



D. CARNEGIE & CO.

INTERIM REPORT JANUARY–SEPTEMBER 2014

INTERIM REPORT (JANUARY – SEPTEMBER 2014)

- Rental income amounted to SEK 326.9 million (-)
- Net operating income amounted to SEK 159.2 million (0.3)
- Earnings from management operations amounted to SEK 51.6 million (-0.4)
- Changes in derivative instruments affected earnings in the amount of SEK -16.7 million (-)
- Changes in values of investment properties amounted to SEK 77.5 million
- Profit after tax amounted to SEK 90.7 million (-0.4)
- Earnings per share amounted to SEK 1.28

SIGNIFICANT EVENTS DURING THE QUARTER

- On July 4 2014, D. Carnegie & Co completed the transaction with HBS II – making D. Carnegie the largest listed residential property company in Sweden

SIGNIFICANT EVENTS AFTER THE QUARTER

- On 27 October 2014, D. Carnegie & Co held in extraordinary general meeting of the shareholders at which it was resolved to acquire a property portfolio in Norrköping and at which a new board of directors was elected to serve until the next annual general meeting

KEY FIGURES

	Jan–Sept 2014	Jan–Sept 2013	Third quarter 2014	Full year 2013
Rental income, SEK m	326.9	-	240.0	-
Income from property management, SEK m	51.6	-	35.2	-
Profit after tax, SEK m	90.7	-0.4	9.0	-2.7
Profit after tax per share, SEK	1.28	-	0.13	-
Equity per share, SEK	44	-	44	-
Market value of investment properties, SEK m	10 216	-	10 216	-

Comments from the CEO

The first nine months of 2014 has been a particularly eventful for D. Carnegie & Co. Since this listing on Nasdaq OMX First North in April, the company has carried out additional acquisitions of properties valued at just over SEK 7 billion. At the time of listing, we forecasted a doubling within two years. So, we have exceeded our growth target.

On July 4 2014, we took over occupancy of 9,300 apartments from a Norwegian-Swedish fund structure, making D. Carnegie & Co the largest listed pure residential property company in Sweden. The properties are strategically located and complement our previous portfolio. The transaction also included Grafund, an organization with 50 years of experience in property management. Commencing on one October, we have brought together all of the management and operation of the group's properties under the Grafund organization. We believe that handling all management and operations in this way will entail great advantages both in terms of costs as well as the service provided to our tenants.

We have also taken possession of a portfolio with 450 apartments centrally located in Sollentuna, both the interior and exterior of which we will continue to renovate. On one October, we also entered into an agreement for the acquisition of 1,900 apartments strategically located in Norrköping. Grafund's previously handled the entire management and financial reporting for the portfolio and therefore we know that this will provide a stable contribution to the property management earnings.

Due to the many acquisitions at varying times during the year, this report does not cover three quarters with comparable earnings. In order to nonetheless provide guidance, the company therefore published on October 23 2014 an annual earnings capacity as per 30 September 2014 which showed current net operating income at that time in the amount of SEK 491 million. However, this is not a forecast for the future and does not include anticipated rental increases and cost reductions.

ULF NILSSON
CEO of D. Carnegie & Co



Markarydsbostäder i Södertälje AB

BUSINESS CONCEPT

D. Carnegie & Co's business concept is to own and manage property with a gradual renovation, associated with the natural turnover of tenants.

This can be done quickly and cost-effectively thanks to the tried and true Bosystem™ method of renovation. The renovation model is appreciated by both tenants and the Swedish Union of Tenants, as the apartments are attractively renovated and no one is forced to move against their will.

STRATEGY – MANAGE, IMPROVE AND DEVELOP

The strategy is to, from an existing portfolio of approximately 1,150 000 square metres of lettable area and 15,000 apartments in the Greater Stockholm area and Norrköping:

- Manage and develop the properties
- Improve the portfolio and create increasing cash flows and good growth in value by using the effective Bosystem™ renovation method
- Develop development rights in existing holdings for ultimate sale

The aim is to double the value of the existing portfolio within ten years by refurbishing the properties and the surrounding environment to new condition, benefiting our shareholders, tenants and employees.

The company intends to continue to acquire residential property that meets our demands for location and quality.

Income statement (Group)

On 27 February 2014, D. Carnegie & Co acquired a residential property portfolio valued at SEK 2,929 m via an acquisition of Stendörren Bostäder AB. On 2 June 2014, D. Carnegie & Co acquired additional properties valued at SEK 56.7 from HSB i Stockholm. On July 4 2014, D. Carnegie & Co acquired Hyresbostäder i Sverige II AB, an acquisition of a business with holdings of investment property valued at SEK 6,602 million. This acquisition also included the management organization of Graflunds Byggnads AB.

This report thus contains financial performance from operating activities mainly for the period 27 February to 30 June 2014. Rental income during the period amounted to SEK 326.9 million (-). Property expenses amounted to SEK 168.6 million, which yielded net operating income of SEK 159.2 million (0.3). Income from property management amounted to SEK 51.6 million (-0.4). The change in value of investment properties during the period amounted to SEK 77.5 million (0). Of this change in value, SEK 47.2 million is related to the contracted sales value of development rights. The remaining SEK 30.3 million is related to increased rent levels in investment properties.

The change in value of derivative instruments amounts to SEK -16.7 million, of which unrealized changes in value amount to SEK 7.7 million.

Profit before tax amounted to SEK 112.4 million (-0.4), deferred tax related to changes in value of investment properties -17.7 million (-), current tax on earnings for the year SEK -4.0 million (-), of which most is related to the acquired Hyresbostäder i Sverige II AB, and earnings for the period amounted to SEK 90.7 million (-0.4). Earnings per share amounted to SEK 1.28 (-).



Kista Fastighetsförvaltning AB

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN BRIEF

Amounts in SEK thousand	2014 Jan–Sept	2013 Jan–Sept	2014 July–Sept	2013 April–Sept	2013 Jan–Dec
Rental income	326 872	-	239 985	-	-
Other operating income	1 012	280	1 012	140	350
Operating expenses	-118 990	-	-78 996	-	-
Maintenance expenses	-36 003	-	-31 877	-	-
Property tax	-6 988	-	-5 000	-	-
Ground rent	-6 662	-	-3 508	-	-
Net operating income	159 241	280	121 616	140	350
Central administration	-18 481	-679	-13 489	106	-3 019
Costs related to acquisition of business	-15 299	-	-15 299	-	-
Financial income	-73 830	1	-57 662	0	8
Changes in value of financial instruments	51 631	-398	35 166	246	-2 661
Changes in value of investment property	77 515	-	451	-	-
Changes in value of financial instruments	-16 752	-	-16 752	-	-
Profit before tax	112 394	-398	18 865	246	-2 661
Tax	-21 743	-	-9 899	-	-
Net profit for the period	90 651	-398	8 966	246	-2 661
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period	90 651	-398	8 966	246	-2 661
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Profit attribute to:					
Owners of the parent company	89 350	-398	9 092	246	-2 661
Non-controlling interests	1 301	-	-126	-	-
Total comprehensive income for the period	90 651	-398	8 966	246	2 661

Statement of financial position (Group)

The Group's fixed assets, primarily investment properties, on 30 September 2014 amounted to SEK 10,217 million. Goodwill arose in the amount of SEK 698.4 million in conjunction with the acquisition of Hyresbostäder i Sverige II AB.

Investment properties are reported at their actual value based on an internal valuation which, in turn, is based on external valuations as per 31 March 2014 and 30 June 2014; see page 11.

Long-term receivables in the amount of SEK 176.2 million primarily relate to a promissory note issued by Kvalitena AB in the amount of SEK 150 million (see page 17), and lending in the amount of SEK 15 million.

A deferred tax claim in the amount of SEK 30.2 million (-) relates to tax on unutilized losses carried forward.

Current assets primarily relate to a note in the amount of SEK 227 million which arose in conjunction with a property acquisition.

Shareholders' equity amounted to SEK 3,086 million (2.8) and the equity ratio was 27 percent (100). The Group's interest-bearing liabilities amounted to SEK 5,794 million (-), representing a loan to value (LTV) ratio of 57 percent (-). The Group issued a convertible debenture in the amount of SEK 1,020 million and a seller's note in the amount of SEK 200 million in conjunction with asset purchase on 4 July 2014, and an interest-bearing note in the amount of SEK 114 million in conjunction with the sales of development rights. The Group's total interest-bearing liabilities amounted to 7,128 million.

Deferred tax liabilities in the amount of SEK 993.6 million (-) relate to the difference between the actual value and the residual value for tax purposes regarding properties, most of which SEK 963.6 million arose in conjunction with the acquisition of assets. The group's liquid funds and unutilized credit facilities as per the end of the accounting period amounted to SEK 199.1 million (2.4).



Värberg Förvaltning AB

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousand	2014 30 sept	2013 30 Sept	2014 30 June	2013 30 June	2013 31 Dec
Assets					
Goodwill	698 397	-	-	-	-
Investment properties	10 216 770	-	3 118 576	-	-
Equipment	6 182	-	5 023	-	-
Tangible fixed asset	176 214	-	-	-	-
Deferred tax asset	30 193	-	14 785	-	-
Current receivables	289 265	379	91 541	2	3 813
Cash and bank balances	199 111	2 422	506 986	305	1 164
Total assets	11 616 132	2 801	3 736 911	307	4 977
Equity and liabilities					
Equity	3 086 197	2 801	1 876 008	159	3 538
Interest-bearing liabilities	7 127 547	-	1 750 343	-	-
Other long-term liabilities	4 596	-	-	-	-
Interest-bearing derivatives	58 650	-	-	-	-
Deferred tax liability	993 614	-	19 793	-	-
Other current liabilities	345 528	-	90 767	148	1 439
Total equity and liabilities	11 616 132	2 801	3 736 911	307	4 977
Equity attributable to:					
Parent company shareholders	3 042 156	159	1 831 840	159	3 538
Non-controlling interests	44 041	-	44 168	-	-
Total equity	3 086 197	159	1 876 008	159	3 538

Report of changes in shareholders' equity

On 30 September 2014, the Group's shareholders' equity amounted to SEK 3,086 million. During the period, shareholders' equity was contributed through new share issues. A set-off issue was carried out in conjunction with the acquisition on 27 February 2014 which, in total, amounted to SEK 1,074 million. In conjunction with the listing of the company's shares on OMX Nasdaq First North, a new share issue was carried out which amounted to SEK 690 million including the over allotment option. A further new share issue was carried out in conjunction with the acquisition of assets on 4 July 2014. The share issue amounted to SEK 1,201 million.

CONDENSED STATEMENT OF CHANGES IN EQUITY, CONSENSUED CONSOLIDATED

Amounts in SEK thousand	Share capital	Retained earnings including net profit	Equity attributable to parent company shareholders	Non-controlling interests	Total equity attributable to owners of the company
Operating balance as of 2014-01-01	2 989	548	3 537	-	3 537
Total comprehensive income for the period	-	89 350	89 350	1 301	90 651
Contribution of shareholders equity					
Offset issue	342 030	731 943	1 073 973	-	1 073 973
Additional paid-in-capital	556 743	1 335 113	1 891 856	-	1 891 856
Issuance costs, IPO	-	-31 169	-31 169	-	-31 169
Additional paid-in-capital at acquisition	-	14 608	14 608	42 741	57 349
Dividend	-	-	0	-	0
Closing equity	901 762	2 140 393	3 042 155	44 042	3 086 197

Cash flow (Group)

Operating activities

Cash flow from operating activities, before changes in working capital, was SEK 55.9 million (-0.4). After a change in working capital of SEK -101.6 million (-0.5), cash flow from operating activities amounted to SEK 157.5 million (-0.9).

Investment activities

Cash flow from investment activities amounted to SEK -1,592.5 million (-) and consist mainly of investments in existing properties and acquisitions of Group companies/properties.

Financing activities

Cash flow from financing activities amounted to SEK 1,632.9 million (2.4). The cash flow includes the completed new share issue and the utilized overallotment option, amounting to a total of SEK 659.5 million and the taking of new loans in the net total amount of SEK 973.4 million.

Cash flow for the period

Cash flow for the period amounted to SEK 197.9 million (1.5) and cash and cash equivalents increased to SEK 199.1 million (2.4) at the end of the period.

STATEMENT OF CASH FLOWS (GROUP)

Amount in SEK thousand	2014 Jan–Sept	2013 Jan–Sept	2014 July–Sept	2013 July–Sept	2013 Jan–Dec
Income from property management	51 631	-398	35 166	246	-2 661
Adjustment for items not included in cashflow	4 255	-	2 363	-	-
Taxes paid	0	-	0	-	-
Cash flow before change in working capital	55 886	-398	37 529	246	-2 661
Increase (-) decrease (+) of working capital	101 643	-522	134 736	-525	483
Cash flow from operating activities	157 529	-920	172 265	-279	-2 178
Investing activities					
Investments in existing properties	-87 631	-	-47 656	-	-
Acquisition of Group companies/properties	-1 487 656	-	-1 444 874	-	-
Acquisition of tangible assets	-2 185	-	-685	-	-
Sale of properties	-	-	-	-	-
Investment in financial fixed assets	-15 000	-	35 000	-	-
Share and participations, net	19	-	0	-	-
Cash flow from investing activities	-1 592 453	0	-1 458 215	0	0
Financing activities					
New issue	659 469	2 396	395	2 396	2 396
Raised loans	988 000	-	988 000	-	-
Amortization of loans	-14 598	-	-10 320	-	-
Cash flow from financing activities	1 632 871	2 396	978 075	2 396	2 396
Cash flow for the period	197 947	1 476	-307 875	2 117	218
Cash and cash equivalents at beginning of the period	1 164	946	506 986	305	946
Cash and cash equivalents at end of period	199 111	2 422	199 111	2 422	1 164

Property portfolio

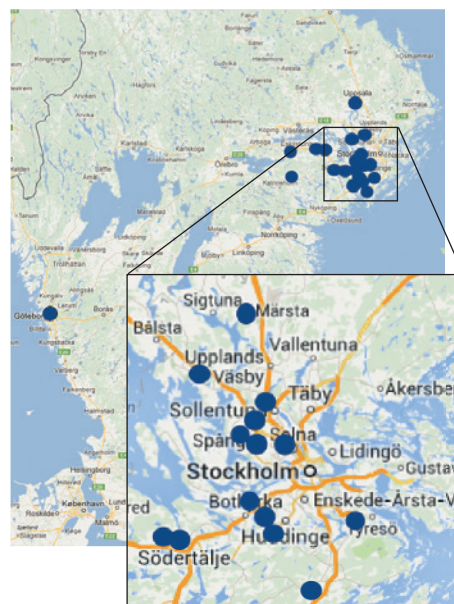
D. Carnegie & Co.'s property portfolio consists of residential properties with development potential in Stockholm's growth areas (The Million Housing Programme) and growth areas in the Mälars Valley region. The market value as of September 30 was SEK 10,217 million.

On 27 February 2014, the company acquired a property portfolio valued at SEK 2,929 million from Stendörren, which consisted of residential properties with development potential in Stockholm's growth areas.

On 2 June 2014, the property portfolio was increased by two properties in Bromsten/Rinkeby through an acquisition from HSB i Stockholm.

On 4 July 2014, the property portfolio was increased by a property value of SEK 6,602 million through the acquisition of Hyresbostäder i Sverige II AB. This acquisition included the management organization Graflunds in Eskilstuna, a management organization which handles both technical and accounts management. Through this acquisition, the company's operating area was expanded to the Mälars Valley region, maintaining however our focus on residential properties with development potential in growth areas (The Million Housing Programme).

On 3 September 2014, the property portfolio was further expanded in the amount of SEK 450 million through an acquisition from Wallenstam in Sollentuna.



Subsidiaries	City/ Municipality	Number of apartments	Lettable area, m ²	Gross rent,	Gross rent,	Gross rent,	Gross rent,
				quarter 1 SEK thousand	quarter 2 SEK thousand	quarter 3 SEK thousand	period SEK thousand
Kista Fastighetsförvaltning AB	Kista/Husby	5	109 340	8 674	26 491	26 557	61 722
Flemingsberg Fastighetsförvaltning AB	Flemingsberg	3	40 227	3 193	8 992	9 119	21 304
Bromsten Fastighetsförvaltning AB	Bromsten/Rinkeby	8	50 833	2 985	10 207 ¹⁾	11 563 ²⁾	24 755
Spånga Förvaltning AB	Spånga	8	60 882	4 452	14 042	14 298	32 792
Vårberg Förvaltning AB	Vårberg	1	24 449	1 693	5 494	5 514	12 701
Solnanord Fastigheter AB	Solna	1	1 876	167	497	498	1 162
Trojeborgsfastigheter i Sverige AB	Tyresö	1	-	0	0	0	0
Turemalm Fastigheter AB	Sollentuna	1	42 340	0	0	0	0
Kungskatten Holding AB	Södertälje	4	91 170	0	0	18 771 ³⁾	18 771
Markarydsbostäder i Södertälje AB	Södertälje	10	73 070	0	0	24 998 ³⁾	24 998
Markarydsbostäder i Södertälje AB	Vårby	6	51 580	0	0	13 249 ³⁾	13 249
Markarydsbostäder i Stockholm AB	Bro	7	43 105	0	0	10 956 ³⁾	10 956
Markarydsbostäder i Stockholm AB	Märsta	2	56 460	0	0	12 381 ³⁾	12 381
Fastighetsbolaget Kullerstensvägen KB	Jordbro	5	79 482	0	0	20 832 ³⁾	20 832
Fastighets AB Linrepan	Uppsala	8	71 446	0	0	16 809 ³⁾	16 809
Graflunds Byggnads AB	Eskilstuna	33	141 446	0	0	31 063 ³⁾	31 063
Graflunds Byggnads AB	Strängnäs	11	35 373	0	0	8 936 ³⁾	8 936
Graflunds Byggnads AB	Mariefred	1	-	0	0	0	0
Graflunds Byggnads AB	Vagnhärads	1	-	0	0	0	0
Graflunds Byggnads AB	Flen	1	-	0	0	0	0
Fastighetsbolaget Gropens Gård KB	Göteborg	1	15 982	0	0	3 341 ³⁾	3 341
Fastighetsbolaget Bredfjäll KB	Göteborg	9	48 917	0	0	11 099 ³⁾	11 099
Total		127	1 037 872	21 164	65 723	239 985	326 872

1) Of net rents in Q2, rents from acquisitions is included with 517 TSEK

2) Of net rents in Q3, rents from acquisitions is included 1.609 TSEK

3) Of net rents in Q3, rents from acquisitions is included with 172.435 TSEK

Property Valuations

As of 30 September 2014, D. Carnegie & Co.'s real estate portfolio was valued internally at an estimated market value of SEK 10,217 million. The valuation is based on the independent valuation described below as of 31 March 2014 and the external valuation carried out as per 30 June 2014 regarding the acquisition of assets on 4 July 2014. The evaluations have been updated internally as of 30 September 2014 taking into consideration changes in rent conditions and a contract of sale. It is not considered that any return requirements have changed.

The external property valuations were carried out by Savills.

The evaluation was based on a cash flow statement entailing that the property's value is based on the present value of projected cash flow, and the residual value during the calculation period of 5 years. The return requirements on units included in the valuation varies from 4.9% to 7.25% with an average of 5.44%. The assumption regarding future cash flows is based on an analysis of:

- Future development of the market and the local vicinity
- The market conditions and market position of the property
- Rent terms and conditions in line with the market
- Operating and maintenance costs of similar properties in comparison with those in the current property

Based on the analysis, the resulting net operating income during the calculation period (2014–2018) and the residual value at end of the calculation period were subsequently discounted using an estimated cost of capital in the interval 6–8%, with an average of 7.6%. The value-influencing parameters used in the valuation correspond to the external appraiser's interpretation of how a prospective buyer in the market would reason, and the sum of the present value of net operating income and the residual value can thus be taken as an expression of the market value.

Development rights and potential development rights have been valued based on market comparison studies, the status in the planning process, and the established sales values. Development rights have been valued at SEK 700 – 7,000 per square meter BTA.

The change in value of the investment properties during the period amounted to SEK 77.5 million which is explained in part by the contracted sales value of development rights in the amount of SEK 47.2 million and in part by the change in value of investment properties as a consequence of increased rent levels.

CHANGE IN CARRYING VALUE OF PROPERTIES

CHANGE IN VALUE OF INVESTMENT PROPERTIES

Amounts in SEK thousand	2014	2013
Property portfolio at beginning of period	01-Jan	01-Jan
Existing properties	-	-
Acquisitions	10 051 624	-
Investments in existing properties	87 631	-
Divestments	-	-
Change in value of investment properties, unrealized	77 515	-
Property portfolio at end of period	10 216 770	0

Acquisition of Hyresbostäder i Sverige II AB

On 4 July 2014, D. Carnegie & Co AB acquired Hyresbostäder i Sverige II AB. D. Carnegie & Co owns 100% of the share capital and voting capital in Hyresbostäder i Sverige II AB.

The company was brought into the Group on 4 July 2014. The business acquired contributed sales of SEK 172 million, earnings on managed properties of SEK 64.8 million, and earnings for the period of 4 July 2014 to 30 September 2014 of SEK 20.6 million.

The acquisition has been reported as an acquisition of assets. Properties and financial instruments are valued at their actual value. The difference between actual and book value for other assets and liabilities has not been deemed to be material.

The actual value of the claims acquired amounted to SEK 216 million, which corresponds to the amount which is expected to be collected.

Goodwill arose primarily due to the fact that deferred taxes calculated according to standard accounting rules deviates from the value of deferred taxes ascribed during negotiations between the parties to the transaction. According to standard accounting practice, deferred tax is calculated according to the nominal tax rate of 22% on the difference between the actual value and the tax value. In conjunction with transactions, the deferred tax is commonly negotiated based on the probability that this will become due and payable and a time factor of when payment will take place.

ACQUIRED NET ASSETS

Mkr

Investment properties	6 601 732
Deferred tax asset	11 207
Other assets	456 506
Interest-bearing liabilities	-2 866 694
Interest-bearing derivatives	-50 939
Other liabilities	-148 023
Balanced deferred tax at time of acquisition	-296 611
Added deferred tax according to PPA	-666 954
Acquired net assets	3 040 224
Cash settled purchased price	-1 317 421
Cash and cash equivalents in acquired company	135 902
Change in group cash and cash equivalents in relation to acquisition	-1 181 519

ESTIMATED GOODWILL

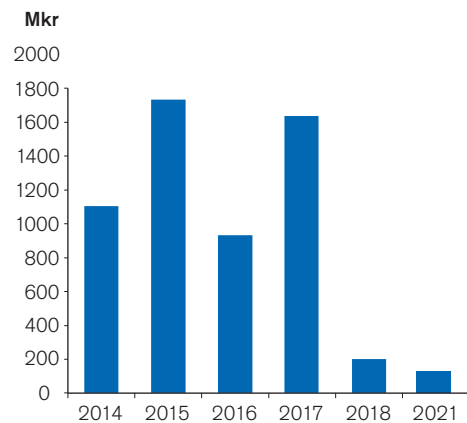
Mkr

Purchased price:	
Cash payment	1 317 421
Share issue related to acquisition	1 201 200
Vendor note	200 000
Convertible bonds related to acquisition	1 020 000
Purchased price HBS II shares, 100% of the shares	3 738 621
Acquired net assets	-3 040 224
Goodwill	698 397

Statement of financing

D. Carnegie & Co.’s total interest-bearing liabilities at the end of the accounting period amounted to SEK 7,128 million. Interest-bearing liabilities to credit institutions totalled SEK 5,794 million on 30 September 2014; interest-bearing convertible subordinated debentures amounted to SEK 1,020; and interest-bearing seller’s notes amounted to SEK 314 million, which corresponds to an LTV of approximately 57 percent. LTV (Loan-to-Value) means the key ratio that describes interest-bearing liabilities to credit institutions in relation to the market value of investment properties. Of the interest-bearing liabilities to credit institutions, SEK 2,855 million matures in 2014 – 2015. Negotiations regarding refinancing are pending. The average period of capital tied up is 2.1 years. The average interest rate for the credit facilities amounts to 3.6 percent. The interest rate on the convertible debentures is 5% and the interest rate on the seller’s notes is 5%. The terms to maturity of the loans are visible in the tables and the graph below. The facilities are subject to customary covenants, which in some cases limit the capacity of the subsidiaries to pay dividends. For more information, see also the section “Covenants in financing agreements” in “Legal issues and additional information” in the prospectus published on the company’s website. In order to limit any interest-rate risk, Hyresbostäder i Sverige II AB which was acquired executed an interest rate derivative. As a result of the asset acquisition on 4 July 2014, negative market values were realized on the interest rate derivative amounting to SEK -9.0 million. The reserve for the negative market value of the interest rate derivative increased during the period from 4 July 2014 to 30 September 2014 by SEK -7.7 million as a consequence of lower market interest rates during the period.

LOAN MATURITY AS OF 2014-09-30



FINANCIAL TARGETS	Target	Outcome
Equity ratio	≥30%	27%
LTV	≤70%	57%

INTEREST AND LOAN MATURITY 2014-09-30 (excluding convertible bonds and vendor notes)

Maturity	Interest maturity			Loan maturity	
	Mkr	Interest	Percentage	Mkr	Percentage
2014	2 957	2,54%	51%	1 119	19%
2015	1 368	4,79%	24%	1 736	30%
2016			0%	923	16%
2017	1 469	3,97%	25%	1 690	29%
2018			0%	196	4%
2019			0%	0	0%
2020			0%	0	0%
2021			0%	130	2%
Sum/Average	5 794	3,55%	100%	5 794	100%

DERIVATIVES 2014-09-30

Amount in Mkr	Nominal amount	Percentage	Market value 2014-09-30	Market value 2014-07-04	Change the period
Nominal swaps	2 511	100%	-59	-51	-8
Sum	2 511	100%	-59	-51	-8

Events

During and after the quarter, D. Carnegie & Co AB (publ) has, among other things, implemented a diversification of ownership and listed its shares on NASDAQ OMX First North, acquired new properties and, through the acquisition of Hyresbostäder i Sverige II AB, made D. Carnegie & Co AB (publ) the largest listed purely residential real estate company in Sweden.

IMPORTANT EVENTS DURING THE QUARTER

Extraordinary General Meeting

On 2 July 2014, an extraordinary general meeting of the shareholders of D. Carnegie & Co AB (publ) was held. It was resolved at the extraordinary general meeting, among other things, to change the maximum and minimum share capital and the number of shares and any related provisions of the articles of association. It was also resolved to authorize the board of directors to carry out a new issue of shares.

D. Carnegie & Co AB (publ) completed merger with HBS II

The completed deal with HBS II was announced on July 4 2014. Through this transaction, D. Carnegie & Co AB (publ) 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 region. D. Carnegie & Co AB (publ) thus announced on September 2 2014 the earnings for the first half of 2014 for the acquired property portfolio.

D. Carnegie & Co AB (publ) brings home the management of its entire property portfolio through Graflunds

It was announced on 18 September 2014 that Graflunds (which was a part of Hyresbostäder i Sverige II AB's property portfolio), will take over management of all of the Group's properties.

IMPORTANT EVENTS AFTER THE QUARTER

D. Carnegie & Co AB (publ) acquires 1900 apartments in Norrköping

It was announced on 2 October 2014 that D. Carnegie & Co AB (publ) had entered into an agreement through a subsidiary with Sörmlandsporten AB regarding the acquisition of a property portfolio in Norrköping. The acquisition was made contingent, among other things, on a resolution being adopted at an extraordinary general meeting of the shareholders.

D. Carnegie & Co AB (publ) publishes the Group's earnings capacity as per 30 September 2014

On 23 October 2014, the Group's earnings capacity as per 30 September 2014 was published. Following the listing on Nasdaq OMX First North in April 2014, D. Carnegie & Co AB (publ) has acquired properties with underlying value of approximately SEK 7 billion. The company's total property portfolio thus amounts to slightly more than SEK 10.1 billion as per 30 September 2014. On this date, the company's LTV ratio was 57% and the company's average term to maturity on loans was 2.1 years. The average interest rate is 3.6%. D. Carnegie & Co AB (publ) presented its earnings capacity on a 12 month basis.

Extraordinary general meeting of the shareholders

On 27 October 2014, D. Carnegie & Co AB (publ) held an extraordinary general meeting. Among other things, it was resolved at this meeting, in accordance with a proposal by the board of directors, to approve the company's acquisition of the property portfolio in Norrköping from Sörmlandsporten. The shareholders' meeting also resolved that the number of directors appointed by the meeting would be five directors and no alternate directors. Knut Pousette, Ronald Bengtsson and Mats Höglund were reelected and Ranny Davidoff and Bjarne Eggesbø were elected to the board of directors. Knut Pousette was reelected as chairman of the board. It was also resolved to appoint a nominations committee for the 2015 annual general meeting consisting of Gustaf Bodin (representing Frasdale International B.V), Geir Inge Solberg (representing Svensk Bolig Holding AB) and Knut Pousette (representing Kvalitena AB).



Kista Fastighetsförvaltning AB

Parent Company

Operations in D. Carnegie & Co consist of group functions. No property is owned directly by the parent company. Revenue of the parent company during the period amounted to SEK 0 m (0.3) and the profit after tax amounted to SEK -12.6 m (-0.4). The revenue mainly concerns services. Cash and cash equivalents at the end of the period was SEK 15.9 m (2.4).

INCOME STATEMENT

Amounts in SEK thousand	2014 Jan–Sept	2013 Jan–Sept
Net sales	-	280
Operating expenses	-6 783	-679
Profit/loss before financial items	-6 783	-399
Financial items		
Net interest income/expense	-20 235	1
Profit before tax	-27 018	-398
Tax	14 437	-
Profit for the period	-12 581	-398

BALANCE SHEET

Amounts in SEK thousand	2014 30 Sept	2013 30 Sept
ASSETS		
Non-current assets		
Equipment	1 500	-
Shares and participations in subsidiaries	4 827 870	-
Receivables from subsidiaries	55 002	-
Deferred tax assets	14 437	-
Long-term receivables	15 002	-
Total non-current assets	4 913 811	0
Current assets		
Receivables from parent company	51 643	-
Receivables from subsidiaries	3 000	-
Current receivables	8 751	379
Cash and cash equivalents	15 868	2 422
Total current assets	79 262	2 801
TOTAL ASSETS	4 993 073	2 801
EQUITY AND LIABILITIES		
Equity	2 925 582	2 801
Liabilities		
Interest-bearing liabilities	2 020 000	-
Non-interest-bearing liabilities	20 298	-
Liabilities to Parent Company	27 193	-
Liabilities to subsidiaries	-	-
Total liabilities	2 067 491	0
TOTAL EQUITY AND LIABILITIES	4 993 073	2 801

Other information

EMPLOYEES

At the end of the period, there were three employees of the parent company. During the period, there were 96 employees of the group. In addition to its own personnel, the group was staffed during the period with temporary personnel from Stendörren's subsidiary Slottsfabriken Egendomsförvaltning AB regarding the management of certain portfolios. Commencing 1 October 2014, Graflunds Byggnads AB will handle the entire Group's technical and accounts management.

TRANSACTIONS WITH RELATED PARTIES

D. Carnegie & Co has an agreement with Stendörren's subsidiary, Slottsfabriken Egendomsförvaltning AB, which handles accounting, rent administration and project development for a fixed fee of SEK 63 per m² on an annual basis. This agreement is deemed to be in accordance with market standards and can be procured on the open market, if needed. During the period, D. Carnegie & Co AB paid SEK 10.3 million to Slottsfabriken Egendomsförvaltning AB for purchased services. Through contract, D. Carnegie has lent SEK 50 million to Kvalitena AB at an interest rate of 3.0 percent p.a., SEK 0.4 million during the period, which is deemed to be in line with market standards. During the period, Kvalitena AB made repayment of the entire debt, SEK 50 million. In conjunction with the acquisition of Hyresbostäder i Sverige II AB, a closely-related transaction arose between Kvalitena AB and Markarydsbostäder Holding AB, a subsidiary of Hyresbostäder i Sverige II AB. The transaction consists of a claim under a promissory note in which Markarydsbostäder Holding AB holds a claim against Kvalitena AB in the amount of SEK 150 million. The average interest rate during the period was 6.7% and interest during the period was SEK 2.4 million. In conjunction with the acquisition of Hyresbostäder i Sverige II AB, D. Carnegie & Co entered into a cooperation agreement with Obligo Investment Management AS regarding strategic development. The fee is SEK 5 million on an annual basis and D. Carnegie & Co paid SEK 1.2 million during the period.

RISKS

Risks and uncertainties are mainly related to changes in macroeconomic factors that can lead to higher vacancy and interest rates, increased costs and lower rents, the risk that tenants will not pay the agreed rent on time, increased operating costs which may not be fully compensated in the lease agreement, and unforeseen and extensive renovation needs that may lead to increased maintenance costs. Beyond these risks and uncertainties, which are described in the prospectus "Invitation to subscribe for class B shares in D. Carnegie & Co AB (publ)" on page 7, no other significant risks were identified during the most recent period.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The same accounting and valuation principles and calculation methods have been applied in the most recently published annual financial information; see D. Carnegie & Co AB's prospectus, pages 59-62.

Investment properties are reported according to IFRS 13 in accordance with level 3.

The actual value of financial instruments corresponds, in all material respects, with the reported values. Derivatives are valued in accordance with level 2 in the actual value hierarchy. There are ISDA agreements for all derivatives which allow a set-off of claims against liabilities with the same counterparty. The parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The new interpretation of IFRIC 21: Levies will be applied commencing with the 2015 financial year.

EARLIER FINANCIAL REPORTS

The financial interim report information for periods closing 30 June 2013 and 30 September 2013 has not been the subject of any review and the comparative figures in the interim information for the nine-month period ending 30 September 2014 has thus not been reviewed.

The board of directors

THE BOARD OF DIRECTORS

Knut Pousette, Chairman of the board

Mats Höglund

Ronald Bengtsson

Ranny Davidoff

Bjarne Eggesbø

Ulf Nilsson, CEO

Stockholm, November 21, 2014



Värberg Förvaltning AB

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

D. Carnegie & Co AB (publ), corporate identity number 556498-9449

To the Board of Directors

Introduction

We have reviewed the condensed interim report for D. Carnegie & Co AB (publ) as at September 30, 2014 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 21, 2014

Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Ingemar Rindstig
Authorized Public Accountant

Investor information

CALENDAR 2014–2015

Press release of unaudited annual earnings figures 2014	2015-02-23
Q1 quarterly report	2015-04-24
Annual general meeting	2015-05-12
Q2 quarterly report	2015-07-24

CONTACT

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Kista Fastighetsförvaltning AB

