



D. CARNEGIE & CO.

YEAR END REPORT 2014

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- Rental income of SEK 608.7 million (-)
- Net operating income of SEK 257.6 million (0.4)
- Earnings from management operations of SEK 42.4 million (-2.7)
- Changes in the value of investment properties amounted to SEK 278.4 million (-)
- Changes in the value of derivative instruments affected earnings by SEK -14.2 million (-)
- Profit after tax amounted to SEK 233,1 million (-2.7)
- Earnings per share of SEK 3.3, before dilution
- Earnings per share of SEK 2.6, after dilution

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- On 27 October 2014, D. Carnegie & Co held an extraordinary general meeting of the shareholders at which it was resolved to acquire a property portfolio in Norrköping valued at SEK 1,000 million and at which a new board of directors was elected to serve until the next annual general meeting
- On 11 December 2014, D. Carnegie & Co was admitted to trading on NASDAQ OMX First North Premier

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

- D. Carnegie & Co has initiated a process aimed at being listed on a regulated market, NASDAQ OMX Mid Cap

KEY FIGURES

	Jan-Dec 2014	Fourth quarter 2014	Jan-Dec 2013
Rental income, SEK m	608,7	281,9	-
Net operation income, SEK m	257,6	98,3	-
Income from property management, SEK m	42,4	-0,2	-
Profit after tax, SEK m	233,1	142,4	-2,7
Profit after tax per share SEK, before dilution	3,3	2,0	-
Profit after tax per share SEK, after dilution	2,6	1,6	-
Equity per share, SEK	45,7	45,7	-
Market value of investment properties, SEK m	11 520,8	11 520,8	-
Solidity, %	25,4	25,4	71,1

Comments from the CEO

2014 has been a particularly eventful year for D. Carnegie & Co. Since its listing on NASDAQ OMX First North in April, the company has acquired properties valued in excess of SEK 8 billion, of which more than SEK 1 billion occurred during the fourth quarter. In conjunction with the listing, we foresaw a doubling within two years; thus, we have more than amply attained our growth targets.

At the beginning of November, we acquired 1,900 apartments strategically located in i Norrköping. Our own property management Graflunds, has previously handled the entire management and financial reporting in respect of the portfolio, and thus we know that it will generate a stable contribution to income from property management.

Due to the large number of acquisitions at different times during the year, this report does not cover four quarters with comparable results. Therefore, in order nevertheless to provide guidance the company will publish an annual earnings capacity statement as of 31 December showing current net operating income on that date of SEK 531 million (see also page 16). This does not, however, constitute a forecast as regards the future and does not take into account anticipated changes in rents and changes in costs.

The fact that our Bosystem solution for renovating individual properties functions well and entails that we expect to be able to renovate 7-10% of our portfolio annually is just as important as our high rate of acquisitions. The renovation of an apartment means that the rent can be increased by 30-40%. Over 10 years we can thus increase the rents on our entire portfolio to a corresponding extent.

We are also pleased with the fact that, in connection with the valuation we carried out as of 31 December 2014, an increase in value of just over SEK 278 million was noted during the fourth quarter.

It is also worth mentioning that trading in D. Carnegie & Co's shares on NASDAQ OMX First North Premier commenced on 11 December 2014.

ULF NILSSON
CEO of D. Carnegie & Co



Norrköping

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 million through the acquisition of Stendörren Bostäder AB. On 4 July 2014, D. Carnegie & Co acquired Hyresbostäder i Sverige II AB, a business acquisition with an investment property holding valued at SEK 6,602 million. This acquisition also included Graflunds Byggnads AB's management organization. Other acquisitions are described on page 10 under the section entitled "Property portfolio".

Accordingly, this report mainly contains financial performance from operating activities for the period 27 February to 31 December 2014. Rental income during the period amounted to SEK 608.7 million (-). Other operating income amounted to SEK 2.4 million (-). During the period, 162 apartments were renovated applying the Bosystem method, with the rent on these renovated properties going from an initial average of SEK 904 /m² to SEK 1,309 /m², which has increased the rents to a corresponding extent. Property expenses amounted to SEK 353.6 million (-), yielding a net operating income of SEK 257.6 million (0.4). The cost for central administration during the fourth quarter is above normal, due to the change in property management. Income from property management also includes non-recurring costs amounting to SEK -15.3 million due to acquisitions. The financial net includes costs of SEK -20.5 million in unrealized value changing in derivative instruments. Income from property management amounted to SEK 42.4 million (-2.7).

The affecting earnings change in value of investment properties during the period was SEK 278.4 million (0). Of this change in value, SEK 43.8 million relates to the contracted sales value of development rights. The remaining 234.6 million is attributable to higher net operating income of investment properties. The remaining SEK 234.6 million relates to increased rent levels in investment properties. The total change in property value was during the period SEK 444.2 million.

The change in value on derivative instruments amount to SEK -14.2 million.

Profit before tax amounted to SEK 306.6 million (-0.4), deferred tax related to changes in the value of investment properties amounted to SEK -66.3 million (-), current tax on earnings for the year was SEK -7.2 million (-), most of which is related to the acquired Hyresbostäder i Sverige II AB. The effective tax rate is estimated at 24%, and this is attributable to temporary differences relating to changes in value, and affected by mostly related non-deductible acquisition costs. Earnings for the period amounted to SEK 233, 1 million (-2.7). Earnings per share were SEK 3.3 (-) before dilution.



Husby, Kista

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN BRIEF

Amounts in SEK thousand	2014 Jan-Dec	2013 Jan-Dec	2014 Oct-Dec	2013 okt-dec
Rental income	608 727	-	281 855	-
Other operating income	2 441	350	1 429	70
Operating expenses	-254 301	-	-135 311	-
Maintenance expenses	-76 429	-	-40 426	-
Property tax	-12 496	-	-5 508	-
Ground rent	-10 356	-	-3 694	-
Net operating income	257 586	350	98 345	70
Central administration	-48 775	-3 019	-30 294	-2 341
Costs related to acquisition of business	-15 276	-	23	-
Financial net	-151 181	8	-68 310	7
Income from property management	42 354	-2 661	-236	-2 264
Changes in value of investment property	278 427	-	200 912	-
Changes in value of financial instruments	-14 214	-	-6 503	-
Profit before tax	306 567	-2 661	194 173	-2 264
Tax	-73 512	-	-51 769	-
Net profit for the period	233 055	-2 661	142 404	-2 264
<i>Other comprehensive income</i>	0	0	0	0
Total comprehensive income for the period	0	0	0	0
Total comprehensive income for the period	233 055	-2 661	142 404	-2 264
Profit attribute to:				
Owners of the parent company	234 648	-2 661	145 298	-2 264
Non-controlling interests	-1 594	-	-2 894	-
Total comprehensive income for the period	233 055	-2 661	142 404	-2 264
Profit after tax per share SEK, before dilution	3,3	neg	2,0	neg
Profit after tax per share SEK, after dilution	2,6	neg	1,6	neg

Statement of financial position (Group)

On 31 December 2014, the Group's fixed assets, primarily investment properties, amounted to SEK 11,521 million (-). Goodwill arose in the amount of SEK 698.4 million (-) in conjunction with the acquisition of Hyresbostäder i Sverige II AB, which is reported as a business acquisition.

Investment properties are reported at their fair value based on an external valuation of the entire property portfolio as of 31 December 2014; see also page 11.

Long-term receivables in the amount of SEK 171.8 million relate primarily to a promissory note issued by Kvalitena AB in the amount of SEK 150 million (see page 18).

A deferred tax claim of SEK 55.0 million (n.a.) relates to tax on non-utilized losses carried forward. Current assets amounted to SEK 120.0 million, (3,8) consist primarily of rent receivables and prepaid expenses.

Shareholder's equity amounted to SEK 3,251.5 million (3.5) and the equity ratio was 25,4 percent (71,1). The Group's interest-bearing liabilities to credit institutions amounted to SEK 6,687 million (n.a.), representing a loan to value (LTV) ratio of 58 percent (n.a.). 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 the business acquisition on 4 July 2014, and an interest-bearing note in the amount of SEK 113 million in conjunction with the sales of development rights, as well as an interest-bearing note of SEK 130 million in connection with the acquisition on 7 November 2014.

The Group's total interest-bearing liabilities amounted to SEK 8,140 million.

Deferred tax liabilities in the amount of SEK 1,061.0 million (n.a.) relate to the difference between the fair value and the residual value for tax purposes of properties, most of which (SEK 963.6 million) arose in conjunction with business acquisitions. The Group's cash and cash equivalents as per the end of the accounting period amounted to SEK 253.2 million (1.2).

Other current liabilities amounted to SEK 306.6 million (1.4) and consist primarily of accrued expenses.



Märsta

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN BRIEF

Amounts in SEK thousand	2014 31 Dec	2013 31 Dec	2014 30 Sept	2013 30 Sept
Assets				
Goodwill	698 397		698 397	
Investment properties	11 520 820	-	10 216 770	-
Equipment	4 176	-	6 182	-
Tangible fixed asset	172 824		176 214	
Deferred tax asset	55 094	-	30 193	-
Current receivables	119 975	3 813	289 265	379
Cash and bank balances	253 168	1 164	199 111	2 422
Total assets	12 824 454	4 977	11 616 132	2 801
Equity and liabilities				
Equity	3 251 454	3 538	3 086 197	2 801
Interest-bearing liabilities	8 139 564	-	7 127 547	-
Other long-term liabilities	777		4 596	
Interest-bearing derivatives	65 153	-	58 650	-
Deferred tax liability	1 060 947	-	993 614	-
Other current liabilities	306 559	1 439	345 528	-
Total equity and liabilities	12 824 454	4 977	11 616 132	2 801
Equity attributable to:				
Parent company shareholders	3 210 307	3 538	3 042 156	2 801
Non-controlling interests	41 147	-	44 041	-
Total equity	3 251 454	3 538	3 086 197	2 801

Statement of changes in shareholders' equity

On 31 December 2014, the Group's shareholders' equity amounted to SEK 3,235 million. During the period, shareholders' equity was contributed through three new share issues.

A debt/equity swap totalling SEK 1,074 million was carried out in connection with the acquisition dated 27 February 2014.

In connection with the listing of the company's shares on NASDAQ OMX First North, a new share issue was carried out amounting to SEK 690 million, including the over-allotment option.

A further new issue of shares was carried out in conjunction with the business acquisition dated 4 July 2014. The share issue amounted to SEK 1,201 million. To equity has also been added SEK 16 million of the convertible bond, issued in conjunction with the acquisition of Hyresbostäder I Sverige II AB, which is included in the line new issues below.

CONDENSED STATEMENT OF CHANGES IN EQUITY, CONSENSUED CONSOLIDATED

Amounts in SEK thousand	Share capital	Retained earnings including net profit	Additional paid-in-capital	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		233 055		234 648	-1 593	233 055
Contribution of shareholders equity						
Offset issue	342 030		731 943	1 073 973	-	1 073 973
Additional paid-in-capital	556 743		1 351 112	1 907 856	-	1 907 856
Issuance costs, IPO			-31 169	-31 169		-31 169
Tax, IPO			6 854	6 854	-	6 854
Additional paid-in-capital at acquisition			14 608	14 608	42 741	57 349
Dividend				0	-	0
Closing equity	901 762	233 603	2 073 348	3 210 307	41 147	3 251 454

Cash flow statement (Group)

Operating activities

Cash flow from operating activities, before changes in working capital, was SEK 57.8 million (-2.7). After a change in working capital of SEK 215,2 million (0.5), cash flow from operating activities amounted to SEK 273.0 million (-2.2).

Investing activities

Cash flow from investing activities amounted to SEK -1,750.5 million (-) and consists mainly of investments in existing properties and acquisitions of group companies/properties.

Financing activities

Cash flow from financing activities amounted to SEK 1,729.6 million (2.4). The cash flow includes the implemented new share issues and the utilized over-allotment option, amounting to a total of SEK 663.3 million, and the taking of new loans in the net total amount of SEK 1,063.2 million.

Cash flow for the period

Cash flow for the period amounted to SEK 252.0 million (0.2) and cash and cash equivalents increased to SEK 253.2 million (1.2) at the end of the period.

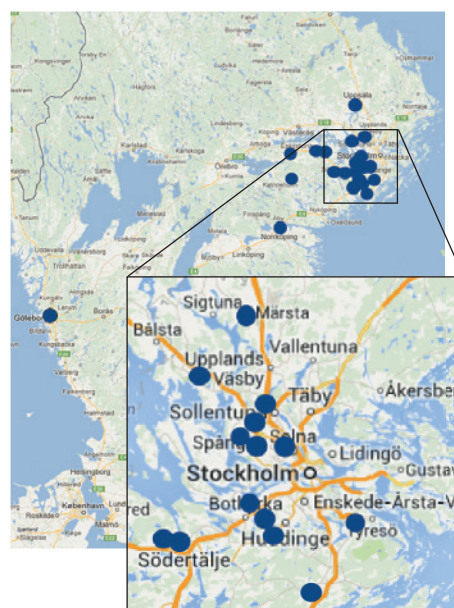
STATEMENT OF CASH FLOWS (GROUP)

Amount in SEK thousand	2014 Jan-Dec	2013 Jan-Dec	2014 Oct-Dec	2013 Oct-Dec
Income from property management	42 355	-2 661	-235	-2 263
Adjustment for items not included in cashflow	15 412	-	2 116	-
Taxes paid	0	-	0	-
Cash flow before change in working capital	57 767	-2 661	1 881	-2 263
Increase (-) decrease (+) of working capital	215 182	483	113 539	1 005
Cash flow from operating activities	272 949	-2 178	115 420	-1 258
Investing activities				
Investments in existing properties	-163 999	-	-76 368	-
Acquisition of Group companies/properties	-1 569 553	-	-81 897	-
Acquisition of inventories	-1 970	-	215	-
Sale of properties	-	-	-	-
Investment in financial fixed assets	-15 000	-	0	-
Share and participations, net	19	-	0	-
Cash flow from investing activities	-1 750 503	0	-158 050	0
Financing activities				
New issue	666 326	2 396	6 857	0
Raised loans	1 469 774	-	481 774	-
Amortization of loans	-406 542	-	-391 944	-
Cash flow from financing activities	1 729 558	2 396	96 687	0
Cash flow for the period	252 004	218	54 057	-1 258
Cash and cash equivalents at beginning of the period	1 164	946	199 111	2 422
Cash and cash equivalents at end of period	253 168	1 164	253 168	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 31 December 2014 was SEK 11,521 million. On 27 February 2014, the company acquired a property portfolio valued at SEK 2,929 million from Kvalitena AB, 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 with a property value of SEK 59 million. 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 Grafunds management organization 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 30 September 2014, the property portfolio was further expanded in the amount of SEK 450 million through an acquisition from Wallenstam in Sollentuna. On 1 October 2014, the property portfolio was expanded with an acquisition valued at SEK 25 million, through the acquisition of Akalla Centrumfastigheter AB. On 7 November 2014, the acquisition took place of Östgötaporten AB, a portfolio comprising 1,900 apartments located in Norrköping, with a property value of SEK 1,000 million.



Subsidiaries	City/ Municipality	Number of real estates	Lettable area, m ²	Gross rent, quarter 1 SEK thousand	Gross rent, quarter 2 SEK thousand	Gross rent, quarter 3 SEK thousand	Gross rent, quarter 4 SEK thousand	Gross rent, period SEK thousand
Kista Fastighetsförvaltning AB	Kista/Husby	5	109 340	8 674	26 491	26 557	27 536	89 258
Flemingsberg Fastighetsförvaltning AB	Flemingsberg	3	40 227	3 193	8 992	9 119	9 296	30 600
Bromsten Fastighetsförvaltning AB	Bromsten/Rinkeby	8	50 833	2 985	10 207	11 563	11 999	36 754
Spånga Förvaltning AB	Spånga	8	60 882	4 452	14 042	14 298	14 988	47 780
Vårberg Förvaltning AB	Vårberg	1	24 449	1 693	5 494	5 514	5 880	18 581
Solnanord Fastigheter AB	Solna	1	1 876	167	497	498	498	1 660
Trojeborgsfastigheter i Sverige AB	Tyresö	1	-	0	0	0	0	0
Turemalm Fastigheter AB	Sollentuna	1	42 340	0	0	0	9 630	9 630
Kungskatten Holding AB	Södertälje	10	91 170	0	0	24 998	26 299	45 070
Markarydsbostäder i Södertälje AB	Södertälje	4	73 070	0	0	18 771	20 150	45 148
Markarydsbostäder i Södertälje AB	Vårby	6	51 580	0	0	13 249	13 925	27 173
Markarydsbostäder i Stockholm AB	Bro	7	43 105	0	0	10 956	10 683	21 639
Markarydsbostäder i Stockholm AB	Märsta	2	56 460	0	0	12 381	14 014	26 395
Fastighetsbolaget Kullerstensvägen KB	Jordbro	5	79 482	0	0	20 832	21 935	42 767
Fastighets AB Linrepan	Uppsala	8	71 446	0	0	16 809	18 081	34 890
Grafunds Byggnads AB	Eskilstuna	33	141 446	0	0	31 063	33 242	64 304
Grafunds Byggnads AB	Strängnäs m.fl.	14	35 373	0	0	8 936	8 596	17 533
Fastighetsbolaget Gropens Gård KB	Göteborg	1	15 982	0	0	3 341	3 553	6 894
Fastighetsbolaget Bredfjäll KB	Göteborg	9	48 917	0	0	11 099	11 613	22 712
Östgötaporten AB	Norrköping	5	134 534	0	0	0	19 412	19 412
Akalla Centrumfastigheter	Akalla	1	2 632	0	0	0	525	525
Total		133	1 175 144	21 164	65 723	239 985	281 855	608 726

Refurbishments

During 2014, 162 apartments were refurbished applying the Bosystem method. Rents on these renovated apartments have increased from a starting level averaging SEK 904/m² to SEK 1,309 / m². In total, 282 apartments in the current portfolio have been renovated applying the Bosystem method, including refurbishments completed in 2013 and earlier.

Property valuations

As of 31 December 2014, D. Carnegie & Co's entire property portfolio has been valued independently at an estimated market value of SEK 11,521 million. The valuation is based on the method described below. The valuations are based to reflect changing operating surpluses and have been adjusted to take account of an agreed sale. Only minor changes in return requirements have been assessed as being relevant during the year.

The external property valuations were carried out by Savills.

The evaluation was based on a cash flow analysis whereby the property's value is based on the present value of forecast cash flows, and the residual value during the calculation period of 5 years.

The return requirements on units included in the valuation varies from 4.5 % to 8.0 %, with an average of 5.42 %.

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 property in question

Based on the analysis, the resulting net operating income during the calculation period (2015-2019) and the residual value at end of the calculation period were subsequently discounted applying an estimated cost of capital in the range 6.6-10.2 %, with an average of 7.52 %.

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 established sales values. Development rights have been valued at SEK 700 – 7,500 per square meter GFA (gross floor area) and are included in the property value in the amount of SEK 370.5 million. The change in value of investment properties during the period was SEK 278.4 million which is explained in part by the contracted sales value of development rights amounting to SEK 43.8 million and amounting to SEK 234,6 million in part by the change in value of investment properties as a consequence of increased rent levels.

CHANGE IN CARRYING VALUE OF PROPERTIES

Amounts in SEK thousand	2014	2013
Property portfolio at beginning of period	01-jan	01-jan
Existing properties	-	-
Acquisitions	11 076 597	-
Investments in existing properties	163 999	-
Reclassifications	2 202	-
Divestments	-	-
Change in value of investments properties, unrealized	278 022	-
Property portfolio at end of period	11 520 820	0

Statement of financing

Loan agreements

D. Carnegie & Co's total interest-bearing liabilities at the end of the accounting period amounted to SEK 8,140 million. On 31 December 2014, interest-bearing liabilities to credit institutions amounted to SEK 6,687 million, corresponding to an LTV of approximately 58 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. The average capital tie-up period is 2.1 years. Of the interest-bearing liabilities to credit institutions, SEK 3,135 million mature in 2015. Negotiations regarding refinancing are underway and will be completed in March 2015, which will significantly extend the capital tie-up period.

In addition to liabilities to credit institutions, there are interest-bearing convertible bonds of SEK 1,020 million, as well as interest-bearing sellers' notes of SEK 433 million.

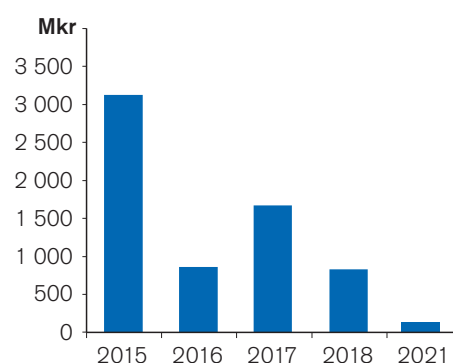
The average interest rate on the credit facilities is 3.2 percent. The interest rate on the convertible bonds is 5 % and the interest rate on the seller's notes is 5 %. The terms to maturity of the loans are shown in the tables and the graph below. The facilities are subject to customary covenants, which 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 the interest-rate risk, the acquired company Hyresbostäder i Sverige II AB has executed an interest rate derivative. As a result of the business acquisition on 4 July 2014, negative market values amounting to SEK -9.0 million were realized on the interest rate derivative. The provision for the negative market value of the interest rate derivative increased during the period 4 July 2014 - 31 December 2014 by SEK - 14.2 million as a consequence of lower market interest rates during the period.

The interest-bearing subordinated bonds about 1,020 million consists of three convertible bonds on each SEK 340 million. The duration of the various loans; loans one expires on 30 June 2016 with the possibility of from 9 June 2016 to convert to ordinary shares class B, with a conversion price of SEK 50.90 loans 2 expires on 30 June 2018 with the possibility of from 9 June 2018 to convert to ordinary shares series B with a conversion price of SEK 66.50, loans 3 expires on 30 June 2019 with the possibility of from 9 June 2019 to convert to common shares series B with a conversion rate of 76,00, (see page 19).

FINANCIAL TARGETS	Target	Outcome
Equity ratio	≥30%	25%
LTV	≤70%	58%

LOAN MATURITY AS OF 2014-12-31



INTEREST AND LOAN MATURITY 2014-12-31 (excluding convertible bonds and vendor notes)

Maturity	Interest maturity			Loan maturity	
	Mkr	Interest	Percentage	Mkr	Percentage
2015	5 218	3,02%	78%	3 135	47%
2016			0%	893	13%
2017	1 469	3,97%	22%	1 683	25%
2018			0%	846	13%
2019			0%	0	0%
2020			0%	0	0%
2021			0%	130	2%
Sum/Average	6 687	3,23%	100%	6 687	100%

DERIVATIVES 2014-12-31

Amount in Mkr	Nominal amount	Percentage	Market value 2014-12-31	Market value 2014-07-04	Change the period
Nominal swaps	2 511	100%	-65	-51	-14
Sum	2 511	100%	-65	-51	-14



Norrköping

Acquisition of Hyresbostäder i Sverige II AB

On 4 July 2014, D. Carnegie & Co acquired Hyresbostäder i Sverige II AB. D. Carnegie & Co owns 100% of the share capital and voting capital in Hyresbostäder i Sverige II AB. In connection with the acquisition and as part of the purchase price, a private placement of 26,000,000 newly issued shares took place to the seller. The issue price of the issued shares was set at SEK 46.20 per share, based on the average price during the three trading days prior to the acquisition on 4 July 2014. The company was brought into the Group on 4 July 2014. The acquired business contributed sales of SEK 355 million, earnings on managed properties of SEK 79.4 million, and earnings of SEK 39.0 million for the period of 4 July 2014 to 31 December 2014. The acquisition has been reported as a business acquisition. Properties and financial instruments are valued at their fair value. The difference between fair and book value for other assets and liabilities has not been deemed to be material. The fair value of the acquired claims was SEK 216 million, which corresponds to the amount which is expected to be collected. Goodwill arose primarily due to the fact that deferred tax calculated according to standard accounting rules deviates from the value ascribed to deferred tax 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 fair value and the tax value. In conjunction with transactions, the deferred tax is commonly negotiated based on the probability that it will become due and payable and a time factor of when any payment will take place. Acquisition-related costs of SEK -15.3 million were incurred in connection with the business acquisition.

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, 26 000 000 shares	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

Significant events

During the period, D. Carnegie & Co has, among other things, implemented a diversification of ownership through a new issue of shares, listed its shares on NASDAQ OMX First North, acquired new properties and, through the acquisition of Hyresbostäder i Sverige II AB, become the largest listed purely residential real estate company in Sweden. Additional acquisitions were carried out during the quarter. D. Carnegie & Co was admitted to trading on NASDAQ OMX First North Premier on 11 December 2014.

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

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

It was announced on 2 October 2014 that D. Carnegie & Co AB (publ), through a subsidiary, had entered into an agreement 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 amounts to more than SEK 10.1 billion as per 30 September 2014. On that 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 the 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 five directors would be appointed by the meeting and that there would be 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 nomination 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).

D. Carnegie & Co AB (publ) listed on NASDAQ OMX First North Premier

On 11 December 2014, D. Carnegie & Co AB (publ) was admitted to trading on NASDAQ OMX First North Premier. The company will continue to be traded under the same ticker name, DCAR.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

D. Carnegie & Co has initiated a process aimed at being listed on a regulated market, NASDAQ OMX Mid Cap.

Earnings capacity

Current earnings capacity

The table below reflects D. Carnegie & Co's earnings capacity on a 12-month basis as of 1 January 2015. It is important to note that the current earnings capacity is not to be equated with a forecast for the coming 12 months. The earnings capacity does not include, for example, assessment of rent trends, vacancies, or changes in interest rates.

Furthermore, D. Carnegie & Co's income statement is affected by changes in the value of investment properties as well as future property acquisitions and/or property divestments. Additional items affecting earnings include changes in the value of derivative instruments. None of the foregoing factors have been taken into account in the current earnings capacity.

D. Carnegie & Co's earnings capacity as of 30, September 2014 was published on 23 October 2014.

The rental value is based on the property-portfolio's invoicing list, assessed budgeted property expenses for the coming 12 months, and central administration costs. The financial net has been calculated based on interest-bearing liabilities and assets as of 31 December 2014. The costs for interest-bearing liabilities have been based on the Group's average interest rate level.

EARNING CAPACITY

Amounts in SEK thousand	1 january 2015	30 september 2014
Rental income	1 161 115	1 021 721
Other operating income	15 002	7 423
Operating expenses	-488 515	-409 818
Maintenance expenses	-117 339	-95 089
Property tax	-23 874	-20 679
Ground rent	-15 082	-12 020
Net operating income	531 307	491 538
Central administration	-51 820	-41 150
Financial net	-223 872	-203 280
Financial cost convertible bond	-51 000	-51 000
Income from property management	204 615	196 108

The 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 1.2 million (0.4) and the profit after tax amounted to SEK -47.0 million (-2.7). The revenue mainly concerns services. Cash and cash equivalents at the end of the period was SEK 22.6 million (1.2).

INCOME STATEMENT IN BRIEF

Amounts in SEK thousand	2014 Jan-Dec	2013 Jan-Dec
Net sales	1 164	350
Operating expenses	-21 190	-3 019
Profit/loss before financial items	-20 026	-2 669
Financial items		
Net interest income/expense	-42 392	8
Profit before tax	-62 418	-2 661
Tax	15 354	-
Profit for the period	-47 064	-2 661

BALANCE SHEET IN BRIEF

Amounts in SEK thousand	2014 31 Dec	2013 31 Dec
TILLGÅNGAR		
Non-current assets		
Equipment	1 524	-
Shares and participations in subsidiaries	4 827 872	-
Receivables from subsidiaries	55 961	-
Deferred tax assets	22 211	-
Long-term receivables	15 000	-
Total non-current assets	4 922 568	0
Current assets		
Receivables from parent company	176 071	-
Receivables from subsidiaries	3 075	-
Current receivables	2 785	3 813
Cash and cash equivalents	22 598	1 164
Total current assets	204 529	4 977
TOTAL ASSETS	5 127 097	4 977
EQUITY AND LIABILITIES		
Equity	2 913 991	3 537
Liabilities		
Interest-bearing liabilities	2 004 000	-
Non-interest-bearing liabilities	21 064	1 440
Liabilities to Parent Company	188 042	-
Liabilities to subsidiaries	-	-
Total liabilities	2 213 106	1 440
TOTAL EQUITY AND LIABILITIES	5 127 097	4 977

Other disclosure

EMPLOYEES

At the end of the period, the parent company had four employees. At the end of the period, the Group had 119 employees. In addition to its own personnel, during the period 27 February 2014 to 31 December 2014, the Group was staffed with temporary personnel from Kvalitena AB's subsidiary Slottsfabriken Egendomsförvaltning AB regarding the management of the portfolios which were acquired on 27 February 2014. Commencing 1 October 2014, both the technical and accounts management were transferred to Graflunds Byggnads AB.

TRANSACTIONS WITH RELATED PARTIES

Until 31 December 2014, D. Carnegie & Co has an agreement with Kvalitena'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 on market terms. During the period, D. Carnegie & Co paid SEK 14.7 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; this is deemed to be on market terms. During the third quarter, Kvalitena AB repaid 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. SEK 100 million under this note becomes due and payable on 31 October 2015, and the remaining SEK 50 million becomes due and payable on 31 October 2016. The average interest rate during the period was 6.75 % and SEK 4.9 million was paid in interest during the period. 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 per year for 5 years and D. Carnegie & Co paid SEK 1.2 million during the period. During the period, D. Carnegie & Co made purchases from Bosystem AB (a company in which Kvalitena AB holds a 50% stake) valued at SEK 13.9 million. These purchases of materials have been carried out on market terms. Kvalitena AB have during the period bought 2 newly formed empty companies from D. Carnegie & Co.

RISKS

Risks and uncertainties are mainly related to changes in macroeconomic factors that can lead to higher vacancy rates 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

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

AUDITOR'S REVIEW

This interim report has not been the object of review by the company's auditors.

The share and shareholders

The share

At the end of the year, D. Carnegie & Co had 8,076 (7,125) shareholders. The market capitalisation was SEK 3,213 million (-). D. Carnegie & Co has two classes of shares: class A and class B ordinary shares. The shares are listed on NASDAQ OMX Stockholm, First North Premier. In total, a net figure of 5,369,866 class A shares and 65,399,010 class B shares are outstanding, in total 70,768,876 ordinary shares. The total number of shares after delution ammonts to 88,558,106 ordinary shares.

Dividend

The Board will not propose any dividend for the financial year 2014.

Warrants programme

The company has a warrants programme comprising 1,523,000 issued subscription warrants, corresponding to 2.1% of the number of outstanding ordinary shares. The warrants carry an entitlement to subscribe for newly issued class B ordinary shares in D. Carnegie & Co. The warrants may be exercised for subscription commencing 1 January 2017 up to and including 30 June 2017. The subscription price for class B ordinary shares pursuant to the warrants is SEK 48.50. The warrant was directed against the CEO and CFO of D. Carnegie & Co, and all the staff that was employed in the Slottsfabriken Egendomsförvaltning AB, at the time of listing of D. Carnegie & Co on NASDAQ OMX First North, 9 April 2014. At the offering of warrants, a market-based pricing was applied.

Convertible bonds

In connection with the acquisition of Hyresbostäder i Sverige II AB, the company issued three convertible bonds, each of SEK 340 million. The terms to maturity of the bonds are as follows: bond 1 matures on 30 June 2016, with the possibility as from 9 June 2016 to convert to 6,679,764 class B ordinary shares at a conversion price of SEK 50.90; bond 2 matures on 30 June 2018, with the possibility as from 9 June 2018 to convert to 5,112,782 class B ordinary shares at a conversion price of SEK 66.5; bond 3 matures on 30 June 2019, with a possibility from 9 June 2019 convert to 4,473,684 class B ordinary shares at a conversion price of SEK 76.00. Upon full conversion, 16,266,230 shares will be issued in D. Carnegie & Co, corresponding to 23.0% of the number of outstanding ordinary shares.

Shareholders on 2014-12-31	Holding, A-shares	Holding, B-shares	Capital, %	Votes, %
Kvalitena AB	4 182 051	15 400 776	27,7	39,4
Svensk Bolig Holding AB	0	20 252 874	28,6	22,0
Frasdale Int. BV	1 088 472	4 353 887	7,7	10,6
JPM Chase	0	1 538 474	2,2	1,7
Lannebo Sverige	0	1 517 595	2,1	1,7
Svenskt Näringsliv	0	1 400 000	2,0	1,5
Lannebo Sverige 130/30	0	1 153 718	1,6	1,3
SEB-Stiftelsen	0	1 150 000	1,6	1,3
Nordea Småbolagsfond Sverige	0	1 047 104	1,5	1,1
Länsförsäkringar Fastighetsfond	0	981 017	1,4	1,1
Danske Invest Sverige	0	951 478	1,3	1,0
MSIL IPB Client Account	0	849 009	1,2	0,9
Danske Invest Sverige Fokus	0	767 369	1,1	0,8
Per Josefsson Holding AB	0	760 000	1,1	0,8
AMF Aktiefond Småbolag	0	725 000	1,0	0,8
Cancerfonden - Riksföreningen mot	0	621 675	0,9	0,7
Övriga	99 343	11 929 034	17,0	13,3
Total number of shares	5 369 866	65 399 010	100,0	100,0

The board of directors

Knut Pousette, Chairman of the board

Mats Höglund

Ronald Bengtsson

Ranny Davidoff

Bjarne Eggesbø

Ulf Nilsson, CEO

Stockholm, 23 February 2015

Contact

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Investor information

CALENDAR 2014-2015

Q1 quarterly report	24 April 2015
2015 annual general meeting	12 May 2015
Q2 quarterly report	24 July 2015
Q3 quarterly report	10 November 2015
Interim report, unaudited annual earnings figures 2015	22 February 2016



D. CARNEGIE & CO.

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