



A BETTER HOME

Statement by the independent committee of D. Carnegie & Co AB (publ) in view of Blackstone's mandatory tender offer

The independent committee of D. Carnegie & Co AB (publ) ("D. Carnegie & Co" or the "Company") unanimously recommends the shareholders not to accept Blackstone's mandatory tender offer.

Background

This statement is made by the independent committee of D. Carnegie & Co pursuant to section II.19 of the rules concerning public takeover offers on the stock market adopted by Nasdaq Stockholm (the "Takeover Rules").

Vega Holdco Sarl ("Vega Holdco"), an entity wholly owned by real estate funds advised by affiliates of the Blackstone Group L.P. (together with its affiliates "Blackstone") has today on 17 October announced a mandatory tender offer in cash to the shareholders and warrant holders in D. Carnegie & Co to transfer all of their shares and warrants in D. Carnegie & Co to Vega Holdco at a price of SEK 100.00 per share, regardless of share class, SEK 51.10 per warrant of series 2014/2017, SEK 30.30 per warrant of series 2015/2018, and SEK 13.70 per warrant of series 2016/2019 (the "Mandatory Offer"). Vega Holdco has declared that it holds 32 per cent of the shares and 40 per cent of the votes in the Company and controls, through agreement with Kvalitena AB and Frasdale Int. BV, in total 53 per cent of the votes, and states that the Mandatory Offer is launched in accordance with the specific provisions regarding mandatory bids in the Stock Market Takeover Bids Act (2006:451).

The price per share in the Mandatory Offer corresponds to the price per share paid by Vega Holdco when acquiring shares from the three major shareholders in accordance with the agreements entered into on 15 July 2016. The total value of the Mandatory Offer amounts to approximately SEK 5.4 billion, based on the current number of outstanding shares and warrants in D. Carnegie & Co not directly or indirectly held by Vega Holdco. According to the preliminary timetable included in the press release through which the Mandatory Offer was announced, the offer document is expected to be made public on 19 October 2016, the acceptance period is expected to commence on 20 October 2016 and end on 18 November 2016 and settlement is expected to commence around 2 December 2016. For further information about the Mandatory Offer, please refer to Vega Holdco's offer press release, which was made public today on 17 October.

As announced by the Company on 15 July 2016, the board has within itself appointed an independent committee consisting of the board members Mats Höglund and Eva Redhe (the "Committee"), to represent the Company in connection with a mandatory tender offer and make a statement regarding such offer.

The board member Knut Pousette and the previous board members Ranry Davidoff and Terje Nesbakken are representatives of the major shareholders who have entered into agreements with Vega Holdco regarding transfer of shares and exercise of voting rights, and have therefore due to conflict of interest not participated in the board's considerations and resolutions in relation to the Mandatory Offer. The two new board members appointed by the extraordinary general meeting of the Company on 14 October 2016, James Seppala and Svein Erik Lilleland, are employed by Blackstone and a company affiliated with Blackstone, respectively, and have therefore due to conflict of interest not participated in the board's considerations and resolutions in relation to the Mandatory Offer either. Since James Seppala, who is employed by Blackstone, is participating in the Mandatory Offer, the Company is, according to section III.3 of the Takeover Rules, obliged to obtain and publish a fairness opinion from an independent expert regarding the Mandatory Offer. As part of the Committee's evaluation of the Mandatory Offer, the Committee has engaged Handelsbanken to provide such fairness opinion.

The Committee has allowed Blackstone to carry out a limited due diligence investigation in connection with the preparations of the Mandatory Offer and Blackstone has in connection therewith also met certain senior executives of D. Carnegie & Co, among them the CEO and the CFO of the Company. In addition, Blackstone received certain information from the Company that was included in D. Carnegie & Co's financial report for the second quarter of 2016 ahead of the announcement of the report on 15 July 2016. During the due diligence investigation, no information that has not previously been published and that could reasonably be expected to affect the price of the Company's shares has been provided.

As part of the Committee's assessment of the Mandatory Offer, the Committee has also engaged SEB as financial advisor and Advokatfirman Vinge as legal advisor.

The offer's impact on employees etc.

Under the Takeover Rules, the Committee must, on the basis of Vega Holdco's statements in its press release regarding the Mandatory Offer, present its opinion regarding the impact that the implementation of the Mandatory Offer may have on D. Carnegie & Co, particularly in terms of employment, and its opinion regarding Blackstone's strategic plans for D. Carnegie & Co and the effects it is anticipated that such plans will have on employment and on the communities in which the company conducts its business.

The Committee notes that in the press release, Vega Holdco states that Blackstone does not foresee any material changes with regard to D. Carnegie & Co's operational sites and its management and employees, including their terms of employment.

The Committee assumes that this description is correct and has in relevant respects no reason to take a different view.

The Committee's recommendation

The Committee's statement is based on an overall assessment of a number of factors that the Committee has considered relevant for the evaluation of the Mandatory Offer. These factors include, but are not limited to, the Company's present position, the expected future development of the Company and possibilities and risks related thereto. The Committee has also evaluated alternative structures.

The Committee notes that the price per share offered by Vega Holdco corresponds to a discount of approximately 6.0 per cent compared to the volume weighted average share price of SEK 106.43 for the Company's B share on Nasdaq Stockholm during the last three months up to and including 14 October 2016, i.e. the last trading day prior to the announcement of the Mandatory Offer. Compared to the closing price of SEK 102.50 per share for the Company's

B share on Nasdaq Stockholm on 14 October 2016, the Mandatory Offer corresponds to a discount of approximately 2.4 per cent. The Committee further notes that the price per share in the Mandatory Offer corresponds to the price per share paid by Vega Holdco in the acquisitions of the three major shareholders' shares in accordance with the agreements entered into on 15 July 2016.

The assessment is also based on Handelsbanken's fairness opinion as to the fairness from a financial perspective of the Mandatory Offer for the shareholders in D. Carnegie & Co. According to the fairness opinion, attached to this press release, Handelsbanken's opinion is that the Mandatory Offer, subject to the conditions and assumptions stated in the opinion, is not considered fair from a financial perspective for the shareholders in D. Carnegie & Co.

In light of the above, and on the basis of the current state of the market and interest rate level, the Committee unanimously recommends the shareholders of D. Carnegie & Co not to accept the Mandatory Offer. The Committee's assessment is, however, that it could be positive for the Company that a well-known real estate investor such as Blackstone becomes a new principal owner and can contribute to the Company's continued development.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Any dispute arising out of or in connection with this statement shall be settled exclusively by Swedish courts.

Stockholm, 17 October 2016
D. Carnegie & Co AB (publ)
The independent committee

For further information, please contact

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This information is information that D. Carnegie & Co AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Takeover Rules. The information was submitted for publication, through the agency of the contact person set out above, on 17 October 2016, 7:45 a.m. CEST.

About D. Carnegie & Co

D. Carnegie & Co is a property company focusing on residential properties in the Greater Stockholm region and other growth areas. The company's business concept is to own property portfolios slated for a gradual renovation of apartments in conjunction with the natural turnover of tenants. This can take place quickly and cost-efficiently thanks to extensive experience from the Bosystem renovation method which, among other things, means that no evacuation needs to take place. In addition to this, the company creates value through the development of building rights in existing portfolios. The market value of the company's properties amounted to SEK15,205 million on 30 June 2016. The total rental value amounted to SEK 1,349 million annually on 30 June 2016. The economic occupancy rate is high – vacancies are virtually non-existent. D. Carnegie & Co is listed on Nasdaq Stockholm.