**	**143,942**
Operating profit/(loss)	**195,445**	**25,942**	**221,387**	**-**	**221,387**
Net financial	**-33,466**	**-22,806**	**-56,272**	**-**	-56,272
					-
Income tax expense					-32,809
Profit for the year					**132,306**

Year ended 31 December 2015	Investment properties	Hotel business	Total Segments	Adjustments and eliminations	Consolidated
Internal revenue	7,886	-	7,886	-7,886	0
External revenue	82,407	147,005	229,412	-	229,412
Total Revenue	**90,293**	**147,005**	**237,298**	**-7,886**	**229,412**
Property expenses	-27,320	-1,785	-29,105	1,615	-27,490
Raw materials and consumables	-2,959	-33,336	-36,295	-	-36,295
Depreciation of owner-occupied property		-7,885	-7,885	-	-7,885
Salaries		-45,474	-45,474	-	-45,474
Gross profit	**60,014**	**58,525**	**118,539**	**-6,271**	**112,268**
Operating profit/(loss)	**120,075**	**7,909**	**127,984**	**-**	**127,984**
Net financial	**-18,611**	**-19,173**	**-37,784**	**-**	**-37,784**
Income tax expense					**-25,238**
Profit for the year					**64,962**

Property value per segment

Year ended 31 December 2016	Investment properties	Hotel business	Total Segments	Adjustments and eliminations	Consolidated
Properties	**1,899**	**559**	**2,458**	**-**	**2,458**

Year ended 31 December 2015	Investment properties	Hotel business	Total Segments	Adjustments and eliminations	Consolidated
Properties	**1,300**	**551**	**1,851**	**-**	**1,851**

Note 5 Revenue

Group

Revenue SEK '000	2016	2015
Rental income	107,913	76,158
Hotel revenues	161,910	147,005
Other income	5,336	6,249
Total revenue	**275,159**	**229,412**

Group

Revenue from external customers/Geographical regions SEK '000	2016	2015
Sweden	113,249	82,407
USA	161,910	147,005
Total revenue	**275,159**	**229,412**

Note 6 Operating leases

Group as lessor

The Group has entered into leases on its property portfolio. The commercial property leases typically have leases between years 2017 and 2021 and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Group

SEK '000	2016	2015
Within 1 year	53,247	38,597
After 1 year, but not more than 5 years	96,287	56,905
More than 5 years	4,740	1,564
Total minimum lease receivables under non-cancellable operating leases	**153,065**	**97,066**

This year's lease revenues amounted to 107,913 (77,494)

Group as lessee

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

Group

SEK '000	2016	2015
Within 1 year	963	580
After 1 year, but not more than 5 years	326	685
More than 5 years	-	-
Total minimum lease payments under non-cancellable operating leases	**1,289**	**1,265**

This year's lease payments amounted to 1,253 (1,210)

Note 7 Operating-, and Administrative Expenses

SEK '000	2016	2015
Operating expenses		
Repair and maintenance	11,900	9,869
Heating	9,632	7,236
Other expenses	8,047	6,578
Property tax	3,667	3,807
Raw materials and consumables	39,126	36,295*
Depreciation of owner-occupied property	8,234	7,885
Salaries	50,611	45,474
Total Operating expenses	**131,217**	**117,144**
Administrative expenses		
Personnel costs	8,376	9,141
Depreciation charge for the year	6,487	2,574
Other	47,586	55,218*
Total administrative expenses	**62,449**	**66,934**
Total Operating-, and Administrative expenses	**193,666**	**184,077**

*35,174 TSEK has been reclassified.

Raw materials and consumables are mainly attributable to the hotel business in the United States. The increase is explained by the hotel business again at full capacity after an extensive renovation. The Hotel Service Management company Noble House has during the year had 180 (223) 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 footnote 8 Employees. Cost for the hotel operator is included in Operating expenses.

Reclassification has been made of the cost regarding 2015 the reclassification has been made between raw materials and consumables in operating expenses to other administrative expenses. The reclassified amount equals 35,174 TSEK to provide the Hotel business a more True and Fair view. Other administrative expenses consist primarily of consulting expenses and rental costs.

Note 8 Employees

Group

Salaries and remunerations SEK '000	2016	2015
Key management personnel and Directors		
Salaries and remunerations, board member	332	0
Salaries and remunerations, CEO	665	550
Social security costs	498	223
Pension costs	261	236
Total remuneration	**1,756**	**1,009**
Other employees		
Salaries and remunerations	4,639	5,642
Social security costs	1,337	2,517
Pension costs	643	404
Total remuneration	**6,619**	**8,563**

Number of employees	2016	2015
Women	6	7
Men	8	8
Total	**14**	**15**

Gender distribution amongst key management personnel	No of people	2016	No of people	2015
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%	1	25%
Proportion of men amongst key management personnel	2	50%	3	75%

The CEO has a notice period of 4.5 months, and two-months´ severance pay. 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 Appointed at the Annual General Meeting

Group

Fees to auditors Ernst & Young AB SEK '000	2016	2015
Audit Service	978	723
Other services	1,822	460
Tax advice services	-	132
Other non-audit services	-	-
Total	**2,800**	**1,315**

Sharff, Wittmer, Kurtz, Jackson & Diaz P.A. SEK '000	2016	2015
Audit Service	649	539
Other services	93	70
Tax advice services	-	240
Other non-audit services	-	-
Total	**742**	**849**

No audit fees in the parent company.

Note 10 Financial Income and Expenses

Group

SEK '000	2016	2015
Financial income		
Interest income	409	111
Foreign exchange adjustments	-	1,689
Total financial income	**409**	**1,800**

SEK '000	2016	2015
Financial expenses		
Interest expenses	-64,385	-41,803
Foreign exchange adjustments	4,190	-
Total financial expenses	**-60,195**	**-41,803**

Parent Company

SEK '000	2016	2015
Financial expenses		
Interest expenses	-7,363	-868
Capital loss from sale of Bond share	-270	0
Total financial expenses	**-7,633**	**-868**

Note 11 Tax

Group

Income statement SEK '000	2016	2015
Current income tax:		
Current income tax charge	-1,025	-947
Deferred tax:		
Relating to origination or reversal of temporary differences	-31,784	-24,291
Income tax expense reported in the income statement	**-32,809**	**-25,238**

Statement of OCI		
Deferred tax related to items recognized in OCI during the year:		
Deferred income tax on fair value changes of owner occupied property	6,011	1,927
Tax of continuing activities	**6,011**	**1,927**

Reconciliation of the effective tax rate for the year				
		2016		2015
SEK '000	%	SEK '000	%	SEK '000
Profit before tax		**165,115**		**90,200**
Nominal weighted tax rate for the group	22%	-36,325	22%	-19,844
Non-taxable income		110		176
Non-deductible expenses		-1		-65
Other		3,407		-5,505
Effective tax rate for the year	**20%**	**-32,809**	**28%**	**-25 238**

"Other" includes adjustments for deferred tax on loss-carry-forwards in Sweden, which has not been recorded. The tax losses carry forward in the Group amount to 172,419 TSEK (171 163). The deficits include both the Swedish and American operations. The American deficits contain expiration dates starting from year 2029 to 2036. This represents deferred tax of 53,105 TSEK (52,753). Deferred tax assets are recognized if the deficit is expected to be used in the foreseeable future.

Parent Company

Income statement SEK '000	2016	2015
Current income tax:		
Income tax expense reported in the income statement	**0**	**0**

Reconciliation of the effective tax rate for the year				
	2016		2015	
SEK '000	%	SEK '000	%	SEK '000
Profit before tax		**0**		**1**
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

Reconciliation of deferred tax liabilities/(assets) SEK '000	2016	2015
Deferred tax liabilities/(assets) at 1 January	**158,750**	**136,388**
Tax on other comprehensive income	-6,011	-1,927
Temporary differences in the Group's properties	31,448	26,602
Tax loss carry forwards	-437	-2,801
Derivative	773	488
Deferred tax liabilities/(assets) at 31 December	**184,523**	**158,750**

Deferred tax specification	Deferred tax asset		Deferred tax liability	
SEK '000	2016	2015	2016	2015
Completed investment property	-	-	149,024	117,434
Other non-current assets	-	-	42,500	48,655
Non-current liabilities	211	984	-	-
Tax loss carry forwards	6,789	6,355	-	-
Deferred tax	**7,000**	**7,339**	**191,524**	**166,089**

Note 12 Intangible Assets

Group

Cost SEK '000	2016	2015
At 1 January	997	932
Exchange differences	32	65
At 31 December	**1,029**	**997**

Depreciation and impairment SEK '000	2016	2015
At 1 January	-765	-455
Depreciation	-233	-282
Exchange differences	-31	-28
At 31 December	**-1,029**	**-765**
Net book value at 31 December	**-**	**232**

Note 13 Investment Property

Group

SEK '000		2016	2015
At 1 January		**1,300,133**	**1,148,837**
Acquisitions through subsidiaries	28	432,144	63,687
Other acquisition of property		-	-
Capital expenditure on owned property		21,089	606
Transfer from investment property under construction		-	1,488
Disposals		-738	-470
Exchange differences		4,059	3,475
Re-measurement adjustment		142,445	82,510
Total completed investment property 31 December		**1,899,136**	**1,300,133**

31 December 2016	Level 1 SEK '000	Level 2 SEK '000	Level 3 SEK '000	Total SEK '000
Investment properties	0	0	1,899,136	1,899,136

31 December 2015	Level 1 SEK '000	Level 2 SEK '000	Level 3 SEK '000	Total SEK '000
Investment properties	0	0	1,300,133	1,300,133

53 (38) percent of total investment property is classified as residential and 47 (61) percent as commercial.

The values of the investments properties have been estimated using a market adapted cash flow model in which future estimated revenue and cost (five years or longer) are simulated to analyze 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 of the objects future rent development, change in value and potential added value as well as the condition of the property. Important value parameters are location, rent level and vacancy rates. The valuation is based on current earnings capacity. A cash flow, stretching at least five years, is estimated for each investment property. For the revenue part, current rent contracts are used. For vacancy rates an estimate is done on an individual level for each property. The assumptions about inflation are one per cent for 2016 and two per cent for years thereafter. The revenues are assumed to follow the inflation rate. The assessment of cost is based on annual historical data. As a foundation for the evaluation are an estimate of present value of cash flow and the present value at the end of the calculation period. The Group has used external valuations.

Sensitivity analysis

When estimating the market value there are always some uncertainty involved due to the assumptions used in the valuation model. To demonstrate of the effects of changed assumptions a table is presented below. The yield value only relates to investment properties that were accessed at the end of the accounting period.

Investment properties (Mkr)	Assumed change, % 2016	2015	Change in value (Mkr) 2016	2015
Market rent level	5	5	120	80
Market rent level	-5	-5	-120	-80
Operation and maintenance cost	5	5	39	28
Operation and maintenance cost	-5	-5	-39	-28
Yield	0.5	0.5	-162	-113
Yield	-0.5	-0.5	201	113

Note 14 Investment Property under Construction

Group

SEK '000	2016	2015
At 1 January	**67,979**	**55,500**
Capital expenditure on owned property	74,196	12,068
Interest capitalised	7,896	2,576
Transfer to complete investment property	-	-1,488
Impairment	-245	-677
At 31 December	**149,826**	**67,979**

Investment properties under construction are valued at cost and refer primarily to project Kv Holland. Kv Holland is expected to be ready spring 2018.

Note 15 Owner-occupied Property

Group

Cost or valuation SEK '000	2016	2015
At 1 January	**551,006**	**453,365**
Additions	593	2,307
Reclassifications	-	95,438
Disposals	-8,222	-
Revaluations	-24,077	-8,761
Transfer*	-10,739	-9,005
Exchange differences	50,911	17,662
At 31 December	**559,472**	**551,006**

Depreciation and impairment SEK '000	2016	2015
At 1 January 2014	-	-
Depreciation charge for the year	8,234	7,885
Transfer*	-10,739	-9,005
Exchange differences	2,505	1,120
At 31 December	-	-

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount

31 December 2016	Level 1 SEK '000	Level 2 SEK '000	Level 3 SEK '000	Total SEK '000
Owner-occupied property	-	-	559,472	559,472

31 December 2015	Level 1 SEK '000	Level 2 SEK '000	Level 3 SEK '000	Total SEK '000
Owner-occupied property	-	-	551,006	551,006

The values of the owner-occupied properties have been estimated using a market-adapted cash flow model in which future estimated revenue and cost (ten years or longer) are simulated to analyze 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. A cash flow, stretching at least ten years, is estimated for each owner-occupied property. For the revenue part, occupancy and room rate are used. For vacancy rates an estimate is done on an individual level for each property. The assumptions about inflation are three per cent. The revenues are assumed to follow the inflation rate. The assessment of cost is based on annual historical data. As a foundation for the evaluation are an estimate of present value of cash flow and the present value at the end of the calculation period. The Group has used external valuations.

Note 16 Owner-occupied Property under Construction

Group

SEK '000	2016	2015
At 1 January	**128**	**18,495**
Additions	1,846	87,922
Reclassifications	-569	-106,994
Disposals	-1,439	-574
Exchange differences	96	1,279
At 31 December	**62**	**128**

Owner-occupied property under construction is valued at cost.

Note 17 Equipment, tools and installation

Group

Cost or valuation Equipment, tools and installation SEK '000	2016	2015
At 1 January	**54,990**	**44,262**
Acquisitions	292	137
Acquisition through subsidiary	4,624	257
Reclassifications	569	11,556
Disposals	-1,409	-3,989
Exchange differences	4,700	2,681
At 31 December	**63,766**	**54,904**

Depreciation and impairment SEK '000	2016	2015
At 1 January	17,118	17,014
Depreciation charge for the year	4,061	2,293
Disposals	-1,297	-3,068
Exchange differences	1,452	794
At 31 December	21,334	17,032
Net book value	**42,432**	**37,872**

Note 18 Rent and Other Receivables

Group

Rent and other receivable SEK '000	2016	2015
Receivables	6,797	8,060
Rent receivable	759	203
Deposit on future purchases	1,599	10,000
Other receivables	6,632	3,352
Total	**15,787**	**21,615**

Trade receivables not impaired have the following maturities SEK '000	2016	2015
Not due	15,346	18,943
Due 30 days or less	132	971
Due more than 30 days but less than 90 days	151	963
Due more than 90 days	158	738
Total	**15,787**	**21,615**

The credit quality of receivables not due or write-downs are assessed to be high.

Note 19 Prepaid Expenses and Accrued Income

Group

SEK '000	2016	2015
Prepaid insurance	5,650	5,383
Accrued income	1,148	1,340
Other prepaid expenses	14,975	14,197
Total	**21,773**	**20,920**

Note 20 Cash

Group

Cash SEK '000	2016	2015
Cash at bank and on hand	74,081	203,209
Cash at 31 December	**74,081**	**203,209**

Overdraft facilities amount to 0 tkr (0 kr).

Note 21 Equity

Share capital	2016		2015	
	Nominal value (SEK'000)	Number of shares (in thousands)	Nominal value (SEK'000)	Number of shares (in thousands)
Share capital at 1 January (issued and fully paid)	500	5	100	5
Issued for cash				
Share capital at 31 December	**500**	**5**	**100**	**5**

In May 2015, Jefast Holding AB has made bonus issue shares resulting in 4,000 new shares. In December 2016 the share capital was increased to 503TSEK by issuance of 30 bonus shares, which was later reduced to 500TSEK through a withdrawal of 30 shares.

Share capital and number of Shares	No of Shares		Quota Value	
	2016	2015	2016	2015
Class A Shares	4,625	4,625	4,625	4,625
Class B Shares	225	225	225	225
Class C Shares	150	150	150	150
Total	**5,000**	**5,000**	**5,000**	**5,000**

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 a dividends payout accrues to the A-shares.

Note 22 Financial Instruments and Financial Risk Management

Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise 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 and short-term deposits that arrive directly from its operations. 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

Fall in 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 14% of the rental income.

Currency risk

The Group is exposure to the risk of changes in foreign exchange rates 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

One of the Group's largest expense item is interest and the development of the interest market has had a negative impact on Jefast's business, and result. The Group has long term credit lines with fixed terms and fixed interest rates through swap agreements. Approximately 33% of the loan portfolio in Jefast is hedged by interest rate swaps (maturing in 2017).

Credit risk

The credit risk is defined as the risk that Jefast's counterparty not can meet their financial obligation against Jefast. The financial situation for Jefast's tenants and other counterparties can change and that will affect their ability to pay agreed obligations with Jefast. This will have a negative impact of Jefast's business, balance and result.

Refinancing risk

Jefast may be required to refinance some or all of its outstanding debt. Jefast ability to successfully refinance its debt is due to the conditions of banking market, capital market and its own financial position at this time. The risk of a future refinancing will not be at feasible or a desirable condition is always a risk, which might have negative impact of Jefast's business, balance or result. Jefast works continuously with refinancing and has today good relations with a number of Swedish financiers. The long term goal is to have pledge which is less than 70%.

The tables below displays the Group's financial assets and liabilities that are subject to financial risk management and a comparison of their carrying amounts and fair value:

Group

	Carrying amount		Fair value	
	2016	2015	2016	2015
	SEK'000	SEK'000	SEK'000	SEK'000
Financial assets				
Loans and receivables				
Receivables	1,599	1,548	1,599	1,548
Rent and other receivables	14,188	20,067	14,188	20,067
Accrued income	1,148	1,340	1,148	1,340
Cash and cash equivalents	74,081	203,209	74,081	203,209
Total financial assets	**91,016**	**226,164**	**91,016**	**226,164**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	960	4,475	960	4,475
Financial liabilities at amortized cost				
Interest-bearing loans and borrowings	1,487,184	1,139,875	1,487,184	1,139,875
Bond loans	200,000	182,000	200,000	182,000
Trade and other payables	41,772	15,643	41,772	15,643
Other liabilities	9,672	12,220	9,672	12,220
Accrued expenses	17,964	12,177	17,964	12,177
Total financial liabilities	**1,757,552**	**1,366,391**	**1,757,552**	**1,366,390**

Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as at 31 December 2016:

31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	SEK'000	SEK'000	SEK'000	SEK'000
Financial liabilities at fair value through profit or loss				
Derivatives		960		
Bond loans	200,000			

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	SEK'000	SEK'000	SEK'000	SEK'000
Financial liabilities at fair value through profit or loss				
Derivatives		4,475		
Bond loans	182,000			

Management has assessed that the fair values of cash and cash equivalents, rent and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:
The Group uses interest-rate swaps to hedge the interest-rate risk related to

interest bearing loans the Group is exposed to. The interest-rates swaps are recognized as derivatives and measured at fair value according to measurement at Level 2. Changes in the value of the derivatives are recognized in profit or loss. The value of interest-rate swap is recognized as the present value of the estimated flows during the position´s remaining term. The estimated flows are calculated by viewing the strike level and forward rates of 3-months Stibor and their volatility. The current interest-rate swap has a maturity date of 2017.

Fair values of the Group's interest-bearing borrowings and loans as well as bond loans are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate including its own non-performance risk as at 31 December 2016.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Amounts in foreign currency have been translated to SEK at the closing date. Financial instruments with variable interest rates have been calculated using the interest rate on the balance sheet date. Liabilities have been included in the period when repayment may be required at the earliest.

Liquidity risk is the risk of the Group having difficulty fulfilling its obligations related to financial liabilities including bond covenants. Careful monitoring minimizes the liquidity risk.

Group

SEK '000	Year 1	Year 2	Year 3-5	More than 5 years	Total
2016					
Interest-bearing loans and borrowings	946,032	113,421	114,410	435,455	1,609,318
Bond loans	13,000	13,000	200,855	-	226,855
Derivatives	778	-	-	-	778
Other liabilities	9,038	-	-	-	9,038
Trade payables and other financial liabilities	41,772	-	-	-	41,772
Total financial liabilities	**1,025,280**	**126,421**	**315,265**	**440,836**	**1,887,761**
2015					
Interest-bearing loans and borrowings	56,164	110,292	167,627	951,955	1,286,038
Bond loans	11,830	11,830	194,608	-	218,268
Derivatives	7,173	1,447	-	-	8,620
Other liabilities	9,018	-	53,385	893	63,296
Trade payables and other financial liabilities	15,643	-	-	-	15,643
Total financial liabilities	**99,828**	**123,569**	**415,620**	**952,848**	**1,591,865**

Parent Company

Maturity of financial liabilities - expected cash flow					
SEK '000	Year 1	Year 2	Year 3-5	More than 5 years	Total
2016					
Interest-bearing loans and borrowings	763	15,465	10,465	-	26,693
Bond loans	13,000	13,000	200,855	-	226,855
Other liabilities	1,606	-	-	2,828	4,434
Total financial liabilities	**15,369**	**28,468**	**211,320**	**2,828**	**257,982**
2015					
Bond loans	11,830	11,830	194,608	-	218,268
Other liabilities	3,165	-	2,310	-	5,475
Total financial liabilities	**14,995**	**11,830**	**196,918**	**-**	**223,743**

Note 23 Trade and Other Payables

Group

SEK '000	2016	2015
Account payable	41,772	15,643
Other liabilities	9,038	9,018
Total	**50,810**	**24,661**

Other liabilities mainly consist of VAT and social security contributions.

Note 24 Accrued Expenses and Prepaid Income

Group

SEK '000	2016	2015
Accrued personnel costs	5,085	4,370
Accrued interest	8,523	4,668
Prepaid revenues	11,522	4,722
Other accrued expenses and prepaid income	4,356	3,139
Total	**29,486**	**16,899**

Note 25 Related Parties

Entity	Relation	Ownership
Bo Jertshagen	Majority owner	92.1%
Induere AB (Bo Jertshagen)	Shareholder	7.9%

Group

Significant related party transactions and balances				
	Jefast Förvaltning		Induere	
SEK'000	2016	2015	2016	2015
Cost due to Management services	386	386		
Liabilities to related parties	326	893	2,502	2,309

Parent Company

Significant related party transactions and balances				
	Jefast Förvaltning		Induere	
SEK '000	2016	2015	2016	2015
Liabilities to related parties	326	-	2,502	2,309

Transactions regarding the board of directors and the CEO are specified in Note 8. Bo Jertshagen wholly owns Jefast Förvaltning.

Note 26 Contingencies and Commitments

Group

SEK '000	2016	2015
Pledged collateral		
For own liabilities and provisions		
Company mortgages	-	1,000
Property mortgages	1,461,994	1,194,884
	1,461,994	**1,195,884**
Contingent liabilities	**None**	**None**

Parent Company

SEK '000	2016	2015
Pledged collateral	**None**	**None**
Contingent liabilities		
Contingent liabilities for the benefit of subsidiaries	139,295	138,390
	139,295	**138,390**

Note 27 Interest and Dividends

Group

SEK '000	2016	2015
Interest received	217	1,722
Interest paid	-60,530	-41,311
	-60,313	**-39,589**

Note 28 Purchase of Subsidiaries

Group

SEK '000	2016	2015
Cash paid, acquisition price	158,723	12,382
Cash and cash equivalents in the acquired subsidiary	-459	-656
Effect of acquisition on consolidated cash and cash equivalents	**158,264**	**11,726**
Acquired assets and liabilities		
Investment property	433,500	64,098
Operating receivables	5,891	331
Cash and cash equivalents	459	656
Total acquired assets	**439,850**	**65,085**
Deferred tax	218	69
Current liabilities	280,909	52,634
Total acquired liabilities	**281,127**	**52,703**
Acquired net assets	**158,723**	**12,382**
Acquisition price	**158,723**	**12,382**

Note 29 Investments in Subsidiaries

Parent Company

SEK '000	2016	2015
Cost at 1 January	**25,603**	**25,603**
Cost at 31 December	**25,603**	**25,603**

Company	Corporate ID	Domicile	Result	Equity	Proportion of shares	Book value 2016	Book value 2015
Jefast AB	556311-1409	Höganäs	-5,195	254,446	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 Söderåsen AB	556638-5893	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 City Fastigheter AB	556650-5169	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%		
Miscere AB	556851-0902	Höganäs			100%		
Struere AB	556767-3933	Höganäs			100%		

*Remaining shares owned by another company in the Group

Note 30 Receivables from Group Companies

Parent Company

Reconciliation of receivables from group companies SEK '000	2016	2015
Receivables from group companies at 1 January	**173,257**	**5,191**
Incoming accounts	246,915	185,978
Outgoing accounts	-197,000	-17,912
Receivables from group companies at 31 December	**223,172**	**173,257**

Receivables from group companies equals loans to subsidiaries. No due dates on the loans exist.

Note 31 First Time Adoption

These financial statements, for the year ended 31 December 2016, are the second the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and consolidated reports (K3) (Local GAAP).

In preparing the financial statements for the year ended 2015, the Group's opening statement of financial position was prepared as at 1 January 2014, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements for the year ended 31 December 2014.

All financial reports included Annual Reports, are to be found on the company website www.jefast.se.

Exemption applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2014.

- The Group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalises borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalised under Local GAAP on qualifying assets prior to the date of transition to IFRS.

Group reconciliation of equity as at 1 January 2014				
SEK '000	Notes	Swedish GAAP	Remeasurements	IFRS as at 1 January 2014
Assets				
Non-current assets				
Patents, licenses and similar intangible rights		614	0	614
Investment property	A	947,736	71,253	1,018,989
Investment property under construction	C	3,194	45,121	48,315
Owner-occupied property	B	220,903	56,025	276,928
Owner-occupied property under construction	C	0	1,644	1,644
Property, plant and equipment		22,075	0	22,075
Receivables (long-term)		1,115	0	1,115
Total non-current assets		**1,195,637**	**174,043**	**1,369,680**
Current assets				
Inventory		1,103	0	1,103
Rent and other receivables		12,309	0	12,309
Prepayments		9,373	0	9,373
Cash and cash equivalents		18,584	0	18,584
Total current assets		**41,369**	**0**	**41,369**
Total assets		**1,237,006**	**174,043**	**1,411,049**
Equity and liabilities				
Share capital		100	0	100
Revaluation reserve	B	0	43,699	43,699
Retained earnings	A	249,258	56,758	306,016
Equity attributable to the shareholders of the parent		**249,358**	**100,457**	**349,815**
Non-controlling interest (NCI)		5,767	-5,767	0
Total equity		**255,125**	**94,690**	**349,815**
Non-current liabilities				
Interest bearing loans and borrowings		753,270	0	753,270
Deferred tax liability	E	103,687	26,706	130,393
Derivative financial instruments	D	0	5,881	5,881
Other liabilities		10,000	46,766	56,766
Total non-current liabilities		**866,957**	**79,353**	**946,310**
Current liabilities				
Interest bearing loans and borrowings		16,436	0	16,436
Trade and other payables		16,276	0	16,276
Income tax payable		9	0	9
Other liabilities		66,142	0	66,142
Deferred revenue		16,061	0	16,061
Total current liabilities		**114,924**	**0**	**114,924**
Total liabilities		**981,881**	**79,353**	**1,061,234**
Total equity and liabilities		**1,237,006**	**174,043**	**1,411,049**

Group reconciliation of equity as at 31 December 2014				
SEK '000	Notes	Swedish GAAP	Remeasurements	IFRS as at 31 December 2014
Assets				
Non-current assets				
Patents, licenses and similar intangible rights		477	0	477
Investment property	A	969,947	178,890	1,148,837
Investment property under construction	C	21,271	34,228	55,499
Owner-occupied property	B	249,573	203,794	453,367
Owner-occupied property under construction	C	0	18,495	18,495
Property, plant and equipment		27,248	0	27,248
Receivables (long-term)		1,385	0	1,385
Total non-current assets		**1,269,901**	**435,407**	**1,705,308**
Current assets				
Inventory		1,296	0	1,296
Rent and other receivables		8,121	0	8,121
Prepaid expenses and accrued income		14,834	0	14,834
Cash and cash equivalents		31,156	0	31,156
Total current assets		**55,407**	**0**	**55,407**
Total assets		**1,325,308**	**435,407**	**1,760,715**
Equity and liabilities				
Share capital		100	0	100
Foreign currency translation reserve	F	0	17,397	17,397
Revaluation reserve	B	0	158,959	158,959
Retained earnings	A	262,606	121,230	383,837
Equity attributable to the shareholders of the parent		**262,706**	**297,587**	**560,293**
Non-controlling interest (NCI)		3,425	-3,425	0
Total equity		**266,131**	**294,162**	**560,293**
Non-current liabilities				
Interest bearing loans and borrowings	G	890,782	-280	890,502
Deferred tax liability	E	100,824	81,830	182,654
Derivative financial instruments	D	0	6,693	6,693
Other liabilities		7,722	52,722	60,444
Total non-current liabilities		**999,328**	**140,965**	**1,140,293**
Current liabilities				
Interest bearing loans and borrowings	G	11,939	280	12,219
Trade and other payables		19,218	0	19,218
Income tax payable		2,441	0	2,441
Other liabilities		10,172	0	10,172
Deferred revenue		16,079	0	16,079
Total current liabilities		**59,849**	**280**	**60,129**
Total liabilities		**1,059,177**	**141,245**	**1,200,422**
Total equity and liabilities		**1,325,308**	**435,407**	**1,760,715**

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014 and total comprehensive income for the year ended 31 December 2014

A) Measurement of investment property

At the transition to IFRS, the Group´s investment properties are measured to fair value. Fair value is determined according to the principles stated in note 1. At 1 January 2014 have 100% of the total fair value been valuated externally by Värderingsmännen J&P AB. At the date of transition the fair value amounted to 1 018 989 tkr with a deferred tax liability to 22 995 tkr based on a tax rate of 22%. As of 31 December 2014 amounted to 1 148 837 tkr and deferred tax to 73 966 tkr. The change in 2014 was recognized in the income statement.

B) Owner-occupied properties

At the transition to IFRS, the Group´s owner-properties are measured according to the revaluation method, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

C) Reclassification

At the transition to IFRS, the Group's asset under construction are reclassified to Investment property under construction and Property, plant and equipment.

D) Derivat

At the transition to IFRS, the Group's interest rate derivatives accounted for at fair value taking into account deferred tax. The value at the date of transition amounted to 5 881 tkr and the deferred tax claim for 1 293 tkr based on a tax rate of 22%. Per December 31, 2014 the fair value of 6 693 tkr and deferred tax claim to 1 472 tkr. The change in 2014 was recognized in the income statement.

E) Deferred tax

The various transitional adjustments lead to different temporary differences, which needs to be accounted for. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

F) Classification of the financial statement

Foreign currency translation attributable to foreign subsidiaries is according to IFRS accounted for separately from retained earnings. According to IFRS, there is no split in equity between free and restricted reserves. Non-controlling interest was according to local GAAP presented separately but should be a part of equity according to IFRS. The transition from Local GAAP to IFRS has not had a material impact on the statement of Cash flows.

G) Interest bearing loans and borrowings

At the transition to IFRS, the Group's Bank overdraft are reclassified to short term liabilities.

Note 32 Events after the reporting period

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

Project
Jefast announced a delay in the opening of the galleria at Kv Holland 25 due to unforeseen factors and added scope. The new projected opening date is set for Easter 2018.

Bond issuance
In March Jefast issued a 4-year senior unsecured bond loan in the amount of 200 MSEK. The bond loan will carry a floating rate interest of Stibor 3m + 5.45% and has a total framework amount of 500 MSEK. Jefast will apply for a listing of the bond loan on Nasdaq Stockholm. The proceeds from the bond issue will be used for general corporate purposes, including acquisitions of properties in Sweden and refinancing of outstanding debt.

Note 33 Proposals for profit allocation

Proposals for profit allocation	
The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):	
Profit carried forward	25,336,046
Issue of share capital	-403,000
Reduction of the share capital	-2,997,000
Profit for the year	75
	21,936,121
To be distributed so they are:	
carried over	21,936,121

Definitions

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.

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.

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.

Net Loan-to-value ratio, properties

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.

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 2017.

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.

Bo Jertshagen, Chairman

Cassandra Jertshagen, Board member

Martin Persson, CEO

Our Audit report was submitted April 28 2017

Ernst and Young AB

Henrik Nilsson, Authorized Public Accountant

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 2016. The annual accounts and consolidated accounts of the company are included on pages 12-59 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 2016 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 2016 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.

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.

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.

Valuation of properties

Investment properties is a significant balance sheet item and amounted to 1 899 Mkr in the consolidated statement of financial position as of 31 December 2016. Investment properties is recorded at fair value. Owner-occupied properties is a significant balance sheet item and amounted to 599 Mkr in the consolidated statement of financial position as of 31 December 2016. Owner-occupied properties are initially valued at cost but then valued according to the revaluation method. Each quarter Jefast 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 costs, investments, discount rate and return requirements. The return requirements 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 Accounting policies on page 26 and in Note 13 and 15.

In our audit we have assessed objectivity, independence and competence of the external valuation company. We have assessed and evaluated the 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 1-11. 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.

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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2016 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 and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ängelholm 28 April 2017

Ernst & Young AB

Henrik Nilsson
Authorized Public Accountant