

Interim Report First Quarter 2018 Index Invest International AB (publ) *JANUARY– MARCH 2018*

Highlights

The Group

Equity/a	ssets ratio (%)
2018	57
2017	58
2016	65
2015	47
2014	41
2013	51
2012	62
2011	58
2010	58
2009	52

Parent Company

							-
	Equity/as	sets ra	tio (%)				
	2018	20					
	2017	21					
Ì	2016		33				
1	2015		33				
	2014		30		li i		
	2013		35		-	41	
	2012			53			
	2011				72		
	2010				72		
	2009				66		

Total ass	sets		Total asset	S	
2018	1,922,797		2018	1,334	,768
2017	1,903,229		2017	1,387	7,362
2016	2,098,346		2016		1,823,261
2015	2,3	353,760	2015		1,717,587
2014		2,627,624	2014	-	1,606,420
2013	1,909,880		2013	1,224,30	02
2012	1,591,200	COLUMN N	2012	832,469	
2011	1,524,841	A State	2011	681,119	
2010	1,635,142		2010	754,059	~
2009	991,640		2009	820,569	

Equity		Equity		
2018	1,090,231	2018	272,873	
2017	1,104,951	2017	286,693	
2016	1,361,29	2016	604,596	
2015	1,113,953	2015	538,618	
2014	1,084,495	2014	488,137	
2013	978,855	2013	428,105	
2012	982,495	2012	437,988	
2011	881,737	2011	491,124	
2010	950,708	2010	543,104	
2009 5 [°]	17,931	2009	544,271	

Index 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		the state of the s
2017:	368		20 1 A.
2016:		453	
2015:	313		SAME -
2014:	131		when the start
2013:	265	11.12	1 Martin Action
2012:	TADID	464	11
	Contraction of the local division of the loc		

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:



Summary of the first quarter of 2018

- Net sales decreased by 19% to 38,614 ksek (47,699 ksek)
- Operating result decreased by 10,795 ksek to –12,531 ksek (–1,736 ksek)
- Result after tax amounted to –22,360 ksek (29,368 ksek)
- The solidity amounted to 57% (62%)
- Earnings per share before dilution –223 sek (294 sek)*
- Number of apartments under zoning planning 416 (545)
- Number of apartments under production/production planning 368 (423)
- Number of occupied apartments during the period 0 (30)
- Number of apartments in the portfolio 784 (968)

SEK in thousands	Jan–mar 2018	Jan–mar 2017	Jan–dec 2017
Net sales	38,614	47,699	139,726
Operating result	-12,531	-1,736	80,017
Financial items, net	-8,312	15,398	-292,076
Result after tax	-22,360	29,368	-197,445
Total comprehensive income in the period	-14,720	28,911	-201,171
Balance sheet total	1,922,797	2,242,101	1,903,229
Earnings per share	-223	294	-1,974
Operating margin, %	-32		57
Solidity %	57	62	58
Number of apartments under zoning planning	416	545	434
Number of apartments under production/production planning	368	423	368
Number of occupied/completed apartments during the period	0	30	162
Number of apartments in the portfolio	784	968	802

Significant events during the quarter

Index Energy Mills Road Corporation has gone through a Canadian reconstruction process where the Group is the largest claimant. The process ended in January 2018. The Group has now due to the reconstruction acquired the assets by a new wholly-owned subsidiary, Index Energy Ajax Corporation. The claimant of 428 msek has been converted to stockholders' equity in connection with the acquisition of the assets in January. We have now created necessary conditions for IEAC to develop their operations by their own.

The company's new investment in IEAC in connection with the acquisition amounted to 28,2 MCAD (181 msek). The financing has been done by loan 10 MCAD, by own resources 10 MCAD and by repayment of loan from sister companies by 8,2 MCAD.

Development of the operations

By the project name Norrtälje Torn, Index is developing 470 residences consisting of 5 blocks. In addition to residences, the project also contains 12 premises.

The sale of the first block, project Soltornet, in Norrtälje Torn was launched in the second half of 2016. As of March 31, 2018, 85 out of 87 houses were sold. The production of the block started in February 2017, and the residences are expected to be ready for occupation during the second quarter of 2019. Remaining four blocks in Norrtälje Harbour, Norrtälje Municipality consists of 383 premises. The local plan for Magasinet obtained legal force during 2016. Local plan for Våghuset obtained legal force in June 2017. The local plan for Havstornet is estimated to be obtained legal force during the second quarter of 2018. The process regarding the local plan for Båthuset is going according to plan and is estimated to be obtained during 2019.

Market development

The housing market in Norrtälje municipality is still stable. The development of Norrtälje Harbour is proceeding as planned and the area is expected to generate 2,000 new homes, of which Index accounts for 20%. The sales of the first areas show strong demand in the area. The development of the Kista Äng area is proceeding according to plan.

Result and position in January to March

The Group reports a quarterly result before tax of –20,843 ksek (13,662 ksek) and a result after tax of –22,360 ksek (29,368 ksek). Revenues from the percentage of completion method amount to 25,423 ksek (46,689 ksek) and the operating profit from the percentage of completion method amount to 15,522 ksek (6,784 ksek) in the period. The balance sheet amounted to 1,923 msek (2,242 msek). Net financial items amounted to –8,312 ksek (15,398 ksek). USD has developed strongly and CAD has developed weakly against the Swedish krona during the period. This has resulted in a currency effect of –12,234 ksek (–17,670 ksek). The exchange rate effect relates to lending in foreign currency for the financing of the sister group's operations in Florida, USA and Ontario, Canada

Solidity

The solidity was 57% (62%).

Cash flow, January–March

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

re value chain. This gives higher profits but longer lead times. Cashflow from operating activities amounted to –12,860 ksek (–52,023 ksek). The change relates, to increased residental units under development and increased liabilities.

Cashflow from investing activities amounted to –129,107 ksek (–39,928 ksek). The change relates to the acquisition of Index Energy Ajax Corporation –181,614 ksek and a repayment of 53,443 ksek from sister companies.

Cashflow from financing activities amounted to 59 764 ksek (55,237 ksek). Changes relate mainly to new borrowings 65,000 ksek and amortization of loans –5,000 ksek.

Liquidity

The Group's liquid assets amounted to, at the end of the period, 15 msek (97 msek). The company focuses strongly on liquidity monitoring. Rolling one-year forecasts as well as four-year forecasts are established on a continuous basis.

Parent company's, earnings and position, January-March

The parent company results before tax amounted to -12,594 ksek (5,607 ksek) and a result after tax of -13,820 ksek (4,331 ksek). The balance sheet amounted to 1,335 msek (1,830 msek). Net financial items amounted to 4,694 ksek (14,116 ksek). The securities portfolio has developed positively during the quarter and has generated a profit of 1,747 ksek (18,038 ksek). The effects of a weaker crown against USD and stronger crown against CAD during the period gives an exchange rate effect of -5,217 ksek (-17,842 ksek).

Significant risks and uncertainties in the operation

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

Events after the end of the reporting period

Index Invest International AB (publ) has during spring 2018, after a decision of the board and a written bondholder meeting, prolonged the time to maturity on the company's outstanding bond loan (ISINSE0005797537) amounted to 375 MSEK. The time to maturity has been prolonged by six months and the due date is now November 22, 2018. The intention with the extension is to finish some projects in Florida, USA, before the bond loan will be repaid. As part of the prolongation, the condition has been changed with increased security and compensation to the holders of the bond loan.

The local plan regarding the third block in the harbour of Norrtälje has been adopted by the municipal executive board in Norrtälje. The local plan is expected to gain legal force during June 2018. The sales of Havstornet, a block in the project Norrtälje Torn, has started during May 2018. Havstornet consists of 119 premises.

USD has after the end of the period strengthen against the Swedish krona (SEK). Due to that and the expected inflow of USD next months, Index has chosen to hedge the currency. Average exchange rate is 8,51 SEK/USD.

Prospects

The Group's prospects are solid. The Swedish project portfolio amounts to 784 residences. The Group has a project portfolio of approximately 2,000 residences under development, together with the sister group's, Index Enterprise LLC, whose investments are funded by Index Invest International AB (publ). This includes the sister's group's ongoing and future projects in Florida, USA.

Transactions with related parties

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

THE GROUP

Sales and result for the first quarter 2018

Amounts in SEK millions	Q1 / 18	Q1 / 17
Net sales	39	48
Operating result	-13	-2

Consolidated Income Statement in Summary

Amounts in SEK thousands	Note	Jan-mar 2018	Jan-mar 2017	Jan-dec 2017
Operating income	5			
Net sales		37,679	47,699	134,555
Other operating income		935	-	5,171
Total		38,614	47,699	139,726
Operating expenses				
Purchase of goods and services		-24,829	-40,165	-80,098
Other external expenses		-25,398	-7,592	-29,386
Personnel costs		-5,036	-4,795	-16,651
Depreciation/amortization of property, plant and				
equipment and intangible fixed assets		-5,332	-267	-1,017
Change in value of properties		619	644	9,164
Result from participations in group companies		3,555	522	-6,297
Result from participations in associates and joint venture		5,276	2,218	64,576
Total operating expenses		-51,145	-49,435	-59,709
Operating result		-12,531	-1,736	80,017
Write down of receivables		-2,732		-257,149
Financial income		25,272	50,584	175,971
Financial expenses		-30,852	-35,186	-210,898
Net financial items		-8,312	15,398	-292,076
Result before tax		-20,843	13,662	-212,059
Tax		-1,517	15,706	14,614
Result for the period		-22,360	29,368	-197,445
Other comprehensive income				
Items that may later be reserved in the income statement:				
Exchange differences		7,640	-457	-3,726
Exchange differences, non-controlling interests				
Total items that may later be reserved in the income statement		7,640	-475	-3,726
Total comprehensive income for the period		-14,720	28,911	-201,171
Result for the period attributable to:				
Parent company shareholders		-22,360	29,368	-197,445
Non-controlling interests		-	-	
Total comprehensive income attributable to:				
Parent company shareholders		-14,720	28,911	_201 171
		-14,720	20,911	-201,171
Non-controlling interests		-	_	-
Earnings per share before dilution, SEK		-223	294	-1,974
Earnings per share after dilution, SEK		-223	294	-1,974

Consolidated Balance Sheet in Summary

Amounts in SEK thousands	Note	2018-03-31	2017-03-31	2017-12-31
ASSETS				
Non-current assets				
Intangible assets				
Balanced development expenses	5	1,177	1,601	1,283
Total Intangible assets		1,177	1,601	1,283
Property, plant and equipment				
Land and buildings	5	579,211	-	-
Investment properties	5	31,932	33,045	32,376
Equipment, tools, fixtures and fittings	5	4,469	4,769	4,600
Total property, plant and equipment		615,612	37,814	36,976
Non-current financial assets				
Investments in associates	5	7,944	24,052	2,549
Investments in joint ventures	5	53,174	6,293	53,293
Other non-current receivables	4	572,605	1,726,849	506,048
Financial assets at fair value, through profit and loss statement	4	5,000	5,000	5,000
Total non-current financial assets		638,723	1,762,194	566,890
Deferred tax		7,013	-	7,013
TOTAL NON-CURRENT ASSETS		1,262,525	1,801,609	612,162
Current assets				
Residential units under development		239,804	218,613	233,104
Securities		83,395	86,233	79,043
Accounts receivables		9,626	18,825	11,605
Tax assets		18,024	21	15,056
Receivables to associates		55,831	69,495	54,895
Other receivables		237,417	25,394	799,044
Prepaid expenses and accrued income		1,048	2,131	1,085
Derivatives	4	-	3,620	-
Cash and cash equivalents		15,127	16,160	97,235
Total current assets		660,272	440,492	1,291,067
TOTAL ASSETS		1,922,797	2,242,101	1,903,229

Consolidated Balance Sheet in Summary, continued

Amounts in SEK thousands	Note	2018-03-31	2017-03-31	2017-12-31
EQUITY				
Equity attributable to Parent company shareholders				
Share capital		10,000	10,000	10,000
Reserves		8,382	4,011	742
Retained earnings including comprehensive		1,071,849	1,371,022	1,094,209
income for the year				
Total equity		1,090,231	1,385,033	1,104,951
LIABILITIES				
Non-current liabilities				
Borrowings	4	99,813	116,077	100,129
Bond loan	4	-	372,498	-
Derivatives	4	1,555	7,793	3,302
Other non-current liabilities		122,158	-	60,949
Deferred tax liabilities		57,191	49,570	55,681
Other provisions		1,234	86,987	1,570
Total long-term liabilities		281,951	632,925	221,631
Current liabilities				
Bond loan		374,569	-	374,050
Borrowings		13,686	3,881	18,628
Accounts payable		18,409	12,522	18,838
Invoiced but not earned income		69,433	119,640	78,381
Current tax liabilities		243	10,313	12,992
Derivatives	4	-	26,927	-
Other current liabilities		60,909	47,666	59,429
Accrued expenses and deferred income		13,366	3,194	14,329
Total current liabilities		550,615	224,143	576,647
TOTAL EQUITY AND LIABILITIES		1,922,797	2,242,101	1,903,229

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

Consolidated Statement of Changes in Equity, in Summary

Attributable to Parent company shareholders

Amounts in SEK thousands	Share Capital	Restricted reserves	Non-restricted reserves	Total	Non-controlling interests	Total equity
Opening balance 1 January 2017	10,000	4,468	1,341,654	1,356,122	-	1,356,122
Net profit	-	-	29,368	29,368	_	29,368
Other comprehensive income	-	-457	-	-457	-	-457
Total comprehensive						
income for the period	-	-457	29,368	28,911	-	28,911
Closing balance 31 March 2017	10,000	4,011	1,371,022	1,385,033	-	1,385,033
Opening balance 1 January 2018	10,000	742	1,094,209	1,104,951	-	1,104,951
Net profit	_	-	-22,360	-22,360	-	-22,360
Other comprehensive income	_	7,640	-	7,640	-	7,640
Total comprehensive income for the period	-	7,640	-22,360	-14,720	-	-14,720
Closing balance 31 March 2018	10,000	8,382	1,071,849	1,090,231	-	1,090,231

Consolidated Cash Flow Statement in Summary

Amounts in SEK thousands	Note	2018-03-31	2017-03-31	2017-12-31
Cash flow from operating activities				
Operating result		-12,531	-1,736	80,017
Depreciation		5,332	267	1,017
Other non-cash items		-10 668	-2,970	-96,074
Interest paid		-8,841	-9,680	-33,704
Interest received		435	925	21,894
Income tax		-15,723	-8,945	-22,922
Net cash flow from operating activities before changes in working capital		-41,996	-22,139	-49,772
Cash flows from changes in working capital				
cash nows nom changes in working capital				
Change in inventories and work in progress		-11,052	2,503	3,737
Change in current receivables		-5,851	-13,230	-12,296
Change in current liabilities		46,039	-19,157	80,259
Total cash flows from changes in working capital		29,136	-29,884	71,700
Cash flows from operating activities		-12,860	-52,023	21,928
Cash flows from investing activities				
Investments in intangible fixed assets		-	-	-
Investments in tangible fixed assets		-	-	-22,944
Sales of tangible fixed assets		-	-	36,852
Sales of associated companies		-	-	30,000
Acquisition of subsidiaries		-181,614	-	-
Result from associates and joint venture		-	-	-
Change in receivables in associated companies		-936	20,440	40,650
Change in other non-current receivables		53,443	-60,368	-78,196
Total cash flows from investing activities		-129,107	-39,928	6,362
Cash flows from financing activities				
Borrowings		64,764	85,412	111,648
Repayment of loan		-5,000	-25,000	-40,000
Disposed capital		-	-5,175	-4,575
Dividends received/paid		-	-	-50,000
Total cash flow from financing activities		59,764	55,237	17,073
Changes in cash and cash equivalents				
Opening balance, cash and cash equivalents		97,235	53,110	53,110
Exchange effect in cash and cash equivalents		95	-236	-1,238
Closing balance, cash and cash equivalents		15,127	16,160	97,235

Parent Company Income Statement

Amounts in SEK thousands Not	Jan–mar 2018	Jan–mar 2017	Jan-dec 2017
Operating income			
Net sales	992	92	4,212
Total operating income	992	92	4,212
Operating expenses			
Other external expenses	-16,321	-6,020	-19,058
Personnel costs	-2,217	-2,529	-8,874
Depreciation/amortization of property, plant and equipment	-12	-52	-131
Total operating expenses	-18,550	-8,601	-28,062
Operating result	-17,558	-8,509	-23,850
Result from investments in group companies			
Result from investments in associates	-	-	5,000
Result from other securities and receivables accounted for as fixed assets	-	-1,439	-83,638
Write down of receivables	-	-	-261,132
Other interest income and similar result items	30,661	27,471	149,478
Interest expenses and similar result items	-25,697	-11,916	-98,701
Result after financial items	-12,594	5,607	-312,843
Result before tax	-12,594	5,607	-312,843
Appropriations	-1,226	-1,276	37,927
Tax on earnings for the period	-	-	7,013
Net profit	-13,820	4,331	-267,903

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

Parent Company Balance Sheet

Amounts in SEK thousands	Note 2018-03-3	1 2017-03-31	2017-12-31
ASSETS			
Non-current assets			
Intangible assets			
Balanced development expenses	146	5 195	158
Property, plant and equipment			
Equipment, tools, fixtures and fittings	675	5 718	675
Non-current financial assets			
Investments in group companies	154,847	7 154,792	154,847
Receivables from group companies	556,514	4 75,971	24,346
Investments in associates			-
Investments in joint ventures	1,532	2 1,532	1,532
Other non-current receivables	312,845	5 1,436,902	247,588
Total non-current financial assets	1,025,738	3 1,669,197	428,313
Deferred tax	7,013	3 –	7,013
Total non-current assets	1,033,572	2 1,670,110	436,159
Current assets			
Current receivables			
Trade receivables	753	3 895	2,104
Receivables from group companies	56,690) 133,887	55,086
Receivables from associates and joint venture	6,370) 6,085	6,315
Tax receivables	17,804	4 –	14,689
Other receivables	200,063	3 10,301	780,980
Prepaid expenses and accrued income	213	3 171	179
Total current receivables	281,893	3 151,339	859,352
Cash and cash equivalents	19,903	8,913	91,851
Total current assets	301,196	5 160,252	951,203
TOTAL ASSETS	1,334,768	3 1,830,362	1,387,362

Parent Company Balance Sheet, continued.

Amounts in SEK thousands	Note	2018-03-31	2017-03-31	2017-12-31
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		10,000	10,000	10,000
Statutory reserve		2,000	2,000	2,000
Fund for development expenses		146	195	158
Total restricted equity		12,146	12,195	12,158
Non-restricted equity				
Non-restricted reserves		247,547	592,401	542,438
Net profit		-13,820	4,331	-267,903
Total non-restricted equity		260,727	596,732	274,535
Total Equity		272,873	608,927	286,693
Untaxed reserves		76,500	76,500	76,500
Provisions				
Other provisions		1,555	31,100	3,302
Non-current liabilities				
Bond loan		-	372,498	-
Liabilities to group companies		-	662,074	-
Total non-current liabilities		-	1,034,572	-
Current liabilities				
Bond loan		374,569	-	374,050
Liability to credit institution		10,000	-	15,000
Trade payables		1,619	1,332	1,346
Liabilities to group companies		5,715	40,829	581,587
Tax liabilities		243	10,184	12,862
Other liabilities		586,729	21,319	29,244
Accrued expenses and deferred income		4,965	5,599	6,778
Total current liabilities		983,840	79,263	1,020,867
TOTAL EQUITY AND LIABILITIES		1,334,768	1,830,362	1,387,362

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

Group key ratios	Jan–mar 2018	Jan–mar 2017	Jan–dec 2017
Key ratios defined by IFRS			
Net sales	38,614	47,699	139,726
Net profit	-22,360	29,368	-197,445
Earnings per share after tax, SEK	-223	294	-1,975
Key ratios not defined by IFRS			
Return on total equity in %	0.7	2.3	13.4
Return on equity in %	-1.9	1.0	-19.2
Return on total equity in % (Parent company)	1.0	1.0	9.1
Return on equity in % (Parent company)	-4.7	0.9	-109.1
EBITDA, SEK in thousands	-7,199	-1,469	81,034
Operating income in SEK thousands	-12,531	-1,736	80,017
Operating margin in %	-32.5	-3.6	57.3
Cash liquidity in %	120	197	224
Solidity i %	56.7	61.8	58.1
Equity in SEK thousands	1,090,231	1,385,033	1,104,951
Equity per share, SEK	10,902	13,385	11,050
Number of share	100,000	100,000	100,000
Average number of shares	100,000	100,000	100,000
Average number of shares after dilution	100,000	100,000	100,000
Average number of employees	43	13	11
Operational key ratios			
Number of apartments under zoning planning	416	545	434
Number of apartments under production	368	423	368
Number of occupied apartments	0	0	162
Number of apartments in the portfolio	784	968	802

The key ratio table contains a few financial and operational key ratios that does not have been defined by IFRS. Index Invest International AB (publ) consider that these key ratios give valuable information to investors because of the combination with (but not instead of) other key ratios enable evaluation of actual trends in a valuable way. These key ratios should not be regarded as replacement for items that are calculated according to IFRS.

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

Note 1 General information

Index Invest International AB (publ), corporate identity number 556561-0770 is parent company in Index-Group. Index Invest International AB (publ) is headquartered in Stockholm with address Kungsträdgårdsgatan 18, Box 7744, 103 95 Stockholm, Sweden.

The operations of the Parent Company consist of group functions and organization with CEO and administrative functions. Organization of projects and management of real estate is headed by subsidiaries of the Group. No properties are

Note 2 Basis of the preparation of the reports

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

Note 3 Accounting principles

The accounting policies are consistent with the principles applied in the previous financial year. See full accounting principles described in the Annual Report for 2017.

In January 1, 2018 two new standards come into effect: IFRS 9 Financial instruments and IFRS Revenue from contracts with customers. The adoption of the two standards shows no essential changes of the group's financial reports except for new requests of information.

IFRS 9 Financial instruments

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

IFRS 15 Revenue from contract with customers

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

owned directly by the parent company.

Index Group manages and develops real estate.

On May 30, 2018, this Interim report was approved by the Board of directors for publication.

This report has not been reviewed by the Index Invest International AB's auditors.

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

has been prepared in accordance with Annual Accounts Act (AAA) chapter 9 and RFR 2 Accounting for Legal Entities. The interim report should be read in conjunction with the annual report for the fiscal year ended December 31, 2017.

Percentage-of-completion at project development of condominiums

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

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

The Group's ongoing projects have been implemented in the form of the Group signing a design and 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.

The project's contract revenues and expenses are reported in line with the completion rate based on costs occurred in the

design and construct contract. This means that revenues and expenses and consequently the result are attributed to the reporting period during which the work in the design and construct contract is performed.

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. According to the new accounting standard IFRS 15, the accumulation should be based on the contractual commitment. The sales ratio consists of the number of apartments sold in relation to the total number of apartments being produced. A property is deemed to be sold when there is a binding agreement with the tenant owner.

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. Any revaluations of the project's expected result will result in a correction of the Group's previously accumulated result. This forecast change is included in the reported result for the period. Expected losses are recognized immediately and have a direct impact upon the result for the reported period.

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

Note 4 Financial instruments – Fair value

Information on fair value of lending and borrowing

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

		Booked value		Fair value		
	2018-03-31	2017-03-31	2017-12-31	2018-03-31	2017-03-31	2017-12-31
Oth non-curr rec.	572,605	1,726,849	506,048	572,605	1,726,849	506,048
Borrowing	-99,813	-116,077	-100,129	-99,813	-116,077	-100,129
Bond loan	-	-372,498	-	-	-372,498	-
Total long-term lending and borrowing	472,792	1,238,274	405,919	472,792	1,238,274	405,919

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

Calculating fair value

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

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

The following table shows the Group's financial assets and liabilities measured at fair value as of March 31, 2018.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
Financial assets held for sale:				
Currency Option	-	-	-	-
Financial assets held for sale	-	-	5,000	5,000
Total assets	-	-	5,000	5,000

Liabilities

Financial liabilities at fair value through income statement

Derivatives held for trading:

Interest Rate Swap	-	1,555	-	1,555
Total liabilities	-	1,555	-	1,555

Notes

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

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

Fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory agency are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. The Group has no financial instruments classified in Level 1. specialists. The Group uses (as far as possible) market data where it is available and company-specific information is used as little as possible. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Consolidated financial instruments are included in level 2 consists of currency options.

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

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

(SEK in thousands)	2018-03-31	2017-03-31	2017-12-31
Opening balance	5,000	5,000	5,000
Transfer to level 3	-	-	-
Gains and losses recognized in the income statement	-	-	-
Closing balance	5,000	5,000	5,000

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

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

Notes

Note 5 Segment information

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

	2018-01-01	2017-01-01	2017-01-01
(SEK in thousands)	2018-03-31	2017-03-31	2017-12-31
Analysis of income per revenue:			
– Sales of goods	10,483	-	-
– Property revenue	27,203	47,153	133,817
– Income from services	928	546	5,909
Total income	38,614	47,699	139,726
Income from external customers			
– Sweden	27,331	47,344	136,971
– Canada	11,283	355	2,755
Total income	38,614	47,699	139,726
Total fixed assets other than financial instruments and deferred tax assets which are located in:			
– Sweden	30,769	37,121	43,547

Total	677,907	69,760	75,324
– Canada	647,138	32,639	31,777
- Sweden	30,769	37,121	43,547

Note 6 Pledged assets

Group	2018-03-31	2017-03-31	2017-12-31
Real estate mortgages	14,813	15,588	15,129
Pledged receivables	172,977	172,050	172,050
Total Group	187,790	187,638	187,179

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

Note 7 Contingent liabilities

Parent company	2018-03-31	2017-03-31	2017-12-31
General guarantees for subsidiary loans	85,000	133,775	85,000
General guarantees for other company loans	381,357	424,972	316,565
Total parent company	466,357	558,747	401,565

Upcoming reporting dates

- August 31, 2018: Interim report January–June 2018
- November 30, 2018: Interim report January–September 2018

Stockholm, 30th of May 2018

Bjarne Borg Chairman of the Board

Arne Weinz Member of the Board

Porolez

Rickard Haraldsson

Marie-Louise Alama Member of the Board



