



# INDEX

RESIDENCE /

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

APRIL -  
JUNE  
2018

# Highlights

## The Group

### Equity/assets ratio (%)

2018	59
2017	58
2016	65
2015	47
2014	41
2013	51
2012	62
2011	58
2010	58
2009	52

## Parent Company

### Equity/assets ratio (%)

2018	24
2017	21
2016	33
2015	33
2014	30
2013	35
2012	53
2011	72
2010	72
2009	66

### Total assets

2018	1,932,778
2017	1,903,229
2016	2,098,346
2015	2,353,760
2014	2,627,624
2013	1,909,880
2012	1,591,200
2011	1,524,841
2010	1,635,142
2009	991,640

### Total assets

2018	1,277,883
2017	1,387,362
2016	1,823,261
2015	1,717,587
2014	1,606,420
2013	1,224,302
2012	832,469
2011	681,119
2010	754,059
2009	820,569

### Equity

2018	1,143,463
2017	1,104,951
2016	1,361,297
2015	1,113,953
2014	1,084,495
2013	978,855
2012	982,495
2011	881,737
2010	950,708
2009	517,931

### Equity

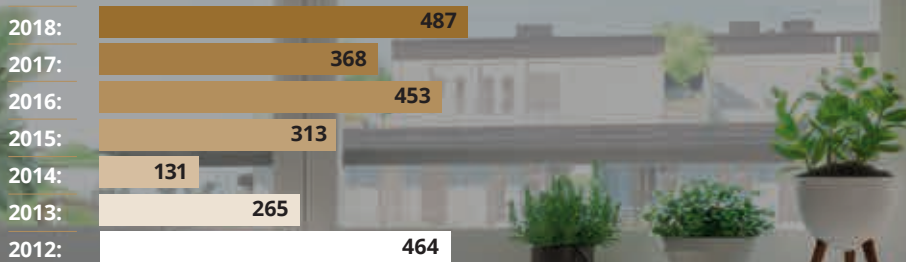
2018	309,750
2017	286,693
2016	604,596
2015	538,618
2014	488,137
2013	428,105
2012	437,988
2011	491,124
2010	543,104
2009	544,271

# Index Portfolio

## Total units under planning/zoning:



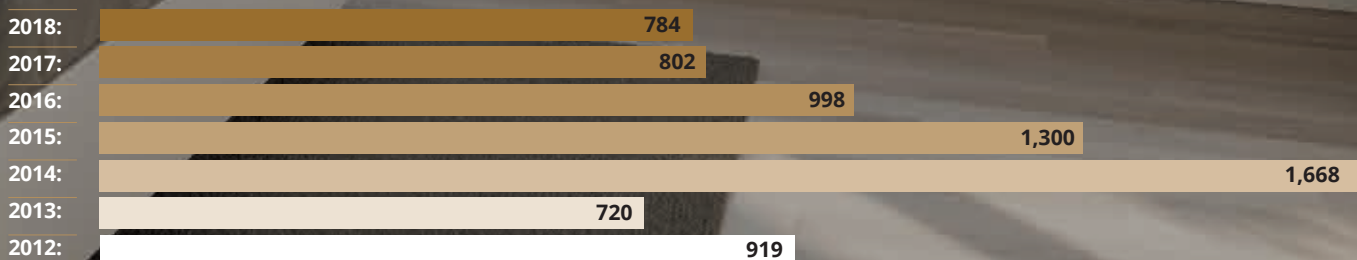
## Total units in production:



## Total units occupied during the period:



## Sum total of units in portfolio:







## Consolidated Income Statement in Summary

Amounts in SEK thousand	Note	Apr-jun 2018	Apr-jun 2017	Jan-jun 2018	Jan-jun 2017	Jan-dec 2017
<b>Operating income</b>						
	5					
Net sales		56,165	31,294	93,844	78,993	134,555
Other operating income		481	-	1,416	-	5,171
<b>Total</b>		<b>56,646</b>	<b>31,294</b>	<b>95,260</b>	<b>78,993</b>	<b>139,726</b>
<b>Operating expenses</b>						
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	-16,651
Depreciation/amortization of property, plant and equipment and intangible fixed assets		755	-260	-4,577	-527	-1,017
Change in value of properties		28	-9	647	635	9,164
Result from participations in group companies		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
<b>Total operating expenses</b>		<b>-3,453</b>	<b>-11,224</b>	<b>-54,598</b>	<b>-60,659</b>	<b>-59,709</b>
<b>Operating result</b>		<b>53,193</b>	<b>20,070</b>	<b>40,662</b>	<b>18,334</b>	<b>80,017</b>
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
<b>Net financial items</b>		<b>34,858</b>	<b>-46,510</b>	<b>26,546</b>	<b>-31,112</b>	<b>-292,076</b>
<b>Result before tax</b>		<b>88,051</b>	<b>-26,440</b>	<b>67,208</b>	<b>-12,778</b>	<b>-212,059</b>
Tax		-10,675	-976	-12,192	14,730	14,614
<b>Net profit</b>		<b>77,376</b>	<b>-27,416</b>	<b>55,016</b>	<b>1,952</b>	<b>-197,445</b>
<b>Other comprehensive income</b>						
Items that may later be reserved in the income statement:						
Exchange differences		27,631	-274	35,271	-731	-3,726
Exchange differences, non-controlling interests		-	-	-	-	-
Total items that may later be reserved in the income statement		27,631	-274	35,271	-731	-3,726
<b>Total comprehensive income</b>		<b>105,007</b>	<b>-27,690</b>	<b>90,287</b>	<b>1,221</b>	<b>-201,171</b>
<b>Result for the period attributable to:</b>						
Parent company shareholders		77,376	-27,416	55,016	1,952	-197,445
Non-controlling interests		-	-	-	-	-
<b>Total comprehensive income attributable to:</b>						
Parent company shareholders		105,007	-27,690	90,287	1,221	-201,171
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
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Balanced development expenses	5	1,071	1,495	1,283
<b>Total Intangible assets</b>		<b>1,071</b>	<b>1,495</b>	<b>1,283</b>
<b>Property, plant and equipment</b>				
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
<b>Total property, plant and equipment</b>		<b>650,246</b>	<b>36,875</b>	<b>36,976</b>
<b>Non-current financial assets</b>				
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
<b>Total non-current financial assets</b>		<b>629,425</b>	<b>1,664,494</b>	<b>566,890</b>
Deferred tax		7,013	-	7,013
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,287,755</b>	<b>1,702,864</b>	<b>612,162</b>
<b>Current assets</b>				
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
<b>Total current assets</b>		<b>645,023</b>	<b>516,772</b>	<b>1,291,067</b>
<b>TOTAL ASSETS</b>		<b>1,932,778</b>	<b>2,219,636</b>	<b>1,903,229</b>

## Consolidated Balance Sheet in Summary, continued

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	2017-12-31
<b>EQUITY</b>				
<b>Equity attributable to Parent company shareholders</b>				
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
<b>Total equity</b>		<b>1,143,463</b>	<b>1,357,343</b>	<b>1,104,951</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
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
<b>Total long-term liabilities</b>		<b>312,373</b>	<b>613,732</b>	<b>221,631</b>
<b>Current liabilities</b>				
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
<b>Total current liabilities</b>		<b>476,942</b>	<b>248,561</b>	<b>576,647</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,932,778</b>	<b>2,219,636</b>	<b>1,903,229</b>

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



## Consolidated Statement of Changes in Equity, in Summary

### Attributable to Parent company shareholders

Amounts in SEK thousand	Share Capital	Restricted reserves	Non-restricted reserves	Total equity
<b>Opening balance 1 January 2017</b>	<b>10,000</b>	<b>4,468</b>	<b>1,341,654</b>	<b>1,356,122</b>
Net profit	-	-	1,952	1,952
Other comprehensive income	-	-731	-	-731
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-731</b>	<b>1,952</b>	<b>1,221</b>
<b>Closing balance 30 June 2017</b>	<b>10,000</b>	<b>3,737</b>	<b>1,343,606</b>	<b>1,357,343</b>
<b>Opening balance 1 January 2018</b>	<b>10,000</b>	<b>742</b>	<b>1,094,209</b>	<b>1,104,951</b>
Net profit	-	-	55,016	55,016
Other comprehensive income	-	35,271	-	35,271
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>35,271</b>	<b>55,016</b>	<b>90,287</b>
Dividend			-51,775	-51,775
<b>Closing balance 31 June 2018</b>	<b>10,000</b>	<b>36,013</b>	<b>1,097,450</b>	<b>1,143,463</b>

## Consolidated Cash Flow Statement in Summary

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	2017-12-31
<b>Cash flow from operating activities</b>				
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
<b>Net cash flow from operating activities before changes in working capital</b>		<b>-418</b>	<b>-37,178</b>	<b>-49,772</b>
<b>Cash flows from changes in working capital</b>				
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
<b>Total cash flows from changes in working capital</b>		<b>4,251</b>	<b>-44,435</b>	<b>71,700</b>
<b>Cash flows from operating activities</b>		<b>3,833</b>	<b>-81,613</b>	<b>21,928</b>
<b>Cash flows from investing activities</b>				
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
<b>Total cash flows from investing activities</b>		<b>40,914</b>	<b>109</b>	<b>6,362</b>
<b>Cash flows from financing activities</b>				
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
<b>Total cash flow from financing activities</b>		<b>-90,001</b>	<b>74,866</b>	<b>17,073</b>
<b>Changes in cash and cash equivalents</b>				
Opening balance, cash and cash equivalents		97,235	53,110	53,110
Exchange effect in cash and cash equivalents		637	-731	-1,238
<b>Closing balance, cash and cash equivalents</b>		<b>52,618</b>	<b>45,741</b>	<b>97,235</b>

## Parent Company Income Statement

Amounts in SEK thousand	Note	Apr-jun 2018	Apr-jun 2017	Jan-jun 2018	Jan-jun 2017	Jan-dec 2017
<b>Operating income</b>						
Net sales		1,300	681	2,292	773	4,212
<b>Total operating income</b>		<b>1,300</b>	<b>681</b>	<b>2,292</b>	<b>773</b>	<b>4,212</b>
<b>Operating expenses</b>						
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
<b>Total operating expenses</b>		<b>-9,331</b>	<b>-5,409</b>	<b>-27,881</b>	<b>-14,010</b>	<b>-28,062</b>
<b>Operating result</b>		<b>-8,031</b>	<b>-4,728</b>	<b>-25,589</b>	<b>-13,237</b>	<b>-23,850</b>
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
<b>Result after financial items</b>		<b>50,858</b>	<b>-51,603</b>	<b>38,264</b>	<b>-45,996</b>	<b>-312,843</b>
<b>Result before tax</b>		<b>50,858</b>	<b>-51,603</b>	<b>38,264</b>	<b>-45,996</b>	<b>-312,843</b>
Appropriations		-4,964	6,316	-6,190	5,040	37,927
Tax on earnings for the period		-9,017	-	-9,017	-	7,013
<b>Net profit</b>		<b>36,877</b>	<b>-45,287</b>	<b>23,057</b>	<b>40,956</b>	<b>-267,903</b>

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

## Parent Company Balance Sheet

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	2017-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Balanced development expenses		134	183	158
<b>Property, plant and equipment</b>				
Equipment, tools, fixtures and fittings		675	687	675
<b>Non-current financial assets</b>				
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
<b>Total non-current financial assets</b>		<b>1,092,237</b>	<b>1,573,970</b>	<b>428,313</b>
Deferred tax		7,013	-	7,013
<b>Total non-current assets</b>		<b>1,100,059</b>	<b>1,574,840</b>	<b>436,159</b>
<b>Current assets</b>				
<b>Current receivables</b>				
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
<b>Total current receivables</b>		<b>162,724</b>	<b>175,413</b>	<b>859,352</b>
Cash and cash equivalents		15,100	34,072	91,851
<b>Total current assets</b>		<b>177,824</b>	<b>209,485</b>	<b>951,203</b>
<b>TOTAL ASSETS</b>		<b>1,277,883</b>	<b>1,784,325</b>	<b>1,387,362</b>

## Parent Company Balance Sheet, continued.

Amounts in SEK thousand	Note	2018-06-30	2017-06-30	2017-12-31
<b>EQUITY AND LIABILITIES</b>				
Equity				
<b>Restricted equity</b>				
Share capital		10,000	10,000	10,000
Statutory reserve		2,000	2,000	2,000
Fund for development expenses		146	183	158
<b>Total restricted equity</b>		<b>12,146</b>	<b>12,183</b>	<b>12,158</b>
<b>Non-restricted equity</b>				
Non-restricted reserves		274,547	592,413	542,438
Net profit		23,057	-40,956	-267,903
<b>Total non-restricted equity</b>		<b>297,604</b>	<b>551,457</b>	<b>274,535</b>
<b>Total Equity</b>		<b>309,750</b>	<b>563,640</b>	<b>286,693</b>
Untaxed reserves		90,000	76,500	76,500
<b>Provisions</b>				
Other provisions		11,610	34,118	3,302
<b>Non-current liabilities</b>				
Bond loan		-	373,015	-
Liabilities to group companies		-	647,766	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>1,020,781</b>	<b>-</b>
<b>Current liabilities</b>				
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
<b>Total current liabilities</b>		<b>866,523</b>	<b>89,286</b>	<b>1,020,867</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,277,883</b>	<b>1,784,325</b>	<b>1,387,362</b>

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
<b>Key ratios defined by IFRS</b>					
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
<b>Key ratios not defined by IFRS</b>					
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
<b>Operational key ratios</b>					
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

## Notes

### 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

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.

### 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

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.

### 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 through a model based on expected losses. The Group's analysis of the model shows that the transition to IFRS 9 will not have any significant effect on the reported values of the Group's profit or loss due to the risk nature of the receivables. The Group will not apply IFRS 9 retroactively and thus not recalculate corresponding figures in the 2018 financial statements.

#### IFRS 15 Revenue from 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.

#### 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

## Notes

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 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	-
<b>Total long-term lending and borrowing</b>	<b>459,668</b>	<b>1,111,638</b>	<b>405,919</b>	<b>441,726</b>	<b>1,111,638</b>	<b>405,919</b>

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

#### Calculating fair value

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

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

The following table shows the Group's financial assets and liabilities measured at fair value as of – June 30, 2018.

(SEK in thousands)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through income statement				
Financial assets held for sale:				
Currency Option	-	-	-	-
Financial assets held for sale	-	-	5,000	5,000
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>
<b>Liabilities</b>				
Financial liabilities at fair value through income statement				
Derivatives held for trading:				
Currency Option	-	11,609	-	11,609
<b>Total liabilities</b>	<b>-</b>	<b>11,609</b>	<b>-</b>	<b>11,609</b>



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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
<b>Assets</b>				
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
<b>Total assets</b>	<b>-</b>	<b>3,620</b>	<b>5,000</b>	<b>8,620</b>
<b>Liabilities</b>				
Financial liabilities at fair value through income statement				
Derivatives held for trading:				
Currency Option	-	26,927	-	26,927
Interest Rate Swap	-	7,793	-	7,793
<b>Total liabilities</b>	<b>-</b>	<b>34,720</b>	<b>-</b>	<b>34,720</b>

Fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory agency are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. The Group has no financial instruments classified in Level 1.

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

specialists. The Group uses (as far as possible) market data where it is available and company-specific information is used as little as possible. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Consolidated financial instruments are included in level 2 consists of currency options.

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

(SEK in thousand)	2018-06-30	2017-06-30	2017-12-31
<b>Opening balance</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
Transfer to level 3		-	-
Gains and losses recognized in the income statement		-	-
<b>Closing balance</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

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

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

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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
<b>Analysis of income per revenue:</b>			
– Sales of goods	21,549	–	–
– Property revenue	72,264	78,222	133,817
– Income from services	1,447	771	5,909
<b>Total income</b>	<b>95,260</b>	<b>78,993</b>	<b>139,726</b>
<b>Income from external customers</b>			
– Sweden	72,040	77,832	136,971
– Canada	23,220	1,161	2,755
<b>Total income</b>	<b>95,260</b>	<b>78,993</b>	<b>139,726</b>
<b>Total fixed assets other than financial instruments and deferred tax assets which are located in:</b>			
– Sweden	21,921	59,654	43,547
– Canada	643,496	36,347	31,777
<b>Total</b>	<b>665,417</b>	<b>96,001</b>	<b>75,324</b>

### 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
<b>Total Group</b>	<b>238 372</b>	<b>187,285</b>	<b>187,179</b>

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
<b>Total parent company</b>	<b>616,226</b>	<b>554,774</b>	<b>401,565</b>

**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



**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.

