





Summary of the first quarter of 2017

- Net sales increased with 299.1 % to 47.699 ksek (11.952 ksek)
- Operating result decreased to –1,736 ksek (191,310 ksek)
- Result after tax amounted to 29,368 ksek (180,113 ksek)
- The equity/assets ratio amounted to 61,8% (61,1%)
- Earnings per share before dilution 289.11 sek (1,685.27 sek)*
- Number of apartments under zoning planning 545 (807)
- Number of apartments under production 423 (313)
- Number of occupied apartments during the period 30 (0)
- Number of apartments in the portfolio 968 (1,300)

KSEK – SEK in thousands	Jan–Mar 2017	Jan-Mar 2016	Jan–Dec 2016
Net sales	47,699	11,952	56,381
Operating result	-1,736	191,310	162,666
Financial items, net	15,398	-5,614	135,903
Total comprehensive income for the period	28,911	168,527	270,169
Balance sheet total	2,242,101	2,054,365	2,098,346
Result after tax	29,368	180,113	276,530
Earnings per share	289.11	1,685.27	2,701.69
Operating margin, %	-3.64	1,600.65	288,51
Solidity %	61.8	61.1	65.0
Number of apartments under zoning planning	545	807	545
Number of apartments under production	423	313	453
Number of occupied/completed apartments during the	period 30	0	0
Number of apartments in the portfolio	968	1,300	998

Significant events during the quarter

The majority of the Group's income during 2017 refers to income from subcontracts and income and result from project development of condominiums. The group includes the first quarter 2017 percentage-of-completion reports for their condominium projects. The requirement to estimate percentage-of-completion allows the Group to credibly estimate the financial outcome of the project. Profit on the project is recorded based on the following established criteria:

(i) The condominium has an association with an independent board in place, (ii) external financing has been obtained, (iii) agreements have been signed with residential buyers in the form of binding contract for the end-user, (iv) a signed agreement with the housing cooperative about building condominiums (v) and that a signed agreement between the condominium and an external contractor or a company within the group is in place. The contracted revenue and expenses are reported according to the construction timeline. Income and expenses are thereby allocated to the period in which the work was completed.

The completion grade is calculated based on total accrued expenses compared to the total calculated expenditures excluding land cost. Per the new accounting standards IFRS 15 the work culminates from that of the commitment of the contract. The sales rate determines the number of condominiums sold and settlement rate takes into consideration the grade of completion along with the sales rate. For more information see Note 3 Accounting Principles on page 16.

The projects Juvelen 1 and Juvelen 2, are located behind the Municipal House in Norrtälje and consist of around 300 well-designed apartments. The sales of project Juvelen 1 has been divided up in to two stages. Phase One consists of the 83 residences connected to stairwells one through five and commenced in December 2016. The sales of Phase Two consists of 102 apartments, with construction commencement in March 2017. At the end of March 2017 the Group had sold 90 of 185 apartments. Occupancy of the two first stairwells was achieved in March. Occupancy will be achieved successively until December 2017. Pre-development is under way in Juvelen 2 and construction is estimated to continue until October 2019. Juvelen 2 includes the construction of 127 apartments with an estimated occupancy in the second quarter of 2020.

Under the project name Norrtälje Tower, Index is building about 450 apartments divided into 5 blocks. In addition to the apartments, the project also consists of 12 condo units. The first block, project Soltornet, in Norrtälje commenced sales in the second half of 2016. Per March 2017, 79 of the 87 apartments had been sold. Development of the block began in February 2017 and expected to be ready for occupancy during the second quarter of 2019. The second block, project Magasinet consists of 46 condominiums. Sales commencement for Magasinet began in April 2017, with sales still ongoing. The units are estimated to be ready for occupancy during the second quarter of 2019.

Market development

The residential market in the Municipal of Norrtälje remains mostly stable with a slight decrease in percentage growth as compared to the previous period. The development of Norrtälje harbor proceeds as planned and the area is estimated to generate 2 000 new units, where Index stands to develop around 20% of all the units. The sales of the first areas have shown a strong demand in the area.

The outlook in Kista is stable with a slightly lower percentage growth as compared to the previous period. The planning and zoning of Kista Äng is under way. The development of the area around Kista Äng proceeds according to plan.

Earning and positions, January-March 2017

The Group's accounting provided a quarterly result before tax amounting to 13,662 ksek (185,696 ksek) and the result after tax was 29,368 ksek (180,113 ksek). Income from the percentage-of-completion amounted to 46,689 ksek (0 ksek) and operating profit from the percentage-of-completion amounted to 6,784 ksek (0 ksek). The balance sheet total amounted to 2,242 msek (2,054 msek). Net financial items amounted to 15,398 ksek (–5,614 ksek). Both USD and CAD have weakened against the SEK during the quarter. This resulted in a currency effect of –17,670 ksek (–1,235 ksek) for the quarter. Currency effects are related to foreign currency lending for financing the sister group's operations in Florida, US and Ontario, Canada.

Equity/assets ratio

The equity/assets ratio amounted to 61.8% (61,1%)

Cash flow

Cash flow for the Group's investments derives mainly from equity, bank loans, bonds, income from subcontracts and sale of developed properties. Income from subcontracts remain current while income from the company's developments achieve a positive cashflow only upon occupancy. The Group invests mainly in development properties where the company increases the value of its investments through zoning, construction and the sale or lease of completed properties to the end user. The positive aspect of investing in early stages of projects is that the company can thereby take part of the entire value chain. This investment process allows for higher profits but also longer lead times which in general generates cyclical cashflow.

Cashflow from operating activities amounted to -52,023 ksek (-20,941 ksek) during the quarter. The changes are mainly due to payment of tax, repayment of short-term liability of 20,000 ksek and increased short-term receivables 13,230 ksek (1,218 ksek).

Cashflow from investing activities amounted to –39,928 ksek (–53,128 ksek). The changes are mainly related to increased borrowing to the housing cooperative Soltornet 46,687 ksek and repayment of loans from the associated company. Beginne Index Estate AB of 30,000 ksek

Cashflow from financing activities during the quarter amounted to 55,237 ksek (–2,390 ksek). The change is related to increased loans from credit institutions by 60 msek.

Liquidity

The Group's cash and cash equivalents for the period amounted to 16 msek (109 msek). The company focuses strongly on liquidity monitoring. One-year and four-year forecasts are created on a continuous basis.

Parent company, Earnings and positions, January-March 2017

The parent company results before tax amounted to 5,607 ksek (20,797 ksek) and the result after tax 4,331 ksek (16,277 ksek). The balance sheet total amounted to 1,830 mesk (1,696 msek). Net financial items amounted to 14,116 ksek (28,073 ksek). The portfolio securities developed positively throughout the quarter and have generated an unrealized profit of 18,038 ksek (–4,533 ksek). The effects of a stronger SEK against USD and CAD during the period gave a currency loss of –17,842 ksek (+3,917 ksek).

Significant risks and uncertainties in the business

Significant risks and uncertainties are described in the Annual report for financial year 2016. No significant changes have occurred during this interim period.

Restructuring

No restructuring work or acquisitions have been made in the last quarter.

Events after the reporting period

The zoning for the third block in Norrtälje Harbor, Spannmålet, has been accepted by the municipal in Norrtälje. The zoning is expected to gain legal force during June 2017. The sales rate continues to be strong in Norrtälje. The number of units sold in the project Juvelen 1 has at the time of reporting sold 115 of 186 units in total.

Future prospects

The Group's prospects are good. The Swedish project portfolio amounts to 968 residential units. The Group has a project portfolio of about 2,400 residential units under development. This also includes the sister group's, Index Enterprise LLC, ongoing and future production in Florida, USA, financed by Index Residence (publ) AB.

Transactions with related parties

The main subsidiaries to the parent company include Index Enterprise LLC Group, Index Equity Sweden AB Group along with associated companies and joint ventures. The parent company's transactions with related companies have mainly been of financial nature. Transactions have taken place on market terms

THE GROUP

Sales and result for the first quarter of 2017

Amounts in SEK millions	Q1 / 17	Q1 / 16
Net sales	48	12
Operating result	-2	191

Consolidated Income Statement in Summary

Amounts in SEK thousands	Note	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating income	5			
Net sales		47,699	11,318	17,803
Other operating income		-	634	38,578
Total		47,699	11,952	56,381
Operating expenses				
Purchase of goods and services		-40,165	-13,299	-30,555
Other external expenses		-7,592	-15,768	-40,319
Personnel costs		-4,795	-5,052	-17,025
Depreciation/amortization of property, plant and equipment and intangible fixed assets		-267	-303	-13,074
Change in value of properties		644	-	_
Result from participations in group companies		522	212,613	191,338
Result from participations in associates and joint venture		2,218	1,167	15,920
Total operating expenses		-49,435	179,358	106,285
Operating result		-1,736	191,310	162,666
Financial income		E0 E94	E9 420	207 200
		50,584	58,420	297,200
Financial expenses		-35,186	-64,034	-161,297
Net financial items		15,398	-5,614	135,903
Result before tax		13,662	185,696	298,569
Tax		15,706	-5,583	-22,039
Result for the period		29,368	180,113	276,530
Other comprehensive income				
Items that may later be reserved in the income statement:				
Exchange differences		-457	-11,586	- 6,361
Exchange differences, non-controlling interests			-	
Total items that may later be reserved in the income statement		-457	-11,586	6,361
Total comprehensive income for the period		28,911	168,527	270,169
Result for the period attributable to:				
Parent company shareholders		20.269	100 112	276 520
Non-controlling interests		29,368	180,113	276,530
Total comprehensive income attributable to:				
Parent company shareholders		28,911	168,527	276,530
Non-controlling interests		-	-	-
Earnings per share before dilution, SEK		289.11	1,685.27	2,701.69
Earnings per share after dilution, SEK		289.11	1,685.27	2,701.69
Lattings per strate after unution, SER		203.11	1,003.27	2,701.09

Consolidated Balance Sheet in Summary

Amounts in SEK thousands	Note	2017-03-31	2016-03-31	2016-12-31
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Balanced development expenses	5	1,601	2,087	1,707
Total Intangible assets		1,601	2,087	1,707
Property, plant and equipment				
Investment properties	5	33,045	123,031	32,607
Equipment, tools, fixtures and fittings		4,769	1,854	4,929
Total property, plant and equipment		37,814	124,885	37,536
Non-current financial assets				
Investments in associates	5	24,052	775	21,106
Investments in joint ventures	5	6,293	2,513	6,396
Other non-current receivables	4	1,726,849	1,370,953	1,538,655
Financial assets available for sale	4	5,000	7,500	5,000
Total non-current financial assets		1,762,194	1,381,741	1,571,157
TOTAL NON-CURRENT ASSETS		1,801,609	1,508,713	1,610,400
Current assets				
Residential units under development		218,613	247,359	223,200
Securities		86,233	89,649	85,649
Accounts receivables		18,825	5,129	8,808
Tax assets		21	122	62
Receivables to associates		69,495	4,398	89,935
Other receivables		25,394	13,676	20,779
Financial assets available for sale	4	-	15,000	-
Prepaid expenses and accrued income		2,131	6,703	2,993
Derivatives	4	3,620	5,607	3,410
Cash and cash equivalents		16,160	109,009	53,110
Non-current assets held for sale		-	49,000	_
TOTAL CURRENT ASSETS		440,492	545,652	487,946
TOTAL ASSETS		2,242,101	2,054,365	2,098,346

Consolidated Balance Sheet in Summary, Continued

Note	2017-03-31	2016-03-31	2016-12-31
	10,000	10,000	10,000
	4,011	-757	4,468
	1,371,022	1,245,237	1,346,829
	1,385,033	1,254,480	1,361,297
4	116,077	101,774	15,661
4	372,498	370,427	371,980
4	7,793	13,287	9,413
	-	1,584	84,233
	49,570	70,823	64,673
	86,987	120,243	2,753
	632,925	678,138	548,713
4	3,881	7,965	43,885
	12,522	15,105	11,783
	119,640	-	-
	10,313	10,020	19,902
4	26,927	3,296	43,136
	47,666	60,469	65,655
	3,194	24,892	3,975
	224,143	121,747	188,336
	4 4 4	10,000 4,011 1,371,022 - 1,385,033 1,385,033 4 116,077 4 372,498 4 7,793 - 49,570 86,987 632,925 4 3,881 12,522 119,640 10,313 4 26,927 47,666 3,194	10,000 10,000 4,011 -757 1,371,022 1,245,237 1,385,033 1,254,480 4 116,077 101,774 4 372,498 370,427 4 7,793 13,287 - 1,584 49,570 70,823 86,987 120,243 632,925 678,138 4 3,881 7,965 12,522 15,105 119,640 - 10,313 10,020 4 26,927 3,296 47,666 60,469 3,194 24,892

For information in regards to pledged assets and contingent liabilities, see note 6–7.

Consolidated Statement of Changes in Equity, in Summary

Attributable to Parent company shareholders						
Amounts in SEK thousands	Share Capital	Restricted reserves	Non-restricted reserves	Total	Non- controlling interests	Total equity
Opening balance 1 January 2016	10,000	10,829	1,093,124	1,113,953	-	1,113,953
Result for the period	_	_	180,113	180,113	_	180,113
Other comprehensive income	-	-11,586	-	-11,586	-	-11,586
Total comprehensive income						
for the period	-	-11,586	180,113	168,527	-	168,527
Paid Dividend	-	-	-28,000	-28,000	-	-28,000
Closing balance 31 March 2016	10,000	-757	1,245,237	1,254,480	-	1,254,480
Opening balance 1 januari 2017	10,000	4,468	1,346,829	1,361297	-	1,361,297
Result for the period			29,368	29,368		29,368
Other comprehensive income	-	-457	_	-457	-	-457
Total comprehensive income for the period	-	-457	29,368	28,911	-	28,911
Disposed capital	-	-	-5,175	-5,175	-	-5,175
Closing balance 31 March 2017	10,000	4,011	1,371,022	1,385,033	-	1,385,033

Consolidated Cash Flow Statement in Summary

Amounts in SEK thousands	Note 2017	-03-31	2016-03-31	2016-12-31
Cash flow from operating activities				
Operating result	<u> </u>	1,736	191,310	162,666
Depreciation		267	303	918
Unrealized change in value		-644	-	_
Other non-cash items	-7	2,326	8,096	25,211
Result from participation in group companies		-	-158,624	-132,361
Interest paid	_(9,680	-25,125	-54,940
Interest received		925	7,484	28,851
Income tax	-8	3,945	-21 204	-32,882
Net cash flow from operating activities before changes in working capital	-2	2,139	2 240	-2,537
Cash flows from changes in working capital				
Change in inventories and work in progress	<u> </u>	2,503	-4,745	-9,823
Change in current receivables	-13	3,230	1,218	-16,628
Change in current liabilities	-1	9,157	-19,654	-34,908
Total cash flows from changes in working capital	-29	9,884	-23,181	-61,359
Cash flows from operating activities	-52	2,023	-20,941	-63,896
Cash flows from investing activities				
Investments in intangible fixed assets		-	-1,901	-1,839
Investments in tangible fixed assets		-	-45,865	-4,230
Sales of subsidiaries		-	-144,254	-135,159
Investments in associated companies and joint venture		-	-25	-17,917
Result from associates and joint venture		-	-	28,550
Change in receivables in associated companies	20),440	-4,398	-89,935
Change in other non-current receivables	-60	0,368	143,315	225,006
Total cash flows from investing activities	-39	9,928	-53 128	4,476
Cash flows from financing activities				
Borrowings	8.	5,412	25,826	5,260
Repayment of loan	-25	5,000	-216	-59,840
Disposed capital	-	5,175	-	5,175
Dividends received/paid		-	-28,000	-28,000
Total cash flow from financing activities	55	5,237	-2,390	-77,405
Changes in cash and cash equivalents				
Opening balance, cash and cash equivalents	5	3,110	186,407	186,407
Exchange effect in cash and cash equivalents		-236	-939	3,528
Closing balance, cash and cash equivalents	10	5,160	109,009	53,110

Parent Company income Statement

Amounts in SEK thousands Note	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating income			
Net sales	92	288	1,943
Total operating income	92	288	1,943
Operating expenses			
Other external expenses	-6,020	-5,050	-20,534
Personnel costs	-2,529	-2,494	-10,264
Depreciation/amortization of property, plant and equipment	-52	-20	-103
Total operating expenses	-8,601	-7,564	-30,901
Operating result	-8,509	-7,276	-28,958
Result from investments in group companies	-	_	11,834
Result from investments in associates	-	1,500	28,200
Result from other securities and receivables accounted for as fixed assets	-1,439	9,933	104,195
Other interest income and similar result items	27,471	45,946	173,443
Interest expenses and similar result items	-11,916	-29,306	-118,618
Result after financial items	5,607	20,797	170,096
Result before tax	5,607	20,797	170,096
Appropriations	-1,276	-	-48,810
Tax on earnings for the period	-	-4,520	-27,308
Result for the period	4,331	16,277	93,978

In the parent company, there are no items reported as other comprehensive income and therefore total comprehensive income equals result for the period.

Parent Company Balance Sheet

Amounts in SEK thousands	Note	2017-03-31	2016-03-31	2016-12-31
ASSETS				
Non-current assets				
Intangible assets				
Balanced development expenses		195	-	207
Property, plant and equipment				
Equipment, tools, fixtures and fittings		718	803	757
Non-current financial assets				
Investments in Group companies		154,792	52,652	154,792
Receivables from Group companies		75,971	127,832	77,101
Investments in associates		-	800	_
Investments in joint ventures		1,532	1,532	1,532
Other non-current receivables		1,436,902	1,323,608	1,420,479
Total non-current financial assets		1,669,197	1,506,424	1,653,904
Total non-current assets		1,670,110	1,507,227	1,654,868
Current assets				
Current receivables				
Trade receivables		895	493	1,761
Receivables from group companies		133,887	90,023	112,275
Receivables from associates and joint venture		6,085	-	4,047
Other receivables		10,301	3,872	8,205
Prepaid expenses and accrued income		171	94,226	2,353
Total current receivables		151,339	188,614	128,641
Cash and cash equivalents		8,913	-	39,752
Total current assets		160,252	188,614	168,393
TOTAL ASSETS		1,830,362	1,695,841	1,823,261

Parent Company Balance Sheet, continued.

Amounts in SEK thousands	Note 2017-03-31	2016-03-31	2016-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	10,000	10,000	10,000
Statutory reserve	2,000	2,000	2,000
Fund for development expenses	195	-	207
Total restricted equity	12,195	12,000	12,207
Non-restricted equity			
Non-restricted reserves	592,401	498,618	498,411
Result for the period	4,331	16,277	93,978
Total non-restricted equity	596,732	514,895	592,389
Total Equity	608,927	526,895	604,596
Untaxed reserves	76,500	35,200	76,500
Provisions			
Other provisions	31,100	10,976	49,139
Non-current liabilities			
Bond loan	372,498	370,427	371,980
Liabilities to Group companies	662,074	663,486	660,653
Total non-current liabilities	1,034,572	1,033,913	1,032,633
Current liabilities			
Trade payables	1,332	3,206	1,802
Liabilities to Group companies	40,829	29,740	12,442
Tax liabilities	10,184	8,015	19,673
Other liabilities	21,319	43 520	20,950
Accrued expenses and deferred income	5,599	4,376	5,526
Total current liabilities	79,263	88,857	60,393
TOTAL EQUITY AND LIABILITIES	1,830,362	1,695,841	1,823,261

For information in regards to pledged assets and contingent liabilities, see note 6–7.

GROUP KEY RATIOS	Jan–Mar 2017	Jan–Mar 2016	Jan–Dec 2016
Key ratios defined by IFRS			
Net sales	47,699	11,952	56,381
Result for the period	29,368	180,113	276,530
Earnings per share after tax, SEK	289	1,685	2,702
Key ratios not defined by IFRS			
Return on total equity in %	2.32	12.16	21.92
Return on equity in %	1.0	14.80	21.93
Return on total equity in % (Parent company)	0.96	2.95	15.84
Return on equity in % (Parent company)	0.84	3.75	25,61
EBITDA, SEK in thousands	-1,469	191,613	175,740
Operating income in SEK thousands	-1,736	191,310	162,666
Operating margin in %	-3.64	1,600.65	288.51
Cash liquidity in %	197	448	259
Solidity i %	61.77	61.06	64.87
Equity in SEK thousands	1,385,033	1,254,480	1,361,297
Equity per share, SEK	13,385	12,545	13,613
Number of share	100,000	100,000	100,000
Average number of shares	100,000	100,000	100,000
Average number of employees	13	9	9
Operational key ratios			
Number of apartments under zoning planning	545	807	545
Number of apartments under production	423	313	453
Number of occupied apartments	30	0	0
Number of apartments in the portfolio	968	1,300	998

The key ratio table contains a few financial and operational key ratios that does not have been defined by IFRS. Index Residence AB consider that these key ratios give valuable information to investors because of the combination with (but not instead of)

other key ratios enable evaluation of actual trends in a valuable way. These key ratios should not be regarded as replacement for items that are calculated according to IFRS.

Definition of key ratios	
Number of outstanding shares	Number of registrated shares at the end of the period
Return on equity in %	Result after financial items divided by total equity
Return on total equity in %	Operating result plus financial income divided by balance sheet total
Balance sheet total	Total assets or total equity and liabilities
EBITDA	Earnings before interest, tax, depreciation and amortization
Total equity per shares	Equity that is related to the owner of the parent company divided by number of outstanding shares at the end of the period
Cash liquidity in %	Current assets divided by current liabilities
Earnings per share after tax, SEK	Total comprehensive income for the period divided by number of outstanding shares
Solidity in %	Equity divided by Balance sheet total
Operating margin in %	Operating result divided by total operating income

Not 1 General information

Index Residence AB (publ), corporate identity number 556561-0770 is parent company in Index-Group. Index Residence AB (publ) is headquartered in Stockholm with address Kungsträdgårdsgatan 18, Box 7744, 103 95 Stockholm, Sweden. The operations of the Parent Company consists of group functions and organization with CEO and administrative functions. Organization of projects and management of real estate is headed by subsidiaries of the Group. No properties is owned directly by the parent company.

Index Group manages and develops real estate.

On May 30, 2017, this Interim report was approved by the Board of directors for publication.

This report has not been reviewed by the Index Residence's auditors.

All amounts are reported in thousands of Swedish kronor (ksek) unless otherwise stated.

Note 2 Basis for establishing of the reports

Index Residence AB applies IFRS (International Financial Reporting Standards) as adopted by the European Union. This report is prepared in accordance with IAS 34, Interim Financial Reporting. The interim report has been prepared in accordance with

Annual Accounts Act (AAA) chapter 9 and RFR 2 Accounting for Legal Entities. The interim report should be read in conjunction with the annual report for the fiscal year ended December 31, 2016.

Note 3 Accounting principles

The accounting policies are consistent with the principles applied in the previous financial year. See full accounting principles described in the Annual Report for 2016.

IFRS 15 Revenue from contract with customers

The new standard IFRS 15 Revenue from Contracts with Customers must be applied retrospectively and are required to apply for fiscal years beginning January 1, 2018 or later. The Group has started but not yet finished the evaluation of what impact the introduction of the standard will have. The Group's intention is to apply the new standard from the fiscal year beginning January 1, 2018.

Percentage-of-completion at project development of condominiums

The Group's project in Norrtälje as regard development of condominiums is performed by the Group sign an agreement where the condominium is the end-user. The Group recognize profit successively for the condominium projects when following criteria is established (i) The condominium has an association with an independent board in place, (ii) external financing has been obtained, (iii) agreements have been signed with residential buyers in the form of binding contract for the end-user, (iv) a signed agreement with the housing cooperative about building condominiums (v) and that a signed agreement between the condominium and an external contractor or a company within the Group is in place. The contracted revenue and expenses are reported according to the construction timeline. Income and expenses are thereby allocated to the period in which the work was completed.

The completion grade is calculated based on total accrued expenses compared to the total calculated expenditures excluding land cost. By land cost we mean acquisitions cost for land from third part. Per the new accounting standard IFRS 15 the work culminates from that of the commitment of the contract. The sales rate determines the number of condominiums sold and settlement rate takes into consideration the grade of completion along with the sales rate. It must be an agreement with a condominium holder before a condominium can be counted as sold. Any reassessment of the projects expected end-result cause correction of earlier accrued result in the project. This change of forecast is included in the result for the period. Estimated losses charge the periods result directly in total.

The Group has paid attention to the effects of the new accounting standard IFRS 15 in the model for the calculation of percentage-of-completion. Reported income of the project proportionate to the company's accrued expenses to meet the commitment in the contract and the Group only report income according to the construction timeline.

The Group is currently evaluating if the completion rate shall emanate from accrued expenses regarding the construct contract or if the completion rate shall emanate from the projects total accrued expenses. The Group has for this accounting period emanate from accrued expenses regarding the construct contract. The chosen method gives a lower result effect in the beginning of a project.

Note 4 Financial instruments - Fair value

Information on fair value of lending and borrowing

The carrying amount and fair value of long-term borrowing and lending are as follows:

		Booked value			Fair value	
	2017-03-31	2016-03-31	2016-12-31	2017-03-31	2016-03-31	2016-12-31
Oth non-curr rec.	1,726,849	1,370,953	1,538,655	1,726,849	1,370,953	1,538,655
Borrowing	-116,077	-101,774	-59,646	-116,077	-101,774	-59,546
Bond loan	-372,498	-370,427	-371,980	-372,498	-370,427	-371,980
Total long-term lending and borrowing	1,238,274	898,752	1,107,129	1,238,274	898,752	1,107,129

The fair value of current borrowings equal to its carrying amount, as the impact of discounting is not significant. Fair value is based on discounted cash flows using a rate based on the borrowing rate of 9 % and are classified in Level 2 of the fair value hierarchy.

Calculating fair value

The table below analyzes financial instruments carried at fair value, based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability other than quoted prices included in Level 1, either directly (ie as prices) or indirectly (ie derived from prices) (level 2).
- The value of the asset or liability are not based on observable market data, it is financial forecasts underlying the calculation of the value. Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table shows the Group's financial assets and liabilities measured at fair value as of March 31, 2017.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement	_	-	-	_
- Financial assets held for sale:				
Currency Option	_	3,620	-	3,620
Real Estate projects	-	-	5,000	5,000
Total assets	-	3,620	5,000	8,620
Liabilities				
Financial liabilities at fair value through income statement				
- Derivatives held for trading:				
Currency Option	-	26,927	-	26,927
Interest Rate Swap	_	7,793	-	7,793
Total liabilities	-	34,720	-	34,720

The following table shows the Group's financial assets and liabilities measured at fair value as of March 31, 2016.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
- Derivatives held for trading:				
Currency Option	-	5,607	-	5,607
- Financial assets held for sale	-	-	22,500	22,500
Total assets	-	5,607	22,500	28,107
Liabilities				
Financial liabilities at fair value through income statement				
– Derivatives held for trading:				
Currency Option	-	3,296	-	3,296
Interest Rate Swap	_	13,287	-	13,287
Total liabilities	-	16,573	-	16,573

Fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory agency are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. The Group has no financial instruments classified in Level 1.

Fair value of financial instruments not traded in an active market (such as OTC derivatives) is determined using valuation

specialists. The Group uses (as far as possible) market data where it is available and company-specific information is used as little as possible. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Consolidated financial instruments are included in level 2 consists of currency options.

In cases where one or more significant inputs not based on observable market data, the instrument is classified in level 3. Following table shows the changes in fair value of financial assets held for sale:

(SEK in thousands)	2017-03-31	2016-03-31	2016-12-31
Opening balance	5,000	22,500	22,500
Transfer to level 3	-	-	-22,500
Gains and losses recognized in the income statement	-	-	5,000
Closing balance	5,000	22,500	5,000

The real value in the table is based on the forecast net profit of fixed revenues from sales of newly built condominiums (to the condominium association), the costs of the works in construction

projects. Forecasts of projects based largely on fixed income, and expenses, resulting in a minimal margin of error for its results.

Not 5 Segment information

A breakdown of income for all products and services looks as follows:

	2017-01-01	2016-01-01	2016-01-01
(SEK in thousands)	2017-03-31	2016-03-31	2016-12-31
Analysis of income per revenue:			
- Sales of goods	-	7,942	7,948
- Property revenue	47,153	3,439	45,918
- Income from services	546	571	2,515
Total income	47,699	11,952	56,381
Income from external customers			
- Sweden	47,344	2,703	44,203
- Canada	355	8,735	11,653
- USA	-	514	525
Total income	47,699	11,952	56,381
Total fixed assets other than financial instruments and deferred tax assets which are located in:			
- Sweden	37,121	100,271	34,545
- Canada	32,639	29,989	32,201
Total	69,760	130,260	66,746

Note 6 Pledged assets

Group	2017-03-31	2016-03-31	2016-12-31
Real estate mortgages	15,588	240,505	15,975
Pledged receivables	172,050	-	_
Pledged shares	-	-	2,409
Total Group	187,638	240,505	18,384
Parent company	2017-03-31	2016-12-31	2016-12-31
Pledged shares	-	1,040	1,040
Total parent company	-	1,040	1,040

Real estate mortgages and share pledges are pledged as collateral for the Group's interest-bearing liabilities.

Note 7 Contingent liabilities

Parent company	2017-03-31	2016-03-31	2016-12-31
General guarantees for subsidiary loans	133,775	60,000	60,000
General guarantees for other company loans	424,972	469,793	411,332
Total parent company	558,747	529,793	471,332

Note 8 Events post reporting date

Upcoming reporting dates

- August 31, 2017 Interim report for period January June 2017
- November 30, 2017 Interim report for period January September 2017

Stockholm den 30 maj 2017

Bjarne Borg

Chairman of the Board

Rickard Haraldsson

CEO

Arne Weinz Board member

