



D. CARNEGIE & CO.

Press release, 4 July 2014

D. Carnegie & Co completes merger with HSB II today

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 (“HSB II”), to merge their respective property portfolios. The closing conditions have been met and D. Carnegie & Co is today pleased to announce that closing has taken place. Following the transaction D. Carnegie & Co becomes the largest listed residential property company in Sweden with a property portfolio valued at close to SEK 10 billion consisting of approximately 13,000 residential apartments, in and around Stockholm and the Mälardalen area.

The extraordinary general meeting held on 2 July 2014 resolved in accordance with the Board’s proposal to amend the Articles of Association and to authorise the Board to issue shares and convertible bonds, which were one of the closing conditions for the transaction. All other closing conditions, including approval from the Swedish Competition Authority, have been met and the closing took place today, 4 July 2014.

The key aspects of the transaction are as follows:

- As part of the payment, the Board will, with support from the authorisation from the general meeting, resolve on an issue in kind of not more than 26 million new class B shares to HSB II. Through the issue, HSB II will become a major shareholder of the Company with a holding corresponding to approximately 35 per cent of the total capital of the Company.
- As previously announced, HSB II has committed not to, for a period of six month after closing, sell shares in D. Carnegie & Co over NASDAQ OMX First North. HSB II’s commitment means that the Company receives a strong and long-term investor.
- Further, with support from the authorisation from the general meeting, the Board will resolve on an issue of 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 carry 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.
- The rest of the payment consists of a vendor note of SEK 200 million and a cash payment of SEK 1,321,898.
- HSB II has under the agreement of the transaction committed to vote in favor of the proposals of new directors of the Board and new issues made by the Company’s major shareholder, Kvalitena AB (publ) (“Kvalitena”) on general meetings of the Company, for as long as Kvalitena owns or controls more than 35 per cent of the shares in the



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Company (in capital or votes) and HBS II owns or controls more than 25 per cent of the shares in the Company (in capital or votes).

- Kvalitena has also 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.

Now, the intention is to coordinate D. Carnegie & Co's property manager Stendörren and HBS II's organisation for property management Graflunds into one of Sweden's most experienced and professional property management teams.

Further information in respect of the acquisition of HBS II

For further information in respect of the terms and conditions governing the Company's acquisition of HBS II, please refer to the press releases dated 2 June, 13 June and 2 July 2014, which are available on the Company's website, www.dcarnegie.se.

Ulf Nilsson, CEO, comments:

"Following approval by general meetings in the selling companies and D. Carnegie & Co, we can now complete a transaction whereby a fantastic platform for continued growth in the company established. In addition to a growth that has surpassed all our expectations, we create a uniquely coherent property management team with an extremely experienced and competent property management organisation."

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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.



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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 First North since 9 April 2014. The Company's Certified Adviser is G&W Fondkommission.

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.