Annual Report and Consolidated Accounts
for the Financial year 2017

Index Invest International AB (publ)
Corp. ID no 556561-0770

INDEX
RESIDENCE

2017

Norrtälje Torn, Soltornet

**The annual report comprises** **Page**

# 1.
# INDEX INVEST INTERNATIONAL AB (publ)

# Highlights

## The Group / Parent Company

### Equity/assets ratio (%)

| Year | The Group | Parent Company |
|---|---|---|
| 2018 | 57 | 20 |
| 2017 | 58 | 21 |
| 2016 | 65 | 33 |
| 2015 | 47 | 33 |
| 2014 | 41 | 30 |
| 2013 | 51 | 35 |
| 2012 | 62 | 53 |
| 2011 | 58 | 72 |
| 2010 | 58 | 72 |
| 2009 | 52 | 66 |

### Total assets

| Year | The Group | Parent Company |
|---|---|---|
| 2018 | 1,922,797 | 1,334,768 |
| 2017 | 1,903,229 | 1,387,362 |
| 2016 | 2,098,346 | 1,823,261 |
| 2015 | 2,353,760 | 1,717,587 |
| 2014 | 2,627,624 | 1,606,420 |
| 2013 | 1,909,880 | 1,224,302 |
| 2012 | 1,591,200 | 832,469 |
| 2011 | 1,524,841 | 681,119 |
| 2010 | 1,635,142 | 754,059 |
| 2009 | 991,640 | 820,569 |

### Equity

| Year | The Group | Parent Company |
|---|---|---|
| 2018 | 1,090,231 | 272,873 |
| 2017 | 1,104,951 | 286,693 |
| 2016 | 1,361,297 | 604,596 |
| 2015 | 1,113,953 | 538,618 |
| 2014 | 1,084,495 | 488,137 |
| 2013 | 978,855 | 428,105 |
| 2012 | 982,495 | 437,988 |
| 2011 | 881,737 | 491,124 |
| 2010 | 950,708 | 543,104 |
| 2009 | 517,931 | 544,271 |

## CEO's comments

# Why change a winning formula?

If it is Stockholm that grows, or Mälardalen that shrinks, should be left unsaid.

However, what is clear is that our investment in Stockholm's surrounding municipalities has proven to be the right move. This especially applies to our projects in Norrtälje. In 2016 we became the largest private builder in Norrtälje and in 2017 we continued on that path. We saw the opportunity to, together with the municipality, change Norrtälje harbor area. Now we are leading Norrtälje's largest urban development project, in the history of time. We are building Norrtälje Torn, which consists of five blocks and approximately 450 apartments with Stockholm's beautiful archipelago next door. We have also developed and completed a property with 186 apartments, mostly one- and two room flats, next to the town hall in the central parts of Norrtälje.

In the fall of 2017 – when the market for newly produced homes in Stockholm area changed dramatically, we could pat ourselves on the shoulder. We were pleased to acknowledge what we had made the right move as we did not experience the slowdown that was visible in central parts of Stockholm. On the contrary, our condominiums sold very well in Norrtälje and currently there are 2,800 people in line waiting for the opportunity to live in Norrtälje Torn.

So why change a winning formula? We are therefore looking at similar projects in the northern suburbs and Mälardalen. Ideally, we want to take a broader perspective and contribute to developing entire areas, not just building houses. Just like Norrtälje Torn and our already completed project Västermalms Strand at Kungsholmen.

In 2017 we launched our new service concept, Touch. In short, it's about creating additional added value for those who buy our apartments and thus do life a little easier for them.
It can be anything from the ability to store ordered food and book a meeting room to having access to a car or boat pool as well as cleaning aid and dry cleaning. We look forward to offer Touch to Norrtälje Torn.

In addition, during the year we have further confirmed the strength of operating on two markets – Sweden and Florida, US. We did our first significant property acquisitions in the United States in 2010 and has since been able to see how the two markets complement each other very well. If one market slows down, the other is booming. The property market in Sweden and Florida never seems to be the same thus making them very compatible.
Important to point out is that in the United States we invest in rental properties instead of condominiums since the American rental pricing differs from the Swedish model.
This has proven to be a good strategic decision.

Now we are preparing for the future. The market is tougher today and banks are making adjustments accordingly. Of course, it has not gone us by unnoticed since it means changing conditions. Therefore, we continue on the path we have chosen - trying to understand how people want to live. This way we can continue to lead the evolution instead of following it.

Stockholm, April 2018
**Rickard Haraldsson**
VD

# Our Portfolio

## Total units under planning/zoning:

| | |
|---|---|
| 2018: | 416 |
| 2017: | 434 |
| 2016: | 545 |
| 2015: | 807 |
| 2014: | 1,263 |
| 2013: | 275 |
| 2012: | 275 |

## Total units in production:

| | |
|---|---|
| 2018: | 368 |
| 2017: | 368 |
| 2016: | 453 |
| 2015: | 313 |
| 2014: | 131 |
| 2013: | 265 |
| 2012: | 464 |

## Total units occupied during the period:

| | |
|---|---|
| 2018: | 0 |
| 2017: | 162 |
| 2016: | 0 |
| 2015: | 131 |
| 2014: | 134 |
| 2013: | 199 |
| 2012: | 151 |

## Sum total of units in portfolio:

| | |
|---|---|
| 2018: | 784 |
| 2017: | 802 |
| 2016: | 998 |
| 2015: | 1,300 |
| 2014: | 1,668 |
| 2013: | 720 |
| 2012: | 919 |

# Milestones from Index Residence's history

**2017**

Norrtälje Torn, Havstornet
119 condominiums

**2016**

Södra Juvelen, Norrtälje
186 condominiums

Norrtälje Torn, Soltornet
87 condominiums

**2015**

Playce
Exciting new Sport Hotel concept in Kista

Kista
150 rental apartments

Norrtälje
300 rental apartments

Hornsberg, Stockholm (4)
Remaining office premises are divested

**2014**

Norrtälje
Large land acquisition in the Norrtälje Harbor to build 500 condominiums

Watercrest, USA
Begin collaboration to develop senior living

**2013**

Dakota, Florida
Construction of first project completed

**2010**

Hornsberg, Stockholm (3)
Sale of 450 condominiums

Dakota, Florida
First property acquisition in the U.S.

**2009**

Hornsberg, Stockholm (2)
Part of the property is divested and sold to Octapharma

**2005**

Hornsberg, Stockholm (1)
Large property acquisition

**2001**

Enköping
Acquisition of 900 rental apartments

**1999**

Alviks Strand and Mälarhöjdsparken
First large property acquisition

**1998**

Index Residence is founded
by Fredrik Alama & Bjarne Borg

# About us

*Our passion is creating modern homes in harmonious surroundings with built-in quality of life.*
*We want more people to have the opportunity to live in buildings of high architectural value that help make daily life both simpler and more enjoyable. Homes that meet people's needs, but also fulfill their dreams.*

*To be able to do this, we have to understand how people actually live. Index Residence seeks to constantly develop and change at the same pace that people's lives develop and change.*

# Company Management

### Rickard Haraldsson, CEO

Chief Executive Officer of Index Residence since 2009.

Former Head of Corporate Finance at Avanza Bank and Grant Thornton Corporate Finance Lead Advisory in Stockholm and London. MBA from University of Southampton Management School, B.A. in Finance from University Westminster Business School.

### Marie-Louise Alama, CFO

Chief Financial Officer since 2008.

M.S. in Business and Economics. Former financial manager and accounting manager in the pharmaceuticals industry and several years at the Swedish Tax Agency.

# Board of Directors

### Bjarne Borg, co-founder and Chairman of the Board

Founded Index Residence AB together with Fredrik Alama in 1998.

Already started his first corporate project at the age of 14 and made his first property investment at the age of 20. Held positions as a consultant, manager and Board member in the areas of sales, accounting, taxation, property/ construction. Expert in the North American real estate market.

### Arne Weinz, Board member

Arne is an experienced entrepreneur with a broad range of experience from many industries, particularly the call center industry.

After two decades' experience of CEO work, he has developed this own leadership philosophy, which he describes in his book "Den snabbaste vägen" [The fastest way].
Arne was born in 1957 and has an M.S. in Industrial Economics from the Institute of Technology at Linköping University (LiTH).

### Rickard Haraldsson, CEO

Chief Executive Officer of Index Residence since 2009.

Former Head of Corporate Finance at Avanza Bank and Grant Thornton Corporate Finance Lead Advisory in Stockholm and London. MBA from University of Southampton Management School, B.A. in Finance from University Westminster Business School.

### Marie-Louise Alama, CFO

Chief Financial Officer since 2008.

M.S. in Business and Economics. Former financial manager and accounting manager in the pharmaceuticals industry and several years at the Swedish Tax Agency.

# Our values

## *Ambitious*

We are ambitious in everything we do. If we are more focused, have more knowledge and take the challenges seriously, the rewards are greater – both for us and for the residents.

## *Able to act*

Creative thinking is only of real value if it is also combined with an ability to act that transforms ideas into finished residential properties that people call "home".

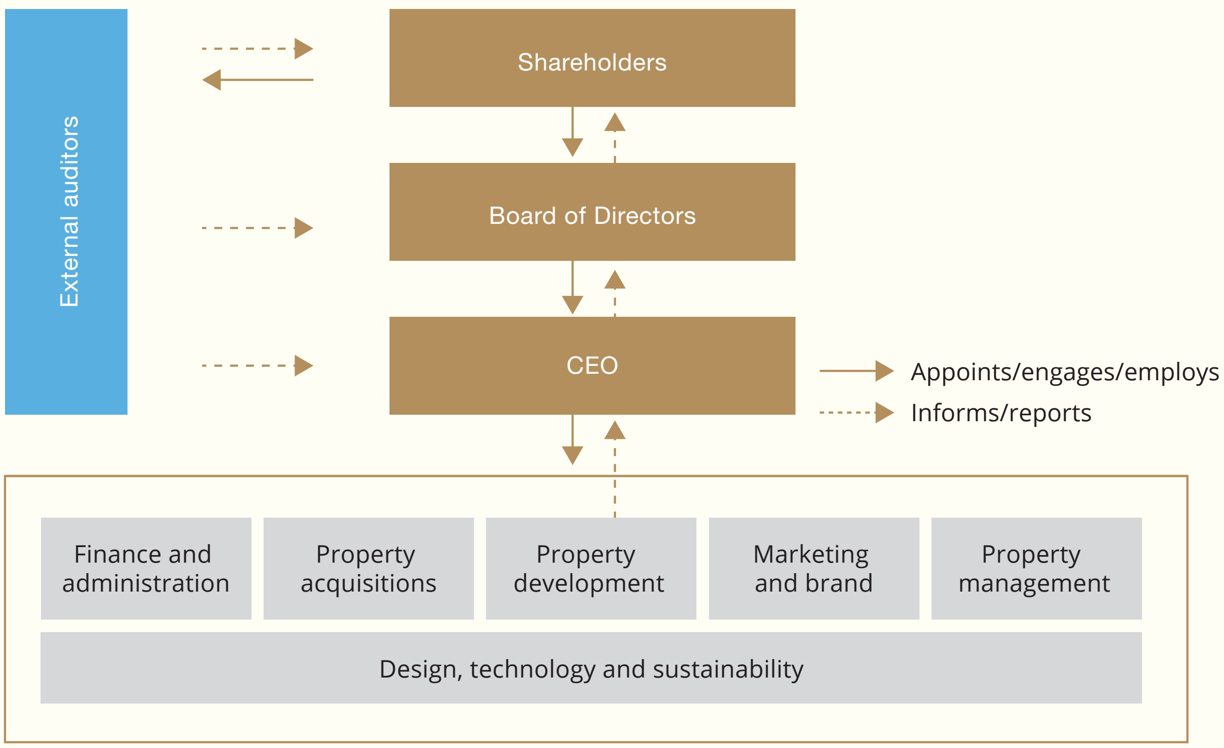
## *Imaginative*

All of the projects begin as an idea in somebody's head. This is why free, creative thinking – the ability to see beyond conventions and the expected – is a fundamental quality for development and growth. We believe in creative visualization – meaning that if somebody can dream it, we can realize it.

## *Innovative*

All ideas are worth being challenged. We never rule out doing something differently, that there may be a different way of thinking, acting and building. Innovation and progress are not the result of a giant leap, but of a million steps that ultimately lead to shifts and change.

# Corporate Governance



# Our Business

*We believe in a passionate process that consists of what we call strategic acquisitions, creative property development and strong brands. Combined with solid construction technology and stable financing, this leads to sustainable – and very attractive – residential environments.*

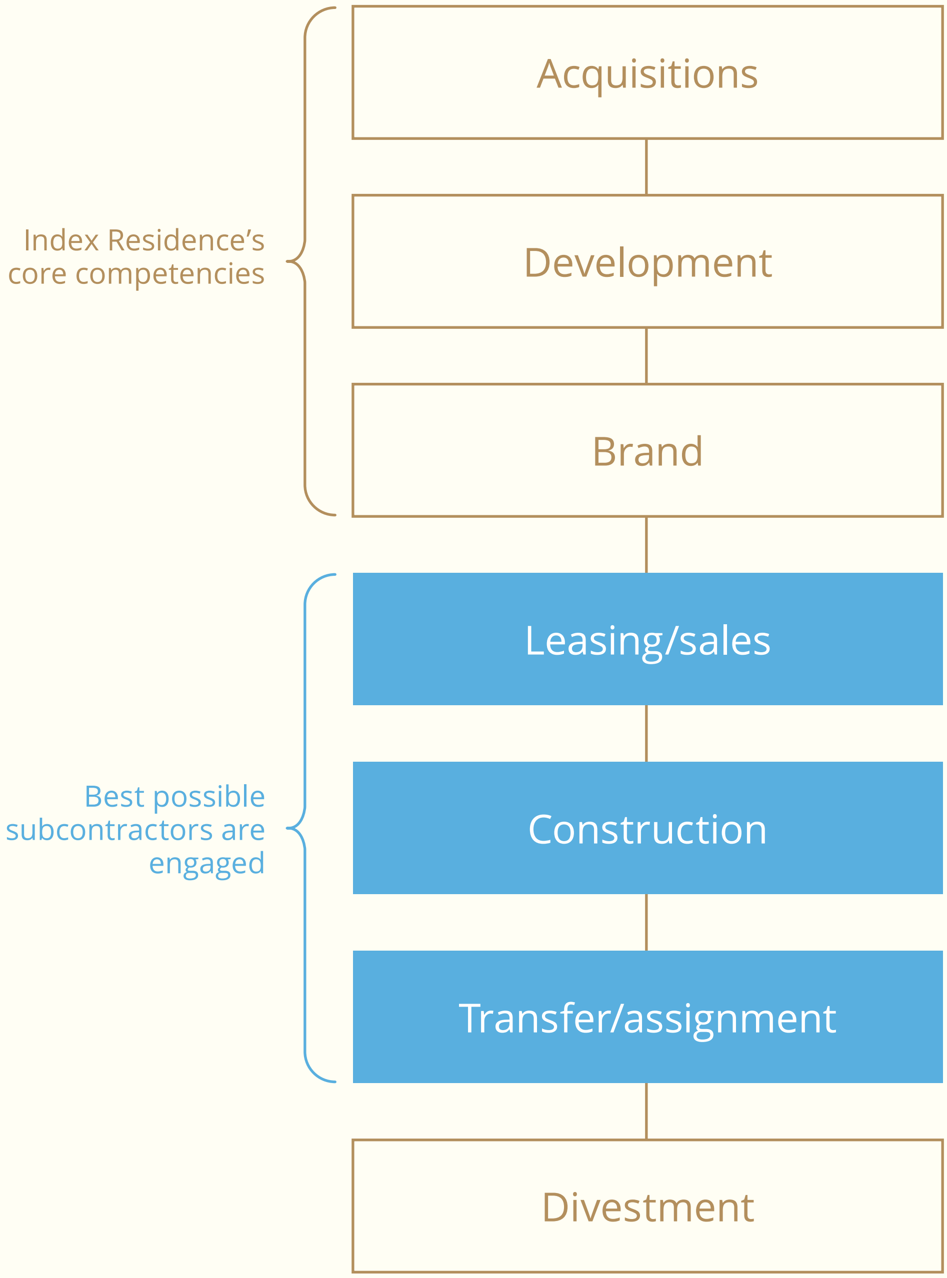
# Successful Business Model

## *Clear and Focused Business Model*

The foundation of our success is ambitious and methodical process work from idea to finished home. The first step is to choose the right property. The strong local base ensures a good selection. In the next step, the project is developed together with the local authorities and architects, and contractors are procured for the construction. In parallel, in the third stage, a well-prepared and target-group-oriented concept with a clear brand are developed.

This process governs the work and ensures a good end result for everyone – residents, the municipality and shareholders.

Organizationally, Index Residence has deliberately chosen not to do its own construction contracting and sales. We have purposefully and consistently built up a small "streamlined" organization staffed with experts in the key strategic areas – acquisitions, development and brand.

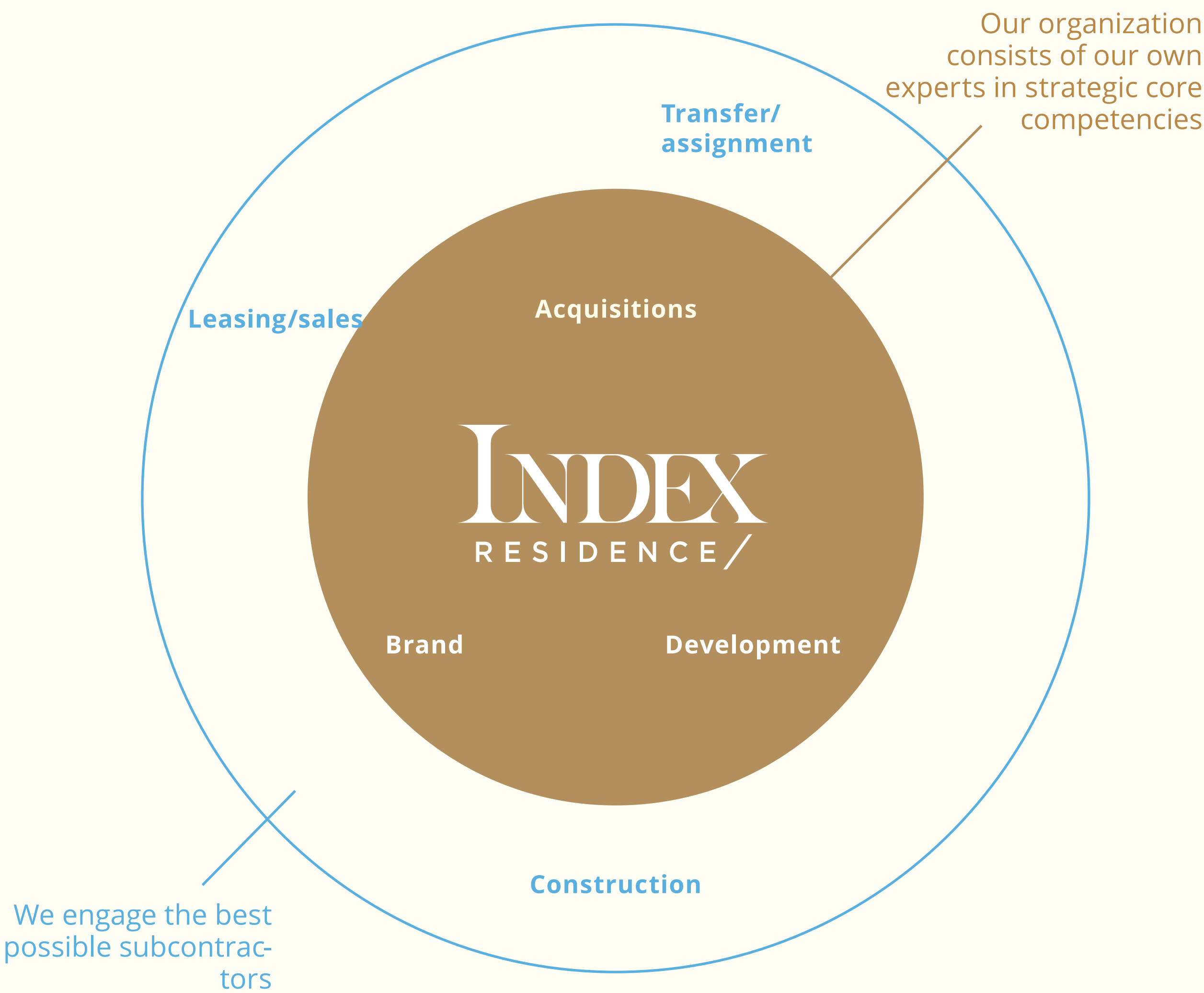


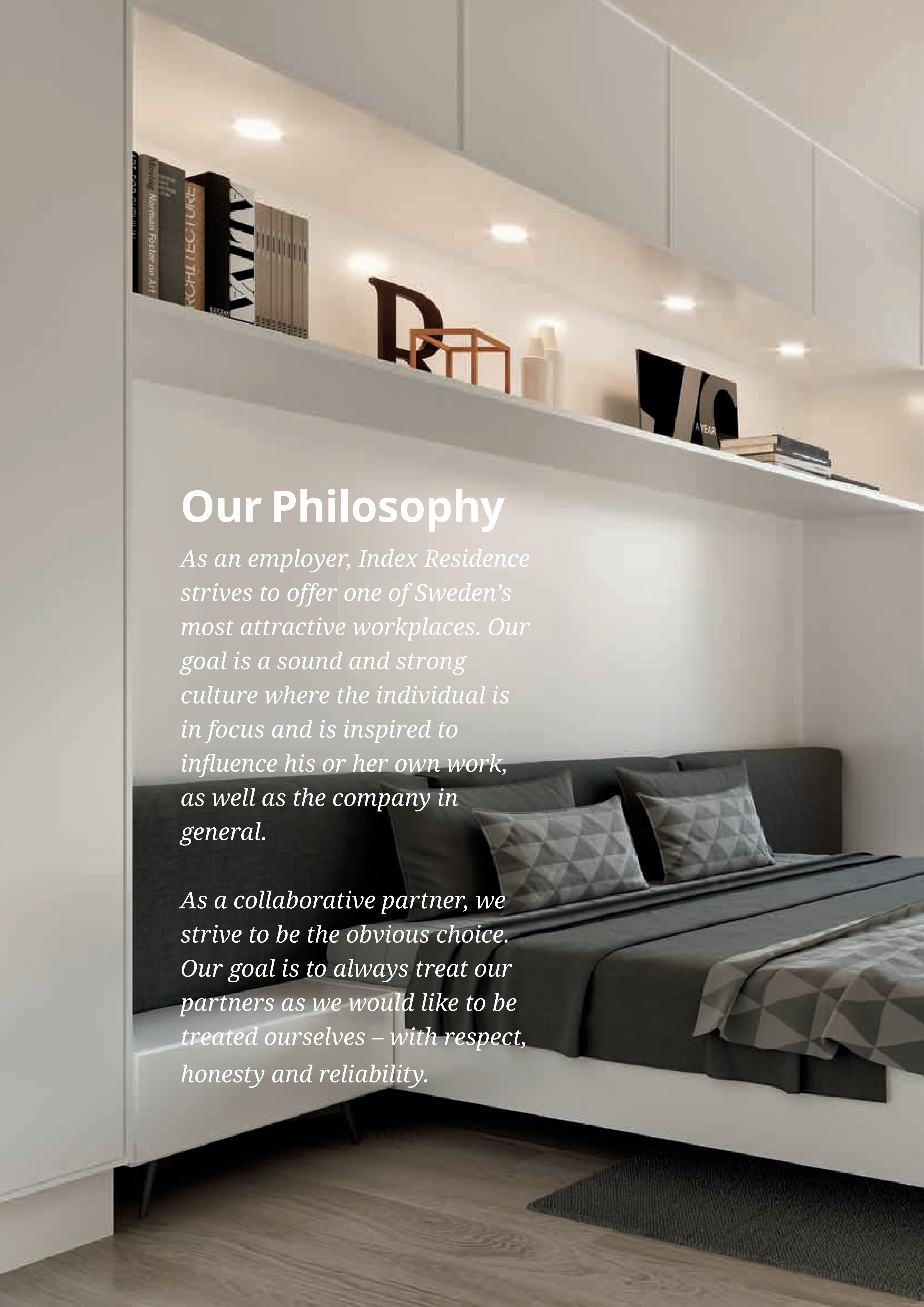
# Dynamic Expert Organization

## *In-house Specialists and Selected Partners*

Index Residence has a tight-knit and dynamic specialist organization that collaborates with the market's best partners to develop and complete attractive homes. This model provides conditions to develop specialist expertise that really makes a difference and flexibility to quickly shift project volume up and down. This makes Index Residence agile while retaining a high level of quality.

Index Residence does not, however, have its own construction contracting or sales organization, but has rather built up strong expertise in procurement where we have forged ties with the best contractors and subcontractors to ensure the best possible project implementation and end results.





# Our Philosophy

*As an employer, Index Residence strives to offer one of Sweden's most attractive workplaces. Our goal is a sound and strong culture where the individual is in focus and is inspired to influence his or her own work, as well as the company in general.*

*As a collaborative partner, we strive to be the obvious choice. Our goal is to always treat our partners as we would like to be treated ourselves – with respect, honesty and reliability.*


HADID

# Sustainable residential environments

For Index Residence, the environment and sustainability are an integrated part of the work of developing residential properties. Social, environmental and financial aspects interact to create long-term sustainable residential environments. Care and precision throughout the process from idea to finished home provide high-quality residential environments.

With consideration of every project's unique circumstances, Index Residence strives to utilize the location as well as possible. To ensure a good living environment in a broader perspective, Index Residence works to create the most attractive local area as possible, with courtyards, parks and amenities. If the location is near the waterfront, Index Residence strives for as many people as possible to be able to experience the water. Understanding of the location and the resident's needs is a prerequisite to be able to develop long-term sustainable residential properties. Dialog with local authorities, collaborative partners and residents is important for gaining knowledge and identifying possibilities for the particular site. Index Residence also assigns great importance to aesthetic qualities to thereby create an attractive residential environment that works well in daily life.

Environmental aspects are taken into account in several ways. The requirements set by the government, local authorities and agencies lay the foundation, but Index Residence aims even higher. In collaboration with architects, construction contractors and other partners, Index Residence makes active choices for the residential projects to be energy efficient, resource efficient and healthy. This takes place in part by taking consideration of environmental aspects in the project engineering of the property as a whole, the design of the individual apartments and the selection of materials and white goods. Index Residence works continuously to reduce its environmental footprint. The goal is to create homes that minimize the buildings' environmental impact throughout their entire lifetime.

Index Residence's ambition to develop modern, sustainable residential environments means that sustainability aspects are given an ever higher priority. Index Residence therefore intends to deepen the dialog with its various stakeholder groups with the goal of developing and improving the sustainability work.

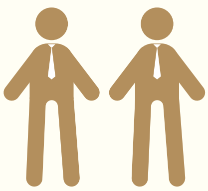
# Our Stakeholders

## *Customers*

**Index Residence's customers are mainly tenant owner associations and private individuals. For a few years after a project is completed, Index usually has a representative on the board of the tenant owner association to ensure a good hand-over.**

## *Suppliers*

**As a specialist organization, Index Residence collaborates with a number of suppliers, ranging from architects and building firms to various kinds of other specialized consultants. To qualify, every partner has to meet special criteria. Index Residence strives to ensure that all parties have a good view of the project as a whole and that all collaborative arrangements are characterized by open dialog and sound business ethics.**



## *Employees*

**Index Residence has a small, strongly committed specialist organization. An open dialog, healthy employees and a good working environment are prerequisites for Index Residence's success.**

## *Community*

**The community's trust is necessary in order for Index Residence to be able to achieve its vision for individual projects and the company in general. Consequently, Index Residence strives to be perceived as transparent and sincere in its communication.**

## *Owners*

**A long-term sustainable business model is important to Index Residence's owners.**

# I

# 2.
# STOCKHOLM MÄLARDALEN PROJECTS

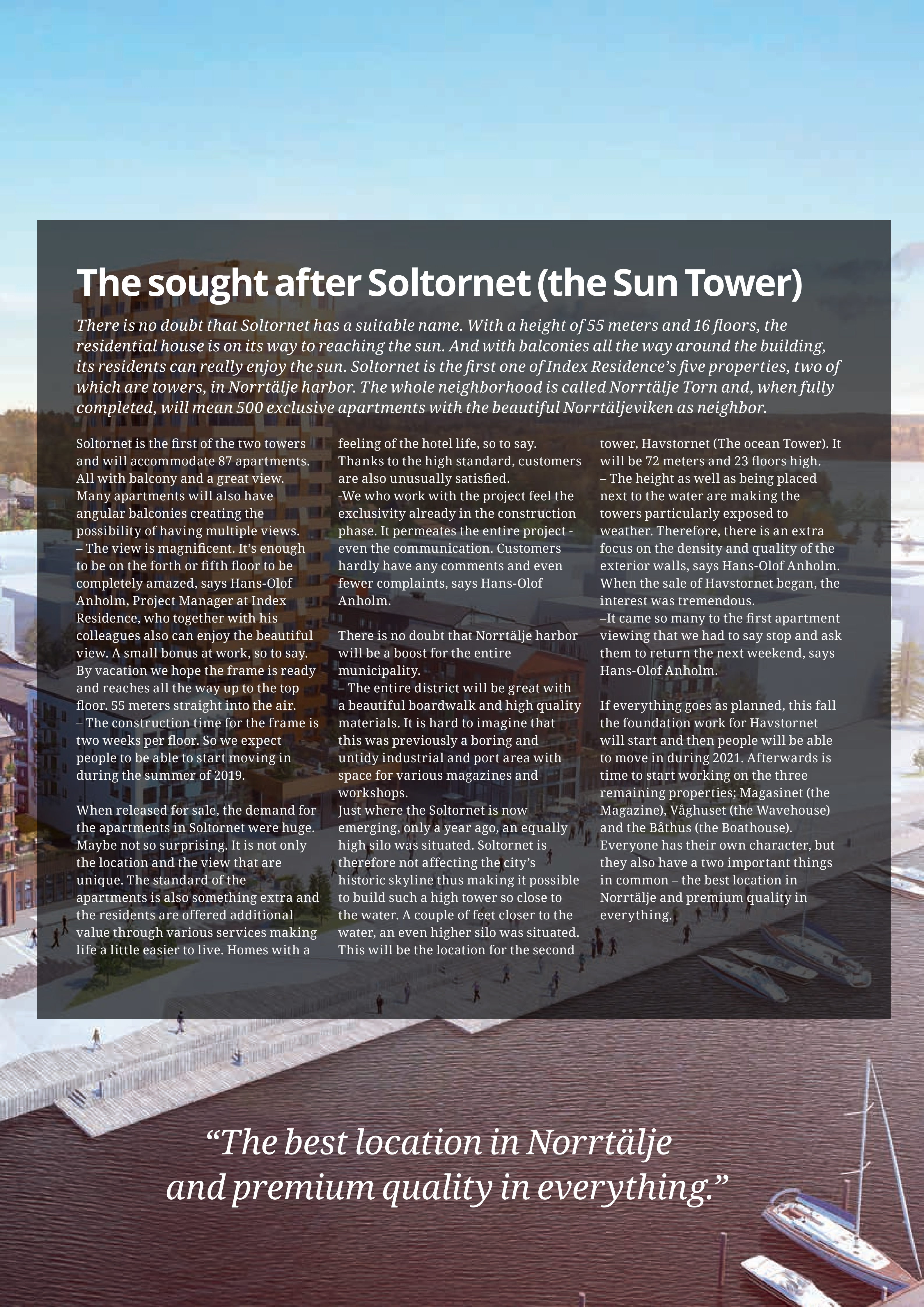
# Our Vision

*What do our residential dreams look like? Larger kitchens, more spacious terraces with a view, bathrooms with a spa feeling or an own yard? Maybe being closer to work or closer to nature and with the ocean right outside the window? All of these are examples of home dreams that we know that many people have and that we always have in mind when we develop new residential properties.*

*But we do not stop there. As peoples' free time, jobs and activities are increasingly flowing together, it is important for life to become easier. In our residential properties, we adapt to the needs so that there is, for example, room for a gym, an office room for distance work or a place for a boat you can see from the balcony. It must be easy to book an eco-friendly rental car or celebrate special occasions in the association's kitchen and bar. Participate in a video conference in the building's work lounge where the building's own concierge is based.*

*At Index Residence, we develop residential properties that meet people's needs, but also fulfill their dreams and help make daily life both easier and more enjoyable.*

Norrtälje Torn



# The sought after Soltornet (the Sun Tower)

*There is no doubt that Soltornet has a suitable name. With a height of 55 meters and 16 floors, the residential house is on its way to reaching the sun. And with balconies all the way around the building, its residents can really enjoy the sun. Soltornet is the first one of Index Residence's five properties, two of which are towers, in Norrtälje harbor. The whole neighborhood is called Norrtälje Torn and, when fully completed, will mean 500 exclusive apartments with the beautiful Norrtäljeviken as neighbor.*

Soltornet is the first of the two towers and will accommodate 87 apartments. All with balcony and a great view. Many apartments will also have angular balconies creating the possibility of having multiple views.
– The view is magnificent. It's enough to be on the forth or fifth floor to be completely amazed, says Hans-Olof Anholm, Project Manager at Index Residence, who together with his colleagues also can enjoy the beautiful view. A small bonus at work, so to say. By vacation we hope the frame is ready and reaches all the way up to the top floor. 55 meters straight into the air.
– The construction time for the frame is two weeks per floor. So we expect people to be able to start moving in during the summer of 2019.

When released for sale, the demand for the apartments in Soltornet were huge. Maybe not so surprising. It is not only the location and the view that are unique. The standard of the apartments is also something extra and the residents are offered additional value through various services making life a little easier to live. Homes with a feeling of the hotel life, so to say. Thanks to the high standard, customers are also unusually satisfied.
-We who work with the project feel the exclusivity already in the construction phase. It permeates the entire project - even the communication. Customers hardly have any comments and even fewer complaints, says Hans-Olof Anholm.

There is no doubt that Norrtälje harbor will be a boost for the entire municipality.
– The entire district will be great with a beautiful boardwalk and high quality materials. It is hard to imagine that this was previously a boring and untidy industrial and port area with space for various magazines and workshops.
Just where the Soltornet is now emerging, only a year ago, an equally high silo was situated. Soltornet is therefore not affecting the city's historic skyline thus making it possible to build such a high tower so close to the water. A couple of feet closer to the water, an even higher silo was situated. This will be the location for the second tower, Havstornet (The ocean Tower). It will be 72 meters and 23 floors high.
– The height as well as being placed next to the water are making the towers particularly exposed to weather. Therefore, there is an extra focus on the density and quality of the exterior walls, says Hans-Olof Anholm. When the sale of Havstornet began, the interest was tremendous.
–It came so many to the first apartment viewing that we had to say stop and ask them to return the next weekend, says Hans-Olof Anholm.

If everything goes as planned, this fall the foundation work for Havstornet will start and then people will be able to move in during 2021. Afterwards is time to start working on the three remaining properties; Magasinet (the Magazine), Våghuset (the Wavehouse) and the Båthus (the Boathouse). Everyone has their own character, but they also have a two important things in common – the best location in Norrtälje and premium quality in everything.

*"The best location in Norrtälje and premium quality in everything."*

## Our Projects

*Here are a selection of Index Invest International's projects in Sweden.*

Norrtälje Torn, Havstornet. Sales are under way.


Kista Äng. Under development.

Playce, Kista. Under development.

# TOUCH by Index Residence

## Freedom to live as you please

It's another time now. We move across larger areas. Between home and country side. Between cities, countries and continents. Therefore it's important that life is simple. And that we can feel free and sometimes get help with things - especially when we are miles away from home.

TOUCH by Index Residence presents in the Norrtälje Torn project, which comprises five tenant-owner associations, a unique service concept. A private concierge is located in a centrally situated lounge and can help the residents with everything that simplifies living and the everyday life. There is also a complete instrument in the form of an app for mobile or iPad. The residents log in and can through the digital message board see what has happened since their last visit. A wide range of smart services are also available in the app. Book a car in our car pool, or a bike. There will also be a boat pool where you can book a boat for a half or a full day.

Or why not borrow a seat in our Work Lounge that is open every day. Here you choose whether you want to work from a nice armchair or have a video conference from a conference room. Here you can also find and book services such as cleaning, balcony gardening or dry cleaning from one of our quality assured partners. Or why not help installing a new computer in a home network and much more.

TOUCH lounge will be a natural meeting place where you can relax, as much as a place to meet acquaintances and hang out with neighbors. Here you are always welcome for a freshly brewed espresso and a crispy salad or other simple meals.

TOUCH makes it easier to live your life the way you actually want to.
And you get the feeling of freedom as a bonus!

TOUCH Lounge, Soltornet

# I

**The annual report comprises** **Page**

# 3. FINANCIAL STATEMENTS

# Director's report
## *Information about operations*

Index Invest International AB (publ), corp. ID no. 556561-0770 is the parent company in the group. Index Invest International AB (publ) is based in Stockholm municipality in Stockholm county, with visiting address Kungsträdgårdsgatan 18, 103 95 Stockholm.

The Board and CEO of Index Invest International AB (publ) may hereby publish accounts for the group and the parent company for 2017.

Index Residence AB (publ) changed company name to Index Invest International AB (publ) during quarter 1 2018.

### OWNERSHIP

Index Invest International AB (publ) is a company half of which is owned by Capstone Management AB (corp. ID no. 556666-3000), and half by Samisa Management AB (corp. ID no. 556666-2051).

### OPERATIONS

The group develops and builds homes, primarily in the Stockholm and Mälardalen region. Common to all our projects is the creation of modern homes in harmonious surroundings with built-in quality of life. Through its sister group, Index Enterprise LLC, the group also invests in and finances real estate projects in the state of Florida, United States. The group's real estate investments are thus primarily in its own subsidiaries, but also in associated companies and related companies.

In addition to real estate, the group - through a sister group - has investments in a power plant driven by biomass, a Renewable Energy Facility, located in Ajax outside Toronto, province of Ontario, Canada.

Companies within the group sell management services and administration and financial services to their subsidiaries and to the sister group Index Equity Sweden AB and Index Equity US LLC.

### SIGNIFICANT EVENTS IN 2017

In 2017, the Group has continued to develop core operations in Stockholm (Mälardalen) and in Florida, through the sister group Index Enterprise LLC. At the end of 2017, our distribution of the number of apartments under development is about 53 % in Stockholm (Mälardalen) and 47 % in Florida.

The power plant Index Energy Mills Road Corporation was reconstructed during the year, a construction which was completed by January 2018.

As a result the Group, previously being the largest claimant, has acquired the assets of a new wholly-owned Canadian subsidiary, Index Energy Ajax Corporation.

At the beginning of December, the value of the existing claim has been depreciated by SEK 257 million. The remaining SEK 428 million in debt has been converted to equity in connection with the acquisition of assets in January 2018. For more information see note 49.

### *PROFIT/LOSS AND POSITION 2017*

The group's profit/loss before tax was SEK –212 million (SEK 299 million) and the balance sheet total was SEK 1,903 million (SEK 2,098 million). The exchange rate movement in USD and CAD has resulted in a negative exchange rate effect of SEK –120.2 million (SEK 103.2 million). The exchange rate effect derives from foreign currency lending to finance the sister group's operations in Florida and in Canada.

### DEVELOPMENT OF OPERATIONS

| **SEK thousand** | **2017** | **2016** | **2015** | **2014** | **2013** |
|---|---|---|---|---|---|
| Turnover | 139,726 | 56,381 | 58,999 | 72,973 | 64,685 |
| Operating profit/loss | 80,017 | 162,666 | 16,208 | 7,327 | –19,360 |
| Financial items, net | –292,076 | 135,903 | –33,628 | 104,446 | 12,979 |
| Total profit and loss for the period | –201,171 | 270,169 | 59,165 | 105,640 | –2,981 |
| Balance sheet total | 1,903,229 | 2,098,346 | 2,353,760 | 1,909,880 | 1,591,200 |
| Profit/loss after tax | –197,445 | 276,530 | 58,549 | 101,530 | –4,917 |
| Profit/loss per share | –1,974 | 2,702 | 592 | 1,056 | –30 |
| Operating margin % | 57 | 289 | 27 | 10 | –30 |
| Equity/assets ratio (%) | 58 | 65 | 47 | 41 | 30 |

*Definitions of key ratios:*

| | |
|---|---|
| Operating margin % | Operating profit/loss divided by turnover |
| Equity/assets ratio (%) | Equity divided by total capital |

### *CASH FLOW*

The company is in a phase of intensive expansion. Developing real estate is very capital intensive. The cash flow for the company's investments comes primarily from equity, bank loans, bond loans and the divestment of real estate projects. As regards the company's investments in housing projects, the company obtains a positive cash flow only after occupancy. The company mainly invests in development properties for which the company is involved in pursuing detailed development plans. The positive aspect of investing in these projects at an early stage is that this allows the company access to the entire value chain. This yields higher profits but longer lead times.

The cash flow from ongoing operations during the year was SEK 21,928 thousand (SEK –63,896 thousand). The change derives from, among other things, paid income taxes, increase in current receivables and increase in current liabilities.

The cash flow from investment operations was SEK 6,362 thousand (SEK 4,476 thousand). The change derives from an increase in loans to sister groups, reduction of receivables from associated companies and sale of associated companies as well as land.

The cash flow from financing operations during the year was SEK 17,073 thousand (SEK –77,405 thousand). The change mainly consist of increased loans and issued dividend.

### *LIQUIDITY*
The Group's liquid assets amounted to, at the end of the period, 97 msek (53 msek). The company focuses strongly on liquidity monitoring. Rolling one-year forecasts as well as four-year forecasts are established on a continuous basis.

### *RESTRUCTURING*
There has been no restructuring or acquisition during the year.

*OTHER REAL ESTATE PROJECTS*
Final settlement for Project Juvelen 1, located next to the town hall in Norrtälje, took place on December 31, 2017. The profit from the condominium project amounted to approximately SEK 110 million. The Group's share of the project is 50%. On December 31, 2017, 162 of the total 185 homes were sold. The remaining 23 residential units have been purchased by the jointly owned associated company. In connection with the purchase of the 23 homes, the associated company has reserved SEK 9 million for any future losses. 10 of the remaining 23 homes have been sold after the end of the fiscal year.

Under the project name Norrtälje Torn, Index is building 470 homes consisting of 5 blocks. Besides housing, the project also contains 12 premises.

The start of sale for the first block in Norrtälje Torn, project Soltornet, took place in the second half of 2016. As of 31 December 2017, 85 of the total 87 homes were sold. The production of the block begun in February 2017 and the homes are expected to be ready for occupancy during the second quarter of 2019.

The group has sold land in Norrtälje Harbor to the municipality for SEK 36.2 million

The remaining four blocks in Norrtälje Hamn, Norrtälje municipality, consist of 383 homes. The detailed development plan for the block Magasinet gained legal force during 2016. The detailed development plan for the block Våghuset gained legal force during June 2017. The detailed development plan for Havstornet is expected to gain legal force during the second quarter of 2018. The detailed development plan for Båthuset is proceeding according to plan and is expected to gain legal force in 2019.

### *EMPLOYEES*
The number of employees in the group was in 2017 11 (30).

## SIGNIFICANT RISKS AND UNCERTAINTY FACTORS IN OPERATIONS

### *BUSINESS RISK*
The real estate sector is particularly affected by macroeconomic factors such as general economic development, growth, employment, the degree of new construction, infrastructure changes, population growth, inflation and interest rates. Besides this, the group will be exposed to the new tax proposal on the packaging of real estate.

### *CURRENCY RISK*
The company operates internationally and is exposed to currency risks arising from various currency exposures. Currency risk arises in connection with business transactions, reporting of assets, liabilities and with net investments abroad. It cannot be ruled out that the company's return might be affected by exchange rate fluctuations relating to foreign currency.

### *INVESTMENT RISK*
Investments made in the company are also associated with technical risks. These are associated with the ongoing real estate management of property and facilities, and significant unforeseen costs cannot be ruled out. If such technical deficiencies in the properties were to arise, they might cause a significant increase in the costs of investments and will therefore have a negative impact on the group's return and financial position.

### *OTHER RISKS*
For other risks see Note 3.

## EXPECTED FUTURE DEVELOPMENT
The group's future prospects are good. The Swedish project portfolio amounts to 802 homes. The group has a project portfolio of around 2,000 homes under development together with the sister group, Index Enterprise LLC, whose investments are financed by Index Invest International AB (publ). This includes the sister group's ongoing and future production in Florida, United States.

We believe our position as an independent actor in housing development to be strong. The markets on which we operate have an underlying stable development. However, our business will be affected by the consumers facing new amortization requirements as well as the banks having a more restrict approach regarding loans to tenant-owner associations.

The housing market in Norrtälje municipality is similar to the rest of the country. The development of Norrtälje Hamn is proceeding as planned, and the area is expected to generate 2,000 new homes, of which Index Residence accounts for more than 20 %. The sale of Soltornet shows a strong demand in Norrtälje Harbor and we have received a strong response from the market for our second high tower, Havstornet, which is now being marketed and for sale. The development of the area around Kista Äng is continuing accordingly to plan. We have entered into a land option agreement with Österåkers municipality as a selected actor to further develop Östra Kanalstaden in Åkersberga.

## CORPORATE GOVERNANCE REPORT
The corporate governance report is available as a separate part of Index Invest International AB (publ)'s annual report 2017 and does not constitute part of the formal annual report documents.

### Proposal for appropriation of profits
The Board proposes that the profits at disposal:

| | |
|---|---|
| profit brought forward | 542,596,605 |
| Fund for development expenses | –158,340 |
| profit/loss for the year | –267,903,406 |
| | **274,534,859** |

be appropriated so that the following
be transferred to a new account: 274,534,859

The company's and the group's profit/loss and position in general are stated in the following profit and loss statement and balance sheet and in the cash flow statement with additional information.

# Consolidated statement of total profit and loss

| Amounts in SEK thousand | Note | Financial year 2017 | 2016 |
|---|---|---|---|
| **Operating income** | | | |
| Net turnover | 5,6 | 134,555 | 17,803 |
| Other operating income | 10 | 5,171 | 38,578 |
| **Sum** | | **139,726** | **56,381** |
| **Operating expenses** | | | |
| Purchase of goods and services | | –80,098 | –30,555 |
| Other external expenses | 8, 41 | –29,386 | –40,319 |
| Personnel costs | 9, 42 | –16,651 | –17,025 |
| Depreciation and write-downs of tangible and intangible fixed assets | 20, 22 | –1,017 | –13,074 |
| Change in value buildings held for investment purposes | 21, 26, 30 | 9,164 | – |
| Result from participations in group companies | 11 | –6,297 | 191,338 |
| Result from participations in associated companies | 12 | 64,576 | 15,920 |
| **Sum operating expenses** | | **–59,709** | **106,285** |
| **Operating profit/loss** | | **80,017** | **162,666** |
| Write-down of other receivables | 29 | –257,149 | – |
| Financial income | 14 | 175,971 | 297,200 |
| Financial expenses | 14 | –210,898 | –161,297 |
| Financial items, net | 14, 19 | –292,076 | 135,903 |
| **Profit/loss before tax** | | **–212,059** | **298,569** |
| Income tax | 18 | 14,614 | –22,039 |
| **Profit/loss for the year** | | **–197,445** | **276,530** |
| **Other total profit and loss** | | | |
| **Items that can be returned later in the profit and loss statement:** | | | |
| Exchange rate differences | | –3,726 | –6,361 |
| Exchange rate differences, holdings without controlling influence | | – | – |
| **Other total profit and loss for the year, net after tax** | | **–3,726** | **–6,361** |
| **Sum total profit and loss for the year** | | **–201,171** | **270,169** |
| **Profit/loss for the year attributable to:** | | | |
| Parent company's shareholders | | –197,445 | 276,530 |
| Holdings without controlling influence | | | |
| **Sum total profit and loss attributable to:** | | | |
| Parent company's shareholders | | –201,171 | 270,169 |
| Holdings without controlling influence | | | |

# Consolidated statement of financial position

| Amounts in SEK thousand | Note | 2017-12-31 | 2016-12-31 |
|---|---|---|---|
| **ASSETS** | | | |
| **FIXED ASSETS** | | | |
| **Intangible assets** | 20 | | |
| Concessions | | | |
| Capitalized development expenses | | 1,283 | 1,707 |
| **Sum intangible assets** | | **1,283** | **1,707** |
| **Tangible fixed assets** | | | |
| Buildings held for investment purposes | 21 | 32,376 | 32,607 |
| Equipment, tools, fixtures and fittings | 22 | 4,600 | 4,929 |
| **Sum tangible fixed assets** | | **36,976** | **37,536** |
| **Financial fixed assets** | | | |
| Holdings in associated companies | 15 | 2,549 | 21,106 |
| Holdings in joint ventures | 16 | 53,293 | 6,396 |
| Other long-term receivables | 23, 26, 46 | 506,048 | 1,538,655 |
| Financial assets valued at real value via the profit and loss statement | 26 | 5,000 | 5,000 |
| **Sum financial fixed assets** | | **566,890** | **1,571,157** |
| Deferred tax receivables | 24 | 7,013 | – |
| **SUM FIXED ASSETS** | | **612,162** | **1,610,400** |
| **CURRENT ASSETS** | | | |
| Inventories | 26, 30, 46 | 312,147 | 308,849 |
| Accounts receivable | 26, 28 | 11,605 | 8,808 |
| Tax receivables | | 15,056 | 62 |
| Receivables from associated companies | 46 | 54,895 | 89,935 |
| Other receivables | 26, 29 | 799,044 | 20,779 |
| Prepaid expenses and accrued income | 31 | 1,085 | 2,993 |
| Derivative instruments | 26 | – | 3,410 |
| Liquid assets | 26, 32 | 97,235 | 53,110 |
| **Sum current assets** | | **1,291,067** | **487,946** |
| **SUM ASSETS** | | **1,903,229** | **2,098,346** |

# Consolidated statement of financial position, continued

| Amounts in SEK thousand | Note | 2017-12-31 | 2016-12-31 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to Parent company's shareholders** | | | |
| Share capital | 34 | 10,000 | 10,000 |
| Reserves | | 742 | 4,468 |
| Profit brought forward including total profit and loss for the year | | 1,094,209 | 1,341,654 |
| **Sum equity** | | **1,104,951** | **1,356,122** |
| **LIABILITIES** | | | |
| **Long-term liabilities** | | | |
| Borrowing | 3, 35 | 100,129 | 55,661 |
| Bond loan | 3, 35 | – | 371,980 |
| Derivative instruments | 3, 26, 27 | 3,302 | 9,413 |
| Other long-term liabilities | 3, 36 | 60,949 | 84,233 |
| Deferred tax liabilities | 24 | 55,681 | 64,673 |
| Other provisions | 43 | 1,570 | 2,753 |
| **Sum long-term liabilities** | | **221,631** | **588,713** |
| **Short-term liabilities** | | | |
| Bond loan | | 374,050 | – |
| Borrowing | 3, 35 | 18,628 | 13,885 |
| Accounts payable | 3, 26 | 18,838 | 11,783 |
| Invoiced but not earned income | 33 | 78,381 | – |
| Current tax liabilities | | 12,992 | 19,902 |
| Derivative instruments | 3, 26, 27 | – | 43,136 |
| Other liabilities | 3, 37 | 59,429 | 70,830 |
| Accrued expenses and deferred income | 38 | 14,329 | 3,975 |
| **Sum short-term liabilities** | | **576,647** | **153,511** |
| **SUM EQUITY AND LIABILITIES** | | **1,903,229** | **2,098,346** |

# Consolidated statement of changes in equity

**Attributable to Parent company's shareholders**

| Amounts in SEK thousand | Note | Share capital | Reserves | Profit/loss brought forward | Sum |
|---|---|---|---|---|---|
| **Opening balance as of 1 January 2016** | 34 | **10,000** | **10,829** | **1,093,124** | **1,113,953** |
| Profit/loss for the year | | – | – | 276,530 | 276,530 |
| Other total profit and loss | | – | –6,361 | – | –6,361 |
| **Sum total profit and loss** | | **–** | **–6,361** | **276,530** | **270,169** |
| Issued dividend | | – | – | –28,000 | –28,000 |
| **Sum contributions from and value transfers to shareholders, reported directly in equity** | | **–** | **–** | **–28,000** | **–28,000** |
| **Closing balance as of 31 December 2016** | | **10,000** | **4,468** | **1,341,654** | **1,356,122** |
| **Opening balance as of 1 January 2017** | | **10,000** | **4,468** | **1,341,654** | **1,356,122** |
| Profit/loss for the year | | – | – | –197,445 | –197,445 |
| Other total profit and loss | | – | –3,726 | – | –3,726 |
| **Sum total profit and loss** | | **–** | **–3,726** | **–197,445** | **–201,171** |
| Issued dividend | | – | – | –50,000 | –50,000 |
| **Sum contributions from and value transfers to shareholders, reported directly in equity** | | **–** | **–** | **–50,000** | **–50,000** |
| **Closing balance as of 31 December 2017** | | **10,000** | **742** | **1,094,209** | **1,104,951** |

# Consolidated statement of cash flows

| Amounts in SEK thousand | Note | Financial year 2017 | 2016 |
|---|---|---|---|
| **Cash flow from ongoing operations** | | | |
| Operating profit | | 80,017 | 162,666 |
| Depreciation | | 1,017 | 918 |
| Other items not affecting liquidity | 44 | –96,074 | 25,211 |
| Result from participations in group companies | 11 | – | –132,361 |
| Paid interest | | –33,704 | –54,940 |
| Received interest | | 21,894 | 28,851 |
| Income taxes | | –22,922 | –32,882 |
| **Cash flow from ongoing operations before change in operating capital** | | **–49,772** | **–2,537** |
| **Cash flow from change in operating capital** | | | |
| Decrease of inventories and work in progress | | 3,737 | –9,823 |
| Change in short-term receivables | | –12,296 | –16,628 |
| Change in short-term liabilities | | 80,259 | –34,908 |
| **Sum change in operating capital** | | **71,700** | **–61,359** |
| **Cash flow from ongoing operations** | | **21,928** | **–63,896** |
| **Cash flow from investment operations** | | | |
| Purchase of intangible fixed assets | | – | –1,839 |
| Purchase of tangible fixed assets | 22 | –22,944 | –4,230 |
| Sale of property, plant and equipment | | 36,852 | – |
| Sale of associated companies | | 30,000 | – |
| Sale of participations in group companies | 11 | – | –135,159 |
| Acquisitions in associated companies and joint ventures | 15, 16 | – | –17,917 |
| Result from associated companies and joint ventures | | – | 28,550 |
| Change in loans to associated companies | | 40,650 | –89,935 |
| Change other long-term receivables | 23 | –78,196 | 225,006 |
| **Cash flow from investment operations** | | **6,362** | **4,476** |
| **Cash flow from financing operations** | 45 | | |
| Raised loans | | 111,648 | 5,260 |
| Amortization of loans | | –40,000 | –59,840 |
| Contribution of capital | | –4,575 | 5,175 |
| Received/issued dividend | | –50,000 | –28,000 |
| **Cash flow from financing operations** | | **17,073** | **–77,405** |
| **Cash flow for the year** | | **45,363** | **–136,825** |
| **Decrease/increase of liquid assets** | | | |
| Liquid assets at the beginning of the year | | 53,110 | 186,407 |
| Exchange rate differences in liquid assets | | –1,238 | 3,528 |
| **Liquid assets at the end of the year** | 32, 45 | **97,235** | **53,110** |

# Parent company's profit and loss statement

| Amounts in SEK thousand | Note | 2017 | 2016 |
|---|---|---|---|
| **Operating income** | | | |
| Net turnover | 6, 7 | 4,212 | 1,943 |
| **Sum operating income** | | **4,212** | **1,943** |
| **Operating expenses** | | | |
| Other external expenses | 8 | –19,058 | –20,534 |
| Personnel costs | 9 | –8,873 | –10,264 |
| Depreciation of intangible and tangible fixed assets | 20, 22 | –131 | –103 |
| **Sum operating expenses** | | **–28,062** | **–30,901** |
| **Operating profit/loss** | | **–23,850** | **–28,958** |
| Result from participations in group companies | 11 | – | 11,834 |
| Result from participations in associated companies | 12 | 5,000 | 28,200 |
| Result from other security papers and receivables that are fixed assets | 13, 19 | –83,638 | 104,195 |
| Write-down of other receivables | 29 | –261,132 | – |
| Other interest income and similar profit/loss items | 14, 19 | 149,478 | 173,443 |
| Interest expenses | 14, 19 | –98,701 | –118,618 |
| **Profit/loss after financial items** | | **–312,843** | **170,096** |
| **Profit/loss before tax** | | **–312,843** | **170,096** |
| Appropriations | 17 | 37,927 | –48,810 |
| Tax on profit/loss for the year | 18 | 7,013 | –27,308 |
| **Profit/loss for the year** | | **–267,903** | **93,978** |

The parent company has no items that are reported as other total profit and loss, for which reason sum total profit and loss matches profit/loss for the year.

# Parent company's balance sheet

| Amounts in SEK thousand | Note | 2017-12-31 | 2016-12-31 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| **Intangible fixed assets** | | | |
| Capitalized development expenses | 20 | 158 | 207 |
| **Tangible fixed assets** | | | |
| Equipment, tools, fixtures and fittings | 22 | 675 | 757 |
| **Financial fixed assets** | | | |
| Participations in group companies | 25 | 154,847 | 154,792 |
| Receivables from group companies | 26 | 24,346 | 77,101 |
| Participations in joint ventures | | 1,532 | 1,532 |
| Other long-term receivables | 23, 26 | 247,588 | 1,420,479 |
| **Sum financial fixed assets** | | **428,313** | **1,653,904** |
| Deferred tax | 24 | 7,013 | – |
| **Sum fixed assets** | | **436,159** | **1,654,868** |
| **Current assets** | | | |
| **Short-term receivables** | | | |
| Accounts receivable | 26 | 2,104 | 1,761 |
| Receivables from group companies | 26 | 55,086 | 112,275 |
| Receivables from associated companies and joint ventures | | 6,315 | 4,047 |
| Tax receivables | | 14,689 | – |
| Other receivables | 26, 29 | 780,980 | 8,205 |
| Prepaid expenses and accrued income | 31 | 179 | 2,353 |
| **Sum short-term receivables** | | **859,352** | **128,641** |
| Cash and bank balances | 26, 32 | 91,851 | 39,752 |
| **Sum current assets** | | **951,203** | **168,393** |
| **SUM ASSETS** | | **1,387,362** | **1,823,261** |

# Parent company's balance sheet, continued

| Amounts in SEK thousand | Note | 2017-12-31 | 2016-12-31 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| **Restricted equity** | | | |
| Share capital | 34 | 10,000 | 10,000 |
| Statutory reserve | | 2,000 | 2,000 |
| Fund for development expenses | | 158 | 207 |
| **Sum restricted equity** | | **12,158** | **12,207** |
| **Non-restricted equity** | | | |
| Profit or loss brought forward | | 542,438 | 498,411 |
| Profit/loss for the year | | –267,903 | 93,978 |
| **Sum non-restricted equity** | | **274,535** | **592,389** |
| **Sum equity** | | **286,693** | **604,596** |
| **Untaxed reserves** | | **76,500** | **76,500** |
| **Provisions** | | | |
| Other provisions | 43 | 3,302 | 49,139 |
| **Long-term liabilities** | | | |
| Bond loan | 35 | – | 371,980 |
| Liabilities to group companies | 26 | – | 660,653 |
| **Sum long-term liabilities** | | **–** | **1,032,633** |
| **Short-term liabilities** | | | |
| Bond loan | | 374,050 | – |
| Accounts payable | | 15,000 | – |
| Liabilities to group companies | 26 | 1,346 | 1,802 |
| Liabilities to associated companies | 26 | 581,587 | 12,442 |
| Current tax liabilities | | 12,862 | 19,673 |
| Other liabilities | 26, 37 | 29,244 | 20,950 |
| Accrued expenses and deferred income | 38 | 6,778 | 5,526 |
| **Sum short-term liabilities** | | **1,020,867** | **60,393** |
| **SUM EQUITY AND LIABILITIES** | | **1,387,362** | **1,823,261** |

# Parent company's changes in equity

| Amounts in SEK thousand | Note | Restricted equity<br>Share capital | Statutory reserve | Fund for development expenses | Non-restricted equity<br>Profit/loss brought forward | Sum equity |
|---|---|---|---|---|---|---|
| **Opening balance as of 1 January 2016** | 34 | **10,000** | **2,000** | | **526,618** | **538,618** |
| **Total profit and loss** | | | | | | |
| Total profit and loss for the year | | – | – | | 93,978 | 93,978 |
| Development Fund | | | | 207 | –207 | – |
| Issued dividend | | – | – | | –28,000 | –28,000 |
| **Sum total profit and loss** | | **–** | **–** | **207** | **65,771** | **65,771** |
| **Closing balance as of 31 December 2016** | | **10,000** | **2,000** | **207** | **592,389** | **604,596** |
| **Opening balance as of 1 January 2017** | | **10,000** | **2,000** | **207** | **592,389** | **604,596** |
| **Total profit and loss** | | | | | | |
| Total profit and loss for the year | | – | – | | –267,903 | –267,903 |
| Fund for development expenses | | – | – | –49 | 49 | – |
| Issued dividend | | – | – | | –50,000 | –50,000 |
| **Sum total profit and loss** | | **–** | **–** | **–49** | **–317,854** | **–317,903** |
| **Closing balance as of 31 December 2017** | | **10,000** | **2,000** | **158** | **274,535** | **286,693** |

# Parent company's cash flow statement

| Amounts in SEK thousand | Note | Financial year 2017 | 2016 |
|---|---|---|---|
| **Cash flow from ongoing operations** | | | |
| Operating profit | | –23,850 | –28,958 |
| Depreciation | | 131 | 103 |
| Adjustments for items not included in the cash flow | 44 | –43,766 | 61,297 |
| Received interest | | 20,797 | 18,331 |
| Paid interest | | –26,108 | –34,635 |
| Paid income tax | | –21,500 | –28,747 |
| **Cash flow from ongoing operations before change in operating capital** | | **–94,296** | **–12,609** |
| **Cash flow from change in operating capital** | | | |
| Increase/decrease in short-term receivables | | 41,362 | –21,786 |
| Increase/decrease in short-term liabilities | | –3,774 | –108,076 |
| **Sum change in operating capital** | | **37,588** | **–129,862** |
| **Cash flow from ongoing operations** | | **–56,708** | **–142,471** |
| **Investment operations** | | | |
| Investments in intangible fixed assets | | – | –243 |
| Sale of subsidiaries | | – | 6,480 |
| Investments in subsidiaries | | –55 | –150 |
| Sale of associated companies and joint ventures | | – | 800 |
| Investments in associated companies and joint ventures | 15, 16 | 5,000 | – |
| Change in investments in financial fixed assets | | 129,644 | 182,036 |
| **Cash flow from investment operations** | | **134,589** | **188,923** |
| **Financing operations** | | | |
| Raised loans | 26 | 24,218 | – |
| Amortization of loans | | – | –21,528 |
| Disbursed dividend | | –50,000 | –28,000 |
| **Cash flow from financing operations** | | **–25,782** | **–49,528** |
| **Cash flow for the year** | | **52,099** | **–3,076** |
| Liquid assets at the beginning of the year | | 39,752 | 42,828 |
| Liquid assets at the end of the year | 32 | 91,851 | 39,752 |

# Notes

## Note 1 General information

Index Invest International AB (publ), corp. ID no. 556561-0770, is the parent company in the Index group. Index Invest International AB (publ) is based in Stockholm with address Kungsträdgårdsgatan 18, Box 7744, 103 95 Stockholm, Sweden.

The operations of the parent company consist of groupwide functions and of organization for the CEO and administrative functions. The organization for projects and real estate administration is found in subsidiaries of the group. No properties are owned directly by the parent company.

The Index group manages and develops real estate, with a main focus on exclusive homes.

On 28 April 2017, these consolidated financial statements and annual report have been approved by the Board for publication.

All amounts are reported in SEK thousands unless otherwise stated. The information in parentheses refers to the previous year.

## Note 2 Summary of important accounting principles

The most important accounting principles that are applied when these consolidated financial statements have been prepared are stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

## 2.1 Basis of the preparation of the reports

The consolidated financial statements for the Index group have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) adopted by the EU

The consolidated financial statements have been prepared in accordance with the acquisition value method except as regards valuations of buildings held for investment purposes, financial assets that can be sold, as well as financial assets and liabilities (derivative instruments) valued at real value via the profit and loss statement. The most important accounting principles that have been applied when these consolidated financial statements have been prepared are stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

The parent company's accounting has been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. Where the parent company applies other accounting principles than the group, this is stated separately at the end of this note.

The preparation of financial statements in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, the management is required to make some assessments when applying the group's accounting principles, see Note 4.

### New standards, amendments and interpretations applied by the group

**New and amended accounting principles**

No new accounting principles with a significant impact on the Group's accounts have been applied from January 1, 2017.

Changes to IAS7 have resulted in new disclosure requirements regarding financial liabilities which are addressed in note 45.

**New and amended accounting principles which have not yet have been applied**

The following new standards have been published by ISAB, but have either not yet entered into force or have not yet been adopted by EU.

- IFRS 9 Financial instruments addresses how to report financial instrument and will replace IAS 39. The standard includes classification, valuation and impairment of financial instruments as well as hedge accounting. The standard is applicable from January 1, 2018. The significant changes compared to current regulations are 1) the category financial assets held for trading purposes disappears 2) Impairment of financial assets shall be calculated on a model based on expected future losses. 3) Rules for hedge accounting change with the requirement that hedging relationships are in accordance with Group's risk management goals. The Group intends to apply the standard to the fiscal year starting January 1, 2018. The standard is not assessed to have any known material effects on the report of the financial instruments currently held by the Group.
- IFRS 15 Revenue from contracts with customers is a new revenue standard with accompanying disclosure requirements which will replace IAS 18, IAS 11 and IFRIC 13. The new standard shall be applied from January 1, 2018. The most significant change compared to the current regulation is that revenues was previously reported when the significant risks and benefits relating to the ownership of the sold item is transferred to the buyer and no right of disposal or the possibility of actual control over the asset remains. According to IFRS 15, revenue is recognized when the customer is in control of the asset. The Group intends to apply the standard forward, which means the accumulated effect of the transition will be reported in the balance sheet as of 1 January 2018 and the corresponding figures are not recalculated. During the year, the Group's sales agreement has been mapped out based upon the five-step model defined in the regulatory framework. 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
- IFRS 16 was published in January 2016. The implementation of the standard will lead to almost all leases being reported in the balance sheet since no distinction longer are made between operational and financial lease agreements. According to the new standard, an asset (the right to use a leased asset) and a financial liability relating to the obligation to pay lease fee is reported. Contract with short maturity and contracts of lesser value are excluded. The leaseholder's report will essentially be unchanged. The standard will primarily affect the reports of the Group's operating lease agreements.

However, the Group has not yet evaluated if there are other adjustments needed to be done. Adjustments may for example be needed for extension and termination options.

Therefore, it is not possible at this time to estimate the sum for assets with disposal rights and leasing liabilities that will be reported upon transition to the new standard and how this may affect the consolidated income statement and classification in cash flow statements in the future.

The standard is applicable from January 1, 2019 and will not be applied in advance. The Group intends to apply the simpli-

# Notes

fied transition method and will not recalculate the corresponding figures. No other published IFRS or IFRIC interpretation that has not yet been approved by the European Commission is assessed to be relevant to the group's financial statements.

## 2.2 Consolidated financial statements

***Subsidiaries***
Subsidiaries are all companies (including structured companies) over which the group has controlling influence. The group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and has opportunity to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements as of the date when the controlling influence is transferred to the group. They are excluded from the consolidated financial statements as of the date when the controlling influence ceases.

Acquisition accounting is used for reporting the group's operating acquisitions. The purchase sum for the acquisition of a subsidiary consists of the real value of transferred assets, liabilities and the shares that have been issued by the group. The purchase sum also includes the real value of all assets and liabilities resulting from an agreement on a conditional purchase sum. Acquisition-related costs are expensed when they arise. Identifiable acquired assets and assumed liabilities in an operating acquisition are initially valued at real values on the acquisition date.

For each acquisition, the group determines whether holdings without controlling influence in the acquired company are reported at real value or at the holdings' proportionate share of the reported value of the acquired company's identifiable net assets.

Acquisition-related costs are expensed when they arise.

If the operating acquisition is performed in multiple steps, the previous proportions of equity in the acquired company are revalued at their real value on the acquisition date. Any profit or loss resulting from the revaluation is reported in the profit and loss.

Every conditional purchase sum that is to be settled by the group is reported at real value on the acquisition date. Subsequent changes in the real value of a conditional purchase sum that has been classified as an asset or liability are reported in accordance with IAS 39 in the profit and loss statement. A conditional purchase sum that is classified as equity is not revalued, and subsequent settlement is reported in equity.

Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between group companies are eliminated. The accounting principles for subsidiaries have been amended, where applicable, in order to guarantee consistent application of the group's principles.

***Associated companies and joint ventures***
Associated companies are all the companies in which the group has a significant but not a controlling influence, which generally applies to shareholdings covering between 20 % and 50 % of the votes. Joint ventures refer to companies in which the group, through cooperation agreements with one or more parties, has a joint controlling influence over the management of the company. Holdings in associated companies and joint ventures are reported in accordance with the equity method. When applying the equity method, the investment is initially valued at acquisition value, and the reported value is subsequently increased or decreased to take into account the group's share of profit or loss after the acquisition date.

The group's share of profit/loss that has arisen after the acquisition is reported in the profit and loss statement, and its share of changes in other total profit and loss after the acquisition is reported within the operating profit/loss with the corresponding change in the holding's reported value. When the group's share in the losses of an associate company/joint venture amounts to or exceeds its holdings, including any receivables without security, the group does not report additional losses unless the group has assumed legal or informal obligations or made payments on behalf of the associated company/joint venture.

The group assesses at the end of each reporting period whether there is objective evidence that there is a write-down requirement for the investment in associated companies/joint ventures. If so, the group calculates the write-down amount as the difference between the recovery value of the associate company/joint venture and the reported value and reports the amount in "Profit participation in associate companies and joint ventures" in the profit and loss statement.

Profits and losses from "upstream" and "downstream transactions" between the group and its associated companies/joint ventures are reported in the consolidated financial statements only to the extent that they correspond to non-related companies' holdings in associated companies/joint ventures. Unrealized losses are eliminated, unless the transaction constitutes evidence that there is a write-down requirement for the transferred asset. Accounting principles applied in associated companies/joint ventures have been amended, where applicable, in order to guarantee consistent application of the group's principles.

## 2.3 Translation of foreign currency

***Functional currency and reporting currency***
The different units in the group have the local currency as their functional currency when the local currency has been defined as the currency used in the primary economic environment in which the respective unit is primarily active. The consolidated financial statements use Swedish kronor (SEK), which is the parent company's functional currency and the group's reporting currency.

***Transactions and balance sheet items***
Transactions in foreign currency are translated into the functional currency according to the exchange rates applicable on the transaction date. Exchange gains and losses arising upon payment of such transactions and when translating monetary assets and liabilities inforeign currency at the rate on the balance sheet date are reported in the operating profit/loss in the profit and loss statement.

***Translation of foreign group companies***
Profit/loss and financial position for all group companies that have a functional currency other than the reporting currency are translated into the group's reporting currency. Assets and liabilities for each of the balance sheets are translated from the functional currency of the foreign operations into the group's reporting currency, Swedish kronor, at the exchange rate applicable on the balance sheet date. Income and expenses for each of the profit and loss statements are translated into Swedish kronor at the average exchange rate applicable on each transaction date. Translation differences arising in the currency translation of foreign operations are reported in other total profit and loss.

# Notes

## 2.4 Intangible assets

***Concessions***
The intangible assets consist of concessions. Concessions have been acquired through operating acquisitions (in Canada) and are reported at real value on the acquisition date. Concessions have a determinable period of use and are reported at acquisition value with depreciation deducted. Depreciation is made on a straight-line basis over the period of use of 20 years.

***Capitalized development expenses***
Costs for the maintenance of software are expensed when they arise. Development expenses directly attributable to the development and testing of identifiable and unique software products that are controlled by the group are reported as intangible assets when technically possible for the software and its use and that the expenses attributable to the software during its development can be reliably calculated. Development expenses for the group's brand platform, and which improve future earnings capacity, are capitalized and reported at acquisition value. The period of use of current capitalizations is assessed to be 5 years. They are write-down tested if events or changes in conditions indicate a possible value decrease. Any write-down is immediately reported as an expense.

## 2.5 Tangible fixed assets

***Buildings held for investment purposes***
Buildings held for investment purposes are held for the purpose of generating rental income and value increases. Buildings held for investment purposes in the group are reported at acquisition value, including directly attributable transaction costs. After this initial reporting, buildings held for investment purposes are reported at real value. Real value is in the first instance based on prices on an active market and is the amount at which an asset could be transferred between initiated parties that are independent of each other and that have an interest in the transaction being conducted. In order to determine the real value of the properties at each individual accounting year end, a market valuation is made of all properties. Note 20 contains a more detailed description of the basis used by Index Invest International AB (publ) to value its buildings held for investment purposes.

Changes in the real value of buildings held for investment purposes are reported as a change in value in the profit and loss statement.

Additional expenses are capitalized only when it is probable that future financial advantages associated with the asset will be obtained by the group and the expense can be reliably determined and that the measure relates to the replacement of an existing or the introduction of a new identified component. Other repair and maintenance expenses are taken up as profit/loss continuously in the period in which they arise.

***Other tangible fixed assets***
Other tangible fixed assets are reported at acquisition value with deductions for depreciation. The acquisition value includes expenses that are directly attributable to the acquisition of the asset. Land does not have any depreciation.

Additional expenses are added to the asset's reported value or are reported as a separate asset, depending on which is appropriate, only when it is probable that the future financial benefits associated with the asset will be credited to the group and the asset's acquisition value can be reliably measured. The reported value of a replaced part is removed from the balance sheet. All other forms of repair and maintenance are reported as expenses in the profit and loss statement in the period in which they arise.

Every part of a tangible fixed asset with an acquisition value that is significant in relation to the asset's total acquisition value is depreciated separately. No depreciation is made for land or construction in progress. Depreciation on other assets is made on a straight-line basis as follows:

| | |
|---|---|
| Capitalized development expenses | 5 years |
| Buildings | 50 years |
| Building equipment | 4 years |
| Equipment, tools, fixtures and fittings | 5 years |

The assets' residual value and period of use are examined at the end of each reporting period and adjusted as necessary. An asset's reported value is immediately written down to its recovery value if the asset's reported value exceeds its assessed recovery value.

Profits and losses in the divestment of a tangible fixed asset are determined through a comparison between the sales revenue and the reported value and are reported, respectively, in other operating income and other operating expenses in the profit and loss statement.

## 2.6 Write-downs of non-financial fixed assets

Assets that are depreciated are assessed with regard to value decrease whenever events or changes in conditions indicate that the reported value is perhaps not recoverable. A write-down is made by the amount at which the asset's reported value exceeds its recovery value. The recovery value is the higher of the asset's real value less sales costs and its use value. The assessment of write-down requirements groups assets at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets, other than financial assets, which have previously been written down, an examination of whether cancellation should be made is carried out on each balance sheet date.

## 2.7 Fixed assets held for sale

Fixed assets are classified as assets held for sale when their reported value will mainly be recovered through a sales transaction and a sale is considered highly probable. They are reported at the lower of reported value and real value minus sales costs.

## 2.8 Financial instruments – general

Financial instruments are found in many different balance sheet items and are described under 2.8–2.14.

### *2.8.1* Classification

The group classifies its financial assets and liabilities in the following categories: financial assets and liabilities valued at real value via the profit and loss statement, loan receivables and accounts receivable and other financial liabilities. The classification is dependent on the purpose for which the financial asset or liability was acquired.

***Financial assets and liabilities valued at real value via the profit and loss statement***
Financial assets and liabilities valued at real value via the profit and loss statement are financial instruments held for trade.

# Notes

Derivative instruments are classified as being held for trade if they are not identified as securities. The group classifies derivative instruments (currency options) in this category.

***Loan receivables and accounts receivable***
Loan receivables and accounts receivable are financial assets that are not derivatives, that have determined or determinable payments and that are not quoted on an active market. They are included in current assets with the exception of items with a due date more than 12 months after the balance sheet date, which are classified as fixed assets. The group's "loan receivables and accounts receivable" consist of receivables from associated companies, other long-term receivables, accounts receivable, liquid assets (see Notes 2.8 and 2.9) and of the financial instruments that are reported among other receivables.

***Financial assets than can be sold***
Financial assets than can be sold are assets that are not derivatives and where the assets are identified as being able to be sold or have not been classified in any of the other categories. They are included in fixed assets if they will be settled later than 12 months after the balance sheet date. The group's "financial assets than can be sold" consists of additional purchase sums regarding real estate sales.

***Other financial liabilities***
The group's long-term and short-term liabilities to credit institutes, other long-term liabilities, accounts payable, short-term liabilities to associated companies, and that part of other short-term liabilities relating to financial instruments, are classified as other financial liabilities.

Additional purchase sums when acquiring properties are valued at real value. Additional purchase sums are reported at the amount necessary to settle the commitment. The amounts are to be paid as and when detailed development plans for the acquired properties gain legal force.

## *2.8.2* Reporting and valuation

Purchases and sales of financial assets are reported on the business date, the date when the group undertakes to buy or sell the asset. Financial instruments are reported the first time at real value plus transaction costs, which applies to all financial assets that are not reported at real value via the profit and loss statement. Financial assets valued at real value via the profit and loss statement are reported the first time at real value, while attributable transaction costs are reported in the profit and loss statement. Financial assets are removed from the balance sheet when the right to obtain cash flows from the instrument has expired or been transferred and the group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been fulfilled or otherwise extinguished.

Financial assets and liabilities valued at real value via the profit and loss statement are reported after the acquisition date at real value. Loan receivables and accounts receivable as well as other financial liabilities are reported after the acquisition date at accrued acquisition value using the effective interest method.

Profits and losses resulting from changes in real value regarding the category financial assets and liabilities valued at real value via the profit and loss statement are taken up as profit/loss in the period they arise and are included in the net financial income and expenses since this derives from financing operations.

## *2.8.3* Offset of financial instruments

Financial assets and liabilities are offset and reported with a net amount in the balance sheet only when there is a legal right to offset the reported amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the liability. This legal right may not be dependent on future events and it must be legally binding on the company and the counterparty both in normal business operations and in cases of suspension of payment, insolvency or bankruptcy.

## *2.8.4* Write-down of financial instruments

***Assets that are reported at accrued acquisition value - (loan receivables and accounts receivable)***
The group assesses at the end of each reporting period whether there is objective evidence that there is a write-down requirement for a financial asset or a group of financial assets. A financial asset or group of financial assets has a write-down requirement and is written down only if there is objective evidence that there is a write-down requirement resulting from the occurrence of one or more events after the asset has been reported the first time. And that this event has an effect on the estimated future cash flows for the financial asset or group of financial assets that can be reliably estimated.

The write-down is calculated as the difference between the asset's reported value and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset. The asset's reported value is written down and the write-down amount is reported in the group's profit and loss statement within "other external expenses" or within the net financial income and expenses depending on which financial asset is written down. If the write-down requirement decreases in a subsequent period and the decrease is objectively attributable to an event that occurred after the write-down was reported, the cancellation of the previously reported write-down is reported in the group's profit and loss statement within "other external expenses" or within the net financial income and expenses depending on which financial asset was written down.

***Assets classified as financial assets than can be sold***
The group assesses at the end of each reporting period whether there is objective evidence that there is a write-down requirement for a financial asset or a group of financial assets. If such evidence exists for liability instruments, the accumulated loss – calculated as the difference between the acquisition value and current real value, less any previous write-downs reported in the profit and loss statement – is removed from equity and reported in the profit and loss statement. If the real value of a promissory note that can be sold increases in a subsequent period and this increase is objectively attributable to an event after the write-down occurred, the write-down is canceled via the profit and loss statement.

## 2.9 Derivative instruments

Derivative instruments are financial instruments that are reported in the balance sheet on the business date and are valued at real value, both initially and in subsequent revaluations. The profit or loss arising from revaluation is reported in the profit and loss statement when the requirements for hedge accounting are not fulfilled.

# Notes

The real value of a derivative instrument is classified as a fixed asset or long-term liability when the remaining life of the hedged item is longer than 12 months, and as a current asset or short-term liability when the remaining life of the hedged item is less than 12 months.

## 2.10 Inventories

The inventory of financial instruments is valued at real value. The inventory of raw materials and necessities is reported at the lower of the acquisition value and the net realizable value. The acquisition value is determined using the first-in, first-out method. Real estate projects, in which the intention is to sell after completion, are reported as buildings held for sale. The acquisition value of buildings held for sale includes expenses for land acquisition and project planning / property development and for expenses for new construction, extension or conversion.

***Buildings held for sale***
Land held for sale (buildings held for sale) are reported at the lower of the acquisition value and the net realizable value. The acquisition value consists of land acquisition, project planning and property development and of expenses for new construction. Expenses for loan costs are capitalized. When the development is completed, the loan costs and other administration fees are expensed as and when these costs arise.

## 2.11 Accounts receivable

Accounts receivable are financial instruments that consist of amounts to be paid by customers for goods and services sold in ongoing operations. If payment is expected within one year or earlier, they are classified as current assets. If not, they are classified as fixed assets.

Accounts receivable are initially reported at real value and subsequently at accrued acquisition value using the effective interest method, less any reserves for value decrease.

## 2.12 Liquid assets

Liquid assets are a financial instrument and comprise, in both the balance sheet and in the statement of cash flows, cash and bank balances.

## 2.13 Accounts payable

Accounts payable are financial instruments and refer to obligations to pay for goods and services acquired from suppliers in ongoing operations. Accounts payable are classified as short-term liabilities if they are due within one year. If not, they are classified as long-term liabilities. Accounts payable are initially reported at real value and subsequently at accrued acquisition value using the effective interest method.

## 2.14 Liabilities to credit institutes

Liabilities to credit institutes are financial instruments and are initially reported at acquisition value, net after transaction costs. Borrowing is subsequently reported at accrued acquisition value, and any difference between received amount (net after transaction costs) and the repayment amount is reported in the profit and loss statement distributed over the loan period, using the effective interest method.

Borrowing is classified as short-term liabilities unless the group has an unconditional right to postpone payment of the liability for at least 12 months after the end of the reporting period.

## 2.15 Loan expenses

General and special loan expenses that are directly attributable to the purchase, construction or production of qualified assets, which are assets that necessarily take a considerable amount of time to complete for their intended use or sale, are reported as a part of the acquisition value of these assets. The capitalization ceases when all activities necessary to complete the asset for its intended use or sale are mainly completed.

Financial income that has arisen when specially borrowed capital has been temporarily invested pending use for financing the asset reduces the capitalizable loan expenses. All other loan expenses are expensed when they arise.

## 2.16 Provisions

The provisions are valued at the present value of the amount that is expected to be necessary to settle the obligation. This uses a discount rate before tax that reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision resulting from the elapse of time is reported as an interest expense.

Provisions for future expenses regarding guarantee commitments are reported at the amount necessary to settle the commitment. Guarantee provision runs until September 2019.

## 2.17 Current and deferred tax

The period's tax expense covers current and deferred tax. The current tax expense is calculated on the basis of the tax rules which on the balance sheet date have been adopted or adopted in practice in the countries where the parent company and its subsidiaries are active and generate taxable income.

Deferred tax is reported, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated financial statements. Deferred income tax is calculated using tax rates that have been adopted or announced as of the balance sheet date and that are expected to apply when the deferred tax receivable concerned is realized or the deferred tax liability is settled.

Deferred tax receivables on deficit deductions are reported to the extent that it is probable that future tax surplus will be available, against which the deficits can be utilized.

Deferred tax receivables and liabilities are offset when there is a legal right to offset current tax receivables and tax liabilities, the deferred tax receivables and tax liabilities derive from taxes charged by one and the same tax authority and relate either to the same tax subject or different tax subjects and there is an intention to settle the balances through net payments.

## 2.18 Remuneration to employees

***Salaries and remuneration***
Liabilities for salaries and remuneration, including non-monetary benefits and paid absence, which are expected to be settled within 12 months after the end of the financial year, are reported as short-term liabilities at the non-discounted amount that is expected to be paid when the liabilities are settled. The costs are reported as and when the services are performed by the employees.

# Notes

***Pension obligations***
The group has only defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the group pays fixed fees to a separate legal entity. The group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all remunerations to employees associated with the employees' service during current or previous periods.

For defined contribution pension plans, the group pays fees to publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The group has no additional payment obligations once the fees have been paid. The fees are reported as personnel costs when they are due for payment. Prepaid fees are reported as an asset to the extent that cash repayment or reduction of future payments can be credited to the group.

***Remuneration upon notice of termination***
Remuneration upon notice of termination is payable when an employee's employment has been terminated by the group before the time of normal retirement or when an employee accepts voluntary termination in exchange for such remuneration.

The group reports remuneration upon notice of termination when it is demonstrably obligated to terminate employees according to a detailed formal plan without the possibility of revocation. Where the company has submitted an offer to encourage voluntary termination, the severance pay is calculated based on the number of employees who are calculated to accept the offer. Benefits due more than 12 months after the end of the reporting period are discounted at present value.

## 2.19 Revenue recognition

Income covers the real value of what has been received or will be received for sold goods and sold services in the group's ongoing operations and for rental income. The group's income essentially consists of rental income from real estate, income from a biogas plant and the sale of buildings held for investment purposes. Income is reported excluding VAT and discounts and after elimination of intra-group sales.

Income from the sale of goods is reported when the risks and benefits associated with ownership of the goods have been transferred to the buyer, which normally occurs in connection with delivery, and when the income and associated expenses can be reliably calculated and it is probable that the financial advantages associated with the sale of the units fall to the group.

***Service income***
The group sells various forms of services externally, such as fees for real estate consultation, administration and for financing. Income from the sale of services is reported in the period when the services are performed.

***Real estate income***
The rental agreements are classified in their entirety as operational leasing agreements under Note 2.20 below, for which reason the group's reported income mainly relates to rental income. Real estate income is reported on a straight-line basis in the profit and loss statement based on the terms in rental agreements. Advance rent is reported as prepaid real estate income. Income from the advance redemption of rental contracts is reported as income in the period in which the remuneration has been received, where no additional measures are required on the part of the group.

***Interest income***
Remuneration in the form of interest is reported as income when it is probable that the company will receive the financial advantages associated with the transaction and when the income can be reliably calculated. Interest is reported as income according to the effective interest method

***Income from real estate sales***
Index Residence reports income and expenses from acquisitions and divestments of properties at the time when risks and benefits are transferred to the buyer, which usually coincides with the date of access. When assessing the time for revenue recognition, consideration is given to what has been agreed upon between the parties regarding risks and benefits as well as the involvement in the day-to-day business. In addition, factors that may affect the outcome of the transaction that are beyond the control of the seller and / or buyer are considered. The revenue recognition criteria are applied to each transaction separately.

From 2017, the Group has transitioned to the principle of reporting income and expenses and thus the result of project development of housing according to the principle of percentage of completion method.

The Group's ongoing projects have been implemented in the form of the Group signing a design and construct contract with an independent tenant-owner association as the client. The Group apply 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 tenant-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.

When the outcome of a construction contract can be calculated reliably and it is likely that the project will be profitable, the revenue will be reported over the term of the agreement based on the completion rate. Contracted expenses are at the end of the fiscal year reported based on the degree of completion of the activities included in the project.

The completion rate is measured based on the contracted expenses compared to the contracted projected expenses excluding land expenses. Land expenses are here referred to as acquisition costs for land from a third-party. The sales ratio consists of the number of apartments sold in relation to the total number of apartments being produced.

The combination of the completion rate and the sales ratio results in the deduction rate. It is the deduction rate that controls how much of the project's forecasted earnings should to be deducted. When it is likely that the total project costs will exceed the total project income, the estimated loss is recognized as an expense immediately. When the outcome of a contractual project can not be calculated reliably, revenue is reported only with an amount corresponding to the occurred project expenses likely to be replaced by the buyer.

# Notes

## 2.20 Leasing

***Index Residence is a lessee***

The group holds leasing agreements regarding photocopiers and the rental of office premises.

Leasing where a significant part of the risks and advantages of ownership is retained by the lessor is classified as operational leasing. Payments made during the leasing period are expensed in the profit and loss statement on a straight-line basis over the leasing period. All leasing agreements have been classified as operational leasing agreements in the group.

***Index Residence is a lessor***

Leasing agreements where all risks and benefits associated with ownership essentially fall on the lessor are classified as operational leasing agreements. All the rental agreements of the group are on the basis of this classified as operational leasing agreements. Properties rented out under operational leasing agreements are included in the item buildings held for investment purposes.

## 2.21 Cash flow statement

The cash flow statement is prepared according to the indirect method. This means that the operating profit/loss is adjusted for transactions that have not entailed in or out-payments during the period and for any income and expenses derived from the cash flows of investment or financing operations.

## 2.22 Share capital

Ordinary shares are classified as equity. The share capital consists of 95,000 Class A shares and 95,000 Class B shares.

## 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting submitted to the highest executive decision-maker. The highest executive decision-maker is the function responsible for allocating resources and assessing the profit/loss of the operating segments. Index Residence AB (publ) has identified one operating segment, which is the group in its entirety. This assessment is based on the fact that the group's management team constitutes the "highest executive decision-maker" and follows up the group as a whole, as no form of geographical division or division of business area/product category etc. is applicable. The financial reporting is based on a groupwide functional organizational and management structure.

## 2.24 Parent company's accounting principles

The annual report for the parent company has been prepared in accordance with the Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 for legal entities.

The parent company applies other accounting principles than the group in the cases stated below.

***Formats***

The profit and loss statement and balance sheet follow the format of the Annual Accounts Act. The statement of change in equity also follows the group's format but is to contain the columns stated in ÅRL. This also entails a difference in designations, compared with the consolidated financial statements, mainly regarding financial income and expenses and equity.

***Participations in subsidiaries***

Participations in subsidiaries are reported at acquisition value after deductions for any write-downs. The acquisition value includes acquisition-related costs and any additional purchase sums.

When there is an indication that participations in subsidiaries have decreased in value, a calculation of the recovery value is made. If this is lower than the reported value, a write-down is made. Write-downs are reported in the items "Result from participations in group companies".

***Leasing agreements***

All leasing agreements, regardless of whether they are financial or operational, are classified as operational leasing agreements.

***Financial instruments***

IAS 39 is not applied in the parent company, and financial instruments are valued at acquisition value.

***Group contributions***

According to the alternative rule, group contributions that the parent company receives from or issues to subsidiaries are reported as appropriations.

## Note 3 Financial risk management

**3.1 Financial risk factors**

Through its operations, the group is exposed to a great variety of financial risks: market risk (currency risk and cash flow interest risk), credit risk and liquidity risk. The group's overall risk management policy focuses on the unpredictability on the financial markets and strives to minimize potential unfavorable effects on the group's financial result. The group uses derivative instruments such as currency options to hedge a given risk exposure. The finance and risk management is handled by the company's finance department at the directive of owners and the Board. The parent company is largely responsible for the group's loan financing, currency and interest risk management, and serves as an internal bank for the group companies' financial transactions.

**a) Market risk**

***(i) Currency risk***

The group operates internationally and is exposed to currency risks arising from various currency exposures, primarily with regard to US dollars (USD) and Canadian dollars (CAD). Currency risk mainly arises from loans in foreign currency to help financing the sister groups' operations in the US and Canada.

*Transaction risk*

Transaction risk is the risk of an effect on the group's net income and cash flow as a result of the value of reported assets and liabilities in foreign currencies and the commercial flows in

# Notes

foreign currencies changing when there are changes in the exchange rates. The group makes most purchases and sales in the respective group companies' local currency, and the group thereby has no significant currency risk in the commercial flows. The transaction risk mainly arises through the group's borrowing and lending in USD and CAD.

In 2017, exchange rate differences that have been reported in the profit and loss statement amounted to SEK -120,742 thousand (SEK 103,181 thousand). Of these, SEK – 3 thousand (SEK 4,468 thousand) relate to translation differences from the subsidiaries in the United States and Canada. The remainder derives from revaluation to the rate on the balance sheet date of the group's borrowing and lending in USD and CAD.

*Translation risk*

There is a risk for the Group when converting foreign subsidiaries' net assets into Swedish kronor (SEK), the consolidation currency. Foreign subsidiaries are located in the United States and Canada. Currency exposure arising from net assets in the Group's foreign operations is mainly managed through borrowing in the foreign currencies concerned, CAD and USD. The Group has analyzed its sensitivity to changes in CAD and USD for the foreign subsidiaries' net assets.

**Change in profit/loss and equity at 10% change in SEK against USD and CAD**

| | Change 10%,SEK mot USD | |
|---|---|---|
| KSEK | 2017 | 2016 |
| Profit & loss for the year | 138 | 207 |
| Eget kapital | 3,586 | 4,111 |
| | Change 10%,SEK mot CAD | |
| KSEK | 2017 | 2016 |
| Profit & loss for the year | 139 | 5,856 |
| Eget kapital | 680 | 483 |

***(ii) Interest risk***

The group has interest-bearing financial assets and liabilities whose changes linked to market interest rates affect profit/loss and cash flow from current operations. Interest risk refers to the risk that changes in the general interest rate have a negative effect on the group's net income. The group's interest risk mainly arises through long-term borrowing that mostly runs with variable interest rates. Borrowing made with variable interest rates exposes the group to interest risk regarding cash flow, which is partly neutralized by lending and bank deposits with variable interest rates. Borrowing made with fixed interest rates exposes the group to interest risk regarding real value. In 2016 and 2015, the group's borrowing and lending consisted of the currencies SEK, USD and CAD. The group does not make use of derivative instruments to handle the interest risk in its borrowing.

Liabilities to credit institutes at variable interest rates amounted, as of the balance sheet date, to SEK 492,807 thousand (SEK 371,980 thousand) and the group's liquid assets to SEK 97,235 thousand (SEK 53,110 thousand). A change in interest rate by +/– 2 % would entail an effect on net interest income of +/– SEK 9,856 thousand (SEK 7,439 thousand).

**b) Credit risk**

Credit risk is managed at the group level, with the exception of credit risk regarding outstanding accounts receivable. Each group company is responsible for following up and analyzing the credit risk for each new customer before standard terms for payment and delivery are offered. Credit risk arises through liquid assets, derivative instruments and bank balances and through outstanding bank deposits and agreed transactions. Lending to related companies constitutes a risk if the counterparty were no longer able or were to otherwise refrain from fulfilling its obligations. If such a situation arises, this might have a negative effect on the group's return and financial position. In the absence of an independent credit assessment, a risk assessment is made of the client's/tenant's creditworthiness, taking into account their financial position, as well as previous experience and other factors. Individual risk limits are determined based on internal or external credit assessments in accordance with the limits set by the board/management. The use of credit limits is followed up regularly. No credit limits are exceeded during the reporting period, and the management expects no losses resulting from non-payment by these counterparties.

**c) Liquidity risk**

Liquidity risk is the risk of the group lacking liquid assets for paying its commitments regarding financial liabilities. The objective of the company's liquidity management is to minimize the risk of the group not having sufficient liquid assets to meet its commercial commitments. Cash flow forecasts are prepared continuously by the group's finance department, reporting to the management. The finance department closely monitors rolling forecasts for the group's liquidity reserve to ensure that the group has sufficient cash funds to meet its needs in ongoing operations. The finance department also ensures that the group continuously maintains sufficient scope for agreed credit facilities that are not utilized so that the group does not violate loan limits/loan terms (where applicable) on any of the group's loan facilities. Surplus liquidity in the group's operating companies, exceeding that part required to handle operating capital requirements, is transferred to the group's parent company.

The group has no unutilized credit facilities. During spring 2018, Index Invest International AB (publ) has extended the maturity of the company's outstanding bond loan (ISINSE0005797537) of SEK 375 million, following a decision by the board and a written bondholders meeting. The maturity has been extended by six months and the final maturity date is now November 22, 2018. The extension has been made for the purpose of completing access to certain real estate projects in Florida, USA, before repayment of the bond loan. Our sister company Index Enterprise LLC, which guarantees the bond, is working to sell assets. As part of the extension, the bond terms have been amended with increased security and compensation to the bondholder. Future liquidity strain otherwise relates to payment of additional purchase sum due to the approval of the detailed development plan for land in Norrtälje Harbor, trade payables and other short-term liabilities as well as amortization of loans.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative instruments that constitute financial liabilities, broken down by the period remaining on the balance sheet date until the contractual maturity date. Derivative instruments that constitute financial liabilities are included in the analysis if their contractual maturity dates are essential for understanding the times of future cash flows. The amounts stated in the table are the contractual, non-discounted cash flows.

# Notes

| As of 31 december 2017 (SEK thousand) | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| Bond loans | 374,050 | – | – | – |
| Liabilities to credit institutes | 18,628 | 85,000 | 1,257 | 13,872 |
| Other long-term liabilities | – | – | 60,949 | – |
| Accounts payable | 18,838 | – | – | – |
| Derivative instruments | – | – | – | – |
| Other short-term liabilities | 59,429 | – | – | – |
| **Sum** | **470,945** | **85,000** | **62,206** | **13,872** |

| As of 31 december 2016 (SEK thousand) | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| Bond loans | – | 371,980 | – | – |
| Liabilities to credit institutes | 43,885 | 419 | 1,257 | 13,985 |
| Other long-term liabilities | – | – | 84,233 | – |
| Accounts payable | 11,783 | – | – | – |
| Liabilities to associated companies | | – | – | – |
| Derivative instruments | 43,136 | 9,413 | – | – |
| Other short-term liabilities | 70,830 | – | – | – |
| **Sum** | **169,634** | **381,812** | **85,490** | **13,985** |

**3.2 Management of capital risk**

The group's objective regarding the capital structure is to secure the group's capacity to continue its operations so that it can continue to generate returns to its shareholders and benefit for other stakeholders and maintain an optimal capital structure to keep the cost of capital down.

The group assesses capital on the basis of the debt/equity ratio. This key ratio is calculated as net liability divided by total capital. Net liability is calculated as total borrowing (covering the items short-term borrowing and long-term borrowing in the group's balance sheet) less liquid assets. Total capital is calculated as net liability plus equity.

| (SEK thousand) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Total borrowing (Note 35) | 492,807 | 431,526 |
| Deducted: liquid assets (Note 32) | –97,235 | –53,110 |
| Net liability | 395,572 | 378,416 |
| Equity | 1,104,951 | 1,356,122 |
| **Sum capital** | **1,500,523** | **1,734,538** |
| **Debt/equity ratio** | **26,36 %** | **21,82 %** |

**3.3 Calculation of real value**

Reported value, after any write-downs, for accounts receivable and other receivables and for accounts payable and other liabilities are assumed to correspond to their real values since these items are short-term in nature.

The table below shows financial instruments valued at real value based on how the classification in the real value hierarchy has been made. The different levels are defined as follows:

- Quoted prices (unadjusted) on active markets for identical assets or liabilities (Level 1)
- Observable data for the asset or liabilities other than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations) (Level 2).
- Data for the asset or liability that is not based on observable market data (i.e. non-observable data) (Level 3)

# Notes

The following table shows the group's financial assets and liabilities valued at real value as of 31 December 2017.

| (SEK thousand) | Level 1 | Level 2 | Level 3 | Sum |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets valued at real value via the profit and loss statement | | | | |
| – Derivative instruments held for trade: Currency options | – | – | – | – |
| – Additional purchase sums | – | – | 5,000 | 5,000 |
| **Sum assets** | **–** | **–** | **5,000** | **5,000** |
| | | | | |
| **Liabilities** | | | | |
| Financial liabilities valued at real value via the profit and loss statement | | | | |
| Additional purchase sum | | | 60,949 | 60,949 |
| – Derivative instruments held for trade: Currency options | | – | – | – |
| Interest swap | | 3,302 | | 3,302 |
| **Sum liabilities** | **–** | **3,302** | **60,949** | **64,251** |

The following table shows the group's financial assets and liabilities valued at real value as of 31 December 2016.

| (SEK thousand) | Level 1 | Level 2 | Level 3 | Sum |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets valued at real value via the profit and loss statement | | | | |
| – Derivative instruments held for trade: Currency options | – | 3,410 | | 3,410 |
| – Additional purchase sum | – | – | 5,000 | 5,000 |
| **Sum assets** | **–** | **3,410** | **5,000** | **8,410** |
| | | | | |
| **Liabilities** | | | | |
| Financial liabilities valued at real value via the profit and loss statement | | | | |
| – Additional purchase sum | | | 84,233 | 84,233 |
| – Derivative instruments held for trade: Currency options | – | 43,136 | | 43,136 |
| – Interest swap | | 9,413 | | 9,413 |
| **Sum liabilities** | **–** | **52,549** | **84,233** | **136,782** |

The real value of financial instruments traded on an active market is based on quoted market prices on the balance sheet date. A market is regarded as active if quoted prices from a stock exchange, stockbroker, broker, industry group, pricing service or monitoring authority are easily and regularly available and these prices represent real and regularly occurring market transactions at arm's length. The quoted market price used for the group's financial assets is the current buying rate. The group has no financial instruments classified in Level 1.

The real value of financial instruments not traded on an active market (e.g. OTC derivatives) is determined using valuation techniques. As far as possible, this uses market information where available, while company-specific information is used as little as possible. If all significant input data required for valuing the real value of an instrument is observable, the instrument is in Level 2. The group's financial instruments found in Level 2 consist of currency options.

Where one or more pieces of significant input data are not based on observable market information, the instrument concerned is classified in Level 3. The following table shows changes in real value for Financial assets than can be sold:

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Opening balance | 5,000 | 22,500 |
| Received remuneration, derecognition from Level 3 | – | –22,500 |
| Profits and losses reported in the profit and loss statement | – | 5,000 |
| **Closing balance** | **5,000** | **5,000** |

The real value in the table is based on forecasts from the net income of fixed income upon the sale of newly produced tenant-owner apartments (for a tenant-owner association), against contracting costs in the construction projects. Project forecasts are largely based on fixed income and on expenses, which minimizes the margin of error to their outcome.

# Notes

## Note 4 Important estimates and assessments

Estimates and assessments are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions.

***Important estimates and assessments for accounting purposes***
The group makes estimates and assumptions about the future. The estimates for accounting purposes resulting from these will, by definition, rarely correspond to the real outcome. The main features of estimates and assumptions that entail a considerable risk of significant adjustments in the reported values of assets and liabilities in the next financial year are discussed below.

***Valuation of participations in group companies***
When assessing the value of participations in the subsidiary, forecasted cash flows for each of the subsidiaries are used. As the valuation is based on the company management's best estimate of the present value and future cash flows, there is a risk that unforeseen circumstances might in the future give rise to adjustments to the item's reported values.

***Valuation of buildings held for investment purposes***
Buildings held for investment purposes are to be reported at real value, which is determined by the company management based on the market value of the properties. Significant assessments have thus been made regarding factors such as cost of capital and yield requirements, which are based on the valuers' assessments derived from their experience of the market's return requirements for comparable properties. Assessments of the cash flow for operating, maintenance and administration costs are based on actual costs but also experience of comparable properties. Future investments have been assessed based on the actual needs that exist. Note 21 Change in value buildings held for investment purposes contains more detailed information on assessments and assumptions in general.

***Valuation of Other long-term receivables***
After the first occasion of reporting, long-term receivables are to be valued at accrued acquisition value. On every balance sheet date, the company makes an assessment of whether there is an indication of write-down requirement individually for each receivable. Indications that indicate a write-down requirement can include a change in the repayment capacity. When write-down takes place, this is reported in the profit and loss statement.

***Delimitation between operating acquisitions and asset acquisitions***
When a company is acquired, it constitutes either an acquisition of operations or an acquisition of assets. It is an acquisition of assets if the acquisition relates to real estate, with or without a rental contract, but does not include the organization and the processes required to conduct administration operations. Other acquisitions are operating acquisitions. For each individual acquisition, the company management assesses which criteria are met. In 2016 and 2015, the assessment is that only asset acquisitions have been made.

***Valuation of deficit deductions***
Every year, the group examines whether there is a write-down requirement for deferred tax receivables regarding deficit deductions for tax purposes. Besides this, the group examines whether it applicable to capitalize new deferred tax receivables regarding the year's deficit deductions for tax purposes. A deferred tax receivable is only reported for deficit deductions for which it is probable that they can be used against future taxable surpluses and against taxable temporary differences

## Note 5 Segment information

***Groupwide information***
A breakdown of the income from all products and services is as follows:

| | 2017 | 2016 |
|---|---|---|
| **Analysis of income per income type:** | | |
| – Sale of goods | – | 7,948 |
| – Income from real estate | 133,817 | 45,918 |
| – Income from services | 5,909 | 2,515 |
| **Sum** | **139,726** | **56,381** |

The group has the headquarter in Sweden. The income from external customers in Sweden amounts to SEK 136,930 thousand (SEK 44,203 thousand), Canada SEK 2,755 thousand (SEK 11,653 thousand) and SEK 41 thousand (SEK 525 thousand). The income from real estate consist of construction contracts SEK 131,799 thousand, rental income SEK 2,755 thousand (SEK 9,663 thousand) and sale of fixed assets SEK 2,419 thousand (SEK 36,255 thousand). The rent comes from Ajax textile Corporation, Ontario Canada and relates to rent for premises. Dalringen Förvaltning AB was last year included in the group and reported rent for premises of SEK 5,974 thousand.

Total fixed assets other than financial instruments and deferred tax assets are located in:

| | | |
|---|---|---|
| Sweden | 43,547 | 34,545 |
| Canada | 31,777 | 32,201 |
| **Sum** | **75,324** | **66,476** |

# Notes

## Note 6 Distribution of Net turnover

The distribution of Net turnover by type of income looks as follows:

| Group | 2017 | 2016 |
|---|---|---|
| Sale of goods | – | 7,942 |
| Income from real estate | 130,752 | 8,923 |
| Sale of services | 3,803 | 938 |
| **Group total** | **134,555** | **17,803** |

| Parent company | 2017 | 2016 |
|---|---|---|
| Sale of services | 4,212 | 1,943 |
| **Parent company total** | **4,212** | **1,943** |

The distribution of Net sales by country looks as follows:

| Group | | |
|---|---|---|
| Sweden | 131,800 | 6,150 |
| Canada | 2,755 | 11,653 |
| **Group total** | **134,555** | **17,803** |

Income of SK 2,755 thousand (SEK 3,711 thousand) relates to rent from Ajax Textile corporation, Ontario, Canada.
The income refers to rent for premises.

## Note 7 Parent company's sales to and purchases from group companies

During the year, the parent company has invoiced its subsidiaries for SEK 709 thousand (SEK 1,234 thousand) for groupwide services. The parent company has purchased services from group companies amounting to SEK 0 thousand (SEK 100 thousand) regarding management fees to the company's owners.

## Note 8 Remuneration to the auditors

| Group | 2017 | 2016 |
|---|---|---|
| PwC | | |
| Audit assignment | 1,067 | 1,182 |
| Auditing activities in addition to the audit assignment | 52 | 53 |
| Tax consultancy | – | 9 |
| Other services | 70 | 29 |
| **Group total** | **1,189** | **1,273** |

| Parent company | 2017 | 2016 |
|---|---|---|
| PwC | | |
| Audit assignment | 862 | 850 |
| Auditing activities in addition to the audit assignment | 52 | 53 |
| Tax consultancy | – | 9 |
| Other services | 70 | 12 |
| **Group total** | **984** | **924** |

# Notes

## Note 9 Remuneration to employees, etc.

| Group | 2017 | 2016 |
|---|---|---|
| Salaries and other remuneration | 9,459 | 11,256 |
| Social security contributions | 3,620 | 3,463 |
| Pension expenses – defined contribution plans | 1,803 | 1,620 |
| **Group total** | **14,882** | **16,339** |

| Salaries and other remuneration and social security expenses | 2017 Salaries and other remuneration (of which bonus) | 2017 Social security contributions (of which pension expenses) | 2016 Salaries and other remuneration (of which bonus) | 2016 Social security contributions (of which pension expenses) |
|---|---|---|---|---|
| Board members, CEO and other senior positions | 3,494 | 1,218 (120) | 3,606 | 1,293 (160) |
| Other employees | 5,965 | 2,402 (117) | 7,650 | 2,170 (213) |
| **Group total** | **9,459** | **3,620 (237)** | **11,256** | **3,463 (373)** |

Gender distribution in the parent company for board members and other senior positions. The CEO and Vice CEO in the parent company are also part of the board of the subsidiaries. Board members are counted once per person.

| | 2017 Number on the balance sheet date | 2017 Of which women | 2016 Number on the balance sheet date | 2016 Of which women |
|---|---|---|---|---|
| Board members | 4 | 1 | 4 | 1 |
| CEO and other senior positions | 2 | 1 | 2 | 1 |
| **Group total** | **6** | **1** | **6** | **1** |

| Parent company | 2017 | 2016 |
|---|---|---|
| Salaries and other remuneration | 5,549 | 6,521 |
| Social security contributions | 1,952 | 2,283 |
| Pension expenses – defined contribution plans | 980 | 1,017 |
| **Parent company total** | **8,481** | **9,821** |

| Salaries and other remuneration and social security expenses | 2017 Salaries and other remuneration (of which bonus) | 2017 Social security contributions (of which pension expenses) | 2016 Salaries and other remuneration (of which bonus) | 2016 Social security (varav pensions-which pension expenses) |
|---|---|---|---|---|
| Board members, CEOs and other senior positions | 2,753 | 986 (120) | 3,264 | 1,168 (143) |
| Other employees | 2,871 | 966 (117) | 3,257 | 1,115 (103) |
| **Parent company total** | **5,549** | **1,952 (237)** | **6,521** | **2,283 (246)** |

| Average number of employees with geographical breakdown by country | 2017 Average number of employees | 2016 Of which women | Average number of employees | Of which women |
|---|---|---|---|---|
| Sweden | 5 | 3 | 7 | 5 |
| **Sum parent companies** | **5** | **3** | **7** | **5** |
| **Subsidiaries** | | | | |
| Sweden | 6 | – | 8 | 1 |
| United States | – | – | – | – |
| Canada | – | – | 15 | 2 |
| **Sum subsidiaries** | **6** | **3** | **23** | **3** |
| **Group total** | **11** | **3** | **30** | **8** |

# Notes

| Gender distribution for the Board and other senior positions in the parent company | 2017 Number on the balance sheet date | 2017 Of which men | 2016 Number on the balance sheet date | 2016 Of which men |
|---|---|---|---|---|
| Board members | 3 | 3 | 3 | 3 |
| CEO and other senior positions | 2 | 1 | 2 | 1 |
| **Parent company total** | **5** | **4** | **5** | **4** |

## Remuneration and other benefits

***Guidelines***

A fee to the chair and members of the Board is payable according to the annual general meeting's decision.

Remuneration to the CEO and other senior positions consists of basic salary. Other senior positions refers to those persons who together with the CEO constitute the group management. Other benefits to the CEO and other senior positions are payable as part of the total remuneration. No variable remuneration to employees is payable.

***Terms for the CEO and other senior positions***

No severance pay is payable to the company's CEO and other senior positions. Notice of termination is 3 months.

***Pensions***

For employees in the group who are entitled to a pension according to their employment contracts, Index pays pension premiums for the employees according to a fixed percentage plan. The percentage plan is divided as follows:

– 4.8 % of salary up to 7.5 basic amounts
– 31.6 % of salary over 7.5 basic amounts

Index has an agreement with an insurance and pension advisory company whereby employees can themselves choose how their pension premiums are to be invested.

***Remuneration to other senior positions***

Of the company's salaries and remuneration, SEK 1,282 thousand (SEK 1,271 thousand) relates to the CEO and SEK 175 thousand (SEK 300 thousand) to the Board.

| Remuneration and other benefits 2017 | Basic salary/ Board fee | Pension expense | Sum |
|---|---|---|---|
| *CEO*<br>Rickard Haraldsson | *1,282* | *256* | *1,538* |
| *Vice CEO*<br>Marie-Louise Alamaa | *1,221* | *241* | *1,462* |
| *Board member*<br>Arne Weinz | *175* | *–* | *175* |
| *Other senior positions*<br>(1 person) | *816* | *182* | *998* |
| **SUM** | **3,494** | **679** | **4,173** |

| Remuneration and other benefits 2016 | Basic salary/ Board fee | Pension expense | Sum |
|---|---|---|---|
| *CEO*<br>Rickard Haraldsson | *1,271* | *255* | *1,526* |
| *Vice CEO*<br>Marie-Louise Alamaa | *1,220* | *238* | *1,458* |
| *Board member*<br>Brian Borg | *75* | *–* | *75* |
| *Board member*<br>Arne Weinz | *225* | *–* | *225* |
| *Other senior positions*<br>(1 person) | *815* | *166* | *981* |
| **SUM** | **3,606** | **659** | **4,265** |

# Notes

## Note 10 Other operating income

| Other operating income | Group 2017 | Group 2016 |
|---|---|---|
| Sale of fixed assets | 2,419 | 36,255 |
| Management fee | 2,192 | 1,663 |
| Other | 560 | 660 |
| **Sum other operating income** | **5,171** | **38,578** |

## Note 11 Result from participations in group companies

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Divestment of participations | –6,297 | 191,338 | – | 11,834 |
| **Sum result from participations in group companies** | **–6,297** | **191,338** | **–** | **11,834** |

The group's cash flow statement reports Sale of associated company at SEK 30,000 thousand. The sum refers to the sale of Odalen Fastigheter AB.

## Note 12 Result from participations in associated companies

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Profit/loss in the sale of associated companies | 13,250 | 10,700 | – | – |
| Result from proportion of equity in associated companies and joint ventures | 51,326 | 5,220 | 5,000 | 28,200 |
| **Sum result from participations in associated and joint companies ventures** | **64,576** | **15,920** | **5,000** | **28,200** |

## Note 13 Result from other security papers and receivables that are fixed assets

| | Parent company | |
|---|---|---|
| | **2017** | **2016** |
| Exchange rate difference long-term receivables | –83,638 | 102,471 |
| Cancellation of write-down of receivable | – | 1,724 |
| **Sum result from other security papers and receivables that are fixed assets** | **–83,638** | **104,195** |

# Notes

## Note 14 Financial income and expenses/ Interest income and interest expenses

| | Group | | Parent company | |
|---|---|---|---|---|
| **Financial income/Interest income** | **2017** | **2016** | **2017** | **2016** |
| Interest income on bank deposits | – | – | – | – |
| Interest income on lending | 104,148 | 123,696 | 100,123 | 135,344 |
| Exchange rate effect on short-term receivables | 35,657 | 43,999 | 23,105 | 24,548 |
| Exchange rate effects on long-term receivables | 9,656 | 114,230 | – | – |
| Result from derivative instruments | 20,139 | 13,551 | 20,139 | 13,551 |
| Change in the real value of derivative instruments – currency options | 6,111 | – | 6,111 | – |
| Other financial income | 260 | – | – | – |
| Cancellation of write-down of receivable | – | 1,724 | – | – |
| **Sum financial income/interest income** | **175,971** | **297,200** | **149,478** | **173,443** |

| | Group | | Parent company | |
|---|---|---|---|---|
| **Financial expenses/Interest expenses** | **2017** | **2016** | **2017** | **2016** |
| Interest expenses on liabilities to owners | –2,468 | –2,611 | –1,391 | –1,557 |
| Interest expenses on liabilities to group | – | – | –5,616 | –9,401 |
| Interest expenses on bond loans | –25,888 | –26,760 | –25,888 | –26,760 |
| Interest expenses other | –16,486 | –34,182 | –8,673 | –6,803 |
| Exchange rate effect on short-term receivables | –75,498 | –38,562 | –55,983 | –31,401 |
| Exchange rate effect on long-term receivables | –89,407 | –16,486 | – | – |
| Result from derivative instruments | – | – | – | – |
| Change in the real value of derivative instruments – currency options | – | –42,696 | – | –42,696 |
| Write-down of receivables | –257,149 | – | – | – |
| Other financial expenses | –1,151 | – | –1,150 | – |
| **Sum financial expenses/interest expenses** | **–468,047** | **–161,297** | **–98,701** | **–118,618** |
| **Sum financial items, net** | **–292,076** | **135,903** | **50,777** | **54,825** |

## Note 15 Holdings in associated companies

| **Group** | **2017** | **2016** |
|---|---|---|
| Opening acquisition values | 17,592 | 800 |
| Purchase/shareholder contribution | – | 16,792 |
| Re-classifications | –16,750 | – |
| **Closing accumulated acquisition values** | **842** | **17,592** |

| | | |
|---|---|---|
| Opening change in proportion of equity | 3,514 | –49 |
| Cancellation of change in proportion of equity | – | 49 |
| Change in proportion of equity in associated companies | –1,807 | 3,514 |
| **Closing change in proportion of equity** | **1,707** | **3,514** |
| **Closing reported value** | **2,549** | **21,106** |

# Notes

Below are the associated companies that the Board considers to be significant to the group as of 31 December 2017. The associated companies stated below have share capital consisting solely of ordinary shares which are owned directly by the group. The countries where these associated companies have been formed or registered are also the countries in which they conduct their main operations. The nature of holdings in associated companies in 2017 and 2016:

| Name | Country of registration | Assets | Liabilities | Income | Profit/loss | Participating interest % |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| Playce AB | Sverige | 15,952 | 13,990 | – | –173 | 33% |
| Berinne Index Holding AB | Sverige | 43,626 | 43,804 | – | –6,000 | 50% |
| Nokon Bostad AB | Sverige | 57,278 | 42,633 | – | 9,135 | 33% |
| | | **116,856** | **100,427** | **–** | **2,962** | |

| Name | Country of registration | Assets | Liabilities | Income | Profit/loss | Participating interest % |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| Playce AB | Sverige | 8,400 | 2,873 | – | –34 | 33% |
| Berinne Index Holding AB | Sverige | 47,939 | 47,942 | – | –54 | 50% |
| Odalen Fastigheter AB | Sverige | 42,031 | 45 | 832 | –338 | 20% |
| Nokon Bostad AB | Sverige | 23,229 | 16,312 | –1,258 | 5,866 | 33% |
| | | **121,599** | **67,172** | **–426** | **5,440** | |

## Not 16 Innehav i joint ventures

| | 2017 | 2016 |
|---|---|---|
| Opening acquisition values | 2,658 | 1,533 |
| Purchase/shareholder contribution | – | 1,125 |
| Re-classifications | – | – |
| **Closing accumulated acquisition values** | **2,658** | **2,658** |
| | | |
| Opening change in proportion of equity | 3,738 | 1,408 |
| Change in proportion of equity in associated companies | 46,897 | 2,330 |
| **Closing change in proportion of equity** | **50,635** | **3,738** |
| **Closing reported value** | **53,293** | **6,396** |

The group has holdings of 50 % in Fröjden AB, Västermalms Strand Holding AB and Arkensvik AB, which constitute holdings in joint ventures. The following total items are associated holdings in joint ventures;

| Name | Fixed assets | Current assets | Short-term liabilities | Long-term liabilities | Income | Expenses | Participating interest % |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| Fröjden AB | 443 | 9,424 | 2,579 | – | 2,229 | –2,229 | 50 % |
| Västermalms Strand Holding AB | – | 6,123 | 674 | – | 1,381 | –1,189 | 50 % |
| Arkensvik AB | 191,485 | 17,289 | 86,800 | 24,204 | 166,813 | –59,194 | 50 % |
| **Sum** | **191,928** | **32,836** | **90,053** | **24,204** | **170,423** | **–62,612** | |

| Name | Fixed assets | Current assets | Short-term liabilities | Long-term liabilities | Income | Expenses | Participating interest % |
|---|---|---|---|---|---|---|---|
| **2016** | | | | | | | |
| Fröjden AB | 443 | 21,184 | 4,124 | – | 2,071 | –2,246 | 50 % |
| Västermalms Strand Holding AB | – | 4,692 | 125 | – | 1,958 | –1,565 | 50 % |
| Arkensvik AB | 249,377 | 28,292 | 24,561 | 248,849 | – | –1,877 | 50 % |
| **Sum** | **249,820** | **54,168** | **28,810** | **248,849** | **4,029** | **–5,688** | |

There are no contingent liabilities deriving from the group's interest in these joint ventures.

# Notes

## Note 17 Appropriations

| | Parent company 2017 | Parent company 2016 |
|---|---|---|
| Change tax allocation reserve | – | –41,300 |
| Received/issued group contributions | 37,927 | –7,510 |
| **Sum** | **37,927** | **–48,810** |

## Note 18 Income tax / Tax on profit/loss for the year

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Current tax: | | | | |
| Current tax on profit/loss for the year | –129 | –27,550 | – | –27,550 |
| Tax attributable to previous year | – | 269 | – | 242 |
| **Sum current tax** | **–129** | **–27,281** | **–** | **–27,308** |
| Deferred tax (see Note 24) | 14,743 | 5,242 | 7,013 | – |
| **Sum deferred tax** | **14,743** | **5,242** | **7,013** | **–** |
| **Income tax** | **14,614** | **–22,039** | **7,013** | **–27,308** |

The income tax on the profit/loss differs from the theoretical amount that would have arisen with the use of an effective tax rate for the profit/loss of the consolidated companies as follows:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Profit/loss before tax | –212,059 | 298,569 | –312,843 | 170,096 |
| Income tax calculated in accordance with national tax rates applicable for profit/loss in each country | 25,954 | –51,857 | 68,825 | –37,421 |
| Tax effects of: | | | | |
| • Non-taxable income | 67,982 | 61,607 | 4,911 | 12,256 |
| • Non-deductible expenses | –19,866 | –38,009 | –10,071 | –11,243 |
| • Provision for tax allocation reserve | – | – | –79 | 8,858 |
| • Tax deficits for which no deferred tax receivable has been reported | –59,456 | –949 | –56,573 | – |
| • Utilization of deficits not previously reported | – | 6,900 | – | – |
| • Tax attributable to previous year | – | 269 | – | 242 |
| **Tax expense** | **14,614** | **–22,039** | **7,013** | **–27,308** |

Weighted tax rate for the Group is 12,2 % (17,4 %) and the Parent company is 22.0 % (22.0 %).

## Note 19 Exchange rate differences

Exchange rate differences have been reported in the profit and loss statement as follows:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Financial items, net | –120,742 | 103,181 | –116,516 | 95,619 |
| **Sum exchange rate differences in the profit and loss statement** | **–120,742** | **103,181** | **–116,516** | **95,619** |

# Notes

## Note 20 Intangible assets

| Group | Concessions | Capitalized development expenses | Sum |
|---|---|---|---|
| **Financial year 2017** | | | |
| Opening reported value | – | 1,707 | 1,707 |
| Depreciation | – | –424 | –424 |
| **Closing reported value** | **–** | **1,283** | **1,283** |
| **As of december 2017** | | | |
| Acquisition value | – | 2,121 | 2,121 |
| Accumulated depreciation | – | –838 | –838 |
| **Closing reported value** | **–** | **1,283** | **1,283** |
| **Financial year 2016** | | | |
| Opening reported value | 10,323 | 277 | 10,600 |
| Purchase/processing | – | 1,839 | 1,839 |
| Depreciation | – | –409 | –409 |
| Divestment | –10,323 | – | –10,323 |
| **Closing reported value** | **–** | **1,707** | **1,707** |
| **As of december 2016** | | | |
| Acquisition value | 13,764 | 2,121 | 15,885 |
| Accumulated depreciation | –3,441 | –414 | –3,855 |
| Divestment/Cancellation | –10,323 | – | –10,323 |
| **Closing reported value** | **–** | **1,707** | **1,707** |
| **Parent company** | | | |
| **Financial year 2017** | | | |
| Opening reported value | – | 207 | 207 |
| Depreciation | – | –49 | –49 |
| **Closing reported value** | **–** | **158** | **158** |
| **As of december 2017** | | | |
| Acquisition value | – | 244 | 244 |
| Accumulated depreciation | – | –86 | –86 |
| **Closing reported value** | **–** | **158** | **158** |

# Notes

## Note 21 Buildings held for investment purposes

| | |
|---|---|
| **Group** | |
| **Financial year 2017** | |
| Opening reported value | 32,607 |
| Fixed assets held for sale | |
| Re-classification | –231 |
| Adjustment real value buildings held for investment purposes | – |
| Divestment | – |
| **Closing reported value as of 31 December 2017** | **32,376** |
| | |
| **Financial year 2016** | |
| Opening reported value | 77,209 |
| Investments in existing properties | |
| Fixed assets held for sale | |
| Re-classification | 3,428 |
| Adjustment real value buildings held for investment purposes | – |
| Divestment | –48,030 |
| **Closing reported value as of 31 December 2016** | **32,607** |

***Reported amounts in the profit and loss statement regarding buildings held for investment purposes:***

| | **2017** | **2016** |
|---|---|---|
| Rental income | 2,812 | 3,889 |
| Direct expenses for the buildings held for investment purposes that have generated rental income | –310 | –374 |
| Direct expenses for the buildings held for investment purposes that have not generated rental income | – | –468 |
| **Change in real value reported in other income** | **–** | **–** |

***Leasing agreements***

Some of the buildings held for investment purposes are leased to tenants under long-term operational leasing agreements with monthly rent payments.

***Real values of buildings held for investment purposes***

Index Invest International AB (publ) reports its properties at real value in the balance sheet, which corresponds to the market value of the properties. Changes in the market value are reported as a change in value in the profit and loss statement. Real value is determined, at year-end 2016, based on internal valuation or received bids on properties.

The calculation of real value is made for each individual property. Either through a 10-year cash flow model or through a comparative analysis of similar objects in the area. The most significant variables that are decisive for the calculated real value in the model are the yield requirement and assessed real growth, i.e. inflation assumptions. Other important variables are operating net and the long-term vacancy level. The basis for determining yield includes the market's risk rate for real estate investments at any given time. This is based on a number of factors such as market interest rates. Debt/equity ratio, inflation expectations and yield requirements on invested capital. But property-specific conditions also affect the yield requirement. The yield requirement is the property's operating net placed in relation to the real value.

The level of annual future inflation is assessed to be 2 per cent. The discount rate used is the determined yield rate, with the addition of annual inflation.

| **Discount rate at valuation, 31/12/2017, %** | |
|---|---|
| – Ajax, Durham, Ontario | 10.0 |

| **Ajax, Durham, Ontario** | |
|---|---|
| – Yield requirement residual value | 8.7 % |
| – Operating and maintenance costs year 1 | SEK 11/m$^2$ |
| – Market-price rent | SEK 276/m$^2$ |

Operating net is the difference between property income and operating and maintenance costs (property expenses before property administration). The starting point is the current forecast for operating net based on last year's outcome. The income and/or operating and maintenance costs for an individual year might, however, be affected by factors that do not commonly occur during the long-term life of the property. If this were to be the case for current forecast values, a normalization of the individual year's amount is made.

# Notes

The cash flow for operating, maintenance and administration costs is based on actual costs and experience of comparable objects. Operating net is the difference between property income and operating and maintenance costs (property expenses before property administration). Investments have been assessed based on the needs that exist.

When all variables are determined based on the above description, a calculation is made of the present value of the operating net for the coming 10 years in the cash flow model. In addition, the present value of the residual value based on the 10th year's operating net is calculated in this model. After this, there is a possible adjustment for the value of ongoing projects and land with unutilized building rights.

The revaluation, after deducting deferred tax, was reported in the profit and loss statement's item "Change in value buildings held for investment purposes".

All valuations of real value for buildings held for investment purposes have been made using significant non-observable input data (Level 3). There has been no change of valuation method between the periods, and thus no transfer between the real value levels. For an explanation of real value levels, see Note 3.3.

***Sensitivity analysis***

The parameters that significantly affect the value of a property are the discount rate and the rental value. The discount rate includes assumptions such as interest rate, debt/equity ratio, inflation assumptions, yield requirements on invested capital, property location , tenant structure, etc. The rental value reflects the market image of what the tenants are willing to pay for real estate space. To illustrate how a change of –1 per cent for these parameters affects the calculated real value, the following sensitivity analysis can be made:

| ***Change in 2016*** | ***+1 %*** | ***–1 %*** |
|---|---|---|
| Discount rate, SEK thousands | –3,015 | 3,675 |
| Rental value, SEK thousands | 26 | –26 |

## Note 22 Tangible fixed assets

| Group | Land and buildings | Equipment, tools, fixtures and fittings | Construction in progress | Sum |
|---|---|---|---|---|
| **Financial year 2017** | | | | |
| Opening reported value | – | 4,929 | – | 4,929 |
| Purchase | | 264 | – | 264 |
| Sales and disposals | – | –9 | – | –9 |
| Depreciation | | –584 | | –584 |
| **Closing reported value** | **–** | **4,600** | **–** | **4,600** |
| **As of 31 December 2017** | | | | |
| Acquisition value | – | 6,843 | – | 6,843 |
| Accumulated depreciation | – | –2,243 | – | –2,243 |
| **Reported value** | **–** | **4,600** | **–** | **4,600** |
| **Financial year 2016** | | | | |
| Opening reported value | – | 2,129 | 642,298 | 644,427 |
| Purchase | – | 4,230 | – | 4,230 |
| Sales and disposals | – | –917 | –642,298 | –643,215 |
| Re-classifications | – | –4 | – | –4 |
| Depreciation | – | –509 | – | –509 |
| **Closing reported value** | **–** | **4,929** | **–** | **4,929** |
| **As of 31 December 2016** | | | | |
| Acquisition value | – | 10,719 | 642,298 | 653,017 |
| Accumulated depreciation | – | –5,791 | –642,298 | –648,089 |
| **Reported value** | **–** | **4,929** | **–** | **4,929** |

# Notes

| Parent company | Equipment, tools, fixtures and fittings | Sum Parent company |
|---|---|---|
| **Financial year 2017** | | |
| Opening reported value | 757 | 757 |
| Purchase | – | – |
| Depreciation | –82 | –82 |
| **Closing reported value** | **675** | **675** |
| | | |
| **As of 31 December 2017** | | |
| Acquisition value | 1,762 | 1,780 |
| Accumulated depreciation | –1,087 | –1,087 |
| **Reported value** | **675** | **675** |
| | | |
| **Financial year 2016** | | |
| Opening reported value | 823 | 880 |
| Purchase | – | – |
| Depreciation | –66 | –66 |
| **Closing reported value** | **757** | **757** |
| | | |
| **As of 31 December 2016** | | |
| Acquisition value | 1,762 | 1,762 |
| Accumulated depreciation | –1,005 | –1,005 |
| **Reported value** | **757** | **757** |

## Note 23 Other long-term receivables

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Promissory note to the Index Equity US group | 138,459 | 116,693 |
| Promissory note to the Index Equity Sweden group | – | 850,338 |
| Promissory note to the Index Enterprise group | 190,553 | 542,390 |
| Promissory note to Brf Soltornet/Magasinet | 173,195 | – |
| Promissory note to others | 3,841 | 29,234 |
| **Group total** | **506,048** | **1,538,655** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Promissory note to the Index Equity US group | 103,719 | 116,693 |
| Promissory note to the Index Equity SE group | – | 694,715 |
| Promissory note to the Index Enterprise group | 140,689 | 725,224 |
| Promissory note to others | 3,180 | 540 |
| **Parent company total** | **247,588** | **1,420,479** |

Reported value for Other long-term receivables correspond to real value.
The group has no pledged assets to related parties.

# Notes

## Note 24 Deferred tax

| | Group | | Parent company | |
|---|---|---|---|---|
| | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Deferred tax expense regarding temporary differences | –2,141 | –12,942 | – | – |
| Deferred tax income regarding temporary differences | 16,884 | 18,184 | 71,850 | – |
| **Sum deferred tax in the Profit and loss statement** | **14,743** | **5,242** | **71,850** | **–** |

| **Deferred tax receivables and tax liabilities are allocated as follows:** | Group | |
|---|---|---|
| **Deferred tax liabilities** | **31/12/2017** | **31/12/2016** |
| Deferred tax liabilities to be utilized after more than 12 months | 7,013 | |
| **Sum deferred tax receivables** | **7,013** | |
| **Deferred tax liabilities** | **31/12/2017** | **31/12/2016** |
| Deferred tax liabilities to be utilized after more than 12 months | –18,435 | –19,035 |
| Deferred tax liabilities to be utilized within 12 months | –37,626 | –45,638 |
| **Sum deferred tax liabilities** | **–56,061** | **–64,673** |
| **Deferred tax liabilities/receivables (net)** | **–49,048** | **–64,673** |

In deferred tax liabilities SEK 16,830 thousand relates to an allocation of tax reservation and SEK 44,538 thousand relates to an acquisition of shares in a group company where there is a surplus value related to land on a property in the harbour of Norrtälje.

Changes in deferred tax receivables and liabilities during the year, which have been reported in profit & loss, without consideration taken to the set-off which have been done within the same jurisdiction, may been seen below:

| **Deferred tax liabilities** | **Temporary differences real estate** | **Real value buildings held for investment purposes** | **Other** | **Sum** |
|---|---|---|---|---|
| 1 January 2016 | 60,618 | 4,436 | 8,043 | 73,097 |
| Reported in the profit and loss statement | –11,798 | –3,827 | 10,383 | 5,242 |
| Reported directly in equity | –3,182 | | – | –3,182 |
| **31 December 2016** | **45,638** | **609** | **18,426** | **64,673** |
| | | | | |
| Reported in the profit and loss statement | –7,966 | – | 242 | –7,724 |
| Reported directly in equity | –889 | – | – | –889 |
| **31 December 2017** | **36,788** | **609** | **18,664** | **56,061** |

| **Deferred tax receivables** | **Deficit deductions** | **Other** | **Sum** |
|---|---|---|---|
| 1 January 2016 | – | – | – |
| Reported in the profit and loss statement | | – | – |
| **31 December 2016** | **–** | **–** | **–** |
| | | | |
| Reported in the profit and loss statement | 7,013 | – | 7,013 |
| **31 December 2017** | **7,013** | **–** | **7,013** |

Deferred tax receivables are reported for deficit deductions for tax purposes to the extent that it is probable that they can be credited through future taxable profits.

# Notes

## Note 25 Participations in group companies

| **Parent company** | **31/12/2017** | **31/12/2016** |
|---|---|---|
| Opening acquisition value | 244,890 | 392,009 |
| Acquisitions | 55 | 150 |
| Shareholder contributions | – | 102,300 |
| Divestment | – | –249,569 |
| **Closing accumulated acquisition value** | **244,945** | **244,890** |
| | | |
| Opening write-downs | –90,098 | –333,077 |
| Divestment | – | 242,979 |
| **Closing accumulated write-downs** | **–90,098** | **–90,098** |
| **Closing reported value** | **154,847** | **154,792** |

Parent company holds shares in the following subsidiaries:

| **Name** | **Corporate ID number** | **Head-quarters** | **Proportion of equity** | **Number of shares** | **Reported value 2017-12-31** | **2016-12-31** |
|---|---|---|---|---|---|---|
| Djurgårdsbrunns Tennis AB | 556708-0204 | Stockholm | 100% | 1,000 | 100 | 100 |
| Opalo Holding AB | 556697-2906 | Stockholm | 100% | 1,000 | 123,136 | 123,136 |
| Index Asset Management AB | 556711-6586 | Stockholm | 100% | 1,000 | 122 | 122 |
| Hornsbergs Intressenter AB | 556717-7885 | Stockholm | 100% | 1,000 | 100 | 100 |
| Index Housing Holding AB | 559051-9350 | Stockholm | 100% | 500 | 50 | 50 |
| Index Energy Canada AB | 559068-5763 | Stockholm | 100% | 500 | 55 | |
| Index International US Holding | | USA | 100% | 1,000 | 31,284 | 31,284 |
| Textile Real Estate Corp | | Kanada | 100% | 100 | – | – |
| Index Waste Management Corp | | Kanada | 100% | 100 | – | – |
| Index Environmental Corp | | Kanada | 70% | 700 | – | – |
| Index Development Canada Corp | | Kanada | 100% | 100 | – | – |
| **Sum** | | | | | **154,847** | **154,792** |

## Note 26 Financial instruments by category

| **Group**<br>**Assets in the balance sheet** | **Assets valued at real value via the profit and loss statement** | **Loan receivables and accounts receivable** | **Sum** |
|---|---|---|---|
| **31 December 2017** | | | |
| Additional purchase sum | 5,000 | – | 5,000 |
| Receivables from associated companies and joint ventures | – | 49,287 | 49,287 |
| Other long-term receivables, see Note 23 | – | 561,042 | 561,042 |
| Security papers | 79,043 | – | 79,043 |
| Accounts receivable | – | 17,213 | 17,213 |
| Other receivables | – | 744,050 | 744,050 |
| Derivative instruments | – | – | – |
| Liquid assets | – | 97,235 | 97,235 |
| **Sum** | **84,043** | **1,468,827** | **1,552,870** |

# Notes

| | | | |
|---|---|---|---|
| **31 December 2016** | | | |
| Additional purchase sum | 5,000 | – | 5,000 |
| Receivables from associated companies and joint ventures | | 89,935 | 89,935 |
| Other long-term receivables, see Note 23 | – | 1,538,655 | 1,538,655 |
| Security papers | 85,469 | – | 85,469 |
| Accounts receivable | – | 8,808 | 8,808 |
| Other receivables | – | 20,779 | 20,779 |
| Derivative instruments | 3,410 | – | 3,410 |
| Liquid assets | – | 53,100 | 53,100 |
| **Sum** | **94,059** | **1,711,277** | **1,805,336** |

| **Group**<br>**Liabilities in the balance sheet** | **Liabilities valued at real value via the profit and loss statement** | **Other financial liabilities** | **Sum** |
|---|---|---|---|
| **31 December 2017** | | | |
| Borrowing | – | 118,757 | 118,757 |
| Bond loans | – | 374,050 | 374,050 |
| Other long-term liabilities | – | 60,949 | 60,949 |
| Accounts payable | – | 18,838 | 18,838 |
| Derivative instruments | 3,302 | – | 3,302 |
| Other liabilities | – | 58,828 | 58,828 |
| **Sum** | **3,302** | **631,422** | **634,724** |

| | | | |
|---|---|---|---|
| **31 December 2016** | | | |
| Borrowing | – | 59,546 | 59,546 |
| Bond loans | – | 371,980 | 371,980 |
| Other long-term liabilities | – | 84,233 | 84,233 |
| Accounts payable | – | 11,783 | 11,783 |
| Liabilities to associated companies | – | – | – |
| Derivative instruments | 52,549 | – | 52,549 |
| Other liabilities | – | 65,655 | 65,655 |
| **Sum** | **52,549** | **593,197** | **645,746** |

| **Parent company**<br>**Assets in the balance sheet** | **Loan receivables and accounts receivable** |
|---|---|
| **31 December 2017** | |
| Long-term receivables from group companies | 24,346 |
| Receivables from associated companies and joint ventures | 6,315 |
| Other long-term receivables, see Note 23 | 247,588 |
| Accounts receivable | 2,104 |
| Short-term receivables from group companies | 55,086 |
| Other receivables | 780,980 |
| Cash and bank balances | 91,851 |
| **Sum** | **1,208,270** |

| | |
|---|---|
| **31 December 2016** | |
| Long-term receivables from group companies | 77,101 |
| Receivables from associated companies and joint ventures | 4,047 |
| Other long-term receivables | 1,420,479 |
| Accounts receivable | 1,761 |
| Short-term receivables from group companies | 112,275 |
| Other receivables | 8,205 |
| Cash and bank balances | 39,752 |
| **Sum** | **1,663,620** |

# Notes

| Loans to Parent company Liabilities in the balance sheet | Other financial liabilities |
|---|---|
| **31 December 2017** | |
| Bond loans | 374,051 |
| Liabilities to credit institution | 15,000 |
| Accounts payable | 1,346 |
| Short-term liabilities to group companies | 581,587 |
| Other liabilities | 28,775 |
| **Sum** | **1,000,759** |

| | |
|---|---|
| **31 December 2016** | |
| Bond loans | 371,980 |
| Long-term liabilities to group companies | 660,653 |
| Liabilities to associated companies | – |
| Accounts payable | 1,802 |
| Short-term liabilities to group companies | 12,442 |
| Other liabilities | 20,950 |
| **Sum** | **1,067,827** |

## Note 27 Derivative instruments

| | 31/12/2017 | | 31/12/2016 | |
|---|---|---|---|---|
| **Group** | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Interest swap | – | 3,302 | – | 9,413 |
| Currency options | – | – | 3,410 | 43,136 |
| | **–** | **3,302** | **3,410** | **52,549** |
| **Current portion** | **–** | **–** | **3,410** | **43,136** |

The derivative instruments are classified as current assets or short-term liabilities where the life of the derivative instruments is less than 12 months.

***Interest swaps***
The nominal amount of the outstanding interest swap amounted to SEK 375,000 thousand as of 31 December 2016.
Profits and losses on currency option have been reported in the net financial income and expenses (Note 14).

## Note 28 Accounts receivable

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Accounts receivable | 11,909 | 9,289 |
| Reserves for doubtful receivables | –304 | –481 |
| **Accounts receivable, net** | **11,605** | **8,808** |

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| SEK | 3,801 | 2,395 |
| CAD | 7,804 | 6,413 |
| **Accounts receivable – per currency** | **11,605** | **8,808** |

# Notes

The age analysis of these accounts receivable is stated below:

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| 1–30 days | 2,568 | 2,503 |
| 31–60 days | 423 | 310 |
| > 61 days | 8,614 | 5,995 |
| **Sum due accounts receivable** | **11,605** | **8,808** |

Changes in the reserve for doubtful accounts receivable are as follows:

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| As of 1 January | –481 | 0 |
| Reserves for doubtful receivables | – | –550 |
| Receivables that have been derecognized during the year as non-recoverable | – | – |
| Canceled unutilized amounts | 177 | 69 |
| **As of 31 December** | **–304** | **–481** |

Provisions for the respective cancellations of reserves for doubtful accounts receivable are included in the item other external costs in the profit and loss statement. There are no securities or other guarantees for the outstanding accounts receivable on the balance sheet date.

## Note 29 Other receivables

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Promissory note receivables | 1,054,413 | 18,006 |
| Deposit | –257,149 | – |
| Other receivables | 1,780 | 2,773 |
| **Group total** | **799,044** | **20,779** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Promissory note receivables | 1,041,226 | 7,167 |
| Write-down of promissory note | –261,132 | |
| Other receivables | 886 | 1,038 |
| **Parent company total** | **780,980** | **8,205** |

## Note 30 Inventories

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Buildings held for sale | 233,104 | 223,200 |
| Raw materials and necessities | – | – |
| Inventory of security papers | 79,043 | 85,649 |
| **Sum** | **312,147** | **308,849** |

The inventory of security papers is valued at real value. Write-down of security papers that has been reported as an expense in the profit and loss statement is SEK 0 thousand (SEK 14,950 thousand). A revaluation of SEK 8,536 thousand has been done during the year.

# Notes

## Note 31 Prepaid expenses and accrued income

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Prepaid insurance premiums | 132 | 185 |
| Prepaid rental expense | 407 | 410 |
| Prepaid sponsor's agreements | – | 2,080 |
| Deposit accounts | – | – |
| Other prepaid expenses | 143 | 316 |
| Other accrued income | 403 | 2 |
| **Group total** | **1,085** | **2,993** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Prepaid insurance premiums | 126 | 97 |
| Prepaid sponsor's agreements | – | 2,080 |
| Other prepaid expenses | 53 | 176 |
| **Parent company total** | **179** | **2,353** |

## Note 32 Liquid assets/Cash and bank balances

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Bank deposits | 97,235 | 53,110 |
| **Group Total** | **97,235** | **53,110** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Bank deposits | 91,851 | 39,752 |
| **Total** | **91,851** | **39,752** |

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Blocked liquid assets | 5,000 | – |
| **Total** | **–** | **–** |

## Not 33 Invoiced but not completed income

Invoiced but not completed income arises from the percentage of completion method applied to the report of project Brf Soltornet. Invoiced amount is SEK 132,279 thousand and accumulated income is SEK 53,898 thousand which results in SEK 78,381 thousand in invoiced but not completed income.

# Notes

## Note 34 Share capital and other contributed capital

| | Number of shares (thousands) | Share capital |
|---|---|---|
| As of 1 January 2016 | 100,000 | 10,000,000 |
| A-shares | – | – |
| B-shares | – | – |
| **As of 31 December 2016** | **100,000** | **10,000,000** |
| A-shares | – | – |
| B-shares | – | – |
| **31 December 2017** | **100,000** | **10,000,000** |

The share capital consists of 5,000 A-shares and 95,000 B-shares. The shares have a voting power of 10 votes/A-share and 1 vote/B- share. All shares issued by the parent company are fully paid.

| Proposal for appropriation of profits | 31/12/2017 | 31/12/2016 |
|---|---|---|
| The Board proposes that the profits at disposal: | | |
| Capitalized profits | 542,596,605 | 498,618,258 |
| Fund for development expenses | –158,340 | –207,060 |
| Profit/loss for the year | –267,903,406 | 93,978,347 |
| be appropriated so that the following be transferred to a new account: | 274,534,859 | 592,389,545 |

## Note 35 Borrowing

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| **Long-term** | | |
| Bond loans | – | 371,980 |
| Liabilities to credit institutes | 100,129 | 55,661 |
| **Sum long-term borrowing** | **100,129** | **427,641** |
| **Short-term** | | |
| Bond loans | 374,050 | – |
| Liabilities to credit institutes | 18,628 | 13,885 |
| **Sum short-term borrowing** | **392,678** | **13,885** |
| **Sum borrowing** | **492,807** | **431,526** |

***Bond loans***

The company bond of SEK 375,000 thousand was issued on 22 May 2014 and has a life up to and including 22 May 2018. Index Invest International AB (publ) has during the Spring 2018 after a decision by the board and from a written bond holder meeting prolonged the time to maturity with 6 months. The time to maturity is now November 22, 2018. The loan is amortization-free and runs with variable interest rates of Stibor 3 months + 7 % paid quarterly. Conditions linked to the bond loan show that the share of equity may not fall below 35 % of total assets. Other terms of the bond include that certain value transfers outside the group or the Index Enterprise LLC group are limiting. However, such value transfers are permitted if the equity/assets ratio is at least 40 % and as long as the total transfers do not exceed the higher amount of SEK 30,000 thousand or 50 % of the group's total profit for the year in the previous financial year. During the year, the group has fulfilled all conditions linked to the bond.

Liabilities to credit institutions of SEK 118,757 thousand (SEK 59,546 thousand) have different maturity dates, a loan of SEK 15 million has the 29th of august 2018 as the maturity date and a loan of SEK 85 million has a life up to and including 31st of January 2019. The loan of SEK 85 million is amortization-free but only until the maturity date and the loan of SEK 15 million is amortized 3 times, each time with SEK 5 million. Liabilities to credit institutes are conditional to the effect that credit can be terminated with 2 months' notice and that the variable interest rate is determined by credit issuers with respect to the general interest rate. The interest rate can be changed with immediate effect. Pledged assets for liabilities to credit institutes constitute property mortgage.

# Notes

Reported amounts and real value of long-term borrowing are as follows:

| | Reported value | | Real value | |
|---|---|---|---|---|
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Bond loans | – | 371,980 | – | 353,438 |
| Liabilities to credit institutes | 100,129 | 55,661 | 100,129 | 55,661 |
| **Sum long-term borrowing Rep** | **100,129** | **427,641** | **100,129** | **409,099** |

The real value of short-term borrowing corresponds to its reported value as the loans run with variable interest rates and there has been no significant change in the group's own credit risk. Real values of the bond are based on quoted prices (unadjusted) on active markets for identical assets or liabilities and are classified in Level 1 in the real value hierarchy, see Note 3.3.

## Note 36 Other long-term liabilities

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Additional purchase price, Vassen Fastighets AB | 60,949 | 84,233 |
| **Group total** | **60,949** | **84,233** |

On 5 December 2014, the group acquired 100 % of the share capital in Fastighets AB Insjövassen with the properties Norrtälje Brännäset 8, Norrtälje Brännäster16 and Norrtälje Pråmen 1. The agreed property value and purchase sum is based on the adoption of the detailed development plans for the properties. According to an agreement on an additional purchase sum, the group is to successively pay an additional purchase sum as and when the detailed development plans for the properties gain legal force. The properties have been separated during the 2016 and formed 6 register properties. In connection to the detailed development plan for the third block gained legal force during 2017, SEK 23,284 thousand has been paid as additional purchase sum. Other changes in liabilities between 2016 and 2017 relates to changed assumptions regarding final additional purchase sum.

## Note 37 Other liabilities

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Liability to owners | 45,400 | 41,231 |
| VAT | 2,254 | 68 |
| Social security contributions and employee withholding taxes | 888 | 605 |
| Deposit | 354 | 289 |
| Other loan liabilities | 7,818 | 2,890 |
| Promissory note, Vassen fast AB | – | 20,000 |
| Member contributions Brf | 601 | 5,175 |
| Other items | 2,114 | 572 |
| **Group total** | **59,429** | **70,830** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Liability to owners | 24,791 | 19,574 |
| Social security contributions and employee withholding taxes | 313 | 349 |
| Other loan liabilities | 4,140 | 1,027 |
| **Parent company total** | **29,244** | **20,950** |

# Notes

## Note 38 Accrued expenses and deferred income

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Prepaid rental income | – | – |
| Accrued operating costs | 3,628 | 581 |
| Holiday pay liability | 928 | 1,024 |
| Liability for social security contributions | 1,153 | 971 |
| Accrued cost, decontamination | 5,200 | – |
| Other accrued expenses | 420 | 1,399 |
| **Group total** | **11,329** | **3,975** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Accrued operating costs | 3,628 | 3,570 |
| Holiday pay liability | 646 | 718 |
| Liability for social security contributions | 686 | 702 |
| Other accrued expenses | 1,818 | 536 |
| **Parent company total** | **6,778** | **5,526** |

## Note 39 Pledged assets

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Property mortgages | 15,129 | 15,975 |
| Liquid assets | 172,050 | – |
| Share pledge | – | 2,409 |
| **Group total** | **187,179** | **18,384** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Share pledge | – | 1,040 |
| **Parent company total** | **–** | **1,040** |

Property mortgages and share pledges are placed as security for the group’s interest-bearing liabilities.

## Note 40 Contingent liabilities

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| General guarantee commitment for subsidiaries’ loans | 85,000 | 60,000 |
| General guarantee commitment for other companies’ loans | 316,565 | 411,332 |
| **Parent company total** | **401,565** | **471,332** |

# Notes

## Note 41 Leasing agreements

**Operational leasing**

The group holds leasing agreements regarding photocopiers and the rental of office premises. The group intends to continue with its leasing contracts and associated service agreements and, in all probability, existing contracts will be extended at the end of the agreement period. The greatest leasing expense for the group is the rental contract for office rent corresponding to SEK 1,343 thousand (SEK 1,329 thousand) per year.

Future minimum lease fees under non-cancellable operational leasing agreements applicable at the end of the reporting period become due for payment as follows:

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Within one year | 1,362 | 1,612 |
| Later than one but within five years | 5,369 | 2,267 |
| Later than five years | – | – |
| **Group total** | **6,731** | **3,879** |

During the financial year, expenses for operational leasing in the group has amounted to SEK 1,363 thousand (SEK 2,003 thousand). Parent company has no leasing agreements.

**Operational leasing agreements where a group company is lessor**

Future minimum leasing fees deriving from non-cancellable operational leasing agreements are allocated as follows:

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Within one year | 3,151 | 3,327 |
| Later than one but within five years | 12,604 | 12,948 |
| Later than five years | 549 | 8,630 |
| **Group total** | **21,004** | **24,905** |

The company has only one ongoing rental contract. Textile Real Estate LLC is lessor, and the contract runs until 31 August 2024.

## Note 42 Remuneration to employees after concluded employment

The group has only defined contribution pension plans. The amounts that have been reported in the profit and loss statement are as follows:

| Group | 2017 | 2016 |
|---|---|---|
| Reporting in the profit and loss statement regarding: | | |
| Expenses for defined contribution pension plans | – | 1,620 |
| **Sum profit and loss statement** | **–** | **1,620** |

## Note 43 Other provisions

| Group | 2017 | 2016 |
|---|---|---|
| Guarantee commitment, Hornsberg 10 | 1,570 | 2,753 |
| **Sum** | **1,570** | **2,753** |

| Parent Company | 2017 | 2016 |
|---|---|---|
| Derivative instruments – Market value | 3,302 | 49,139 |
| **Sum** | **3,302** | **49,139** |

On 23 September 2015, the group sold 100% of the share capital in Kungsholmen 10 AB including the property Hornsberg 10 for a price of SEK 417,000 thousand. In connection with the sale, the group has a guarantee commitment of an estimated value of SEK 1,570 thousand. These guarantees are set for 4 years and cover rental guarantees for vacant spaces and guarantees for parking spaces.

# Notes

## Note 44 Other items not affecting liquidity

| Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Write-down of receivable | – | 13,227 |
| Unrealized change in value short-term investments | –39,726 | 42,696 |
| Unrealized additional purchase sums | – | –5,000 |
| Proportion of equity in associated companies | –47,943 | –5,220 |
| Interest income taken up as income | – | –20,492 |
| Expensed interest expenses | –9,164 | – |
| Other write-downs and exchange rate fluctuations | 769 | – |
| **Group total** | **–96,074** | **25,211** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Write-down of receivable | – | 1,723 |
| Write-down of participations in subsidiaries | – | 13,898 |
| Unrealized change in value short-term investments | –45,837 | 44,767 |
| Add back obligation costs | 2,071 | 2,071 |
| Other | – | –1,162 |
| **Parent company total** | **–43,766** | **61,297** |

## Not 45 Net liability

| The Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Liquid funds | 97,235 | 53,110 |
| Loan payables – due within one year | –392,678 | –43,885 |
| Loan payables – due after one year | –100,129 | –387,641 |
| **Net liability** | **–395,572** | **–378,416** |

| The Group | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Liquid funds | 97,235 | 53,110 |
| Gross liabilities – fixed interest rate | –15,129 | –59,546 |
| Gross liabilities– variable interest rate | –477,678 | –371,980 |
| **Net liability** | **–395,572** | **–378,416** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Liquid funds | 91,851 | 39,752 |
| Loan payables– due within one year | –389,050 | – |
| Loan payables– due after one year | – | –371,980 |
| **Net liability** | **–297,199** | **–332,228** |

| Parent company | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Liquid funds | 91,851 | 39,752 |
| Gross liabilities– variable interest rate | –389,050 | –371,980 |
| **Gross liability** | **–297,199** | **–332,228** |

# Notes

## Note 46 Loans to related parties

| *(a) Sale of services* | *2017* | *2016* |
|---|---|---|
| ***Sale of services:*** | | |
| • Index Equity AB | 271 | 273 |
| **Sum** | **271** | **273** |

| *(a) Purchase of services* | *2017* | *2016* |
|---|---|---|
| ***Purchase of services:*** | | |
| • Key persons in senior position (consultancy expense marketing) | 2,219 | 7,733 |
| • Key persons in senior position (consultancy expense other) | – | 188 |
| **Sum** | **2,219** | **7,921** |

The services are sold to/purchased from related companies on normal commercial terms, on a business basis

### *(c) Remuneration to senior positions*

| ***The following transactions have taken place with related parties:*** | ***2017*** | ***2016*** |
|---|---|---|
| Salaries and other short-term remuneration | 3,494 | 3,606 |
| Remuneration upon notice of termination | – | – |
| Remuneration after concluded employment | – | – |
| Other long-term remuneration | 679 | 660 |
| Share-related remuneration | – | – |
| **Sum** | **4,173** | **4,266** |

For information on remuneration to senior positions, see Note 9.

| *(d) Loans to related parties* | *2017* | *2016* |
|---|---|---|
| ***Loans to companies with significant influence over the company (net)*** | | |
| At the beginning of the year | 1,699,899 | 1,018,926 |
| Loans taken during the year | 172,324 | 266,647 |
| Amortized amounts | –316,534 | –301,619 |
| Write-downs | –257,149 | –14,950 |
| Interest income | 95,563 | 95,805 |
| Paid interest | –13,401 | –37,636 |
| Exchange rate difference | –83,569 | 53,068 |
| Re-classification * | 125,999 | 619,658 |
| **At the end of the year** | **1,423,132** | **1,699,899** |

*Re-classification of loans to Brf Soltornet which last year were classified as intra-group loans and thereby eliminated at the group level. Loans to related parties are mostly, about 60 %, short-term.

Of total long-term receivables of SEK 506,048 thousand (SEK 1,538,655 thousand), SEK 0 (SEK 850,338 thousand) constitutes long-term loans to the Index Equity Sweden group. This sum includes loans to Index Energy Mill Road Corp of SEK 0 (SEK 665,015 thousand). Furthermore SEK 190,553 thousand (SEK 543,390 thousand), constitutes of long-term loans to the Index Enterprise group, SEK 138,459 thousand (SEK 116,693 thousand) to the Index Equity US group as well as loans to Brf Soltornet/ Brf Magasinet SEK 173,195 thousand (SEK 0). See Note 23.

Of the group's short-term receivables of SEK 799,044 thousand (SEK 20,779 thousand), SEK 793,014 thousand (SEK 14,894 thousand) consists of loans to related parties. SEK 480,412 thousand (SEK 14,406 thousand) concerns loans to the Index Equity Sweden group, and in which the loan to Index Energy Mill Road Corp of SEK 428,492 thousand after being depreciated by SEK 257,149 thousand is included. SEK 9,237 thousand (SEK 0 thousand) concerns loans to the Index Equity US group and SEK 55,000 thousand (SEK 0) concerns loans to the Index Enterprise group. See note 29.

The group also has loans to related parties in the form of inventory of security papers of SEK 79,043 thousand (SEK 85,649 thousand). See note 30. The inventory consists of receivables on US companies that are under largely the same influence as the Index Enterprise group.

Finally, the group has loans to related parties in the form of loans to associated companies of SEK 54,895 thousand (SEK 89,935 thousand). SEK 12,102 thousand (SEK 41,632 thousand) concerns loan to Arkensvik group, SEK 30,869 thousand (SEK 44,255 thousand) concerns loan to Berinne Index Real Estate, SEK 9,460 thousand (SEK 4,047 thousand) concerns loan to Nokon Bostad AB as well as to Place AB SEK 2,464 thousand (SEK 0). The group has no pledged assets to related parties.

# Notes

## Note 47 Loans from related parties

| *(d) Loans from related parties* | *2017* | *2016* |
|---|---|---|
| ***Loans from companies with significant influence over the company (net)*** | | |
| At the beginning of the year | 43,075 | 61,230 |
| Loans taken during the year | 3,700 | 14,978 |
| Amortized amounts | –3,152 | –34,512 |
| Interest expenses | 2,293 | 3,379 |
| Paid interest | –26 | –2,000 |
| **At the end of the year** | **45,890** | **43,075** |

Loans from related parties mostly consist of loans from the owners. Loans to/from related parties run for a longer period with the opportunity of full repayment upon demand. Upon demand, the total amount (incl. interest) is to be repaid within 30 days. The latest due date is 1st of June 2018.

For repayment, refund must be within the terms of the bond. Interested rate is fixed or the reference rate plus 7% is applied. In general, the interest rate runs between 6.5 and 8%.

## Note 48 Events after reporting period

The dispute between the power plant and the construction company has been dismissed by the completion of the Canadian reconstruction process of Index Energy Mills Road Corporation. As a result the Group, previously being the largest claimant, has acquired the assets of a new wholly-owned Canadian subsidiary, Index Energy Ajax Corporation ”IEAC”. As part of the acquisition process, IEAC has taken over the debt against Index Residence AB (publ).

In connection with the acquisition, the company’s new investment in IEAC was amounted to 28.2 MCAD (SEK 181 million). It has been financed through a loan of 10 MCAD and the remaining amount has been financed through own resources.

At the beginning of December, the value of the existing claim has been depreciated by SEK 257 million. The remaining SEK 428 million in debt has been converted to equity in connection with the acquisition of assets in January 2018. Through this process, we have now created the necessary conditions for IEAC to develop its operations independently.

Thanks to the great interest for Brf. Havstornet, a decision has been made to re-prioritize and Brf Magasinet has been postponed in favor of the early launch of Brf Havstornet. Everyone who has signed a preliminary agreement in Brf Magazine has been informed that the project has been postponed and all buyers who have paid down payment have been offered the opportunity to have their money repaid.

During spring 2018, Index Invest International AB (publ) has extended the maturity of the company’s outstanding bond loan (ISINSE0005797537) of SEK 375 million, following a decision by the board and a written bondholders meeting. The maturity has been extended by six months and the final maturity date is now November 22, 2018. The extension has been made for the purpose of completing access to certain real estate projects in Florida, USA, before repayment of the bond loan. As part of the extension, the bond terms have been amended with increased security and compensation to the bondholder.

### Stockholm, 28/04/2018

**Bjarne Borg**
Chairman of the Board

**Rickard Haraldsson**
CEO

**Marie-Louise Alamaa**
Board member

**Arne Weinz**
Board member

### Our audit report has been submitted on 28/04/2018

***Öhrlings PricewaterhouseCoopers AB***

**Jeanette Cranning**
Authorized public accountant
Principally responsible auditor

**Helena Ehrenborg**
Authorized public accountant