

*OCTOBER –  
DECEMBER  
2017*

**INDEX**  
RESIDENCE /

**Interim Report Fourth Quarter 2017**  
Index Residence AB (publ)

# Highlights

## The Group

### Equity/assets ratio (%)

2017	58
2016	65
2015	47
2014	41
2013	51
2012	62
2011	58
2010	58
2009	52

### Total assets

2017	1,897,079
2016	2,098,346
2015	2,353,760
2014	2,627,624
2013	1,909,880
2012	1,591,200
2011	1,524,841
2010	1,635,142
2009	991,640

### Equity

2017	1,098,924
2016	1,361,297
2015	1,113,953
2014	1,084,495
2013	978,855
2012	982,495
2011	881,737
2010	950,708
2009	517,931

## Parent Company

### Equity/assets ratio (%)

2017	20
2016	36
2015	33
2014	30
2013	35
2012	53
2011	72
2010	72
2009	66

### Total assets

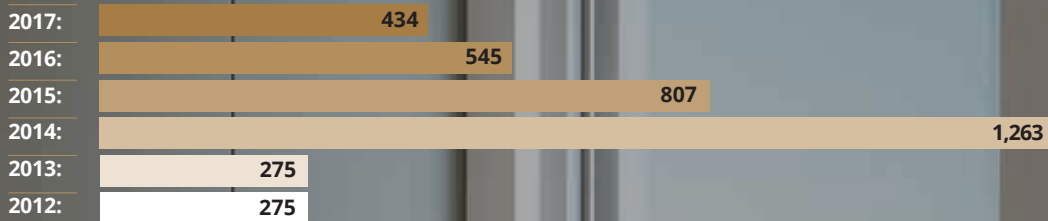
2017	1,379,918
2016	1,823,261
2015	1,717,587
2014	1,606,420
2013	1,224,302
2012	832,469
2011	681,119
2010	754,059
2009	820,569

### Equity

2017	279,667
2016	604,596
2015	538,618
2014	488,137
2013	428,105
2012	437,988
2011	491,124
2010	543,104
2009	544,271

# Index Portfolio

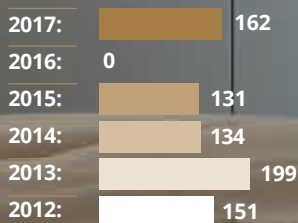
## Total units under planning/zoning:



## Total units in production/ production planning:



## Total units occupied during the period:



## Sum total of units in portfolio:









## Consolidated Income Statement in Summary

Amounts in SEK thousands	Note	Oct-dec 2017	Oct-dec 2016	Jan-dec 2017	Jan-dec 2016
<b>Operating income</b>	5				
Net sales		31,379	1,733	139,726	17,803
Other operating income		–	36,896	–	38,578
<b>Total</b>		<b>31,379</b>	<b>38,629</b>	<b>139,726</b>	<b>56,381</b>
<b>Operating expenses</b>					
Purchase of goods and services		-14,907	-15,084	-80,098	-30,555
Other external expenses		-8,651	-10,359	-26,400	-40,319
Personnel costs		-4,615	-4,671	-16,651	-17,025
Depreciation/amortization of property, plant and equipment and intangible fixed assets		-237	-12,407	-1,017	-13,074
Change in value of properties		8,535	–	9,164	–
Result from participations in group companies		–	-2,044	-6,297	191,338
Result from participations in associates and joint venture		17,510	2,652	61,982	15,920
<b>Total operating expenses</b>		<b>-2,365</b>	<b>-41,913</b>	<b>-59,317</b>	<b>106,285</b>
<b>Operating result</b>		<b>29,014</b>	<b>-3,284</b>	<b>80,409</b>	<b>162,666</b>
Write down of receivables		-257,149	–	-257,149	–
Financial income		37,645	79,191	155,832	297,200
Financial expenses		7,283	-62,202	-190,759	-161,297
<b>Net financial items</b>		<b>-212,221</b>	<b>16,989</b>	<b>-292,076</b>	<b>135,903</b>
<b>Result before tax</b>		<b>-183,207</b>	<b>13,705</b>	<b>-211,667</b>	<b>298,569</b>
Tax		5,020	-6,068	7,595	-22,039
<b>Result for the period</b>		<b>-178,187</b>	<b>7,637</b>	<b>-204,072</b>	<b>276,530</b>
<b>Other comprehensive income</b>					
Items that may later be reserved in the income statement:					
Exchange differences		606	1,845	-3,726	-6,361
Exchange differences, non-controlling interests		–	–	–	–
<b>Total items that may later be reserved in the income statement</b>		<b>606</b>	<b>1,845</b>	<b>-3,726</b>	<b>-6,361</b>
<b>Total comprehensive income for the period</b>		<b>-177,581</b>	<b>9,482</b>	<b>-207,798</b>	<b>270,169</b>
<b>Result for the period attributable to:</b>					
Parent company shareholders		-178,187	7,637	-204,072	276,530
Non-controlling interests		–	–	–	–
<b>Total comprehensive income attributable to:</b>					
Parent company shareholders		-177,581	9,482	-207,798	270,169
Non-controlling interests		–	–	–	–
Earnings per share before dilution, SEK		-1,781.9	76.4	-2,040.7	2,765.3
Earnings per share after dilution, SEK		-1,781.9	76.4	-2,040.7	2,765.3

## Consolidated Balance Sheet in Summary

Amounts in SEK thousands	Note	2017-12-31	2016-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Balanced development expenses	5	1,283	1,707
<b>Total Intangible assets</b>		<b>1,283</b>	<b>1,707</b>
<b>Property, plant and equipment</b>			
Investment properties	5	32,376	32,607
Equipment, tools, fixtures and fittings	5	4,600	4,929
<b>Total property, plant and equipment</b>		<b>36,976</b>	<b>37,536</b>
<b>Non-current financial assets</b>			
Investments in associates	5	4,276	21,106
Investments in joint ventures	5	49,345	6,396
Other non-current receivables	4	796,486	1,538,655
Financial assets at fair value, through profit and loss statement	4	5,000	5,000
<b>Total non-current financial assets</b>		<b>855,107</b>	<b>1,571,157</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>893,366</b>	<b>1,610,400</b>
<b>Current assets</b>			
Residential units under development		233,104	223,200
Securities		79,043	85,649
Accounts receivables		17,213	8,808
Tax receivables		15,057	62
Receivables to associates		49,286	89,935
Other receivables		508,459	20,779
Prepaid expenses and accrued income		696	2,993
Derivatives	4	3,620	3,410
Cash and cash equivalents		97,235	53,110
<b>Total current assets</b>		<b>1,003,713</b>	<b>487,946</b>
<b>TOTAL ASSETS</b>		<b>1,897,079</b>	<b>2,098,346</b>

## Consolidated Balance Sheet in Summary, Continued

Amounts in SEK thousands	Note	2017-12-31	2016-12-31
<b>EQUITY</b>			
<b>Equity attributable to Parent company shareholders</b>			
Share capital		10,000	10,000
Reserves		742	4,468
Retained earnings including comprehensive income for the year		1,088,182	1,346,829
<b>Total equity</b>		<b>1,098,924</b>	<b>1,361,297</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	4	100,129	15,661
Bond loan	4	-	371,980
Derivatives	4	7,793	9,413
Other non-current liabilities		-	84,233
Deferred tax liabilities		56,061	64,673
Other provisions		34,720	2,753
<b>Total long-term liabilities</b>		<b>198,703</b>	<b>548,713</b>
<b>Current liabilities</b>			
Bond loan		374,050	-
Borrowings		18,628	43,885
Accounts payable		18,838	11,783
Invoiced but not earned income		78,381	-
Current tax liabilities		12,762	19,902
Derivatives	4	26,927	43,136
Other current liabilities		58,362	65,655
Accrued expenses and deferred income		11,504	3,975
<b>Total current liabilities</b>		<b>599,452</b>	<b>188,336</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,897,079</b>	<b>2,098,346</b>

For information regarding 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
<b>Opening balance 1 January 2016</b>	<b>10,000</b>	<b>10,829</b>	<b>1,093,124</b>	<b>1,113,953</b>	<b>-</b>	<b>1,113,953</b>
Result for the period	-	-	276,530	276,530	-	276,530
Other comprehensive income	-	-6,361	-	-6,361	-	-6,361
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-6,361</b>	<b>276,530</b>	<b>270,169</b>	<b>-</b>	<b>262,532</b>
Paid dividend	-	-	-28,000	-28,000	-	-28,000
Contributed capital	-	-	5,175	5,175	-	5,175
<b>Closing balance 31 December 2016</b>	<b>10,000</b>	<b>4,468</b>	<b>1,346,829</b>	<b>1,361,297</b>	<b>-</b>	<b>1,361,297</b>
<b>Opening balance 1 January 2017</b>	<b>10,000</b>	<b>4,468</b>	<b>1,346,829</b>	<b>1,361,297</b>	<b>-</b>	<b>1,361,297</b>
Result for the period	-	-	-204,072	-204,072	-	-204,072
Other comprehensive income	-	-3,726	-	-3,726	-	-3,726
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-3,726</b>	<b>-204,072</b>	<b>-207,798</b>	<b>-</b>	<b>-207,798</b>
Dividend	-	-	-50,000	-50,000	-	-50,000
Disposed capital	-	-	-4,575	-4,575	-	-4,575
<b>Closing balance 31 December 2017</b>	<b>10,000</b>	<b>742</b>	<b>1,088,182</b>	<b>1,098,924</b>	<b>-</b>	<b>1,098,924</b>

## Consolidated Cash Flow Statement in Summary

Amounts in SEK thousands	Note	2017-12-31	2016-12-31
<b>Cash flow from operating activities</b>			
Operating result		80,409	162,666
Depreciation		1,017	918
Other non-cash items		-61,938	25,211
Result from participation in group companies		-	-132,361
Interest paid		-33,704	-54,940
Interest received		21,894	28,851
Income tax		-23,152	-32,882
<b>Net cash flow from operating activities before changes in working capital</b>		<b>-15,474</b>	<b>-2,537</b>
<b>Cash flows from changes in working capital</b>			
Change in inventories and work in progress		3,737	-9,823
Change in current receivables		-22,932	-16,628
Change in current liabilities		56,597	-34,908
<b>Total cash flows from changes in working capital</b>		<b>37,402</b>	<b>-61,359</b>
<b>Cash flows from operating activities</b>		<b>21,928</b>	<b>-63,896</b>
<b>Cash flows from investing activities</b>			
Investments in intangible fixed assets		-	-1,839
Investments in tangible fixed assets		-22,944	-4,230
Sales of tangible fixed assets		36,852	-
Sales of associated companies		30,000	-
Sales of subsidiaries		-	-135,159
Investments in associated companies and joint venture		-	-17,917
Result from associates and joint venture		-	28,550
Change in receivables in associated companies		40,650	-89,935
Change in other non-current receivables		-259,033	225,006
<b>Total cash flows from investing activities</b>		<b>-174,475</b>	<b>4,476</b>
<b>Cash flows from financing activities</b>			
Borrowings		111,648	5,260
Repayment of loan		-40,000	-59,840
Repayment of lending		180,837	-
Disposed capital		-4,575	5,175
Dividends received/paid		-50,000	-28,000
<b>Total cash flow from financing activities</b>		<b>197,910</b>	<b>-77,405</b>
<b>Changes in cash and cash equivalents</b>			
Opening balance, cash and cash equivalents		53,110	186,407
Exchange effect in cash and cash equivalents		-1,238	3,528
<b>Closing balance, cash and cash equivalents</b>		<b>97,235</b>	<b>53,110</b>

## Parent Company Income Statement

Amounts in SEK thousands	Not	Oct–dec 2017	Oct–dec 2016	Jan–dec 2017	Jan–dec 2016
<b>Operating income</b>					
Net sales		1,784	379	4,212	1,943
<b>Total operating income</b>		<b>1,784</b>	<b>379</b>	<b>4,212</b>	<b>1,943</b>
<b>Operating expenses</b>					
Other external expenses		-4,566	-5,345	-19,058	-20,534
Personnel costs		-2,282	-2,712	-8,874	-10,264
Depreciation/amortization of property, plant and equipment		-12	-28	-131	-103
<b>Total operating expenses</b>		<b>-6,860</b>	<b>-8,085</b>	<b>-28,062</b>	<b>-30,901</b>
<b>Operating result</b>		<b>-5,076</b>	<b>-7,706</b>	<b>-23,850</b>	<b>-28,958</b>
Result from investments in group companies		-	-13	-	11,834
Result from investments in associates		-	-	5,000	28,200
Result from other securities and receivables accounted for as fixed assets		33,292	41,220	-91,416	104,195
Write down of receivables		-261,132	-	-261,132	-
Other interest income and similar result items		23,941	26,740	100,123	173,443
Interest expenses and similar result items		-10,697	-55,864	-41,568	-118,618
<b>Result after financial items</b>		<b>-219,672</b>	<b>4,377</b>	<b>-312,843</b>	<b>170,096</b>
<b>Result before tax</b>		<b>-219,672</b>	<b>4,377</b>	<b>-312,843</b>	<b>170,096</b>
Appropriations		46,006	-41,705	37,914	-48,810
Tax on earnings for the period		-	-914	-	-27,308
<b>Result for the period</b>		<b>-173,666</b>	<b>-38,242</b>	<b>-274,929</b>	<b>93,978</b>

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	2017-12-31	2016-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Balanced development expenses		158	207
<b>Property, plant and equipment</b>			
Equipment, tools, fixtures and fittings		675	757
<b>Non-current financial assets</b>			
Investments in group companies		154,847	154,792
Receivables from group companies		24,346	77,101
Investments in joint ventures		1,532	1,532
Other non-current receivables		538,031	1,420,479
<b>Total non-current financial assets</b>		<b>718,756</b>	<b>1,653,904</b>
<b>Total non-current assets</b>		<b>719,589</b>	<b>1,654,868</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables		2,104	1,761
Receivables from group companies		55,086	112,275
Receivables from associates and joint venture		6,315	4,047
Tax receivables		14,689	-
Other receivables		489,999	8,205
Prepaid expenses and accrued income		179	2,353
<b>Total current receivables</b>		<b>568,372</b>	<b>128,641</b>
Cash and cash equivalents		91,851	39,752
<b>Total current assets</b>		<b>660,223</b>	<b>168,393</b>
<b>TOTAL ASSETS</b>		<b>1,379,812</b>	<b>1,823,261</b>

## Parent Company Balance Sheet, continued.

Amounts in SEK thousands	Note	2017-12-31	2016-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		10,000	10,000
Statutory reserve		2,000	2,000
Fund for development expenses		158	207
<b>Total restricted equity</b>		<b>12,158</b>	<b>12,207</b>
<b>Non-restricted equity</b>			
Non-restricted reserves		542,438	498,411
Result for the period		-274,929	93,978
<b>Total non-restricted equity</b>		<b>267,509</b>	<b>592,389</b>
<b>Total Equity</b>		<b>279,667</b>	<b>604,596</b>
Untaxed reserves		76,500	76,500
<b>Provisions</b>			
Other provisions		3,302	49,139
<b>Non-current liabilities</b>			
Bond loan		-	371,980
Liabilities to group companies		566,024	660,653
<b>Total non-current liabilities</b>		<b>566,024</b>	<b>1,032,633</b>
<b>Current liabilities</b>			
Bond loan		374,051	-
Liability to credit institution		15,000	-
Trade payables		1,345	1,802
Liabilities to group companies		15,576	12,442
Tax liabilities		12,862	19,673
Other liabilities		28,775	20,950
Accrued expenses and deferred income		6,710	5,526
<b>Total current liabilities</b>		<b>454,319</b>	<b>60,393</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,379,812</b>	<b>1,823,261</b>

For information regarding pledged assets and contingent liabilities, see note 6-7.



<b>GROUP KEY RATIOS</b>	<b>Oct-dec 2017</b>	<b>Oct-dec 2016</b>	<b>Jan-dec 2017</b>	<b>Jan-dec 2016</b>
<b>Key ratios defined by IFRS</b>				
Net sales	31,379	38,629	139,726	56,381
Result for the period	-178,187	7,637	-204,072	276,530
Earnings per share after tax, SEK	-1,781.9	76.4	-2,040.7	2,765.3
<b>Key ratios not defined by IFRS</b>				
Return on total equity in %	3.5	3.6	12.4	21.9
Return on equity in %	-16.7	1.0	-19.3	21.9
Return on total equity in % (Parent company)	1.4	3.3	5.5	15.8
Return on equity in % (Parent company)	-78.5	0.7	-111.9	25.6
EBITDA, SEK in thousands	29,251	9,123	81,426	175,740
Operating income in SEK thousands	29,014	-3,284	80,409	162,666
Operating margin in %	92.4	-8.5	57.5	288.5
Cash liquidity in %	167	259	167	259
Solidity i %	57.9	64.9	57.9	64.9
Equity in SEK thousands	1,098,924	1,361,297	1,098,924	1,361,297
Number of share	100,000	100,000	100,000	100,000
Average number of shares	100,000	100,000	100,000	100,000
Average number of shares after dilution	100,000	100,000	100,000	100,000
Average number of employees	13	13	13	9
<b>Operational key ratios</b>				
Number of apartments under zoning planning	434	545	434	545
Number of apartments under production	368	453	368	453
Number of occupied apartments	59	0	162	0
Number of apartments in the portfolio	802	998	802	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 adjusted 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	Result of the period attributable to Parent company divided by average number of outstanding shares
Solidity in %	Equity divided by Balance sheet total
Operating margin in %	Operating result divided by total operating income

## Notes

### 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 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 February 28, 2018, 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 principles are in accordance with the principles applied in the previous financial year. See the full accounting principles as described in the Annual Report for 2016.

As of January 1, 2018, two new standards started to apply: IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. Based upon the analysis that has taken place during 2017, the introduction of the new standards will not cause any significant changes to the Group's financial statements, except for new disclosure requirements.

#### IFRS 9 Financial Instruments

IFRS 9 introduces new principles for the classification of financial assets and liabilities as well as credit reserves. The Group has analyzed the effects of the introduction of the new standard. The new principles regarding the classification of financial assets are based on an analysis of the business model in which the asset is managed as well as the asset's cash flow characteristics. These principles are not expected to have any significant impact on the Group's earnings or position. IFRS 9 further implies that the principles for the provision of credit losses on receivables are calculated through a model based on expected losses. The Group's analysis of the model shows that the transition to IFRS 9 will not have any significant effect on the reported values of the Group's profit or loss due to the risk nature of the receivables. The Group will not apply IFRS 9 retroactively and thus not recalculate corresponding figures in the 2018 financial statements.

#### IFRS 15 Revenue from contracts with customers

IFRS 15 is applicable as of 2018 and replaces existing revenue recognition standards. The new IFRS standard 15 Revenues from contracts with customers is mandatory and the Group will apply the standard to the fiscal year beginning January 1, 2018.

#### Percentage of completion method based upon project development of condominiums

The Group has carefully analyzed the Group's project development agreement with condominium-owner associations to

assess how revenue from project development of residential properties should be reported. According to the Company's assessment, entered agreements with condominium-owner associations should be reported as a combined agreement; as pricing and risks are considered as a whole and are deemed to constitute clear performance commitments.

The total revenue for project development, i.e. land sales and construction, are reported over time. As a consequence, the principles of the percentage of completion method are mostly applied as done previously. The Company will not apply IFRS 15 retroactively and thus not recalculate corresponding figures in the 2018 financial statements.

The Group's ongoing projects have been implemented in the form of the Group signing a design and construction contract with an independent condominium-owner association as the client. The Group applies the percentage of completion method on the result from the day on which the following criteria are met: (i) the tenant-owner association has an independent board of directors, (ii) an external financing has been obtained, (iii) agreements have been signed with the residential buyers in form of binding contracts with the final customer, (iv) binding service contracts have been concluded with the condominium-owner association to build condominiums, (v) binding design and construct contract has been concluded between the tenant-owner association and a company within the Group.

The project's contract revenues and expenses are reported in line with the completion rate based on costs occurred in the design and construct contract. This means that revenues and expenses and consequently the result are attributed to the reporting period during which the work in the design and construction contract is performed.

The completion rate is measured based upon the contracted expenses as compared to the contracted projected expenses excluding land expenses. Land expenses are here referred to as acquisition costs for land from a third-party. According to the new accounting standard IFRS 15, the accumulation should be based on the contractual commitment. The sales ratio consists of the number of apartments sold in relation to the total

## Notes

number of apartments being produced. A property is deemed sold when there is a binding agreement with the condominium owner. Any revaluations of the project's expected result will result in a correction of the Group's previously accumulated result. This forecast change is included in the reported result for the period. Expected losses are recognized immediately and have a direct impact upon the result for the reported period.

The Group has taken into account the effects of the new IFRS 15 standard when applying the percentage of completion method. Reported revenue from the project is proportional to the Company's work towards fulfilling the performance commitment in the contractual agreement. The Group only reports revenue at the rate of which the contractual agreement progresses.

### IFRS 16, Leasing

IFRS 16, shall be applied from January 1, 2019 and govern how leasing is to be reported. All leasing costs are to be discounted and reported as fixed assets in the balance sheet with the corresponding interest-bearing debt. In the income statement, leasing costs are replaced by depreciation and interest expenses. According to the current accounting standard, only financial leasing is reported in this manner. At the transition to IFRS 16, the balance sheet total, capital employed, net debt and operating profit will increase. If the company were to have numerous leases, the new standard would affect key ratios. However, as the Group only holds leasing agreements for copiers and office space, the Group initially assesses that the new standard will have no significant impact on the result.

## 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	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Oth non-curr rec.	796,486	1,538,655	796,486	1,538,655
Borrowing	-100,129	-15,661	-100,129	-15,661
Bond loan	-	-371,980	-	-371,980
<b>Total long-term lending and borrowing</b>	<b>696,357</b>	<b>1,151,014</b>	<b>696,357</b>	<b>1,151,014</b>

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 December 31, 2017.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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
<b>Total assets</b>	<b>-</b>	<b>3,620</b>	<b>5,000</b>	<b>8,620</b>

### 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
<b>Total liabilities</b>	<b>-</b>	<b>34,720</b>	<b>-</b>	<b>34,720</b>

## Notes

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

(SEK in thousands)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through income statement				
• Derivatives held for trading:				
Currency Option	-	3,410	-	3,410
Financial assets held for sale	-	-	5,000	5,000
<b>Total assets</b>	<b>-</b>	<b>3,410</b>	<b>5,000</b>	<b>8,410</b>
<b>Liabilities</b>				
Financial liabilities at fair value through income statement				
• Derivatives held for trading:				
Currency Option	-	43,136	-	43,136
Interest Rate Swap	-	9,413	-	9,413
<b>Total liabilities</b>	<b>-</b>	<b>52,549</b>	<b>-</b>	<b>52,549</b>

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)	2017-12-31	2016-12-31
<b>Opening balance</b>	<b>5,000</b>	<b>22,500</b>
Transfer to level 3	-	-22,500
Gains and losses recognized in the income statement	-	5,000
<b>Closing balance</b>	<b>5,000</b>	<b>5,000</b>

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.

## Notes

### Not 5 Segment information

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

(SEK in thousands)	2017-01-01 2017-12-31	2016-01-01 2016-12-31
<b>Analysis of income per revenue:</b>		
- Sales of goods	-	7,948
- Property revenue	136,974	45,918
- Income from services	2,752	2,515
<b>Total income</b>	<b>139,726</b>	<b>56,381</b>
<b>Income from external customers</b>		
- Sweden	136,971	44,203
- Canada	2,755	11,653
- USA	-	525
<b>Total income</b>	<b>139,726</b>	<b>56,381</b>
<b>Total fixed assets other than financial instruments and deferred tax assets which are located in:</b>		
- Sweden	59,910	34,545
- Canada	31,971	32,201
<b>Total</b>	<b>91,881</b>	<b>66,746</b>

### Note 6 Pledged assets

Group	2017-12-31	2016-12-31
Real estate mortgages	15,589	15,975
Pledged receivables	172,050	-
Pledged shares	-	2,409
<b>Total Group</b>	<b>187,639</b>	<b>18,384</b>
<b>Parent company</b>		
Pledged shares	-	1,040
<b>Total parent company</b>	<b>-</b>	<b>1,040</b>

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

### Note 7 Contingent liabilities

Parent company	2017-12-31	2016-12-31
General guarantees for subsidiary loans	85,000	60,000
General guarantees for other company loans	316,565	411,332
<b>Total parent company</b>	<b>401,565</b>	<b>471,332</b>



# Notes

## Note 8 Events post reporting date

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### Upcoming reporting dates

- April 29, 2018 Annual report 2017
- May 31, 2018 Interim report January–March 2018

Stockholm, 28 th of February 2018



**Bjarne Borg**  
Chairman of the Board



**Rickard Haraldsson**  
CEO



**Arne Weinz**  
Member of the Board



**Marie-Louise Alamaa**  
Member of the Board

