RESIDENCE/

Interim Report Second Quarter 2018 Index Invest International AB (publ)

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Highlights

The Group

Equity/a	ssets ratio (%)
2018	59
2017	58
2016	65
2015	47
2014	41
2013	51
2012	62
2011	58
2010	58
2009	52

Parent Company

Total as	sets	Total assets
2018	1,932,778	2018 1,277,883
2017	1,903,229	2017 1,387,362
2016	2,098,346	2016 1,823,261
2015	2,353,760	2015 1,717,587
2014	2,627,624	2014 1,606,420
2013	1,909,880	2013 1,224,302
2012	1,591,200	2012 832,469
2011	1,524,841	2011 681,119
2010	1,635,142	2010 754,059
2009	991,640	2009 820,569

Equity		Equity	
2018	1,143,463	2018	309,750
2017	1,104,951	2017	286,693
2016	1,361,297	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	517,931	2009	544,271

Index Portfolio

Total units under planning/zoning:

2018:	297			
2017:		434		
2016:		545		
2015:			807	
2014:				1,263
2013:	275			
2012:	275			

Total units in production:

2018:		487	the state of the s
2017:	368	I Design	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
2016:		453	
2015:	313		SAME -
2014:	131		Labora Labora
2013:	265		
2012:	TIADID	464	/1/
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Total units occupied during the period:

2018:	23	
2017:		162
2016:	0	
2015:		131
2014:		134
2013:		199
2012:		151

Sum total of units in portfolio:



Summary of the second quarter of 2018

- Net sales increased by 81 % to 56,646 ksek (31,294 ksek)
- Operating result increased by 33,123 ksek to 53,193 ksek (20,070 ksek)
- Net profit amounted to 77,376 ksek (–27,416 ksek)
- The solidity amounted to 59% (61%)
- Earnings per share before dilution 774 sek (-274 sek) *
- Number of apartments under zoning planning 297 (435)
- Number of apartments under production/production planning 487 (445)
- Number of occupied apartments/compleated during the period 23 (39)
- Number of apartments in the portfolio 784 (880)

SEK in thousand	Apr–jun 2018	Apr–jun 2017	Jan–jun 2018	Jan–jun 2017	Jan–dec 2017
Net sales	56,646	31,294	95,260	78,993	139,726
Operating result	53,193	20,074	40,662	18,334	80,017
Financial items, net	34,858	-46,510	26,546	-31,112	-292,076
Net profit	77,376	-27,416	55,016	1,952	-197,445
Total comprehensive income	105,007	-27,690	90,287	1,221	-201,171
Balance sheet total	1,932,778	2,219,636	1,932,778	2,219,636	1,903,229
Earnings per share	774	-274	550	20	-1,974
Operating margin, %	94	64	43	23	57
Solidity %	59	61	59	61	58
Number of apartments under					
zoning planning	297	435	297	435	434
Number of apartments under					
production/production planning	487	445	487	445	368
Number of occupied/completed					
apartments during the period	23	39	23	69	162
Number of apartments in the portfolio	784	880	784	880	802

Significant events during the period

During spring 2018, Index Invest International AB (publ) has extended the maturity of the company's outstanding bond loan (ISINSE0005797537) of 375 msek, 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

During the period one of the real estate projects in Florida, USA, has been sold and an amortization of 90,4 msek was made.

Under 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 June 30, 2018, 85 of 87 homes were sold. The production of the block started in February 2017, and the residences are expected to be ready for occupation during the third and fourth quarter of 2019. The detailed development plan for the fourth block, project Havstornet, in Norrtälje Torn gained legal force in June 2018. The sales started in the end of May, beginning of June. As of June 30, 2018, 10 of 119 homes were sold, there is also a large amount of interest applications to process.

The remaining three blocks in Norrtälje Harbour, consist of 264 homes. The detailed development plan for the block Magasinet gained legal force during 2016. The detailed plan for the block Våghuset gained legal force in June 2017. The detailed development plan for Båthuset is proceeding according to plan and is expected to gain legal force in 2019.

Market development

The housing market in Norrtälje municipality is continuously stable with a smaller percentage decline compared to previous period. The development of Norrtälje Harbour is proceeding as planned, the first homes are expected to be ready for occupancy in August and as soon as the municipality has finalized the area it will be open for everyone.

The sales and interest applications for Havstornet show a continued great interest for the area.

Pricing in Kista is stable with a smaller percentage decline

compared to previous period. The development of the Kista Äng area is proceeding according to plan.

Result and position in April to June

The Group reports a quarterly result before tax of 88,051 ksek (-26,440 ksek) and a net profit of 77,376 ksek (-27,416 ksek). Revenues from the percentage of completion method amount to 45,532 ksek (26,309 ksek) and the operating profit from the percentage of completion method amount to 20,765 ksek (14,516 ksek) for the period. The balance sheet amount to 1,933 msek (2,220 msek). Net financial items amount to 34,858 ksek (-46,510 ksek). The Swedish crown (SEK) has developed weakly against both USD and CAD. This has resulted in a currency effect of 33 msek (-82 msek). The exchange rate effect relates to lending in foreign currency for the financing of the sister group's operations in Florida, USA and subsidiary in Ontario, Canada.

Solidity

The solidity is 59% (61%).

Cash flow, January to June

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

Cash flow from operating activities amount to 3,833 ksek (–81,613 ksek). The change mainly relates to improved operating profit and reduced receivables.

Cash flow from investing activities amount to 40,914 ksek (109 ksek). The change relates to the acquisition of Index Energy Ajax Corporation –181,614 ksek, the repayments of long-term receivables relating to the sister company 147,244 ksek as well as changed receivables relating to associated companies 75,283 ksek.

Cash flow from financing activities amount to –90,001 ksek (74,866 ksek). Changes mainly relate to the instalments of different loans; bond loan 90,375 ksek, credit institute loan 10,000 ksek and other loans 6,000 ksek. We have been granted new loans worth 50,000 ksek. The dividend of –33.6 msek is payed to our partner for the construction of Södra Juvelen.

Liquidity

The Group's liquid assets amount to, at the end of the period, 53 msek (45 msek). The company focuses strongly on liquidity monitoring. Rolling one-year forecasts as well as four-year forecasts are established on a continuous basis.

Parent company's earnings and position, April to June The parent company reports a quarterly result of 50,858 kse (-51,603 ksek) and net profit of 36,877 ksek (-45,287 ksek). The balance sheet amount to 1,278 msek (1,784 msek). Net financial income and expenses amount to 58,889 ksek (-46,875 ksek). The securities portfolio has developed negatively during the quarter and has generated an unrealized loss of -10,054 ksek (-3 017 ksek). The effects of a weaker crown against USD and CAD during the period gives an exchange rate effect of 44,940 ksek (-58,177 ksek).

Significant risks and uncertainties in the operation

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

Events after reporting period

An additional real estate project in Florida, USA was sold in July. An amortization of 50,2 msek was then made.

We have during the summer worked actively with marketing and sales of Havstornet. The interest for Havstornet has been great. During the summer, we have had more than 1,200 people at our apartment viewings which include a visit to Soltornet and the chance to see the beautiful view from the 14th floor. In total our activities have resulted in an additional 45 sold apartments as of August the 20th.

Prospects

The Group's future prospects are good. The great demand for the homes located in both Soltornet and Havstornet, together with some very interesting projects in the pipeline, gives evidence of a strong development of the Swedish market.

The Swedish project portfolio amounts to 784 homes. The Group has a project portfolio of around 1,800 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.

During the summer, two real estate projects have been sold by Index Enterprise LLC. The surplus was used to amortize part of the loan. The bond loan is expected to be repaid in full during 2018.

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 million	Q2 / 18	Q2 / 17
Net sales	56	31
Operating result	53	20

Consolidated Income Statement in Summary

Amounts in SEK thousand	Note	Apr–jun 2018	Apr–jun 2017	Jan–jun 2018	Jan–jun 2017	Jan-dec 201
Operating income	5					
Net sales		56,165	31,294	93,844	78,993	134,555
Other operating income		481	-	1,416	-	5,171
Total		56,646	31,294	95,260	78,993	139,726
Operating expenses						
Purchase of goods and services		-38,797	-17,425	-63,626	-57,590	-80,098
Other external expenses		-14,105	-4,127	-39,503	-11,719	-29,386
Personnel costs		-5,225	-3,833	-10,261	-8,628	–16,65
Depreciation/amortization of pro	perty, plant					
and equipment and intangible fix	ed assets	755	-260	-4,577	-527	-1,017
Change in value of properties		28	-9	647	635	9,164
Result from participations in grou	p companies	s 30	-6,819	3,585	-6,297	-6,297
Result from participations in						
associates and joint venture		53,861	21,249	59,137	23,467	64,576
Total operating expenses		-3,453	-11,224	-54,598	-60,659	-59,709
Operating result		53,193	20,070	40,662	18,334	80,017
Write down of receivables		-83	_	-2,815	_	-257,149
Financial income		61,521	25,201	86,793	75,785	175,971
Financial expenses		-26,580	-71,711	-57,432	-106,897	-210,898
Net financial items		34,858	-46,510	26,546	-31,112	-292,076
Result before tax		88,051	-26,440	67,208	-12,778	-212,059
Тах		-10,675	-976	-12,192	14,730	14,614
Net profit		77,376	-27,416	55,016	1,952	-197,445
Other comprehensive inc	ome					
Items that may later be reserved ir	the income	statement:				
Exchange differences		27,631	-274	35,271	-731	-3,726
Exchange differences, non-contro	lling interest	:s –	-	-	-	-
Total items that may later be rese	rved					
in the income statement		27,631	-274	35,271	-731	-3,726
Total comprehensive income		105,007	-27,690	90,287	1,221	-201,171
Result for the period attri	ibutable t	0:				
·		77,376	-27,416	55,016	1,952	-197,445
Parent company shareholders						

inpi -27,690 90,287 1,221 -201,171 Parent company shareholders 105,007 Non-controlling interests -----Earnings per share before dilution, SEK 773.8 -274.2 550.2 19.5 -1,974.5 Earnings per share after dilution, SEK 773.8 -274.2 550.2 19.5 -1,974.5

Consolidated Balance Sheet in Summary

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	2017-12-31
ASSETS				
Non-current assets				
Intangible assets				
Balanced development expenses	5	1,071	1,495	1,283
Total Intangible assets		1,071	1,495	1,283
Property, plant and equipment				
Land and buildings	5	612,433	-	-
Investment properties	5	33,409	32,147	32,376
Equipment, tools, fixtures and fittings	5	4,404	4,728	4,600
Total property, plant and equipment		650,246	36,875	36,976
Non-current financial assets				
Investments in associates	5	13,709	23,872	2,549
Investments in joint ventures	5	747	33,759	53,293
Other non-current receivables	4	609,969	1,601,863	506,048
Financial assets at fair value, through profit and loss statement	4	5,000	5,000	5,000
Total non-current financial assets		629,425	1,664,494	566,890
Deferred tax		7,013	-	7,013
TOTAL NON-CURRENT ASSETS		1,287,755	1,702,864	612,162
Current assets				
Residential units under development		237,745	226,381	233,104
Securities		94,966	83,865	79,043
Accounts receivables		14,242	27,549	11,605
Tax assets		20,028	382	15,056
Receivables to associates		75,465	95,657	54,895
Other receivables		141,020	32,750	799,044
Prepaid expenses and accrued income		8,939	827	1,085
Derivatives	4	-	3,620	-
Cash and cash equivalents		52,618	45,741	97,235
Total current assets		645,023	516,772	1,291,067
TOTAL ASSETS		1,932,778	2,219,636	1,903,229

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Consolidated Balance Sheet in Summary, continued

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	2017-12-31
EQUITY				
Equity attributable to Parent company shareholders				
Share capital		10,000	10,000	10,000
Reserves		36,013	3,737	742
Retained earnings including comprehensive income for the year		1,097,450	1,343,606	1,094,209
Total equity		1,143,463	1,357,343	1,104,951
LIABILITIES				
Non-current liabilities				
Borrowings	4	150,395	117,210	100,129
Bond loan	4	-	373,015	-
Derivatives	4	11,609	7,793	3,302
Other non-current liabilities		89,985	-	60,949
Deferred tax liabilities		59,524	49,756	55,681
Other provisions		860	65,958	1,570
Total long-term liabilities		312,373	613,732	221,631
Current liabilities				
Bond loan		284,625	-	374,050
Borrowings		8,686	3,570	18,628
Accounts payable		13,025	11,239	18,838
Invoiced but not earned income		59,962	113,068	78,381
Current tax liabilities		9,361	13,429	12,992
Derivatives	4	-	26,927	-
Other current liabilities		91,029	66,522	59,429
Accrued expenses and deferred income		13,254	13,806	14,329
Total current liabilities		476,942	248,561	576,647
TOTAL EQUITY AND LIABILITIES		1,932,778	2,219,636	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 thousand	Share Capital	Restricted reserves	Non-restricted reserves	Tota equity
Opening balance 1 January 2017	10,000	4,468	1,341,654	1,356,122
Net profit	-	_	1,952	1,952
Other comprehensive income	-	-731	-	-731
Total comprehensive income for the period	-	-731	1,952	1,221
Closing balance 30 June 2017	10,000	3,737	1,343,606	1,357,343
Opening balance 1 January 2018	10,000	742	1,094,209	1,104,951
Net profit	-	-	55,016	55,016
Other comprehensive income	-	35,271	-	35,271
Total comprehensive income for the period	-	35,271	55,016	90,287
Dividend			-51,775	-51,775
Closing balance 31 June 2018	10,000	36,013	1,097,450	1,143,463

Consolidated Cash Flow Statement in Summary

Amounts in SEK thousand	Note 2	018-06-30	2017-06-30	2017-12-31
Cash flow from operating activities				
Operating result		40,662	18,334	80,017
Depreciation		4,577	527	1,017
Other non-cash items		-13,124	-31,586	-96,074
Interest paid		-16,682	-16,707	-33,704
Interest received		435	1,988	21,894
Income tax		-16,286	-9,734	-22,922
Net cash flow from operating activities before changes in working capital		-418	-37,178	-49,772
Cash flows from changes in working capital				
Change in inventories and work in progress		-15,430	-2,897	3,737
Change in current receivables		24,474	-27,694	-12,296
Change in current liabilities		-4,793	-13,844	80,259
Total cash flows from changes in working capital		4,251	-44,435	71,700
Cash flows from operating activities		3,833	-81,613	21,928
Cash flows from investing activities				
Investments in intangible fixed assets		_	_	-
Investments in tangible fixed assets		-	-22,283	-22,944
Sales of tangible fixed assets		-	36,852	36,852
Sales of associated companies		-	-	30,000
Acquisition of subsidiaries	-	-181,614	-	-
Change in receivables in associated companies		75,283	-5,722	40,650
Change in other non-current receivables		147,244	-8,738	-78,196
Total cash flows from investing activities		40,914	109	6,362
Cash flows from financing activities				
Borrowings		50,000	105,041	111,648
Repayment of loan	_	106,375	-25,000	-40,000
Disposed capital		-	-5,175	-4,575
Dividends received/paid		-33,626	-	-50,000
Total cash flow from financing activities		-90,001	74,866	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		637	-731	-1,238
Closing balance, cash and cash equivalents		52,618	45,741	97,235

Parent Company Income Statement

Amounts in SEK thousand Note	Apr–jun 2018	Apr–jun 2017	Jan–jun 2018	Jan–jun 2017	Jan-dec 2017
Operating income					
Net sales	1,300	681	2,292	773	4,212
Total operating income	1,300	681	2,292	773	4,212
Operating expenses					
Other external expenses	-7,165	-3,143	-23,486	-9,163	-19,058
Personnel costs	-2,154	-2,224	-4,371	-4,753	-8,873
Depreciation/amortization of property,					
plant and equipment	-12	-42	-24	-94	-131
Total operating expenses	-9,331	-5,409	-27,881	-14,010	-28,062
Operating result	-8,031	-4,728	-25,589	-13,237	-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	-	-60,165	-	-61,604	-83,638
Write down of receivables				-	-261,132
Other interest income and similar result items	73,974	29,993	104,635	57,464	149,478
Interest expenses and similar result items	-15,085	-16,703	-40,782	-28,619	-98,701
Result after financial items	50,858	-51,603	38,264	-45,996	-312,843
Result before tax	50,858	-51,603	38,264	-45,996	-312,843
Appropriations	-4,964	6,316	-6,190	5,040	37,927
Tax on earnings for the period	-9,017	-	-9,017	-	7,013
Net profit	36,877	-45,287	23,057	40,956	-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 thousand	Note 2018-06-30	2017-06-30	2017-12-31
ASSETS			
Non-current assets			
Intangible assets			
Balanced development expenses	134	183	158
Property, plant and equipment			
Equipment, tools, fixtures and fittings	675	687	675
Non-current financial assets			
Investments in group companies	154,847	154,792	154,847
Receivables from group companies	594,683	75,897	24,346
Investments in associates	-	-	-
Investments in joint ventures	1,532	1,532	1,532
Other non-current receivables	341,175	1,341,749	247,588
Total non-current financial assets	1,092,237	1,573,970	428,313
Deferred tax	7,013	-	7,013
Total non-current assets	1,100,059	1,574,840	436,159
Current assets			
Current receivables			
Trade receivables	1,779	1,778	2,104
Receivables from group companies	14,031	150,539	55,086
Receivables from associates and joint venture	6,444	6,155	6,315
Tax receivables	20,045	-	14,689
Other receivables	120,247	16,765	780,980
Prepaid expenses and accrued income	178	176	179
Total current receivables	162,724	175,413	859,352
Cash and cash equivalents	15,100	34,072	91,851
Total current assets	177,824	209,485	951,203
TOTAL ASSETS	1,277,883	1,784,325	1,387,362

Parent Company Balance Sheet, continued.

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	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	183	158
Total restricted equity		12,146	12,183	12,158
Non-restricted equity				
Non-restricted reserves		274,547	592,413	542,438
Net profit		23,057	-40,956	-267,903
Total non-restricted equity		297,604	551,457	274,535
Total Equity		309,750	563,640	286,693
Untaxed reserves		90,000	76,500	76,500
Provisions				
Other provisions		11,610	34,118	3,302
Non-current liabilities				
Bond loan		-	373,015	_
Liabilities to group companies		-	647,766	_
Total non-current liabilities		-	1,020,781	-
Current liabilities				
Bond loan		284,625	-	374,050
Liability to credit institution		5,000	-	15,000
Trade payables		975	823	1,346
Liabilities to group companies		6,603	42,898	581,587
Tax liabilities		9,260	6,512	12,862
Other liabilities		554,897	33,273	29,244
Accrued expenses and deferred income		5,163	5,780	6,778
Total current liabilities		866,523	89,286	1,020,867
TOTAL EQUITY AND LIABILITIES		1,277,883	1,784,325	1,387,362

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

Group key ratios	Apr–jun 2018	Apr–jun 2017	Jan–jun 2018	Jan–jun 2017	Jan–dec 2017
Key ratios defined by IFRS					
Net sales	56,646	31,294	95,260	78,993	139,726
Net profit	77,376	-27,416	55,016	1,952	-197,445
Earnings per share after tax, SEK	774	-274	550	19	-1,975
Key ratios not defined by IFRS					
Return on total equity in %	5.9	2.0	6.6	4.2	13.4
Return on equity in %	7.7	-1.9	5.9	-0.9	-19.2
Return on total equity in % (Parent company)	5.2	1.4	6.2	2.5	9.1
Return on equity in % (Parent company)	16.4	-9.2	12.4	-8.2	-109.1
EBITDA, SEK in thousand	52,438	20,330	45,239	18,861	81,034
Operating income in SEK thousand	53,193	20,070	40,662	18,334	80,017
Operating margin in %	93.9	64.1	42.7	23.2	57.3
Cash liquidity in %	65.5	83.1	65.5	83.1	169,8
Solidity i %	59.2	61.2	59.2	61.2	58.1
Equity in SEK thousand	1,143,463	1,357,343	1,143,463	1,357,343	1,104,951
Equity per share, SEK	11,435	13,573	11,435	13,573	11,050
Number of share	100,000	100,000	100,000	100,000	100,000
Average number of shares	100,000	100,000	100,000	100,000	100,000
Average number of shares after dilution *	100,000	100,000	100,000	100,000	100,000
Average number of employees	43	13	43	13	11
Operational key ratios					
Number of apartments under zoning planning	297	435	297	435	434
Number of apartments under production	487	445	487	445	368
Number of occupied apartments	23	39	23	69	162
Number of apartments in the portfolio	784	880	784	880	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 exclusive stock-in-trade 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 15 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 estates.

On august 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

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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			
	2018-06-30	2017-06-30	2017-12-31	2018-06-30	2017-06-30	2017-12-31
Oth non-curr rec.	610,063	1,601,863	506,048	592,121	1,601,863	506,048
Borrowing	-150,395	-117,210	-100,129	-150,395	-117,210	-100,129
Bond loan	-	-373,015	-	-	-373,015	-
Total long-term lending and borrowing	459,668	1,111,638	405,919	441,726	1,111,638	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)

Total

The following table shows the Group's financial assets and liabilities measured at fair value as of – June 30, 2018.(SEK in thousands)Level 1Level 2Level 3

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

Total liabilities	-	11.609	-	11.609
Currency Option	-	11,609	-	11,609
Derivatives held for trading:				
Financial liabilities at fair value through income statement				

Notes

The following table shows the Group's financial assets and liabilities measured at fair value as of June 30, 2017.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
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 thousand)	2018-06-30	2017-06-30	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.

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Note 5 Segment information

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

(SEK in thousand)	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Analysis of income per revenue:			
– Sales of goods	21,549	-	-
– Property revenue	72,264	78,222	133,817
– Income from services	1,447	771	5,909
Total income	95,260	78,993	139,726
Income from external customers			
- Sweden	72,040	77,832	136,971
– Canada	23,220	1,161	2,755
Total income	95,260	78,993	139,726
Total fixed assets other than financial instruments and deferred tax assets which are located in:			
- Sweden	21,921	59,654	43,547
– Canada	643,496	36,347	31,777

Total

Note 6 Pledged assets

Group	2018-06-30	2017-06-30	2017-12-31
Real estate mortgages	65,395	15,235	15,129
Pledged receivables	172,977	172,050	172,050
Total Group	238 372	187,285	187,179

665,417

96,001

75,324

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

Note 7 Contingent liabilities

Parent company	2018-06-30	2017-06-30	2017-12-31
General guarantees for subsidiary loans	85,000	100,000	85,000
General guarantees for other company loans	531,226	454,774	316,565
Total parent company	616,226	554,774	401,565

Upcoming reporting dates

- November 30: 2018: Interim report January–September 2018
- February 28: 2019: Interim report January–December 2018
- April 30: 2019: Annual report 2018

Stockholm, 30th of August 2018

Bjarne Borg Chairman of the Board

evoler

Rickard Haraldsson CEO

Marie-Louise Alamaa Member of the Board

Fredrik Cederblom

Member of the Board

This interim report has not been subject to review by Index auditors.

