



D. CARNEGIE & CO.

Press release, April 16 2014

D. Carnegie & Co and HBS II has initiated negotiations regarding a merger of their property portfolios

D. Carnegie & Co AB (publ) ("D. Carnegie & Co" or the "Company") and Hyresbostäder i Sverige II AB ("HBS II") has initiated negotiations regarding a merger of their respective property portfolios. HBS II is a real estate company managed by Obligo Investment Management AS. Under the assumption that a final agreement is reached, D. Carnegie & Co will, after completion of the transaction, hold a residential real estate portfolio corresponding to more than SEK 9,000 million and approximately 12,000 residential apartments, focused in and around Stockholm and the Mälardalen area.

The Company will, if the parties reach a final agreement and the transaction is completed, be the largest listed specialised residential real estate company. The negotiations are conducted with a common ambition between the parties to reach a binding agreement during May, 2014. D. Carnegie & Co will return with more detailed information about the transaction as soon as a binding agreement has been entered into.

The intention is that the transaction is effectuated by merging HBS II's properties with D. Carnegie & Co's. Through the transaction, the current owners of HBS II will remain as significant owners in the accumulated property portfolio in D. Carnegie & Co.

A final agreement is subject to, *inter alia*, approval from the board of directors of both companies, and that both companies are entitled to carry out a due diligence review of the properties and that nothing materially adverse emerges from such investigations. Furthermore, the transaction will require that shareholders' meetings are summoned in HBS II's two holding companies and D. Carnegie & Co to resolve upon amendments of the articles of association and an issue of securities.

The complementing operations of both companies sets out a beneficial starting point for a continued common development of the Company and the boards of directors of both companies considers the transaction to constitute a major opportunity for their respective shareholders.

D. Carnegie & Co currently maintains its internal property management organisation through Stendörren and HBS II has its own organisation for property management, Graflunds AB. After the transaction, the intention is that the management of all properties is co-ordinated.

D. Carnegie & Co has a highly efficient and cost-saving renovation model in Bosystem™, where the apartments are refurbished in connection with the natural turnover of tenants. Bosystem™ will continue to be the core in the improvement of the Company's real estate portfolio and thereby continue to create substantial value in the integrated portfolio.

D. Carnegie & Co AB (publ)

Strandvägen 5a SE-114 51 Stockholm | www.dcarnegie.se



D. CARNEGIE & CO.

Ulf Nilsson, VD, comments:

“Given our ambition to grow substantially on our core market, this is a fantastic opportunity to reach and exceed our growth targets. After completion of the transaction, we will look into the portfolio with the intention to streamline the geographical location of our properties”.

About D. Carnegie & Co

D. Carnegie & Co is a real estate company focusing on residential properties within the Stockholm region and other growth areas. The Company’s business concept is to own and manage its real estate portfolio and to gradually refurbish apartments in connection with the natural turnover of tenants. This can take place quickly and cost-efficiently due to the Company’s established refurbishment method, Bosystem™. The refurbishment model is popular with both tenants and the Swedish Union of Tenants (Sw. *Hyresgästföreningen*) as the apartments are attractively refurbished without any tenants being forced to vacate the premises against their will.

At the beginning of 2014, Stendörren transferred its residential properties to D. Carnegie & Co and thereby became the owner of a real estate portfolio consisting of residential properties in Stockholm’s growth areas. As of 31 December 2013, the market value amounted to SEK 2,929 million and the total rental value was estimated to SEK 287 million per year. The financial leasing rate is high and none of the properties are vacant. D. Carnegie & Co’s real estate portfolio is situated in the Stockholm region. D. Carnegie & Co is listed on NASDAQ OMX First North as of April 9, 2014.

About Hyresbostäder i Sverige II AB

HBS II has since 2004 been an sizeable participant in the Swedish residential property market with a portfolio of over 700,000 sqm of residential area. The properties are located in Eskilstuna, Strängnäs, Södertälje, Huddinge, Haninge, Bro, Märsta, Uppsala och Göteborg. HBS II has an own property management organisation, Graflunds AB, which manages all HBS II’s properties and also external properties. HBS II is owned by Norwegian and Swedish investors through Boligutleie Holding II AB and Hyresfastigheter Holding II Blå AB. According to the investment mandate, the property portfolio will be disposed of between 2013 and 2016, depending on most optimal market conditions.

For further information, please contact:

Ulf Nilsson, CEO, D. Carnegie & Co AB
+46 (0)8 121 317 00

Knut Pousette, Chairman of the Board of Directors, D. Carnegie & Co AB
+46 (0)8 121 317 00

Further information is available on www.dcarnegie.se

D. Carnegie & Co AB (publ)

Strandvägen 5a SE-114 51 Stockholm | www.dcarnegie.se