



D. CARNEGIE & CO.

Press release June 13, 2014

D. Carnegie & Co presents further information on the acquisition of HBS II's property portfolio

D. Carnegie & Co AB (publ) ("D. Carnegie & Co" or the "Company") has, as previously announced on 2 June 2014 entered into an agreement with the owners of Hyresbostäder i Sverige II AB ("HBS II"), 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, in and around Stockholm and the Mälardalen area. Ahead of the extraordinary general meetings of the Company and in HBS II in connection with the transaction, further information on the terms of the transaction is today being announced.

Closing

On 2 June 2014 the Company convened an extraordinary general meeting to be held on 2 July 2014. Provided that the general meeting resolves in accordance with the Board's proposal to amend the Articles of Association and to authorise the Board to issue shares and convertible bonds, as well as all other closing conditions having been met, closing is expected to take place on 4 July 2014.

Payment

The preliminary purchase price is based on a negotiated property value of HBS II's property portfolio of SEK 6.558 million adjusted for estimated liabilities and other assets in HBS II on 30 June 2014, and amounts to approximately SEK 3.790 million. Of the preliminary purchase price, around SEK 1.248 million will be paid in the form of 26 million newly issued B-shares in D. Carnegie & Co at a preliminary subscription price of SEK 48 per B-share. Further, the Company will issue three convertible loans, each of SEK 340 million, of totally SEK 1.020 million. The loan principals expire on 30 June 2016, 2018 and 2019, respectively, and carries an annual interest of 5 percent. Convertible bond holders have the right to demand early repayment of up to a third of the principal amounts. Another SEK 200 million will be paid in the form of a vendor note issued by D. Carnegie & Co to HBS II. The vendor note carries an annual interest of 3 percent and matures by a third annually. Finally the Company will pay SEK 1,321,898 in cash. See below a summary of the settlement expected to occur at closing.



D. CARNEGIE & CO.

Payment	Amount (MSEK)	Percent
Cash	1 322	35
26 million B-shares	1 248	33
Convertibles	1 020	27
Vendor note	200	5
Total	3 790	100

A new balance will be prepared as per the closing date, with any adjustments in relation to the estimated liabilities and other assets in HBS II, after which the preliminary purchase price may be adjusted.

Call Option

HBS II has also entered into an agreement with the Company's principal shareholder Kvalitena AB (publ) ("Kvalitena") under which Kvalitena has committed to acquire shares in the Company at a value of SEK 100 million per quarter until 31 December 2016, starting the first quarter of 2015. The commitment is limited to a total maximum of SEK 600 million during the period.

Transfer restrictions

HBS II has also committed not to, for a period of six months after closing, sell shares in D. Carnegie & Co over NASDAQ OMX First North.

Ulf Nilsson, CEO, comments:

"We have found a good structure for both parties to complete this exciting transaction, which allows D. Carnegie & Co to become Sweden's largest listed property company focused on residential properties. Together, we will have a management structure that can create substantial value for our shareholders in the future and we have the financial capacity to continue our growth."

For further information, please contact:

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

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

Further information is available on www.dcarnegie.se



D. CARNEGIE & CO.

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. *Hyresgästsföreningen*) as the apartments are attractively refurbished without any tenants being forced to vacate the premises against their will. The Company's Certified Adviser is G&W Fondkommission.

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 amount 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 Firth North since 9 April 2014.

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