



D. CARNEGIE & CO.



Q1
2015

INTERIM REPORT
JANUARY–MARCH 2015

INTERIM REPORT Q1 2015

FIRST QUARTER JANUARY–MARCH 2015

- Rental income amounted to SEK 296.4 million (21.2)
- Net operating income was SEK 120.2 million (7.5)
- Income from property management amounted to SEK 2.2 million (1.2)
- Change in value of properties amounted to SEK 133.2 million (29.9)
- Changes in the value of derivatives had an impact on earnings of SEK -74.6 million (-)
- Profit after tax amounted to SEK 47.4 million (26.2)
- Earnings per share amounted to SEK 0.7 (1.0), basic/diluted

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- D. Carnegie & Co initiated a process to be listed on a regulated market, NASDAQ Mid Cap
- D. Carnegie & Co refinanced two loans for a total of about SEK 3.8 billion. After refinancing the average maturity of the the Company's liabilities to credit institutions (excluding outstanding convertible loans) is 4.5 years, and the average interest rate on the loan portfolio is 2.47 percent.

SIGNIFICANT EVENTS AFTER THE FIRST QUARTER

- D. Carnegie & Co acquired three properties in Stockholm with a total of 1,009 apartments
- D. Carnegie & Co issued a bond loan for SEK 1,000 million with a maturity of three years, STIBOR 3 month + 3.75 percent

KEY FIGURES

Amounts in SEK million

	First quarter 2015	First quarter 2014	Full-year 2014
Rental income, SEK m	296.4	21.2	608.7
Net operating income, SEK m	120.2	7.5	257.6
Income from property management, SEK m	2.2	1.2	42.4
Profit after tax, SEK m	47.4	26.2	233.1
Earnings per share (SEK), basic	0.7	1.0	4.8
Earnings per share SEK, diluted	0.7	1.0	4.3
Equity per share SEK	46.6	42.9	45.7
Fair value, properties, SEK m	11,700.1	2,979.4	11,520.8
Equity ratio, %	25.6	38.3	25.4



Statement from the CEO

During the first quarter of 2015 we refinanced more than half of our bank loans and succeeded both in extending the maturity and fixed-interest term of the loans while sharply reducing our interest expense.

On 5 March this year, we paid off old loans and replaced them with new loans for a total of SEK 3.8 billion. The majority of the new loans will run for seven years with fixed rates over the same period. D. Carnegie & Co now has an average remaining maturity of over 4.5 years and an average interest rate of less than 2.5%. This means that we have successfully taken advantage of the favorable money market position and substantially reduced both our interest rate risk as funding risk, at the same time that we have reduced our costs.

We have otherwise continued to renovate both apartments and properties in general, such as stairwells, facades, roofs and laundries, investing over SEK 45 million during the quarter.

In an appendix to this report D. Carnegie & Co includes an annual earning capacity report as of March 31, 2015 to provide guidance in addition to the formal quarterly report, since we acquired the majority of the stock after the first quarter of 2014. Earning capacity indicates a current net operating income at this time of SEK 541 million (see further appendix 1). However, this is not a forecast for the future and does not include expected changes in rent or costs.

The period was characterized in part by the process prior to relisting and in part by refinancing, both of which had a negative impact on income from property management during the period, due to non-recurring costs. However, both will have a positive impact on the Company's future business and earnings. We are also pleased to note that the valuation we carried out at the end of March 2015 showed an increase in value of more than SEK 134 million in the first quarter.

After the end of the period we also issued a three-year bond loan amounting to 1,000 million with a 3.75 percent margin.

Stockholm April 23, 2015

ULF NILSSON
CEO of D. Carnegie & Co



Husby, Kista

BUSINESS CONCEPT

D. Carnegie & Co is a dedicated residential real estate company. The business concept is to take a long-term approach to acquire, manage and refurbish the property portfolio with good potential for improvement in the Million Programme (Miljonprogrammet) areas.

Apartments are gradually refurbished in connection with the natural turnover of tenants using the fast and cost-effective “Bosystem” renovation method, which is appreciated by tenants who do not have to vacate the apartment during the renovation process. The Company also refurbishes facades, stairwells, exterior environments and similar projects. The result substantially elevates property values and cash flow.

Moreover, this strategy generates significant added value for D. Carnegie & Co by developing building rights in existing holdings.

MANAGE

REFURBISH

DEVELOP

VISION

To develop and refurbish the entire portfolio into attractive homes in mint condition.

To be an innovative real estate company that creates added value for tenants, owners and society at large.

STRATEGY

Based on the current approximately 1,200,000 m², D. Carnegie & Co's strategy is to continue to expand its property holdings in the Million Programme areas, especially in the Greater Stockholm region, which will continue to undergo strong growth while the housing shortage persists. Consequently the vacancy risk and therefore the risk in the investment will remain low. The Million Programme areas in Stockholm also have the highest potential for rent increases because of generally low rents combined with the largest housing shortage.

The portfolio, which is efficiently managed by the Company's own management organization, is gradually being renovated based on the natural turnover of tenants and using the Bosystem renovation method. The properties are strategically located in areas with good infrastructure, common recreation areas and excellent services. The portfolio initially had some maintenance needs, which means the properties can be acquired at a favorable price.

Having the property portfolio in a geographically defined area also offers advantages from a management perspective; local offices staffed by local personnel are sensitive to and support the needs of the tenants. Moreover, ongoing renovations require good logistics and warehousing within a reasonable distance.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY

Amounts in SEK thousand	2015 Jan. – March	2014 Jan. – March	2014 Jan. - Dec.
Rental income	296,437	21,164	608,727
Other income	2,688	-	2,441
Operating expenses	-139,141	-11,101	-254,301
Maintenance expenses	-30,188	-1,240	-76,429
Property tax	-5,962	-494	-12,496
Ground rent	-3,676	-808	-10,356
Net operating income	120,158	7,521	257,586
Central administration	-30,979	-1,913	-48,775
Costs related to acquisition of business	-	-	-15,276
Net finance items	-86,994	-4,426	-151,181
Income from property management	2,185	1,182	42,354
Change in value, investment properties	133,177	29,854	278,427
Change in value, financial instruments	-74,588	-	-14,214
Write-down goodwill	-2,165	-	-
Profit/loss before tax	58,609	31,036	306,567
Taxes	-11,237	-4,791	-73,512
Profit for the period	47,372	26,245	233,055
<i>Other comprehensive income</i>	0	0	0
Total other comprehensive income	0	0	0
Total comprehensive income for the period	47,372	26,245	233,055
Profit attribute to:			
Parent Company shareholders	48,050	25,026	234,649
Non-controlling interests	-678	1,219	-1,594
Total comprehensive income for the period	47,372	26,245	233,055
Earnings per share, SEK	0.7	1.0	4.8
Earnings per share SEK, diluted	0.7	1.0	4.3

Income statement (Group)

Comparative figures in parentheses refer to the amount from the corresponding period last year. The Company's current business began in 2014, when D. Carnegie & Co acquired a residential property portfolio with a value of SEK 2,929 million from Kvalitena AB on February 27, 2014. Consequently the comparison period consists of only one month in 2014, and for a much smaller business.

Income from property management

Income from property management, i.e., profit before changes in value and taxes for the period amounted to SEK 2.2 million (1.2). Rental income during the period amounted to SEK 296.4 million (21.2). Other operating income amounted to SEK 2.7 million (-). Property expenses amounted to SEK 179.0 million (13.6), yielding a net operating income of SEK 120.2 million (7.5), resulting in a profit margin of 40.6% (35.5). Central administrative expenses amounted to SEK -31.0 million (-1.9). This item includes costs related to relisting in the regulated market of SEK -1.0 million and expenses related to termination of management contracts of SEK -12 million.

Net financial items

Net interest income was -87.0 million (-4.4). The average interest rate on loans to credit institutions was 3.3 percent for the period January-February 2015, and from March 5, after the refinancing, the average interest rate was 2.5 percent. Costs incurred during the period for refinancing the two large loans were charged to net financial items for a total of SEK 3.8 billion, including costs related to early redemption of a loan for SEK 16.5 million and costs related to early redemption of interest derivatives of SEK 6.4 million.

Changes in value

Changes in the value of property holdings had an impact on profit during the period that totaled SEK 133.2 million (29.9). This change in value is attributable to somewhat lower return requirements for properties.

The unrealized change in value of derivatives amounts to SEK -74.6 million. These changes in value that affect earnings, but do not affect cash flow, arose because interest rates continued to go down when the Riksbank lowered the repo rate. See also the section on interest derivatives on page 14.

As a result of the fall in of acquired properties property value and an examination of the goodwill value, a write-down in the amount of SEK 2.2 million has been made.

Taxes

Profit before tax amounted to SEK 58.6 million (31.0). Total tax for the period was SEK -11.2 (-4.8), consisting of deferred taxes attributable to temporary differences on properties SEK -41.3 million (-4.8), change in value of derivatives SEK 16.4 million (-), and loss carryforwards SEK 12.7 million (-), as well as current tax attributable to profit/loss for the year and adjustments of previous tax years SEK 1.0 million (-). The current tax rate for the period is 19.2 percent (24.6).

Profit for the period

Profit for the period was SEK 47.4 million (26.2). Earnings per share amounted to SEK 0.7 (1.0), basic/diluted.



Norrköping

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

Amounts in SEK thousand	2015 March 31	2014 December 31	2014 March 31
ASSETS			
Non-current assets			
Goodwill	699,151	698,397	-
Investment properties	11,700,060	11,520,820	2,979,362
Equipment	4,869	4,176	3,797
Non-current receivables	172,819	172,824	-
Deferred tax asset	84,205	55,094	9,395
Total non-current assets	12,661,104	12,451,311	2,992,554
Current assets			
Current assets	82,522	77,866	23,627
Cash and cash equivalents	160,309	253,168	13,376
Total current assets	242,831	331,034	37,003
TOTAL ASSETS	12,903,935	12,782,345	3,029,557
EQUITY AND LIABILITIES			
Shareholders' equity	3,298,827	3,251,455	1,161,388
Non-current liabilities			
Non-current interest-bearing liabilities	6,716,609	4,759,257	1,749,185
Other non-current liabilities	5,970	777	-
Deferred tax liability	1,102,260	1,060,947	7,477
Interest rate derivatives	139,741	65,153	-
Total non-current liabilities	7,964,580	5,886,134	1,756,662
Current liabilities			
Current interest-bearing liabilities	1,334,954	3,363,809	17,588
Other current liabilities	305,574	280,947	93,919
Total current liabilities	1,640,528	3,644,756	111,507
TOTAL EQUITY AND LIABILITIES	12,903,935	12,782,345	3,029,557
Equity attributable to:			
Parent Company shareholders	3,258,357	3,210,308	1,117,429
Non-controlling interests	40,470	41,147	43,959
Total equity	3,298,827	3,251,455	1,161,388

Consolidated statement of financial position

Comparative figures in parentheses refer to the amount as of December 31, 2014.

Non-current assets

The Group's non-current assets mainly relate to properties and on March 31, 2015 amounted to SEK 11,700.1 million (11,520.8). Goodwill was SEK 699.2 million whereof SEK 2.9 million refers to asset transfer and arose in conjunction with business acquisitions; it is calculated based on the difference between the fair value and the tax value of the acquired properties. A review of goodwill during the period resulted in an impairment of SEK 9.8 million. A corresponding reversal of deferred tax was made. Properties are reported at fair value based on an external valuation of the entire property portfolio as of March 31, 2015; see also page 12. Non-current receivables in the amount of SEK 172.8 million (172.8) relate primarily to a claim under a promissory note issued by Kvalitena AB in the amount of SEK 150 million (see page 19). A deferred tax asset in the amount of SEK 84.2 million (55.1) relates to tax on unused tax losses carried forward.

Current assets

Current assets amount to SEK 82.5 million (77.9) and primarily comprise accounts receivable, as well as prepaid expenses. Consolidated cash and cash equivalents as per the end of the accounting period amounted to SEK 160.3 million (253.2).

Equity

Shareholder's equity amounted to SEK 3,298.8 million (3,251.5) and the equity ratio was 25.6 percent (25.4).

Non-current liabilities

The Group's total interest-bearing liabilities amount to SEK 8,052 million (8,123). The Group's non-current interest-bearing liabilities to credit institutions totaled to SEK 5,506 million (3,552). Non-current liabilities include a convertible debenture amounting to SEK 1,020 million, of which SEK 16 million is recognized as equity. Non-current liabilities included a vendor note of SEK 200 million of which SEK 133 million is noncurrent value, an interest-bearing promissory note of SEK 113 million. Among noncurrent liabilities includes activated arrangement fees amounting to SEK -39 million. Non-current deferred tax liabilities in the amount of SEK 1,102 million (1,061) relate to the difference between fair value and the residual value for tax purposes for properties.

Current liabilities

The Group's current interest-bearing liabilities amount to SEK 1,334.9 million (3,363.8), of which SEK 1,138.0 million (3,135) relate to credit institutions, and an interest-bearing promissory note of SEK 130 million and SEK 67 million in current value of promissory note. Other current liabilities amount to SEK 305.0 million (280.9) and consist primarily of accounts payable, a note payable to Kvalitena AB and accrued expenses.



Flemingsberg

Consolidated statement of changes in equity

On March 31, 2015, consolidated shareholders' equity was SEK 3,298.8 million (1,161.4).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Share capital	Other additional paid-in capital	Profit brought forward including profit for the period	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity capital attributable to shareholders
Equity, 01-01-2014	2,989	11,544	-10,995	3,538	-	3,538
Profit for the period January – March 2014	-	-	26,245	25,026	1,219	26,245
Contributed capital, offset issue	342,030	732,228	-	1,074,258	-	1,074,258
Additional paid-in capital at acquisition	-	14,608	-	14,608	42,741	57,349
Other comprehensive income January – March 2014	-	-	-	0	-	0
Equity, 31-03-2014	345,019	758,380	15,250	1,117,430	43,960	1,161,390
Contributed capital, rights issues	556,743	1,310,512	-	1,867,255	-	1 867,255
Equity component convertible notes	-	16,000	-	16,000	-	16,000
Profit for the period April – December 2014	-	-	206,810	209,623	-2,813	206,810
Other comprehensive income for the period April – December 2014	-	-	-	0	-	0
Equity, Dec. 31, 2014	901,762	2,084,892	222,060	3,210,308	41,147	3,251,455
Profit for the period January – March 2015	-	-	47,372	48,050	-678	47,372
Other comprehensive income January – March 2015	-	-	-	0	-	0
Closing equity, 31-03-2015	901,762	2,084,892	269,432	3,258,358	40,469	3,298,827

Consolidated statement of cash flows

Operating activities

Cash flow from operating activities before change in working capital amounted to SEK -1.0 million (3.8). After a change in working capital of SEK 1.3 million (2.3), cash flow from operating activities amounted to SEK 0.3 million (6.2).

Investing activities

Cash flow from investing activities totaled SEK -50.0 million (7.5) and largely comprises investments in existing properties.

Financing activities

Cash flow from financing activities totaled SEK -43.2 million (-1.5). In the cash flow statement SEK 3 813,5 million (-) refers to new debt raised and SEK -3 856,7 million (-1,8) refers to bank loans amortized.

Cash flow for the period

Cash flow for the period totaled SEK -92.9 million (12.2) and cash and cash equivalents declined to SEK 160.3 million (13.4) at the end of the period.

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

Amounts in SEK thousand	2015 Jan. – March	2014 Jan. – March	2014 Jan. – Dec.
Income from property management	2,185	1,182	42,355
Adjustment for items not included in cash flow	-664	4,519	15,412
Tax paid	-2,557	-1,854	-
Cash flow before the change in working capital	-1,036	3,847	57,767
Increase (-)/decrease (+) of working capital	1,326	2,342	215,182
Cash flow from operating activities	290	6,189	272,949
Investing activities			
Investments in existing properties	-46,063	-6,407	-163,999
Acquisition of Group companies/properties, business combination	-2,919	-	-1,181,519
Acquisition of Group companies/properties, asset acquisition	-	13,918	-388,034
Acquisition of property, plant and equipment	-1,012	-	-1,970
Acquisition of intangible assets	-	-	-
Change in financial assets	-	-	-15,000
Share and participations, net	-	19	19
Cash flow from investing activities	-49,994	7,530	-1,750,503
Financing activities			
IPO	-	266	666,326
Change in interest-bearing liabilities	3,813,532	-	1,485,774
Amortization bank loans	-3,856,687	-1,773	-422,542
Dividend	-	-	-
Cash flow from financing activities	-43,155	-1,507	1,729,558
Cash flow for the period	-92,859	12,212	252,004
Cash and cash equivalents at beginning of period	253,168	1,164	1,164
Cash and cash equivalents at end of period	160,309	13,376	253,168

Property portfolio

D. Carnegie & Co's property portfolio consists primarily of residential properties in Greater Stockholm and the growth areas in Mälardalen. The property portfolio consists the bulk primarily of residential properties built between 1965 and 1974 as part of the "Million Programme." Of the total property portfolio, 62 percent is located in Greater Stockholm.



Investments

During the period investments totaled SEK 46.1 million (2,949.5), including SEK 46.1 million (6.3) related to investments in existing properties and 0 million (2,943.2) related to acquisitions of new properties. Investments concerns appartments and renovating of facades and roofs. No properties were sold during the period; net investments for the period amounted to SEK 46.1 million (2,949.5).

Apartment renovations

A total of 348 apartments in the existing stock of 15,109 apartments have been renovated using the Bosystem method in 2015 and earlier, including 66 apartments renovated during the period. Rent for these apartments increased from an opening average of SEK 965/m² to SEK 1,302/m². At the end of the period, about 280 apartments were vacant or the lease had been terminated that will be renovated.

CHANGE IN CARRYING AMOUNT OF PROPERTIES

Amounts in SEK thousand	2015	2014
Property holdings at beginning of period	January 1	January 1
Existing properties	11,520,820	-
Acquisitions	-	2,943,192
Investments in existing properties	46,063	6,316
Reclassifications	-	-
Divestments	-	-
Change in value investment properties, unrealized	133,177	29,854
Property portfolio at end of period	11,700,060	2,979,362

Property value

External valuations

As of March 31, 2015 D. Carnegie & Co's entire property portfolio was valued independently at an estimated fair value of SEK 11,700 million. The valuation is based on the method described below. The valuations reflect the change in rental conditions and have been adjusted to take an agreed sale into account. Only minor adjustments to the return requirement were made, compared with Q4 2014.

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 4.6 percent to 8.0 percent, with an average of 5.29 percent (5.42). The assumption regarding the future cash flows is based on the 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 the end of the calculation period were subsequently discounted applying an estimated cost of capital in the range of 6.7–10.2 percent, with an average of 7.39 percent (7.52). The parameters that influence value and are 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 fair value.

Building rights and potential building rights have been valued based on market comparison studies, the status in the planning process, and the established sales values. Building rights have been valued at SEK 700 – 7,500/m² gross floor area (GFA).

The change in value of investment properties during the period was SEK 133.2 million (29.9), which can be attributed to somewhat lower return requirements.

Internal valuations

As of March 31, 2015, the portfolios was valued externally. In 2015, valuation will be divided between internal and external valuations, where the long-term goal for each interim period is to have 75 percent of the stock valued internally, while 25 percent of the portfolio will be valued externally. The externally valued part of the portfolio will shift each quarter, so that the entire portfolio will be externally valued during a twelve-month period.

D. CARNEGIE & CO'S PROPERTY PORTFOLIO MARCH 31, 2015

City/Neighborhood	Lettable area	Number of apartments	Average rent	Percentage renovated	Fair value March 31, 2015
Greater Stockholm					
Kista/Husby	109,966	1,528	1,019	13,7%	1,274,410
Bromsten/Rinkeby	111,938	1,301	1,025	7,7%	1,191,315
Sollentuna	33,582	454	1,060	0,0%	435,000
Flemingsberg	40,107	573	933	0,2%	447,000
Vårby/Vårberg	76,029	770	1,096	0,5%	688,875
Jordbro	79,493	1,112	1,084	1,0%	847,000
Södertälje	164,265	2,110	1,172	0,0%	1,808,260
Bro	43,669	540	964	0,0%	380,000
Märsta	56,614	675	960	0,0%	561,000
Total Greater Stockholm	715,663	9 063	1,059	3,5%	7 632 860
Uppsala	71,484	938	971	0,0%	674,000
Eskilstuna	141,701	1,904	940	0,4%	1 264,700
Strängnäs	35,477	411	1,073	0,7%	400,800
Norrköping	134,555	1,899	984	0,9%	1,089,100
Göteborg	64,899	890	891	0,0%	476,000
Total other locations	448,116	6,042	962	0,5%	3,904,600
Other (land, building rights, etc.)	4,508	0			162,600
Total	1,168,287	15,105	1,002	2,3%	11,700,060

Financing

D. Carnegie & Co strives to achieve a good balance between debt financing and equity, with the long-term objective that the equity ratio should not fall below 30 percent, and that the loan-to-value ratio (LTV) for properties should not exceed 65 percent. The value of D. Carnegie & Co's assets as of March 31, 2015 was SEK 12,904 million (3,030), and is financed through equity SEK 3,299 million (1,161), deferred tax liability SEK 1,102 million (7), interest-bearing liabilities SEK 8,052 million (1,767), and non-interest-bearing liabilities SEK 451 million (94).

Interest-bearing liabilities

D. Carnegie & Co had liabilities to credit institutions at the end of the period of SEK 6,644 million (1,767), corresponding to an LTV of approximately 57 percent (58). In addition to liabilities to credit institutions, there are also interest-bearing convertible subordinated debentures of SEK 1,020 million and interest-bearing vendor notes of SEK 428 million (-).

Maturity

The average maturity on loans to credit institutions is 4.5 years. Of interest-bearing liabilities to credit institutions, SEK 879.1 million mature in 2015. Refinancing negotiations are in progress and will be completed in Q2 2015, which will further extend the fixed-rate term. Loans to credit institutions are secured via mortgages on properties and/or pledged shares, as well as undertaking to maintain certain covenants which, in some cases, limit the ability of subsidiaries to pay dividends.

The interest rate maturity structure for liabilities to credit institutions can be seen in the table on page 15.

Fixed interest and average interest rate

The average interest rate on liabilities to credit institutions at the end of the period was 2.5 percent. The interest rate on the convertible debentures is 5 percent and the interest rate on vendor notes of SEK 200 million is 3 percent. The interest rate on the vendor note to Kvalitena AB is 6.75 percent. The interest rate maturity structure for liabilities to credit institutions can be seen in the table on page 15.

Interest rate derivatives

D. Carnegie & Co uses interest rate derivatives to hedge the maturity structure. Interest rate derivatives comprise a flexible and cost-effective approach to achieve the desired fixed rate. In accordance with accounting standard IAS 39 interest rate derivatives are marked to market. Interest rate derivatives are marked to market externally through a bank. If the agreed interest rate deviates from the market rate, notwithstanding the credit margin, a theoretical surplus or

deficit arises on the interest derivative where the non-cash change in value is recognized in the income statement. As of March 31, 2015, the market value of the interest rate derivatives portfolio amounted to SEK -140 million (-).

Financial targets

D. Carnegie & Co has the following long-term financial targets:

- Equity ratio of at least 30 percent
- Profit margin in management exceeding 50 percent
- Annual growth in value of the existing portfolio of 10 percent
- Loan-to-value ratio (LTV) on properties of a maximum of 65 percent.

D. Carnegie & Co will have to finance part of the investments in the existing portfolio through external debt over the first two–three years, but the loans will account for a declining percentage of assets because of the rapid increase in the value of the holdings. D. Carnegie & Co will subsequently generate a cash flow surplus.

The equity ratio as of March 31, 2015 was 25.6 percent, which is below the financial target. The interest-bearing liabilities include convertible debentures of SEK 1,020 million, and on completion of conversion the equity ratio would be 33.3 percent. The ongoing investments will create growth in value, which will also strengthen the equity ratio. For this reason, the equity ratio is comfortable even though D. Carnegie & Co as of March 31, 2015 did not achieve the financial target.

The investments in the existing properties provide a good return, so there is no intention to pay any dividend to the shareholders over the next few years. The Company will pay dividends when it is not possible to invest the entire surplus in this way.

INTEREST RATE TERM AND LOAN MATURITY MARCH 31, 2015 (excluding convertible bonds and vendor notes)

Maturity	Fixed interest term			Maturity	
	SEK million	Interest	Percentage	SEK million	Percentage
2015	2,243	1.8%	49%	879	13%
2016	-	-	0%	1,148	17%
2017	-	-	0%	-	0%
2018	-	-	0%	845	13%
2019	-	-	0%	-	0%
2020	795	2.1%	12%	795	12%
2021	-	-	0%	130	2%
2022	2,606	3.2%	39%	2,847	43%
Total/average	6,644	2.34%	100%	6,644	100%

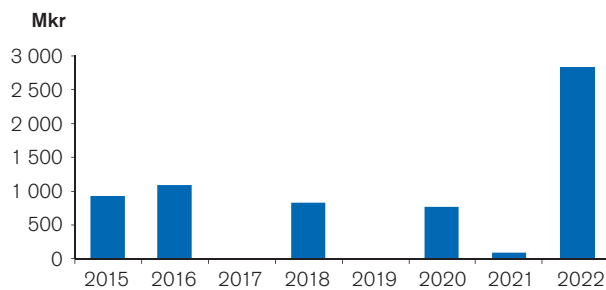
DERIVATIVES MARCH 31, 2015

Amounts in SEK million	Nominal amounts	Percentage	Fair value March 31, 2015	Fair value Dec. 31, 2014	Change for the period
Nominal interest rate swaps	3,401	100%	-140	-65	-75
Total	3,401	100%	-140	-65	-75

FINANCIAL TARGETS

	Target	Outcome
Equity ratio	≥30%	25%
LTV	≤65%	57%

LOAN MATURITY AS OF MARCH 31, 2015



Events

During the period D. D. Carnegie & Co has initiated a process to be listed on a regulated market, NASDAQ OMX Mid Cap, and also refinanced and restructured loans for the equivalent of SEK 3.8 billion, thereby reducing the Company's financing costs, while extending the fixed-rate term.

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

D. Carnegie & Co to Mid Cap

D. Carnegie & Co initiated a process to be listed on a regulated market, NASDAQ Mid Cap.

D. Carnegie & Co strengthen management

D. Carnegie & Co has strengthened its management with head of transactions and analysis, a project manager and legal counsel. Jonas Andersson was appointed head of transactions and analysis and Fredrik Brunnberg is the new project manager. Both took up their posts in March 2015. Attorney Jenny Wärmé had previously joined the management team as Chief Legal Counsel

D. Carnegie & Co restructures financing – lowers interest expense

D. Carnegie & Co refinanced two loans during the period for a total of about SEK 3.8 billion. The loans lower the Company's financing cost by cutting the average interest rate for the loan portfolio to 2.47 percent. The smaller of the loans of nearly SEK 1 billion has a term of five years and the other loan of just over SEK 2.8 billion runs for seven years.

Changes in lock-up agreements for shares in

D. Carnegie & Co

Kvalitena AB was permitted, after approaching ABG Sundal Collier regarding a request to waive the commitment during a certain period of time not to sell or pledge shares in D. Carnegie & Co, to exchange 1,088,472 of its Class B shares for 1,088,472 Class A shares. The exchange took place by Frasdale International B.V. transferring 1,088,472 Class A shares to Kvalitena AB and Kvalitena AB transferring 1,088,472 Class B shares to Frasdale International B.V. The permission was subject to Kvalitena AB agreeing to undertake corresponding lock-up restrictions for the new Class A shares.

SIGNIFICANT EVENTS AFTER THE FIRST QUARTER

D. Carnegie & Co acquired three properties

D. Carnegie & Co acquired three properties in Greater Stockholm through a joint venture. Two properties are in Jordbro and one is in Värberg. The properties are expected to generate annual rental income of SEK 85 million. Closing is expected to occur in July 2015. The seller is PATRIZIA WohnInvest Kapitalverwaltungsgesellschaft mbH on behalf of the German fund PATRIZIA Euro City Residential Fund I.

D. Carnegie & Co issued bond loan

D. Carnegie & Co issued a non-secured bond loan for SEK 1,000 million with a maturity of three years. The bond loan runs with a variable interest rate of STIBOR 3 months + 3.75 percent and final maturity in April 2018.



Värby

Parent Company

Operations in D. D. Carnegie & Co consist of Group-wide functions. No properties are directly owned by the Parent Company. Revenue of the Parent Company during the period totaled SEK 0.5 million (-) and profit/loss after tax was

SEK -30.9 million (profit: 0.9). Revenue mainly relates to services. Cash and cash equivalents at the end of the period amounted to SEK 14.3 million (0.4).

INCOME STATEMENT, SUMMARY

Amounts in SEK thousand	2015 Jan.–March	2014 Jan.–March
Net sales	522	-
Operating expenses	-20,958	-1,452
Profit/loss before financial items	-20,436	-1,452
Financial items		
Net interest	-20,435	-1
Profit/loss before tax	-40,871	-1,453
Taxes	10,008	2,360
Profit for the period	-30,863	907

BALANCE SHEET, SUMMARY

Amounts in SEK thousand	2015 March 31	2014 December 31
ASSETS		
Non-current assets		
Equipment	1,724	1,524
Shares and participations in subsidiaries	4,827,872	4,827,872
Receivables from Group companies	56,373	55,961
Deferred tax asset	32,219	15,000
Non-current receivables	15,000	22,211
Total non-current assets	4,933,188	4,922,568
Current assets		
Receivables from Group companies	393,251	1,455
Receivables from associate companies	75	176,071
Current receivables	2,015	4,405
Cash and cash equivalents	14,280	22,598
Total current assets	409,621	204,529
TOTAL ASSETS	5,342,809	5,127,097
EQUITY AND LIABILITIES		
Shareholders' equity	2,883,128	2,913,991
Non-current liabilities		
Interest-bearing liabilities	1,139,813	1,937,000
Total non-current liabilities	1,139,813	1,937,000
Current liabilities		
Interest-bearing liabilities	67,000	67,000
Other non-interest bearing liabilities	24,755	21,064
Liabilities to Group companies	1,228,113	188,042
Liabilities to subsidiaries	-	-
Total current liabilities	1,319,868	276,106
TOTAL EQUITY AND LIABILITIES	5,342,809	5,127,097

The share and shareholders

The share

D. At the end of the period, D. Carnegie & Co had 7,750 (6,595) shareholders. Market capitalization was SEK 4,069 million (-). D. 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, for a total of 70,768,876 ordinary shares. After full exercise of the warrants program (1,473,000) and conversion of convertible bonds (16,266,230 shares) there will be a total of 88,508,106 ordinary shares.

Dividend

The Board of Directors proposed to the Annual General Meeting on May 12, 2015 that no dividend be paid for financial year 2014.

Warrants program

The company has a warrants programme comprising 1,473,000 issued subscription warrants, corresponding to 2.1 percent 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 January 1, 2017 up to and including June 30, 2017. The subscription price for class B ordinary shares pursuant to the warrants is SEK 48.50. The warrant programme was aimed at the CEO and CFO of D. Carnegie & Co, and the CEO of Bosystem Nordic AB, as well as all staff employed at Slottsfabriken Egendomsförvaltning AB at the time D. Carnegie & Co was listed on NASDAQ OMX First North on April 9, 2014. Market-based pricing was applied for the offering of warrants.

Convertible bonds

In connection with the acquisition of Hyresbostäder i Sverige II AB, three convertible bonds were issued, each for SEK 340 million. The holder of these three convertible bonds is Swedish Bolig Holding AB. Maturities of the various loans: loan 1 falls due for payment on June 30, 2016 with the option on June 9, 2016 to convert into 6,679,764 class B ordinary shares at a conversion price of SEK 50.90; loan 2 falls due for payment on June 30, 2018 with the option on June 9, 2018 to convert to 5,112,782 class B ordinary shares at a conversion price of SEK 66.50; loans 3 falls due for payment on June 30, 2019 with the option on June 9, 2019 to convert to 4,473,684 class B ordinary shares at a conversion rate of SEK 76.00. Upon full conversion, 16,266,230 shares in D. Carnegie & Co will be issued, corresponding to 23.0 percent of the number of outstanding ordinary shares.

Share performance

During the period the share has performed well, with considerable interest in the Company. The share rose during the period from SEK 45.4/B share to 57.5, an increase of 26.7 percent. From the introduction at SEK 39/B share on April 9, 2014, the stock has risen 47.4%.

Shareholders

Below is a list of the largest shareholders in D. Carnegie & Co AB (publ).

Shareholders as of March 31, 2015	Holdings, Class A shares	Holdings, Class B shares	Capital -	Votes, (%) -
Kvalitena AB	5,270,523	14,219,804	27,5	44,0
Svensk Bolig Holding AB	0	20,252,874	28,6	22,0
Frasdale Int. BV	0	5,442,359	7,7	5,9
CBNY-Norges Bank, Citibank NA	0	1,552,270	2,2	1,7
Lannebo Sverige	0	1,517,595	2,1	1,6
Länsförsäkringar Fastighetsfond	0	1,517,595	2,1	1,6
Svenskt Näringsliv	0	1,400,000	2,0	1,5
Lannebo Sverige 130/30	0	1,297,707	1,8	1,4
Danske Invest Sverige	0	1,161,490	1,6	1,3
SEB-Stiftelsen	0	1,150,000	1,6	1,2
Danske Invest Sverige Fokus	0	1,055,384	1,5	1,1
MSIL IPB Client Account	0	761,168	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
Fjärde AP-fonden	0	705,190	1,0	0,8
Cancerfonden - Riksföreningen mot	0	601,314	0,8	0,7
Övriga	99,343	11,279,260	16,1	12,8
Totalt	5,369,866	65,399,010	100,0	100,0



Södertälje

Other disclosures

Employees

At the end of the period the Parent Company had six employees. The Group had 134 employees at the end of the period. The breakdown was 54 women and 80 men.

Related-party transactions

The purchase price for the acquisition of Hyresbostäder II i Sverige AB included a promissory note for SEK 200 million. Svensk Bolig Holding AB, the seller of Hyresbostäder i Sverige II AB, is the holder of this promissory note. The promissory note carries an interest rate of 3% p.a., though no interest was paid during the year; instead, it is included as accrued interest during the period in the amount of SEK 1.5 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 promissory note becomes due and payable on October 31, 2015, and the remaining SEK 50 million becomes due and payable on October 31, 2016. The average interest rate during the period was 6.75 percent and SEK 2.5 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 was SEK 5 million per year for 5 years and during the period D. Carnegie & Co paid SEK 1.3 million. On March 31, 2015, the parties agreed to terminate the cooperation agreement with immediate effect. In connection with termination of the cooperative agreement, D. Carnegie & Co paid a one-time fee of SEK 12 million. Moreover, D. Carnegie & Co and Obligo Investment Management AS have instead initiated a collaboration for the upcoming two-year period solely for financial advisory services for which D. Carnegie & Co will pay an annual fee of SEK 1 million. In connection with the refinancing of the two loans totaling SEK 3.8 billion, D. Carnegie & Co paid an agreed arrangement fee of SEK 15 million to Agasti Wunderlich Capital Markets, a sister company to Obligo Investment Management AS. During the period the D. Carnegie & Co Group made purchases from Bosystem AB (a company in which Kvalitena AB holds a 50 percent stake) valued at SEK 5.1 million. These purchases of materials were carried out at market rates. The acquisition of Östgötaporten AB included a note payable to Kvalitena AB of SEK 150 million. Stendörren Bostäder AB now holds this debt, which has an outstanding balance of SEK 130 million as of March 31, 2015. The promissory note carries an interest rate of 7.16 percent p.a., though no

interest was paid during the year; instead, it is included as accrued interest during the period in the amount of SEK 2.3 million.

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. There is also a risk that tenants will not pay the agreed rent on time. Operating expenses may increase and not be fully compensated in the lease, while unanticipated and extensive renovation needs may lead to increased maintenance costs. Other than these risks and uncertainties, which are described in D. Carnegie & Co AB (publ)'s Annual Report on pages 58–59, no other substantial risks have been identified during the most recent period.

Accounting Policies

This interim report is prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The same accounting and valuation principles and calculation methods were applied as in the most recently published financial information, see D. Carnegie & Co AB (publ)'s Annual Report on pages 70–74. Investment properties are measured 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, and based on external valuation. 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.

Board of Directors

Knut Pousette, Chairman of the Board

Mats Höglund

Ronald Bengtsson

Ranny Davidoff

Bjarne Eggesbø

Ulf Nilsson, CEO

Stockholm, April 23, 2015

Investor information

CALENDAR 2015–2016

2015 Annual General Meeting	May 12, 2015
Interim Report Q2	Aug. 14, 2015
Interim Report Q3	Nov. 10, 2015
Year-end report 2015	Feb. 22, 2016

FOR MORE INFORMATION, PLEASE CONTACT:

Ulf Nilsson, CEO
+46 (0)8 12 13 17 25

Per-Axel Sundström, CFO
+46 (0)8 12 13 17 25

D. Carnegie & Co AB
Strandvägen 5A
SE-114 51 Stockholm

info@dcarnegie.se

APPENDIX 1

Earnings capacity

Current earnings capacity

The table below reflects D. D. Carnegie & Co's earning capacity on a 12-month basis as of March 31, 2015. It is important to note that the current earning capacity is not to be equated with a forecast for the coming 12 months. For example, the earning capacity does not include 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 earning capacity.

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. Note that earning capacity does not include non-recurring costs that D. Carnegie & Co incurs in conjunction with, for example, relisting processes, etc. Net financial items were calculated based on interest-bearing liabilities and assets as of March 31, 2015, and with consideration taken to the new interest rate terms after refinancing, were based on the Group's average interest level.

Difference in current earning capacity compared with the period

The differences in earning power as presented in the table below, compared with income from property management for the first quarter of 2015, are partly due to the fact that this is the most cost-intensive period of the year and partly because of non-recurring items incurred during the period.

These non-recurring items relate to central administration and include costs to terminate the management agreement of SEK 12 million, costs for relisting on the Mid Cap of SEK 1.0 million, other expenses of about SEK 1.7 million; they would reduce central administration to SEK 16.3 million for the period.

Regarding net financial items, refinancing costs of SEK 3.8 billion, partly due to early redemption of interest rate swaps for SEK 6.4 million, and partly due to costs related to early redemption of loans for SEK 16.5 million, had a negative impact on the period. This would reduce net financial items by SEK 22.9 million. Interest expense after refinancing would have been SEK 8.3 million lower during the period if the new level of interest rates had been applied from the beginning of the year. This would have reduced net financial items by a total of SEK 31.2 million.

CURRENT EARNINGS CAPACITY

Amounts in SEK thousand	March 31, 2015	January 1 2015	September 30 2014
Rental income	1,190,001	1,174,286	1,021,721
Other income	1,831	1,831	7,423
Operating expenses	-491,264	-488,515	-409,818
Maintenance expenses	-120,387	-117,339	-95,089
Property tax	-23,875	-23,874	-20,679
Ground rent	-15,242	-15,082	-12,020
Net operating income	541,064	531,307	491,538
Central administration	-51,820	-51,820	-41,150
Net financial items	-176,161	-223,872	-203,280
Financial cost convertible bond	-51,000	-51,000	-51,000
Income from property management	262,083	204,615	196,108



D. CARNEGIE & CO.