



D. CARNEGIE & CO.

Press release June 2, 2014

D. Carnegie & Co to become the largest listed residential property company in Sweden

D. Carnegie & Co AB (publ) ("D. Carnegie & Co" or the "Company") has entered into an agreement with the owners of Hyresbostäder i Sverige II AB ("HBS II"), managed by Obligo Investment Management, to merge their respective property portfolios. D. Carnegie & Co will, after completion of the transaction, hold a residential property portfolio corresponding to approximately SEK 9,500 million and approximately 12,000 residential apartments, focused in and around Stockholm and the Mälardalen area. Today, the Company will announce a notice to an extraordinary general meeting in connection with the transaction.

The transaction will be effected by D. Carnegie & Co acquiring HBS II including its properties and property management business. The acquisition is based on an underlying value of SEK 6,560 million and part of the payment will consist of 26 million B-shares in D. Carnegie & Co. Further, the payment includes a vendor's note of SEK 200 million, cash and convertible bonds corresponding to SEK 1,020 million. The current owners in HBS II will become significant owners in D. Carnegie & Co, holding around 35 per cent of the capital. After completion of the transaction, D. Carnegie & Co's bank debt will remain below 60 per cent of the Company's property values.

D. Carnegie & Co will today announce a notice to an extraordinary general meeting for resolutions on the requisite amendments of the articles of association and authorisations to the board to issue the securities which constitute part of the purchase price in the transaction.

HBS II is owned by Norwegian and Swedish investors through Boligutleie Holding II AS (appr. 80 per cent) and Hyresfastigheter Holding II Blå AB (appr. 20 per cent).

Both D. Carnegie & Co and HBS II maintain highly experienced management team. D. Carnegie & Co through Stendörren and HBS II through Obligo Investment Management and its own organisation for property management, Graflunds AB. After the transaction, the intention is to co-ordinate the management of all properties into what will be one of Sweden's most experienced and professional property management teams.



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The closing of the transaction is subject to approval by shareholders' meetings in both parties and approval from the Swedish Competition Authority.

Ulf Nilsson, VD, comments:

- Through this transaction, we are implementing our stated growth strategy and will be the largest listed residential property company in Sweden. We have a clear ambition to grow further, and not least, establish a property management structure that will create substantial value for our shareholders in the coming years, says Ulf Nilsson, CEO of D. Carnegie & Co..

Advisors

Savills and Nordier are commercial advisors and the law firms Glimstedt and Vinge are legal advisors to D. Carnegie & Co, Agasti Wunderlich Capital Markets is financial advisor and the law firms Delphi and Selmer are legal advisers to HBS II in the transaction

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. The Company also develop new building rights on its properties.

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. G&W Fondkommission is the company's Certified Adviser.

About Hyresbostäder i Sverige II AB

HBS II has since 2004 been a 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



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to the investment mandate, the property portfolio will be disposed of between 2013 and 2016, depending on most optimal market conditions.

Obligo Investment Management is an asset management company currently managing appr. SEK 50 billion under mandate from institutions and private investors. Obligo manages more than 25 different investment structures. Obligo Investment Management AS is 100 % owned by Agasti Holding ASA.

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Further information is available on www.dcarnegie.se