





Summary of the second quarter of 2017

- Net sales increased with 26,958 ksek to 31,294 ksek (4,336 ksek)
- Operating result increased to 20,070 ksek (-4,647 ksek)
- Result after tax amounted to -27,416 ksek (62,038 ksek)
- The solidity amounted to 61,2 % (60,5 %)
- Earnings per share before dilution –276.9 sek (646.3 sek)*
- Number of apartments under zoning planning 435 (801)
- Number of apartments under production 445 (313)
- Number of occupied apartments during the period 39 (0)
- Number of apartments in the portfolio 880 (1,294)

KSEK – SEK in thousands	Apr-Jun 2017	Apr-Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan-Dec 2016
Net sales	31,294	4,336	78,993	16,288	56,381
Operating result	20,070	-4,647	18,334	186,663	162,666
Financial items, net	-46,510	79,764	-31,112	74,150	135,903
Total comprehensive income for t	he period -27,690	64,633	1,221	233,160	270,169
Balance sheet total	2,219,636	2,180,476	2,219,636	2,180,476	2,098,346
Result after tax	-27,416	62,038	1,952	242,151	276,530
Earnings per share	-276.9	646.3	12.2	2,331.6	2,701.7
Operating margin, %	64.1	-107.2	23.2	1,146.0	288,5
Solidity %	61.2	60.5	61.2	60.5	65.0
Number of apartments under zor	ning planning 435	801	435	801	545
Number of apartments under pr	oduction 445	313	445	313	453
Number of occupied/completed					
apartments during the period	39	0	69	0	0
Number of apartments in the po	rtfolio 880	1,294	880	1,294	998

Significant events during the quarter

Project Juvelen 1 and Juvelen 2, located next to Municipal House in Norrtälje, consist of more than 300 well-designed apartments. The sale of project Juvelen 1 has been divided into two stages. Stage 1, consisting of 83 homes in stairwells one to five started in December 2016. Stage 2, consisting of the sale of 102 residences, started in March 2017. Until the 30th of June 2017, 125 of the 185 homes have been sold. Occupancy of the first two stairwells took place in March 2017 and will continue to take place until December 2017. Projection is ongoing in project Jewel 2 which consists of 127 residences.

Under the project name Norrtälje Torn, Index is developing 450 residences consisting of 5 blocks. In addition to residences, the project also contains 12 premises.

The sale of the first block, project Soltornet, in Norrtälje Torn was launched in the second half of 2016. As of June 30, 2017, 82 out of 87 houses were sold. The production of the block started in February 2017, and the residences are expected to be ready for occupation during the second quarter of 2019.

The second block, project Magasinet consists of 46 residences. Sale start for Magasinet was Q2 2017, as of June 30, 2017, five of the homes were sold. The residences are expected to be ready for occupation during the second quarter of 2019.

The zoning plan for the project Våghuset has gained legal force as of June 2017 and additional consideration in connection to this has been paid by 22,3 msek.

In June, the Group received payment for land sales by 36,9 msek

Market development

The housing market in Norrtälje municipality is continuously stable with a slightly lower percentage growth compared to previous period. The development of Norrtälje Harbour is proceeding as planned and the area is expected to generate 2000 new homes, of which Index accounts for 20%. The sales of the first areas show strong demand in the area.

Pricing in Kista is stable with a smaller percentage growth compared to previous period. The work regarding the zoning plan for Kista Äng is in progress. The development of the Kista Äng area is proceeding according to plan.

Result and position in April to June

The Group reports a quarterly result before tax of -26,440 ksek (75,117 ksek) and a result after tax of -27,416 ksek (62,038 ksek). Revenues from the percentage of completion method amount to 26,309 ksek (0 ksek) and the operating profit from the percentage of completion method amount to 14,516 ksek (0ksek). The balance sheet amounted to 2,220 msek (2,180 msek). Net financial items amounted to -46,510 ksek (79,764 ksek). Both USD and CAD have developed weakly against the Swedish crown during the quarter. This has resulted in a currency effect of -82 msek (52 msek). The exchange rate effect relates to lending in foreign currency for the financing of the sister group's operations in Florida, USA and Ontario, Canada.

Solidity

The solidity was 61.2% (60.5%).

Cash flow, January–June

Cash flow for the Group's investments comes primarily from equity, bank loans, bond loans, income from construction contracts and divestment of real estate projects. Revenue from construction contracts is obtained on a regular basis, while results from project development of condominiums only provide a positive cashflow when occupancy occurs. The Group invests primarily in development properties in which the company is involved in the creation of the detailed development plan. The advantage of investing in projects at an early stage is that the company can thus take part in the entire value chain. This gives higher profits but longer lead times.

Cashflow from operating activities amounted to –81,613 ksek (18,618 ksek). The change relates, among other things, to paid income taxes, increase of short-term receivables (–27,694 ksek) and exchange rate losses on short-term receivables in USD (–9,675 ksek).

Cashflow from investing activities amounted to –58,102 ksek (–192,887 ksek). The change mainly relates to obtaining payment for land sales 36,852 ksek (0), investment in Norrtälje Harbour 22,283 ksek and exchange rate fluctuations on long-term receivables –73,110 ksek, divided by 47,878 related to USD and 25,232 related to CAD.

Cashflow from financing activities amounted to 133,077 ksek (36,386 ksek). Changes relate to new loans from credit institutions of 85,000 ksek. Amortization of loans –25,000 ksek and repayment of claims from sister companies in North America of 58,221 ksek (MUSD 6.7).

Liquidity

The Group's liquid assets amounted to, at the end of the period, 46 msek (49 msek). The company focuses strongly on liquidity monitoring. Rolling one-year forecasts as well as four-year forecasts are established on a continuous basis.

Parent company's, earnings and position, April-June 2017

The parent company results before tax amounted to -51,603 ksek (92,067 ksek) and a result after tax of -45,287 ksek (80,937 ksek). The balance sheet amounted to 1,784 msek (1,776 msek). Net financial items amounted to -46,875 ksek (100,526 ksek). The securities portfolio has developed negatively during the quarter and has generated an unrealized loss of -3,017 ksek (-11,818 ksek). The effects of a stronger crown against USD and CAD during the period gives an exchange rate effect of -58,177 ksek (7,402 ksek).

Significant risks and uncertainties in the operation

Significant risks and uncertainties are described in the latest annual report. No significant changes have occurred during the interim period.

Restructuring and Acquisition

There have been no restructuring or acquisitions in the group in the reported quarter.

Events after the end of the reporting period

The company's shares in the associated company Förvaltnings AB Odalen have been sold. Received sale proceeds was amounted to 30 msek and estimated capital gain amounts to 13.3 msek

50 msek has been paid in dividends.

Prospects

The Group's prospects are solid. The Swedish project portfolio amounts to 880 homes. The Group has a project portfolio of approximately 2,400 homes under development, together with the sister group's, Index Enterprise LLC, whose investments are funded by Index Residence AB (publ). This includes the sister's group's ongoing and future projects in Florida, USA.

Transactions with related parties

Related parties to the parent company are the subsidiaries, Index Enterprise LLC Group, Index Equity Sweden AB Group and associated companies as well as 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 second quarter of 2017

Amounts in SEK millions	Q2/17	Q2/16
Net sales	31	
Operating result	20	-5

Consolidated Income Statement in Summary

Amounts in SEK thousands No	ote Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating income	5				
Net sales	31,294	3,941	78,993	15,259	17,803
Other operating income	-	395	-	1,029	38,578
Total	31,294	4,336	78,993	16,288	56,381
Operating expenses					
Purchase of goods and services	-17,425	-1,243	-57,590	-14,542	-30,555
Other external expenses	-4,127	-9,295	-11,719	-25,063	-40,319
Personnel costs	-3,833	-3,317	-8,628	-8,369	-17,025
Depreciation/amortization of property,	plant				
and equipment and intangible fixed ass	ets –260	-217	-527	-520	-13,074
Change in value of properties	-9	_	635	-	
Result from participations in group com	ipanies –6,819	-5,035	-6,297	207,578	191,338
Result from participations in associates					
and joint venture	21,249	10,124	23,467	11,291	15,920
Total operating expenses	-11,224	-8,983	-60,659	170,375	106,285
Operating result	20,070	-4,647	18,334	186,663	162,666
Financial income	25,201	107,063	75,785	165,483	297,200
Financial expenses	-71,711	-27,299	-106,897	-91,333	-161,297
Net financial items	-46,510	79,764	-31,112	74,150	135,903
Result before tax	-26,440	75,117	-12,778	260,813	298,569
Tax	-976	-13,079	14,730	-18,662	-22,039
Result for the period	-27,416	62,038	1,952	242,151	276,530
Other comprehensive income					
Items that may later be reserved in the	income statement:				
Exchange differences	-274	2,595	-731	-8,991	- 6,361
Exchange differences, non-controlling in	nterests –	_	_	_	
Total items that may later be reserved					
in the income statement	-274	2,595	-731	-8,991	-6,361
Total comprehensive income					
for the period	-27,690	64,633	1,221	233,160	270,169
Result for the period attributable to:					
Parent company shareholders	-27,416	62,038	1,952	242,151	276,530
Non-controlling interests	-	-	-	-	-
Total comprehensive income attributab	le to:				
Parent company shareholders	-27,690	64,633	1,221	233,160	270,169
Non-controlling interests	-	-	-	-	-
Earnings per share before dilution, SEK	-276.9	646.3	12.2	2,331.6	2,701.7
Earnings per share after dilution, SEK	-276.9	646.3	12.2		
Larmings per strate after unution, SEK	-2/0.9	040.3	12.2	2,331.6	2,701.7

Consolidated Balance Sheet in Summary

Amounts in SEK thousands	Note	2017-06-30	2016-06-30	2016-12-31
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Balanced development expenses	5	1,495	1,920	1,707
Total Intangible assets		1,495	1,920	1,707
Property, plant and equipment				
Investment properties	5	32,147	175,039	32,607
Equipment, tools, fixtures and fittings		4,728	1,743	4,929
Total property, plant and equipment		36,875	176,782	37,536
Non-current financial assets				
Investments in associates		23,872	13,272	21,106
Investments in joint ventures		33,759	4,003	6,396
Other non-current receivables	4	1,601,863	1,414,207	1,538,655
Financial assets at fair value, through profit and loss statement	4	5,000	4,300	5,000
Total non-current financial assets		1,664,494	1,435,782	1,571,157
Total non-current assets		1,702,864	1,614,484	1,610,400
Current assets				
Residential units under development		226,381	259,136	223,200
Securities		83,865	86,107	85,649
Stock		-	123	_
Accounts receivables		27,549	5,624	8,808
Tax assets		382	95	62
Receivables to associates		95,657	30,503	89,935
Other receivables		32,750	81,021	20,779
Financial assets at fair value, through profit and loss statement	4	-	2,700	
Prepaid expenses and accrued income		827	955	2,993
Derivatives	4	3,620	1,528	3,410
Cash and cash equivalents		45,741	49,200	53,110
Non-current assets held for sale		-	49,000	-
TOTAL CURRENT ASSETS		516,772	565,992	487,946
TOTAL ASSETS		2,219,636	2,180,476	2,098,346

Consolidated Balance Sheet in Summary, Continued

Amounts in SEK thousands	Note	2017-06-30	2016-06-30	2016-12-31
EQUITY				
Equity attributable to Parent company shareholders				
Share capital		10,000	10,000	10,000
Reserves		3,737	1,838	4,468
Retained earnings including comprehensive income for the year		1,343,606	1,307,275	1,346,829
Non-controlling interests				
Total equity		1,357,343	1,319,113	1,361,297
LIABILITIES				
Non-current liabilities				
Borrowings	4	117,210	141,324	15,661
Bond loan	4	373,015	370,945	371,980
Derivatives	4	7,793	12,631	9,413
Other non-current liabilities		-	-	84,233
Deferred tax liabilities		49,756	67,862	64,673
Other provisions		65,958	119,824	2,753
Total long-term liabilities		613,732	712,586	548,713
Current liabilities				
Borrowings		3,570	8,000	43,885
Accounts payable		11,239	33,344	11,783
Invoiced but not earned income		113,068	-	-
Current tax liabilities		13,429	21,907	19,902
Derivatives	4	26,927	11,691	43,136
Other current liabilities		66,522	62,043	65,655
Accrued expenses and deferred income		13,806	11,792	3,975
Total current liabilities		248,561	148,777	188,336
TOTAL EQUITY AND LIABILITIES		2,219,636	2,180,476	2,098,346

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	-	_	242,151	242,151	_	242,151
Other comprehensive income	-	-8,991	-	-8,991	-	-8,991
Total comprehensive income for the period	_	-8,991	242,151	233,160	_	233,160
Paid Dividend	-	-	-28,000	-28,000	-	-28,000
Closing balance 30 June 2016	10,000	1,838	1,307,275	1,319,113	-	1,319,113
Opening balance 1 januari 2017	10,000	4,468	1,346,829	1,361,297	-	1,361,297
Result for the period			1,952	1,952		1,952
Other comprehensive income	-	-731	-	-731	-	-731
Total comprehensive income for the period	-	-731	1,952	1,221	_	1,221
Disposed capital	-	-	-5,175	-5,175	-	-5,175
Closing balance 30 June 2017	10,000	3,737	1,343,606	1,357,343	-	1,357,343

Consolidated Cash Flow Statement in Summary

Amounts in SEK thousands	Note	2017-06-30	2016-06-30	2016-12-31
Cash flow from operating activities				
Operating result		18,334	186,663	162,666
Depreciation		527	520	918
Unrealized change in value		-635	-	-
Other non-cash items		-30,951	7,746	25,211
Result from participation in group companies		-	-147,038	-132,361
Interest paid		-16,707	-35,149	-54,940
Interest received		1,988	24,482	28,851
Income tax		-9,734	-25,546	-32,882
Net cash flow from operating activities				
before changes in working capital		-37,178	11,678	-2,537
Cash flows from changes in working capital				
Change in inventories and work in progress		-2,897	-6,654	-9,823
Change in current receivables		-27,694	26,868	-16,628
Change in current liabilities		-13,844	-13,274	-34,908
Total cash flows from changes in working capital		-44,435	6,940	-61,359
Cash flows from operating activities		-81,613	18,618	-63,896
Cush nows from operating activities		-01,013	10,010	-03,030
Cash flows from investing activities				
Investments in intangible fixed assets		-	-1,840	-1,839
Investments in tangible fixed assets		-22,283	-95,469	-4,230
Sales of tangible fixed assets		36,852	-	_
Sales of subsidiaries		-	-179,206	-135,159
Investments in associated companies and joint venture		-	-12,525	-17,917
Result from associates and joint venture		-	-	28,550
Change in receivables in associated companies		-5,722	-30,503	-89,935
Change in other non-current receivables		-66,949	126,656	225,006
Total cash flows from investing activities		-58,102	-192,887	4,476
Cash flows from financing activities				
Borrowings		105,041	65,511	5,260
Repayment of loan		-25,000	-1,125	-59,840
Repayment of lending		58,211	_	_
Disposed capital		-5,175	_	5,175
Dividends received/paid		-	-28,000	-28,000
Total cash flow from financing activities		133,077	36,386	-77,405
Changes in cash and cash equivalents				
Opening balance, cash and cash equivalents		53,110	186,407	186,407
		-731	676	3,528
Exchange effect in cash and cash equivalents		-/31		

Parent Company Income Statement

Amounts in SEK thousands Note	Apr-jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan–Jun 2016	Jan-Dec 2016
Operating income					
Net sales	681	495	773	783	1,943
Total operating income	681	495	773	783	1,943
Operating expenses					
Purchase of goods and services	-	-122	-	-122	-
Other external expenses	-3,143	-6,451	-9,163	-11,501	-20,534
Personnel costs	-2,224	-2,353	-4,753	-4,847	-10,264
Depreciation/amortization of property,					
plant and equipment	-42	-28	-94	-48	-103
Total operating expenses	-5,409	-8,954	-14,010	-16,518	-30,901
Operating result	-4,728	-8,459	-13,237	-15,735	-28,958
Result from investments in group companies	_	_	_	_	11,834
Result from investments in associates	-	24,000	-	25,500	28,200
Result from other securities and receivables accounted for as fixed assets	-60,165	45,565	-61,604	55,498	104,195
Other interest income and similar result items	29,993	57,873	57,464	103,819	173,443
Interest expenses and similar result items	-16,703	-26,912	-28,619	-56,218	-118,618
Result after financial items	-51,603	92,067	-45,996	112,864	170,096
Result before tax	-51,603	92,067	-45,996	112,864	170,096
Appropriations	6,316	4,770	5,040	4,770	-48,810
Tax on earnings for the period	-	-15,900	-	-20,420	-27,308
Result for the period	-45,287	80,937	40,956	97,214	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	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Non-current assets				
Intangible assets				
Balanced development expenses		183	231	207
Property, plant and equipment				
Equipment, tools, fixtures and fittings		687	787	757
Non-current financial assets				
Investments in Group companies		154,792	52,652	154,792
Receivables from Group companies		75,897	174,890	77,101
Investments in associates		-	2,800	_
Investments in joint ventures		1,532	1,532	1,532
Other non-current receivables		1,341,749	1,393,600	1,420,479
Total non-current financial assets		1,573,970	1,625,474	1,653,904
Total non-current assets		1,574,840	1,626,492	1,654,868
Current assets				
Current receivables				
Trade receivables		1,778	502	1,761
Receivables from group companies		150,539	106,277	112,275
Receivables from associates and joint venture		6,155	-	4,047
Other receivables		16,765	4,141	8,205
		176	224	
Prepaid expenses and accrued income		176	224	2,353
Prepaid expenses and accrued income Total current receivables		175,413	111,144	
				128,641
Total current receivables		175,413	111,144	2,353 128,641 39,752 168,393

Parent Company Balance Sheet, continued.

Amounts in SEK thousands	Note 2017-06-30	2016-06-30	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	183	-	207
Total restricted equity	12,183	12,000	12,207
Non-restricted equity			
Non-restricted reserves	592,413	498,618	498,411
Result for the period	-40,956	97,214	93,978
Total non-restricted equity	551,457	595,832	592,389
Total Equity	563,640	607,832	604,596
Untaxed reserves	76,500	35,200	76,500
Provisions			
Other provisions	34,118	22,793	49,139
Non-current liabilities			
Bond loan	373,015	370,945	371,980
Liabilities to Group companies	647,766	660,205	660,653
Total non-current liabilities	1,020,781	1,031,150	1,032,633
Current liabilities			
Trade payables	823	3,248	1,802
Liabilities to Group companies	42,898	31,031	12,442
Tax liabilities	6,512	20,243	19,673
Other liabilities	33,273	19,654	20,950
Accrued expenses and deferred income	5,780	5,040	5,526
Total current liabilities	89,286	79,216	60,393
TOTAL EQUITY AND LIABILITIES	1,784,325	1,776,191	1,823,261

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

GROUP KEY RATIOS	Apr-Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jan–Dec 2016
Key ratios defined by IFRS					
Net sales	31,294	4,336	78,993	16,288	56,381
Result for the period	-27,416	62,038	1,952	242,151	276,530
Earnings per share after tax, SEK	-276.9	646.3	12.2	2,331.6	2,701.7
Key ratios not defined by IFRS					
Return on total equity in %	2.0	4.7	4.2	16.1	21.9
Return on equity in %	-1.9	5.7	-0.9	19.8	21.9
Return on total equity in % (Parent company)	1.4	6.7	2.5	9.5	15.8
Return on equity in % (Parent company)	-9.2	14.5	-8.2	17.8	25,6
EBITDA, SEK in thousands	20,330	-4,430	18,861	187,183	175,740
Operating income in SEK thousands	20,070	-4,647	18,334	186,663	162,666
Operating margin in %	64	-107	23	1,146	289
Cash liquidity in %	208	380	208	380	259
Solidity i %	61.2	60.5	61.2	60.5	64.9
Equity in SEK thousands	1,357,343	1,319,113	1,357,343	1,319,113	1,361,297
Number of share	100,000	100,000	100,000	100,000	100,000
Average number of shares	100,000	100,000	100,000	100,000	100,000
Aerage number of shares after dilution	100,000	100,000	100,000	100,000	100,000
Average number of employees	13	9	13	9	9
Operational key ratios					
Number of apartments under zoning planning	435	801	435	801	545
Number of apartments under production	445	313	445	313	453
Number of occupied apartments	39	0	69	0	0
Number of apartments in the portfolio	880	1,294	880	1,294	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

Note 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 consist 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 are owned directly by the parent company.

Index Group manages and develops real estate.

On August 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 method 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 method. 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		
	2017-06-30	2016-06-30	2016-12-31	2017-06-30	2016-06-30	2016-12-31	
Oth non-curr rec.	1,601,863	1,414,207	1,538,655	1,601,863	1,414,207	1,538,655	
Borrowing	-117,210	-141,324	-59,546	-117,210	-141,324	-59,546	
Bond loan	-373,015	-370,945	-371,980	-373,015	-370,945	-371,980	
Total long-term lending and borrowing	1,111,638	901,938	1,107,129	1,111,638	901,938	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 June 30, 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 June 30, 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		1,528	-	1,528
- Financial assets held for sale	-	-	7,000	7,000
Total assets	-	1,528	7,000	8,528
Liabilities				
Financial liabilities at fair value through income statement				
- Derivatives held for trading:	-	-	-	_
Currency Option	-	11,691	-	11,691
Interest Rate Swap	-	12,631	-	12,631
Total liabilities	-	24,322	-	24,322

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)	2017-06-30	2016-06-30	2016-12-31
Opening balance	5,000	22,500	22,500
Transfer to level 3	-	-22,500	-22,500
Gains and losses recognized in the income statement	-	7,000	5,000
Closing balance	5,000	7,000	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 construc-

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

Note 5 Segment information

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

(SEK in thousands)	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
Analysis of income per revenue:			
- Sales of goods	-	7,942	7,948
- Property revenue	78,222	7,388	45,918
- Income from services	771	958	2,515
Total income	78,993	16,288	56,381
Income from external customers			
- Sweden	77,832	5,897	44,203
- Canada	1,161	9,879	11,653
- USA	-	512	525
Total income	78,993	16,288	56,381
Total fixed assets other than financial instruments and deferred tax assets which are located in:			
- Sweden	59,654	164,774	34,545
- Canada	36,347	31,203	32,201
Total	96,001	195,977	66,476

Note 6 Pledged assets

Group	2017-06-30	2016-06-30	2016-12-31
Real estate mortgages	15,235	256,141	15,975
Pledged receivables	172,050	-	_
Pledged shares	-	153	2,409
Total Group	187,285	256,294	18,384
Parent company	2017-06-30	2016-06-30	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	2017-06-30	2016-06-30	2016-12-31
General guarantees for subsidiary loans	100,000	121,146	60,000
General guarantees for other company loans	454,774	110,229	411,332
Total parent company	554,774	231,375	471,332

Note 8 Events post reporting date

Upcoming reporting dates

November 30, 2017 Interim report for period January – September 2017
 February 28, 2018 Interim report for period January – December 2017

• April 29, 2018 Annual report 2017

Stockholm, 30th of August 2017

Bjarne Borg

Chairman of the Board

Rickard Haraldsson

CEO

Arne Weinz

Member of the Board

Marie-Louise Alama

Member of the board

