



D&C!

D. CARNEGIE & CO.

Q4 2017

YEAR END REPORT

2017

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1 JANUARY – 31 DECEMBER

- Rental income increased to SEK 1,473 million (1,284)
- Net operating income increased to SEK 774 million (630)
- Income from property management increased to SEK 357 million (269)
- Changes in the value of investment properties of SEK 1,599 million (1,938), corresponding to 8.6 percent
- Profit before tax amounted to SEK 2,014 million (2,072)
- Profit after tax amounted to SEK 1,579 million (1,678)
- Earnings per share amounted to SEK 20.34 (22.20) before dilution and amounted to SEK 20.24 (21.93) after dilution

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- In the end of October D. Carnegie & Co completed SEK 3,255 million refinancing.
- D. Carnegie & Co has entered into an agreement to acquire 1,420 apartments in the Stockholm region.
- D. Carnegie & Co has entered into an agreement to acquire 749 apartments in Västerås.

FOURTH QUARTER 2017

- Rental income increased to SEK 388 million (332)
- Net operating income increased to SEK 191 million (154)
- Income from property management increased to SEK 62 million (52)
- Changes in the value of investment properties of SEK 390 million (802), corresponding to 1.9 percent
- Profit before tax amounted to SEK 449 million (872)
- Profit after tax amounted to SEK 350 million (680)
- Earnings per share amounted to SEK 4.51 (8.79) before dilution and amounted to SEK 4.48 (8.64) after dilution

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

- D. Carnegie & Co has resolved to invite shareholders to an extraordinary general meeting to be held on 23 February with a proposal to authorize the board of directors to resolve on a rights issue of up to SEK 1,500 million.
- In the end of January D. Carnegie & Co divested two properties in Eskilstuna to a private housing cooperative.
- D. Carnegie & Co announced on 21 February that Svein Erik Lilleland has been appointed permanent CEO for the company.

KEY FIGURES*

	Jan - Dec 2017	Jan - Dec 2016	Oct - Dec 2017	Oct - Dec 2016
Rental income, SEK m	1,472.5	1,284.3	387.7	331.9
Net operating income, SEK m	774.4	630.5	191.0	153.7
Gross margin, %	52.6	49.1	49.3	46.3
Income from property management, SEK m	357.1	269.4	62.0	52.1
Profit after tax, SEK m	1,579.0	1,678.3	350.1	679.6
Earnings per share SEK, basic	20.34	22.20	4.51	8.79
Earnings per share SEK, diluted	20.24	21.93	4.48	8.64
Equity per share, SEK	102.09	82.60	102.09	82.60
Equity EPRA NAV per share, SEK	127.90	101.96	127.90	101.96
Fair value properties, SEK m	21,455.6	16,997.9	21,455.6	16,997.9
Equity ratio, %	34.0	33.8	34.0	33.8
Equity ratio EPRA NAV, %	42.6	41.7	42.6	41.7

*Definitions – see page 25

Statement from the CEO

CONTINUING OUR STRATEGY

- 507 renovated apartments during the quarter, totaling 1,673 for the full year
- Total investments in existing properties this year amounting to SEK 1,480 million
- 24 percent NOI increase during the fourth quarter compared to the same period last year
- EPRA NAV increased by 25.4 percent this year, to SEK 127.90/share

Our path forward

I am convinced that companies with long-term ambitions must put their customers first in order to be successful. Satisfied customers are loyal and the company's best ambassadors. For us, a residential real estate company focused on the greater Stockholm area and with a long-term ownership perspective, our tenants are our primary focus. We know that service and safety are highly valued by our tenants. Therefore, we continue our focus on these matters. We have recently strengthened our service organization with a Tenant Ombudsman, who has the task of protecting the individual tenant in certain more delicate or complex management issues.

The strategies that we have successfully pursued over the last four years remain in place, as we are firm believers that these create value for our tenants, for the local communities we operate in, and for our shareholders and other stakeholders. We have demonstrated consistently strong growth, which has enabled us to further optimize the capital structure of the company, including refinancing historic, longer leverage facilities with debt provided to us by several new large institutions. We are committed to continuing to work to further optimize the company's capital structure, as appropriate, going forward. We are also committed to continuing our efforts to grow the portfolio through acquisitions and in the future through development on our existing land parcels.

Active on the acquisition front

In December 2017, we announced the acquisition of 1,420 apartments in the Stockholm region for SEK 2.47 billion as well as the acquisition of 749 apartments in Västerås for SEK 749 million. After these acquisitions our asset base comprises of 20,227 residential apartments with a yearly rental value of SEK 1,763 million. We are continuingly looking to further increase the size of our property portfolio, including, potentially, through further acquisitions.

Continuing optimizing our capital structure

As part of our ongoing efforts to optimize our capital structure, we completed a SEK 3,255 million refinancing in October 2017 which extended the Company's overall debt maturity structure from 3.3 years to 5.3 years as per 31 December 2017. The facility also included a revolving capex facility amounting to SEK 750 million.

Potential rights issue

The board of directors resolved to invite all shareholders to an extraordinary general meeting on 23 February with a proposal to authorize the board of directors to resolve on a rights issue of up to SEK 1,500 million. A rights issue would contribute to funding our ongoing investments and acquisitions, and to maintaining an appropriate capital structure. We feel confident that proceeds from a rights issue can be efficiently deployed and enable us to further deliver on our financial targets.

Stockholm 23 February, 2018

SVEIN ERIK LILLELAND
CEO, D. Carnegie & Co

THIS IS D. CARNEGIE & CO

Low risk - high return

OWN AND DEVELOP RENTAL PROPERTIES

D. Carnegie & Co is a property company focusing on owning and developing rental properties.

There is a significant opportunity to drive value by renovating the company's property portfolio. Typically, improvements and investments in the properties have been limited since construction in 1965 – 1975. The properties are structurally sound and the majority are in good locations. The historically deferred maintenance also means that this type of properties generally can be acquired at attractive pricing.

Comparing the in-place rent levels to rents applied to refurbished units, there is a meaningful upside from apartment renovations. In addition, renovating the properties reduces both operating expenses and maintenance costs, and thus not only improves cash flows but also increases the value of the properties.

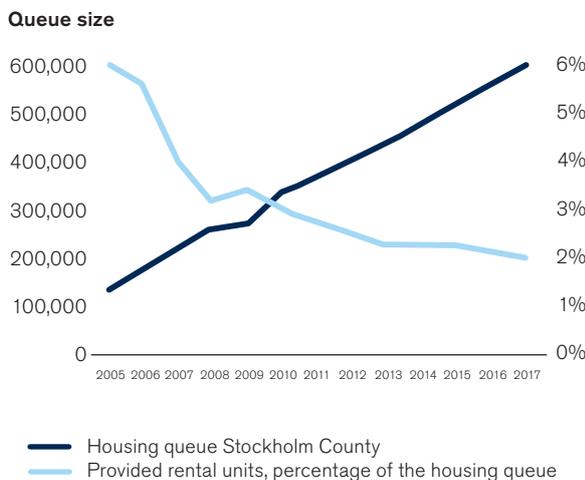
D. Carnegie & Co's renovation model is based on refurbishing on an apartment-by-apartment basis when naturally vacated, as opposed to the traditional methodology where entire buildings are renovated at the same time and tenants have to be temporarily vacated. Through the

D. Carnegie & Co model, costly and long periods of vacancies are reduced to a minimum or avoided. The model is also appreciated by the tenants since their apartments are only renovated when they move, or when an individual agreement is reached with them separately.

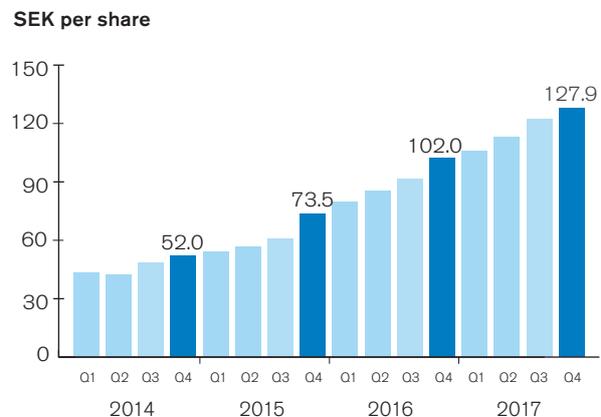
The concentration of properties in geographical clusters means that D. Carnegie & Co can manage the properties in a cost effective manner. The management of the properties is done through local offices which not only is efficient from a technical standpoint but also help to establish a good relationship with the tenants. Furthermore, to increase efficiency and service levels specialists like painters are part of the staff in D. Carnegie & Co.

The pressure on the residential market in the Stockholm region is expected to continue in the foreseeable future. This means that the risk of vacancies is low. The portfolio currently has a six year waiting list.

LOW RISK: INCREASING HOUSING QUEUE IN THE STOCKHOLM COUNTY



HIGH RETURN: STRONG GROWTH IN EQUITY (EPRA NAV) PER SHARE.



Adjusted shareholders' equity (EPRA NAV) per share: Reported shareholders' equity adjusted for the value of derivatives, goodwill and deferred tax liabilities, in relation to the number of outstanding ordinary shares on the balance sheet date.

The market in which we operate

STRONG DEMAND FOR HOUSING

Housing shortage

The population growth and the urbanisation trend are two contributory factors that are expected to strengthen demand for housing up to 2025, assuming an average increase in Sweden's population of 107,000 inhabitants per year.¹⁾ Up until 2025, the National Board of Housing and Planning forecasts the need of 600,000 new homes, corresponding to 66,700 homes per year.¹⁾

In Greater Stockholm, the population is expected to increase to 2.6 million in 2026, representing an increase of 15 percent. The population growth in the capital city region will further increase demand for housing and, according to the National Board of Housing and Planning, on average 21,000 new homes per year will be required in the region up to 2030. In recent years, the rate of new production has been around 12,000 new homes per year, which is creating a gap between supply and demand, which in turn is driving up housing prices and the length of housing queues.²⁾

It is in this market D. Carnegie & Co owns and wants to own properties.

1) Boverket.

2) Statistiska centralbyrån (SCB).

Rental apartments

During 2017, the average waiting time for a rental apartment in the Stockholm region was ten years and 596,171 people were waiting in a housing queue at the end of the year. The number of provided apartments has increased in real terms, but has declined compared with the housing queue and, in 2017 two apartments were provided per 100 people waiting in the joint housing queue for the Stockholm region.¹⁾

The market for rental apartments is also affected by rental legislations. Rents are set based on the utility value principle, entailing that the rent is based on how tenants generally value various characteristics, such as the standard of the apartment, the general quality and services. The rent is thus set following negotiations between the landlord and the tenants' organisation (often the Swedish Union of Tenants). The rental market is also affected by the presumed rents for newly produced apartments, where in addition to the use-value principle rents also include a supplement for new production costs. Rents are set collectively and apply for a period of 15 years onwards. In 2016, rents per sq m for newly produced apartments were 64 per cent higher than for non-newly produced rental apartments in Sweden.²⁾

1) Bostadsförmedlingen i Stockholm.

2) Statistiska centralbyrån (SCB). Years that are not included in the statistics have been calculated as an average of the previous year and the year after.

THE DEVELOPMENT OF THE NUMBER OF HOUSING VERSUS POPULATION GROWTH IN STOCKHOLM



Despite the fact that the number of newly constructed residences has significantly risen over the past few years and that the trend is expected to continue, the shortage of residences in the Stockholm region is increasing since the population growth is significantly outpacing new construction.

Source: Statistics Sweden
(Statistiska Centralbyrån, SCB)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY

Amounts in SEK thousand	2017 Jan – Dec	2016 Jan – Dec	2017 Oct – Dec	2016 Oct – Dec
Rental income	1,472,539	1,284,282	387,671	331,944
Other income	-	187	-	-4
Operating expenses	-570,940	-522,563	-161,254	-142,749
Maintenance expenses	-82,598	-89,942	-24,173	-24,687
Property tax	-28,908	-25,967	-7,321	-6,930
Site leasehold rent	-15,728	-15,526	-3,897	-3,896
Net operating income	774,365	630,471	191,026	153,678
Central administration	-115,489	-101,678	-39,511	-41,687
Net finance items	-301,778	-259,409	-89,548	-59,884
Income from property management	357,098	269,384	61,967	52,107
Dividend	29,290	99,214	300	32,162
Realized value changes of investment property	37,180	-14,236	-11	-1,340
Unrealized changes in value of investment property	1,599,296	1,938,290	390,033	801,539
Changes in value of financial instruments	-8,503	-165,189	-2,847	-12,080
Impairment of goodwill	-	-54,979	-	-
Profit before tax	2,014,361	2,072,484	449,442	872,388
Tax	-435,405	-394,220	-99,342	-192,819
Net profit for the period	1,578,956	1,678,264	350,100	679,569
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	0	0	0	0
Total comprehensive income for the period	1,578,956	1,678,264	350,100	679,569
Profit attributable to:				
Owners of the parent company	1,578,956	1,678,264	350,100	679,569
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	1,578,956	1,678,264	350,100	679,569
Profit after tax per share SEK, before dilution	20.34	22.20	4.51	8.79
Profit after tax per share SEK, after dilution	20.24	21.93	4.48	8.64

The period January – December 2017

The earnings items reported below relate to the period January – December 2017. The comparison items stated within parentheses refer to amounts for the corresponding period during the preceding year.

Rental income and net operating income

Rental income for the period was SEK 1,473 million (1,284). The increase in income is largely a consequence of the increased pace of apartment renovations, which has increased rents. The increase is also due to completed acquisitions. For a comparable portfolio the rental income increased by SEK 67.3 million corresponding to 5.5 percent. The increase in income is also due to the completed rent negotiations for 2017, which were in the range of 0,7-1,6 percent, with a weighted average of 0,9 percent.

The operating costs for the period amounted to SEK -698 million (-654). The increase in operating costs is due to completed acquisitions. For a comparable portfolio the operating costs decreased by SEK 10 million corresponding to a 1.7 percent. The total property portfolio area increased by 12 percent in comparison to the same period in 2016 meaning that the property costs per sq.m has decreased. This is primarily explained by that the active management of the properties has led to lower costs. The operating costs include operational costs, maintenance and repairs, property taxes, and other costs directly related to the management of the properties. Maintenance costs decreased by SEK 12 million, despite an increasing property portfolio, which is a result of the high pace of investments. Seasonal variations affect costs differently in different quarters, with the first and fourth quarters normally having the highest costs, primarily with respect to costs for heating, gritting and de-icing measures.

The net operating income, i.e. total income minus bad debt losses, operating and maintenance costs, property administration, rents on leasehold interest in government owned land, and property taxes, for the period amounted to SEK 774 million (630), yielding a gross margin of 52.6 percent (49.1). For a comparable portfolio the net operating income increased by SEK 78 million corresponding to a 12.9 percent increase. The increased gross margin is largely linked to the faster pace of investments in apartments and properties, which increases rents and lower costs. The improved net operating income, relative to the same period last year, shows that the refurbishment method which D. Carnegie & Co has developed affects the result.

COMPARABLE PORTFOLIO

	31 Dec 2017	31 Dec 2016	
Number of apartments	15,473	15,472	
Market value properties, SEK m	18,785	16,033	
Refurbished apartments	3,385	1,990	
Refurbished apartments, %	21.9%	12.9%	
Amounts in SEK m	2017 Jan - Dec	2016 Jan - Dec	Change
Rental income	1,294.9	1,227.6	5.5%
Operating costs	-504.0	-503.5	0.1%
Maintenance costs	-71.6	-83.6	-14.3%
Other property expenses	-40.9	-40.1	2.0%
Total property costs	-616.6	-627.0	-1.7%
Net operating income	678.4	600.6	12.9%
Gross margin	52.4%	48.9%	

Refers to properties owned and held throughout the entire period 1 January 2016 to 31 December 2017

Administration costs

Administration costs during the period amounted to SEK -115 million (-102). These costs consist primarily of costs for corporate functions, marketing and sales costs. The organisation has been strengthened during the year with new functions. The period has also been charged by non-recurring expenses of approximately SEK -20 million (-36) during the period. These costs consist, among other things, of remuneration to senior executives in connection with the warrants program resolved on the Annual General Meeting in 2017, non-recurring compensation to senior executives during the fourth quarter as well as extra costs related to the change of CEO.

Net financial items

Net financial items during the period amounted to SEK -302 million (-259). Financial costs consist primarily of interest costs for loans from credit institutions regarding the Group's property portfolio, and interest on the two senior unsecured bonds, each amounting to SEK 1 billion, issued in April 2015 and April 2016 respectively. The Group's average interest rate related to the total interest bearing debts was at the end of the period, including derivatives, 2.5 percent (2.5). The interest coverage ratio for the period was 2.2 times (2.0).



Rinkeby

Income from property management

Income from property management, i.e. profit before changes in value and taxes, for the period amounted to SEK 357 million (269). Income from property management has during the period improved significantly, up 32.6 percent. This is due to that completed investments are starting to show strong improvements of financial results.

Changes in value in investment properties

The Group carries out valuations of the properties on a quarterly basis and the properties are reported at fair value in accordance with IFRS 13, level 3. On the balance sheet date, 100 percent of the properties has been valued externally by Savills. The average direct return requirement in the valuation is 4,15 percent, to be compared with 4.31 percent at the end of the fourth quarter 2016. During the period, changes in value on investment properties affected the profit in the amount of SEK 1,599 million (1,938). The change in value is approximately 70 percent a result of an assessed increased net operating income. Further see page 14-15.

During the period, one property was divested and affected the result by SEK 37 million (-14). Following a test of impairment of goodwill, which the Group carries out on a quarterly basis, no write-down charge was taken (SEK -55 million).

Changes in values of financial instruments

The group uses different derivatives, swaps and interest caps, in order to limit the interest rate risk. Interest rate derivatives are reported each quarter at the market value

and the value is dependent on the interest rate development. The change in the value is reported in the income statement. The changes in market value of derivatives for the period affected the profit by SEK 52 million (-87) related to swaps and SEK -8 (-) million related to caps. These changes in value do not affect cash flow. The changes in value in the group's shareholdings during the period amounted to SEK -53 million (-72), of which a write down of SEK -39 million (-) related to the share holdings in Boligutleie Holding II AS was made in connection with the dividend of SEK 29 million received by the company.

Tax

The profit before tax amounted to SEK 2 014 million (2,072). The tax cost for the period amounted to SEK -435 million (-394). The effective tax rate for the period is 21.6 (19.0). The tax consists of deferred tax related to temporary differences on investment properties SEK -598 million (-564), changes in value of derivatives SEK -10 million (19), deferred tax temporary differences on shares SEK 12 million (16), and SEK 161 million (135) consists of loss carryforwards.

Profit

The profit for the period after tax amounted to SEK 1,579 million (1,678), which corresponds to SEK 20.34 (22.20) per ordinary share before dilution, and SEK 20.24 (21.93) per share after full dilution.

Fourth quarter October – December 2017

The earnings items reported below relate to the fourth quarter, October–December 2017. The comparison items stated within parentheses refer to amounts for the corresponding period during the preceding year.

Rental income and net operating income

Profit and net operating income have during the third quarter increased compared to the corresponding period the preceding year. The increase is primarily due to the rent increases in the renovated apartments, finalized rent negotiations for the year, the general increases in rent during 2017 and completed acquisitions.

Rental income for the period increased to SEK 388 million (332), an increase of 17 percent compared to the fourth quarter 2016.

The operating costs for the period increased slightly, to SEK -197 million (-178). The higher costs are primarily explained by a larger property portfolio, 12 percent larger compared to the fourth quarter 2016.

The net operating income, i.e., total income less bad debt losses, operating and maintenance costs, property administration, rents on site-leaseholds, and property taxes, for the period increased to SEK 191 million (154), an increase of 24 percent compared to the fourth quarter 2016. The gross margin was 49.3 percent (46.3).

Profit

Central administration costs during the fourth quarter amounted to SEK -40 million (-42). The figures for the fourth quarter were impacted by non-recurring costs amounting to SEK -10 million (-24). These mainly consist of non-recurring compensation to senior executives during the fourth quarter as well as extra costs related to the change of CEO.

Net financial items during the period amounted to SEK -90 million (-60). The group's average interest rate for the total interest bearing debts at the end of the fourth quarter, derivatives included, amounted to 2.5 percent (2.5). The interest coverage ratio for the fourth quarter was 1.7 (1.9) times.

Income from property management, i.e. profit before changes in value and taxes, for the fourth quarter increased to SEK 62 million (52).

During the period, changes in value on investment properties affected the profit in the amount of SEK 390 million (802). The increase in valuation can primarily be

explained by an increase in net operating income as a result of investments in the properties, which had increased rents, and an adaptation to a slightly lower yield in the market.

The valuation is based on an average return requirement of 4.15 percent, to be compared with 4.21 percent on 30 September 2017.

Changes in value of derivatives affected the profit for the fourth quarter by SEK 10 million (52) due to the fact that interest rates continued to decline during the third quarter.

Profit after tax for the fourth quarter amounted to SEK 350 million (680), which corresponds to a profit per ordinary share of SEK 4.51 (8.79) before dilution.



Strängnäs

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

Amounts in SEK thousand	2017 31 Dec	2016 31 Dec
ASSETS		
Non-current assets		
Goodwill	629,582	630,165
Investment properties	21,455,638	16,997,923
Equipment	7,080	5,972
Shares	4,805	19,950
Non-current receivables	824	-
Deferred tax asset	463,372	302,578
Interest rate derivatives	12,690	6,517
Total non-current assets	22,573,991	17,963,105
Current assets		
Current assets	243,094	261,757
Cash and cash equivalents	833,310	679,374
Total current assets	1,076,404	941,131
TOTAL ASSETS	23,650,395	18,904,236
EQUITY AND LIABILITIES		
Shareholders' equity	8,043,165	6,385,378
Non-current liabilities		
Non-current interest-bearing liabilities	11,357,265	8,733,018
Other non-current liabilities	-	1,103
Deferred tax liability	2,569,907	1,982,826
Interest rate derivatives	92,864	144,694
Total non-current liabilities	14,020,036	10,861,641
Current liabilities		
Current interest-bearing liabilities	1,076,086	1,257,659
Other current liabilities	511,108	399,558
Total current liabilities	1,587,194	1,657,217
TOTAL EQUITY AND LIABILITIES	23,650,395	18,904,236
Equity attributable to:		
Parent Company shareholders	8,043,165	6,385,378
Non-controlling interests	-	-
Total equity	8,043,165	6,385,378

Consolidated statement of financial position

The balance sheet items below refer to the position at the end of the period, 31 December 2017. The comparison items stated within parentheses refer to amounts at the end of the corresponding period during the preceding year.

Management properties

The Group's property portfolio at the close of the period consisted of 1,426,757 sq.m. (1,274,822) with a current rental value of SEK 1,444 million (1,379). The management properties are reported at market value and amounted, at the end of the period on 31 December 2017, to SEK 21,456 million (16,998) which corresponds to a value of SEK 15,038/sq. m. (13,334). See further pages 14-15.

Goodwill

The goodwill value at the end of the period amounted to SEK 630 million (630), a value which arose in conjunction with the acquisition of Hyresbostäder i Sverige II AB. The value consists of the difference between the negotiated deferred tax and the nominal tax rate of 22 percent. An impairment test of the goodwill at the end of the period did not result in any impairment requirement.

Current assets

Current assets at the close of the period amounted to SEK 243 million (262), and relate primarily to investments in shares SEK 129 million, and other current assets SEK 58 million.

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the period amounted to SEK 833 million (679).

Equity

The Group's shareholders' equity as per 31 December 2017 amounted to SEK 8,043 million (6,385) and the equity ratio was 34.0 percent (33.8). The change in the Group's shareholders' equity is related to the profit for the period and subscription of warrants.

Deferred tax

Deferred tax assets amounted to 463 million (303) and primarily relate to loss carryforwards. The total loss carryforwards amounted to SEK 1,989 million. The deferred tax liability amounts to SEK 2 570 million (1,983) and is primarily the difference between the fair value and the tax residual value of properties.

Interest-bearing liabilities

The Group's total interest-bearing liabilities amount to SEK 12,433 million (9,991).

Long-term interest-bearing liabilities to credit institutions amount to SEK 9,458 million (6,802). In addition to liabilities to credit institutions, there are senior unsecured bonds amounting to a total of SEK 2 billion.

The Group's total short term interest-bearing liabilities to credit institutions amount to SEK 1,076 million (1,258). These consist primarily of rolling credits which are extended on a continuous basis.

Other current liabilities

Other current liabilities amount to SEK 511 million (400) and consist primarily of accounts payable, accrued expenses and accrued income.

Statement of changes in equity

On 31 December 2017, consolidated shareholders' equity amounted to SEK 8,043 million (6,385) and the equity ratio amounted to 34.0 percent (33.8). Shareholders' equity per share amounted to SEK 102.09 (82.60). EPRA NAV per share amounted to SEK 127.90 (101.96). Comparative figures in parentheses refer to amounts for the corresponding period the preceding year.

Share capital

On 31 December 2017, the registered share capital covered 5,369,866 class A shares and 73,411,910 class B shares, total 78,781,776 shares. The shares have a quotient value of 12.742363. Each class A share entitles the holder to 5 votes and each class B share entitles the holder to 1 vote. The share capital has during the period increased due to utilized warrant subscription of the warrant program issued in 2014 with exercise right in 2017.

issues, settlement of issue costs in conjunction with exchange listing, and acquired shareholders' equity arising from acquisitions of previously owned associates and that was eliminated at disposal.

Retained earnings including profit for the period

This item includes profits earned by the parent company as well as consolidated earnings in subsidiaries and affiliated companies.

Other contributed capital

This item relates to shareholders' equity contributed by the shareholders. This item includes set-off issues, new share

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, 01-01-2016	901,762	2,128,631	1,361,195	4,391,588	0	4,391,588
Profit for the period January - December 2016	-	-	1,678,264	1,678,264	-	1,678,264
Other comprehensive income January - December 2016	-	-	-	-	-	-
Directed share issue	83,334	376,585	-	459,919	-	459,919
Other paid-in cash, warrants	-	807	-	807	-	807
Equity component convertible loans	-	-	-145,200	-145,200	-	-145,200
Equity, 31-12-2016	985,096	2,506,023	2,894,259	6,385,378	0	6,385,378
Total comprehensive income January - September 2017	-	-	1,578,956	1,578,956	-	1,578,956
Other comprehensive income January - September 2017	-	-	-	-	-	-
Subscription, warrants	18,770	52,673	-	71,443	-	71,443
Other paid-in cash, warrants	-	7,388	-	7,388	-	7,388
Closing equity, 31-12-2017	1,003,866	2,566,084	4,473,215	8,043,165	0	8,043,165

Consolidated statement of cash flows

Comparative figures in parentheses refer to amounts for the corresponding period (January-December) the preceding year.

Operating activities

Cash flow from operations, before changes in working capital, amounted to SEK 360 million (257). After a change in working capital of SEK -359 million (-136), cash flow from operations amounted to SEK 1 million (121).

Investing activities

Cash flow from investing activities amounted to SEK -2 440 million (-1,095) and largely comprises the cash flow effect from investments in existing properties, SEK -1,480 million (-1 039) and acquisition of new properties SEK -1,023 million (-652).

Financing activities

Cash flow from financing activities amounted to SEK 2,593 million (1,174). The reported cash flow includes issuing new shares SEK 79 million (461), new loans raised amounting to SEK 4,893 million (2,397), as well as loan repayments totaling SEK -2,408 million (-1,782).

Cash flow for the period

Cash flow for the period amounted to SEK 154 million (201) and cash and cash equivalents amounted to SEK 833 million (679) at the end of the period.

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

Amount in SEK thousand	2017 Jan – Dec	2016 Jan – Dec	2017 Oct – Dec	2016 Oct – Dec
Income from property management	357,098	269,384	61,967	52,107
Adjustment for items not included in cash flow	2,861	-866	9,622	19,668
Taxes paid	-7	-11,072	-1	-22
Cash flow before change in working capital	359,952	257,446	71,588	71,753
Increase (-) decrease (+) of working capital	9,297	-136,207	429,321	120,935
Cash flow from operating activities	369,249	121,239	500,909	192,688
Investing activities				
Investments in existing properties	-1,479,467	-1,039,205	-471,988	-352,722
Acquisition of Group companies/properties, business combination	-	-	-	-
Acquisition of Group companies/properties	-1,022,504	-652,325	0	-
Acquisition of inventories	-2,429	-3,333	-346	-619
Acquisition of intangible assets	-	-	-	-
Sale of properties	63,866	384,493	-11	32,941
Investments in financial fixed assets	234	215,750	-12,112	-34,373
Share and participations, net	-	-	-	-
Cash flow from investing activities	-2,440,300	-1,094,620	-484,457	-354,773
Financing activities				
New issue	78,825	460,725	-2,292	-
Raised loans	4,892,837	2,396,606	3,357,347	383,887
Amortization of loans	-2,775,965	-1,782,314	-2,759,470	-4,180
Dividend	29,290	99,214	300	32,162
Cash flow from financing activities	2,224,987	1,174,231	595,885	411,869
Cash flow for the period	153,936	200,850	612,337	249,784
Cash and cash equivalents at beginning of the period	679,374	478,524	220,973	429,590
Cash and cash equivalents at end of the period	833,310	679,374	833,310	679,374

Property portfolio

D. Carnegie & Co.'s property portfolio consists primarily of residential properties in Greater Stockholm region. The property portfolio mainly comprises residential properties built between 1965-1974. The focal point of the total property portfolio, 55 percent, is located in Greater Stockholm. Comparative figures in parentheses relate to amounts for the corresponding period of last year.

Investments and divestments

Total investments during 2017 amounted to SEK 2,900 million (1,819), out of which SEK 1,480 million (1,039) relates to investments in existing properties and SEK 1,420 million (780) to acquisitions of new properties. Investments in existing properties relate to the refurbishment of apartments as well as renovations of facades and roofs. During the period (January - December) acquisitions were made of 1,681 apartments in Arboga, Köping and Tranås and a divestment of a lease-hold, an asset that did not fit the company's business plan.

Property portfolio within less than 90 minutes by train from Stockholm.



Apartment renovations

In total, 3,602 apartments (1,942) out of the existing portfolio of 18,058 apartments have been renovated with our method since 2014, out of which 1,673 were renovated during 2017 (1,253). Rents for the apartments completed during the period have increased from an opening average of SEK 1,036 /sq.m. to SEK 1,523 /sq. m. and 80 percent (88) of the apartments in the property portfolio remains unrenovated at the end of the period.

During the period, the property portfolio has changed as shown below.

CHANGE IN CARRYING AMOUNT OF PROPERTIES

Amounts in SEK thousand	2017	2016
Property holdings at beginning of period	1 January	1 January
Existing properties	16,997,923	13,826,439
Acquisitions	1,420,000	780,147
Investments in existing properties	1,479,819	1,039,204
Divestments	-41,400	-586,157
Change in value investment properties, unrealized	1,599,296	1,938,290
Property portfolio at the end of the period, 31 December	21,455,638	16,997,923

Property value

As of 31 December, 2017, D. Carnegie & Co.'s property portfolio has been valued with an assessed market value of SEK 21,456 million. The valuation is based on the methodology described below, where 100 percent of the portfolio was valued externally. The external property valuations were carried out by Savills. The valuation is based on a cash flow analysis whereby the property's value is based on the present value of forecasted cash flows and the residual value during the calculation period of five

years. The average return requirement on units included in the valuation amounted to 4.15 percent, to be compared with 4.31 percent at the end of 2016. The average cost of capital for the period was 6.24 percent (6.40 at the end of 2016). 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

constitutes the market value. The assumption regarding the future cash flows is based on an analysis of:

- Future development of the market and the immediate 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

The total change in value in the property portfolio during the period was 8.6 percent (12.9). The value changes related to the investment properties pertain by 70 percent to increased net operating income during the period due to the increase in pace of renovations, resulting in increased rental income and decreased operating costs.

Building rights

D. Carnegie & Co also conducts projects surrounding building rights in the aim of concentrating, complementing, improving and increasing the attractiveness of our

existing residential areas. All projects surrounding building rights are based on amending detailed zoning plans and are in various plan phases. The total area of potential building rights is estimated at 487,200 sq.m. GFA (gross floor area), covering estimated 5,957 residential units. As per 31 December 2017, potential building rights have been assigned a market value of SEK 608 million (311).

Municipality	Estimated potential new building rights, m ² GFA	Estimated number of apartments	Initiated zoning process, m ² GFA	Approved zoning plan, m ² GFA
Stockholm	83,800	955	28,800	-
Haninge	130,000	1,670	-	-
Huddinge	59,500	660	-	-
Södertälje	50,000	600	-	-
Uppsala	42,500	530	-	-
Eskilstuna	36,400	442	6,000	-
Sigtuna	30,000	400	30,000	-
Strängnäs	27,000	340	10,000	-
Upplands-Bro	20,000	250	-	2,538
Sollentuna	8,000	110	8,000	-
Total	487,200	5,957	82,800	2,538

D. CARNEGIE & CO PROPERTY PORTFOLIO 31-12-2017

City/Area	Lettable area	Number of apartments	Average rent	Percentage renovated	Fair value building rights, 30 Dec 2017	Fair value 30 Dec 2017
Greater Stockholm						
Kista/Husby	110,380	1,528	1,129	23.9%	79,920	1,812,920
Bromsten/Rinkeby	111,680	1,281	1,111	23.9%	98,908	1,761,798
Sollentuna	33,976	454	1,190	16.5%	27,120	582,120
Flemingsberg	40,480	573	1,054	18.3%	62,451	601,451
Värby/Värberg	66,555	863	1,084	10.8%	18,113	919,113
Jordbro	157,860	1,953	1,176	23.4%	98,650	2,304,650
Södertälje	160,205	2,110	1,229	22.2%	67,920	2,841,980
Bro	43,785	540	1,064	14.4%	14,000	620,485
Märsta	58,320	693	1,075	19.3%	69,120	897,120
Total Greater Stockholm	783,241	9,995	1,144	20.8%	536,202	12,341,637
Uppsala	75,252	985	1,126	20.4%	29,592	1,198,392
Eskilstuna	145,741	1,966	1,100	23.0%	20,520	2,255,530
Strängnäs	35,560	411	1,199	26.5%	21,725	623,225
Norrköping	172,927	2,302	1,116	24.2%	-	2,606,500
Katrineholm	61,149	718	1,089	18.2%	-	873,484
Arboga	47,924	547	914	5.9%	-	479,540
Köping	35,054	373	1,029	5.6%	-	370,900
Tranås	69,909	761	971	2.4%	-	706,431
Total other locations	643,516	8,063	1,080	18.9%	71,837	9,114,002
Total	1,426,757	18,058	1,115	19.9%	608,039	21,455,639

Financing

D. Carnegie & Co strives to achieve a 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 shall not exceed 65 percent in the long-term. On 31 December, 2017, D. Carnegie & Co.'s assets were valued at SEK 23,650 million (18,904), financed through equity of SEK 8,043 million (6,385), deferred tax liability of SEK 2,570 million (1,983), interest-bearing liabilities of SEK 12,433 million (9,991), as well as non-interest-bearing liabilities and interest rate derivatives of SEK 604 million (545). Comparative figures in parentheses refer to amounts for the corresponding period of last year.

Interest-bearing liabilities

At the end of the period, D. Carnegie & Co had interest-bearing liabilities totalling SEK 12,433 million, corresponding to a loan-to-value of approximately 54 percent (54), out of which liabilities to credit institutions accounted to SEK 10,534 million (8,060), corresponding to an LTV of approximately 49 percent (47). In addition to liabilities to credit institutions, there are also two senior unsecured bonds totalling SEK 2,000 million (2,000). During the period, D. Carnegie & Co, has entered into an agreement regarding an overdraft facility amounting to SEK 100 million, of which SEK -7 million had been utilized at the end of the period.

Maturity

The average term to maturity on loans owed to credit institutions is 5.3 years. Out of interest-bearing liabilities to credit institutions, SEK 63 million matures in 2018. Refinancing negotiations regarding these liabilities are in progress. Loans owed to security institutions are secured through mortgages on properties and/or pledged shares, as well as undertakings to maintain certain covenants, which in certain cases limit the ability of subsidiaries to issue dividends. The interest rate maturity structure for the liabilities owed to credit institutions is shown in the tables on page 17.

Fixed interest and average interest rate

The average interest rate on total interest-bearing liabilities at the end of the period was 2.5 percent (2.54). The average rate on liabilities owed to credit institutions at the end of the period was 2.20 percent (2.20). The yearly interest rate on the bond issued in April 2015 was during the period a yearly interest rate of 3.75 percent. The interest on the bond issued in April 2016 was during the period a yearly interest rate of 4.00 percent. The interest rate maturity structure for the interest-bearing liabilities is shown in the tables on page 17.

Interest rate derivatives, interest rate caps

D. Carnegie & Co uses interest rate derivatives and inte-

rest cap agreements. Interest rate derivatives represent a flexible and cost-efficient method of achieving the desired fixed rate. In accordance with accounting standard IAS 39, interest rate derivatives are marked to market. If the agreed interest rate deviates from the market rate, irrespective of the credit margin, a theoretical surplus or deficit arises on the interest rate derivative where the non-cash change in value is recognized in the income statement. As of 31 December 2017, the market value of the interest rate derivatives portfolio was SEK -93 million (-145). D. Carnegie & Co has interest rate cap agreements amounting to SEK 4,426 million, with approximately 5.2 years duration with an agreed rate cap of Stibor 3 percent.

Financial targets

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

- Gross margin of 50 percent
- Annual 10 percent growth in value of existing portfolio
- Loan-to-value ratio on properties not exceeding 65 percent
- Equity ratio of at least 30 percent

D. Carnegie & Co has a target gross margin of 50 percent and the gross margin for the period was 52.6 percent (49.1). This target is during the period in line with the long-term target.

Growth in value during the period amounted to 8.6 percent (12.9).

Loan-to-value ratio on properties amounted to 54 percent (54) as of 31 December 2017.

As of 31 December 2017, the equity ratio was 34.0 percent (33.8) which is in line with the long-term financial target.

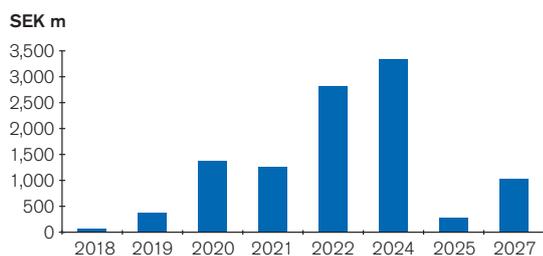
INTEREST RATE TERM AND LOAN MATURITY 31-12-2017, INTEREST-BEARING DEBTS

Maturity	Fixed interest term			Maturity	
	SEK million	Interest	Percentage	SEK million	Percentage
2018	5,966	1.7%	56.6%	76	1%
2019	377	1.6%	3.6%	377	4%
2020	1,058	2.1%	10.0%	1,372	13%
2021	527	1.7%	5.0%	1,257	12%
2022	2,606	3.7%	24.7%	2,824	27%
2024	-	-	-	3,332	32%
2025	-	-	-	270	3%
2027	-	-	-	1,025	10%
Total/average	10,534	2.23%	100%	10,534	
Prepaid arrangement fee	-100			-100	
Total	10,433			10,433	

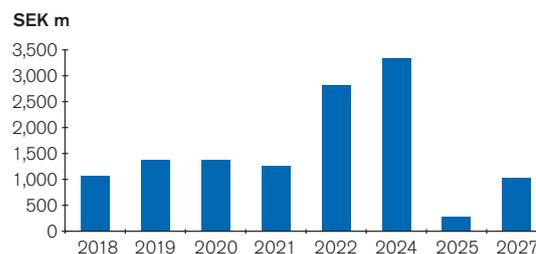
INTEREST RATE TERM AND LOAN MATURITY 31-12-2017, TOTAL INTEREST-BEARING DEBTS

Maturity	Fixed interest term			Maturity	
	SEK million	Interest	Percentage	SEK million	Percentage
2018	7,966	2.2%	64%	1,076	9%
2019	377	1.6%	3.0%	1,377	11%
2020	1,058	2.1%	8%	1,372	11%
2021	527	1.7%	4%	1,257	10%
2022	2,606	3.7%	21%	2,824	23%
2024	-	-	-	3,332	27%
2025	-	-	-	270	2%
2027	-	-	-	1,025	8%
Total/average	12,534	2.49%		12,534	
Prepaid arrangement fee	-100			-100	
Included in equity	-			-	
Total	12,433			12,433	

CAPITAL 31-12-2017 INTEREST-BEARING DEBTS FINANCIAL INSTITUTIONS



CAPITAL 31-12-2017 TOTAL INTEREST-BEARING DEBTS



DERIVATIVES 31-12-2017

Amounts in SEK million	Nominal amounts	Percentage	Fair value 31-12-2017	Fair value 31-12-2016	Change for the period
Nominal interest rate swaps	3,401	100%	-93	-145	52
Total	3,401	100%	-93	-145	52

Events

During the period D. Carnegie & Co has continued the operation by reviewing the financing and enter into agreements of acquisitions.

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

In the end of October D. Carnegie & Co completed SEK 3,255 million refinancing

D. Carnegie has completed SEK 3,255 million refinancing with AIG Asset Management (Europe)

D. Carnegie & Co has entered into an agreement to acquire 1,420 apartments in the Stockholm region

In December D.Carnegie & Co entered into an agreement to acquire 1,420 apartments for SEK 2.47 billion (before deduction for deferred tax amounting to SEK 0.21 billion) located in Järna, Södertälje and Nynäshamn.

D. Carnegie & Co has entered into an agreement to acquire 749 apartments in Västerås

In December D. Carnegie & Co has entered into an agreement to acquire 749 apartments for SEK 765 million (before deduction for deferred tax amounting to SEK 31 million) all located in Västerås.

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

D. Carnegie & Co has resolved to invite shareholder to an extraordinary general meeting

D. Carnegie & Co has resolved to invite shareholders to an extraordinary general meeting to be held on 23 February with a proposal to authorize the board of directors to resolve on a rights issue of up to SEK 1,500 million.

Two divested properties in Eskilstuna

In the end of January D. Carnegie & Co divested two properties in Eskilstuna to a private housing cooperative. The sale was completed at an underlying property value of SEK 44 million.

D. Carnegie & Co – Svein Erik Lilleland appointed new CEO

D. Carnegie & Co announced on 21 February that Svein Erik Lilleland has been appointed permanent CEO for the company.



Värberg

Parent company

The operations conducted by D. Carnegie & Co AB consist of overarching group functions. The parent company does not own any properties directly. During the period, the parent company's revenues amounted to SEK 39 million (23) and the loss after tax was SEK -129 million (-114). Revenues relate mainly to services on behalf of group companies. Cash and cash equivalents at the end of the period amounted to SEK 4 million (169).

INCOME STATEMENT IN BRIEF

Amounts in SEK thousand	2017 Jan – Dec	2016 Jan – Dec
Net sales	39,271	22,836
Operating expenses	-97,864	-86,453
Profit/loss before financial items	-58,593	-63,617
Financial items		
Net interest	-91,063	-103,188
Received dividend	29,290	99,214
Changes in value, financial instruments	-43,342	-77,776
Profit/loss before tax	-163,708	-145,367
Group contribution	-1,065	
Taxes	36,170	31,743
Profit for the period	-128,603	-113,624

BALANCE SHEET IN BRIEF

Amounts in SEK thousand	2017 31 Dec	2016 31 Dec
ASSETS		
Non-current assets		
Equipment	2,045	1,431
Shares and participations in subsidiaries	4,836,070	4,827,870
Shares, other companies	250	250
Receivables from group companies	-	58,711
Non-current receivables	824	-
Derivatives	1,693	6,517
Deferred tax assets	122,864	86,695
Total non-current assets	4,963,746	4,981,474
Current assets		
Receivables from group companies	3,315,645	1,641,780
Receivables from associate companies	-	-
Current receivables	35,605	6,244
Current placements	59,170	98,270
Cash and cash equivalents	3,636	169,281
Total current assets	3,414,056	1,915,575
TOTAL ASSETS	8,377,802	6,897,049
Equity and liabilities		
Shareholders equity	2,950,673	3,000,452
Non-current liabilities		
Interest-bearing liabilities	991,617	1,980,951
Total non-current liabilities	991,617	1,980,951
Current liabilities		
Interest-bearing liabilities	1,006,639	-
Other non-interest bearing liabilities	37,012	32,358
Liabilities to Group Company	3,391,861	1,883,288
Liabilities to subsidiaries	-	-
Total current liabilities	4,435,512	1,915,646
TOTAL EQUITY AND LIABILITIES	8,377,802	6,897,049

The shares and shareholders

The share

At the end of the period, D. Carnegie & Co had 7,794 (7,538) shareholders. The market capitalization was SEK 8,975 million (7,841) (refers to listed class B shares). D. Carnegie & Co has two share classes: class A (five votes) and class B (one vote) ordinary shares. The class B shares are listed on Nasdaq Stockholm, Midcap. In total, there are 5,369,886 class A shares, 73,411,910 class B shares totaling 78,781,776 ordinary shares. After full exercise of warrants program 2 (998,200 shares), warrants program 3 (807,000 shares) and warrants program 4 (2,730,000 shares), the total number of shares would amount to 83,316,976 ordinary shares.

Dividend

The proposal by the board of directors to the annual general meeting is that no dividend is to be paid for the 2017 financial year.

Warrants program

The Company has three warrants programs carrying an entitlement to subscribe for class B shares.

Warrants program two

Warrants program two, which was issued in 2015 and covers 998,200 warrants, corresponding to 1.3 percent of the number of outstanding shares. The warrants carry an entitlement to subscribe for new class B ordinary shares in D. Carnegie & Co. The warrants may be exercised to subscribe for shares commencing May 21, 2018 up to and including August 31, 2018. The subscription price for class B ordinary shares pursuant to the warrants is SEK 72.84. The warrants program is directed at all staff who were permanently employed by the D. Carnegie & Co Group on May 12, 2015. Market-based pricing was applied in conjunction with the warrants offering.

Warrants program three

Warrants program three was issued in 2016 and covers 807,000 warrants, corresponding to 1.0 percent of the number of outstanding shares. The warrants carry an entitlement to subscribe for new class B ordinary shares in D. Carnegie & Co. The warrants may be exercised to subscribe for shares commencing May 21, 2019 up to and including August 30, 2019. The subscription price for class B ordinary shares pursuant to the warrants is SEK 113.50. The warrants program is directed at all staff who were permanently employed by the D. Carnegie & Co Group on May 12, 2016. Market-based pricing was applied in conjunction with the warrants offering.

Warrants program four

Warrants program four, which was issued in 2017 covers 2,730,000 warrants in three series, resulting in a maximum total dilution of approximately 3.5 percent of the share capital and votes in the company, based on full utilization of the proposed warrants. The warrants carry an entitlement to subscribe for new class B ordinary shares in D. Carnegie & Co. Each warrant of series 1 entitles to subscription of one share in D. Carnegie & Co during the period from and including 15 May 2020 up to and including 30 September 2022, each warrant of series 2 during the period from and including 1 May 2021 up to and including 30 September 2022 and each warrant of series 3 during the period from and including 1 May 2022 up to and including 30 September 2022. The warrants program is directed to wholly owned subsidiary Holmiensis Bostäder AB, which will transfer the options to the CEO and other senior executives in D. Carnegie & Co AB. All three series have a subscription price corresponding to SEK 162.60 per share. Market-based pricing was applied in conjunction with the warrants offering.

During the period, the number of votes and class B shares has changed due to the utilization of 1,473,000 warrants under the Company's warrants program issued in 2014. If all the warrants are exercised in all three of the warrants programs (2015, 2016 and 2017), the number of class B ordinary shares would increase by 4,535,200, which corresponds to 5.8 percent of the outstanding ordinary.

Share performance

The share price has increased in 2017, with the price rising during the period from the year-end price of SEK 109.00 for class B share to SEK 122.25 on 31 December 2017, an increase of 12 percent. From the introduction of SEK 39 for class B share on April 9, 2014, the share has increased by 213 percent.

Shareholders

A list of the largest shareholders in D. Carnegie & Co AB (publ) is presented on the next page.

THE SHARE, CAPITAL DEVELOPMENT

	Event	Change in number of class A shares	Change in number of class B shares	Total number A + B shares	Change in share capital	Total
Aug-17	Subscription, warrants	-	13,000	78,781,776	165,651	1,003,864,915
May-17	Subscription, warrants	-	1,460,000	78,768,776	18,603,830	1,003,699,264
Apr-16	New issue	-	6,539,900	77,308,776	83,333,688	985,095,432
July-14	New issue, in acquisition	-	26,000,000	70,768,876	331,301,084	901,761,744
May-14	New issue	-	2,307,692	44,768,876	29,405,418	570,460,660
Apr-14	New issue	-	15,384,615	42,461,184	196,036,139	541,055,242
Mar-14	Set-off issue	5,369,866	21,479,459	27,076,569	342,123,480	345,019,103
Mar-14	Buyback of preference shares	-	-	227,244	-98,893	2,895,623
Dec-13	Reverse share split 2 000 / 1	-	227,244	227,244	-	2,994,516
Sep-13	New issue	-	376,010,360	454,488,000	2,395,613	2,994,516
Sep-09	New issue, preference shares	-	-	78,477,640	98,903	598,903
June-09	Reduction	-	-	78,477,640	-156,457,912	500,000
June-07	New issue	-	146,754	78,477,640	1,870,000	156,957,912

THE SHARE



Källa: SIX Financial Information

LARGEST SHAREHOLDERS 31-12-2017

	Holding, A-shares	Holding, B-shares	Capital	Votes
Vega Holdco S.å.r.l.	5,369,866	37,544,070	54.5%	64.2%
Länsförsäkringar Fastighetsfond	0	4,356,354	5.5%	4.3%
Didner & Gerge Småbolag	0	2,963,000	3.8%	3.0%
Frasdale International B.V	0	2,530,869	3.2%	2.5%**
Ssb Client Omnibus Ac Om07 (15 Pct)	0	2,515,129	3.2%	2.5%
Svenskt Näringsliv	0	1,800,000	2.3%	1.8%
Fjärde AP Fonden	0	1,316,733	1.7%	1.3%
State Street Bank & Trust Com., Boston	0	945,353	1.2%	0.9%
Skagen M2 Verdpapirfondet	0	617,345	0.8%	0.6%
Länsförsäkringar Småbolag Sverige	0	607,596	0.8%	0.6%
Lancelot Avalon	0	570,000	0.7%	0.6%
State Street Bk-West Client /Exempt	0	557,212	0.7%	0.6%
Seb Sverigefond Småb. Ch/Risk	0	525,000	0.7%	0.5%
Humle Småbolagsfond	0	450,000	0.6%	0.4%
Teknikföretagen	0	450,000	0.6%	0.4%
Cancerfonden - Riksföreningen Mot	0	435,855	0.6%	0.4%
Bank of New York GCM Client	0	430,922	0.5%	0.4%
Försäkringsaktiebolaget, Avanza Pension	0	416,317	0.5%	0.4%
Banque Pictet & Cie Sa, W8lmy (Without P.R.)	0	406,853	0.5%	0.4%
Per Josefsson Invest AB	0	350,000	0.4%	0.3%
Investment Stångsundet AB	0	306,968	0.4%	0.3%
Övriga	0	13,316,334	16.9%	13.3%
Total	5,369,866	73,411,910	100.0%	100.0%

*Vega Holdco S.å.r.l., an entity wholly owned by real estate funds advised by affiliates of The Blackstone Group L.P.

** Vega Holdco S.å.r.l. controls the marked voting rights, totaling 66.7 percent of the votes in D. Carnegie & Co AB.

Other disclosures

Employees

At the end of the period, the parent company had 33 (19) employees. The Group had 249 (192) employees at the end of the period. The breakdown was 94 (68) women and 155 (124) men.

Related-party transactions

D. Carnegie & Co's relationships with related parties are set out in Note 25 of D. Carnegie & Co's Annual Report for 2016.

D. Carnegie & Co had no related-party transactions during the period.

Risks

Risks and uncertainty factors relate mainly to changes in macroeconomic factors that may lead to higher vacancy rates and interest rates, increased costs and lower rents. Operating expenses may increase and not be fully compensated for in lease agreements; unforeseen and extensive renovation needs may lead to increased maintenance costs. There is a risk that tenants will not pay the agreed rent on time. There are also risks related to environmental risks in building materials and risks for regulatory changes. Other than these risks and uncertainty factors, which are described on pages 34-35 of the D. Carnegie & Co AB (publ) 2016 annual report, no other material risks have been identified during the period.

Accounting policies

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

The same accounting and valuation principles and calculation methods were applied as in the most recently published financial information; see the D. Carnegie & Co AB (publ) annual report, pages 68-72.

Investment properties are valued in accordance with 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, based on external valuation.

The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

IFRS 9 Financial Instruments. The standard is to be applied starting in 2018 forward and replaces IAS 39 Financial Instruments: Recognition and Measurement. The recommendation requires, among other things, that an assessment is made of future bad debts. Since D. Carnegie & Co's customers consist for the most part of tenants with small contracts, the effect of these individual contracts is minor. D. Carnegie & Co has therefore

determined that the new standard will not have any material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers. This standard addresses the reporting of revenues from contracts and sales of non-financial assets. It replaces IAS 11 Construction Contracts and IAS 18 Revenue, and related interpretations. The standard will be applied commencing 1 January 2018. D. Carnegie & Co has conducted a review of the Group's total rental income as well as entered lease agreements in order to identify the effects of IFRS 15. The portion of rental income that D. Carnegie & Co enters into in rental agreements such as providing apartments with heating and cooling, snow clearance, grass mowing and garbage removal is an integrated part of the rent. In the properties that D. Carnegie & Co owns, the tenant is unable to affect the choice of supplier, extent or influence how this is performed. In addition to this, several of these commitments are included as part of the responsibility as a property owner. The lease agreements therefore only covers lease, which is not covered by IFRS 15 but by IAS 17 and from 2019 IFRS 16. The introduction of the IFRS 15 standard will hence not have a material impact on the financial reports.

IFRS 16 Leases. This standard requires that lessees report assets and liabilities related to all leasing agreements, with the exception of agreements with a term of less than 12 months and/or which involve small amounts. The reporting obligations for the lessor will, in all material respects, remain unchanged. The standard replaces IAS 17 Leases, and related interpretations. The standard will be applied commencing in 2019 and may have some impact on D. Carnegie & Co's reporting on lease-hold rents.

Alternative Performance Measures (APM)

D. Carnegie & Co uses a number of Alternative Performance Measures (APMs) in interim reports and annual reports that are not defined in International Financial Reporting Standards (IFRS) or the guidelines of the European Securities and Markets Authority (ESMA). These measures are used to provide valuable, complementary information to investors as well as company management in order to analyse and evaluate the company's business. The APMs are not always comparable with measures that are used by other companies and shall be viewed as a complement to measures defined in IFRS. For definitions and descriptions of key ratios, see page 25 of this report or D. Carnegie & Co's website: <http://www.dcarnegiegroupp.se/en/definitions-of-key-ratios/>.

Examination by the auditors

This year end report had not been audited by D. Carnegie & Co's auditors.

Board of directors

The Board's affirmation

The Board of Directors and the CEO affirm that the report provides a fair review of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainty factors facing the Parent Company and the companies included in the Group.

James Seppala, Chairman of the Board

Fredrik Brodin

Rolf Buch

Jean-Christophe Dubois

Karolina Keyzer

Svein Erik Lilleland, interim CEO

Melissa Pianko

Stockholm 23, February 2018

KEY FIGURES

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Finance										
Equity, SEK m	8,043.2	7,695.4	7,160.3	6,614.4	6,385.4	5,705.8	5,341.4	4,637.4	4,391.6	3,657.4
Return on equity, %	4.4	6.8	6.6	3.5	10.6	6.4	7.3	5.3	16.7	5.25
Equity ratio, %	34.0	34.8	34.0	34.5	33.8	32.4	31.2	29.5	28.2	25.3
Equity ratio, Adjusted, %*	42.6	43.5	42.3	42.8	41.8	40.0	38.4	35.9	33.4	29.7
Interest coverage ratio	1.7	2.8	2.4	1.9	1.9	2.8	2.0	1.6	1.8	2.5
Loan-to-value ratio, %	53.9	54.4	55.7	54.0	54.0	56.4	57.3	61.7	60.9	66.9
LTV Loan-to-value ratio, %	49.1	46.5	46.7	46.1	47.4	48.3	50.1	50.6	51.8	56.3
Financial cost, total interest bearing debts, average interest rate, %	2.50	2.36	2.45	2.54	2.54	2.59	2.58	2.77	2.74	2.62
Financial cost, interest bearing debts financial institutions, average interest rate, %	2.20	2.04	2.14	2.20	2.20	2.25	2.23	2.31	2.27	2.11
Property related**										
Income, SEK m	387.7	382.8	364.6	337.4	331.9	332.8	320.3	309.5	317.3	308.8
Net operating income, SEK m	191.0	231.1	205.3	146.9	153.7	189.9	168.5	118.4	132.8	164.2
Income from property management, SEK m	62.0	135.2	100.2	59.7	52.1	108.6	71.5	37.1	47.7	91.0
Changes in value in management properties, SEK m	390.0	514.2	695.1	237.8	801.5	291.4	488.3	362.5	867.2	180.1
Net profit for the period, SEK m	350.1	524.8	475.1	229.0	679.6	364.4	388.4	245.8	734.2	191.9
Gross margin, %	49.3	60.4	56.3	43.5	46.3	57.1	52.6	38.2	41.9	53.2
Direct return, %	3.7	4.6	4.5	3.4	3.7	4.9	4.6	3.4	4.0	5.4
Market value, SEK m	21,455.6	20,593.6	19,726.0	17,480.7	16,997.9	15,887.3	15,205.2	13,873.3	13,826.4	12,591.5
Lettable area, Tm ²	1,426.8	1,425.7	1,424.9	1,275.0	1,274.8	1,278.9	1,267.2	1,203.3	1,265.6	1,256.6
Market value, SEK/m ²	15,038	14,445	13,843	13,710	13,334	12,423	11,999	11,529	10,925	10,020
Refurbished apartments during the period, number	507	351	428	387	375	289	338	251	295	40
Refurbished apartments during accumulated year, number	1,673	1,166	815	387	1,253	878	589	251	527	232
Total number refurbished apartments, number	3,615	3,108	2,757	2,329	1,942	1,567	1,278	940	689	394
Percentage unrefurbished apartments, %	80	83	85	86	88	90	92	94	95	97
Return requirement in the valuation, average %	4.15	4.21	4.29	4.27	4.31	4.46	4.56	4.70	4.84	5.16
Average rent prior to renovation for apartments which have been renovated during the period, SEK/m ²	1,023	1,038	1,044	1,025	1,028	1,040	1,027	1,034	982	976
Average rent post renovation for apartments which have been renovated during the period, SEK/m ²	1,529	1,486	1,493	1,483	1,465	1,457	1,433	1,379	1,372	1,355
Rent development residentials, %	0.9	1.8	1.0	0.7	0.7	1.3	1.5	1.6	1.9	1.6
Rent development general rental increase, %	0.0	0.0	0.1	0.6	0.0	0.0	0.6	0.0	0.0	0.0
The Share										
Equity per share, SEK	102.09	97.70	90.90	85.56	82.60	73.81	69.09	65.53	62.06	51.68
Equity EPRA NAV per share, SEK*	127.90	122.04	113.12	106.04	101.96	91.26	85.05	79.79	73.50	60.52
Profit after tax per share, SEK***	4.51	6.76	6.14	2.96	8.79	4.71	5.02	3.47	10.37	2.71
Profit after tax per share after dilution, SEK	4.48	6.73	6.11	2.91	8.64	4.64	4.98	2.92	8.52	2.26

*Definitions please refer to D. Carnegie & Co's website; <http://www.dcarnegiegrou.se/en/definitions-of-key-ratios/>.

**Operational key ratios not considered alternative key ratios according to ESMA guidelines.

***Key figures defined according to IFRS.

Definitions

FINANCE

RETURN ON EQUITY, percent, Profit for the year in relation to average shareholders' equity. A profitability ratio showing D. Carnegie & Co's return generated during the year on the owners' capital that is invested in the company.

LOAN-TO-VALUE RATIO (LTV), percent, Interest-bearing liabilities including net reported vendor notes after deductions for market value on listed shareholdings and cash and cash equivalents in relation to the fair value of the properties at the close of the period. Ratio showing D. Carnegie & Co's level of indebtedness if the company were to realize marketable assets.

LOAN-TO-VALUE RATIO PROPERTIES (LTV), percent, Interest-bearing liabilities with security in properties in relation to the fair value of the properties at the close of the period. This industry-specific ratio shows the proportion of the fair value of the properties that are mortgaged.

INTEREST COVERAGE RATIO, times, Income from property management plus financial costs in relation to financial costs. Ratio showing D. Carnegie & Co's ability to cover its interest expenses.

EQUITY RATIO, percent, Reported shareholders' equity in relation to reported total assets at the close of the period. Ratio showing D. Carnegie & Co's interest rate sensitivity and financial stability.

EQUITY RATIO, ADJUSTED, percent Reported shareholders' equity adjusted for the value of derivatives, goodwill and deferred tax liabilities. Ratio showing D. Carnegie & Co's long-term adjusted equity ratio.

PROPERTY

DIRECT RETURN, percent, Net operating income recalculated on an annual basis in relation to the average market value of the management properties during the period. Measure showing D. Carnegie & Co's return from investment properties.

NET OPERATING INCOME, SEK '000, Total income minus bad debt losses, operating and maintenance costs, property administration, rents on leasehold interest in government owned land, and property taxes. An industry-specific measure showing D. Carnegie & Co's performance for property management.

INCOME FROM PROPERTY MANAGEMENT, SEK '000, Profit before changes in value and taxes. Measure showing D. Carnegie & Co's result from its operational activities.

NON-RECURRING EXPENSES, SEK '000, Non-recurring costs. These costs are specified as they have significant impact on the results but will not be charged to ongoing operations.

REALIZED CHANGES IN VALUE IN MANAGEMENT PROPERTIES, SEK '000, Property sales carried out after deductions for the most recent reported fair value of the properties and costs in conjunction with sale.

TOTAL RETURN, percent, Profit before tax in relation to market value of the property portfolio. Measure showing D. Carnegie & Co's return on its portfolio of investment properties.

CHANGES IN VALUE IN INVESTMENT PROPERTIES, SEK '000, This measure shows the real change of reported fair value of the properties after deductions for investments made in existing properties.

GROSS MARGIN, percent, Net operating income as a percentage of total income. An industry-specific measure that shows D. Carnegie & Co's earnings as a percentage of property management.

SHARES

SHAREHOLDERS' EQUITY PER SHARE, SEK, Shareholders' equity in relation to the number of outstanding ordinary shares on the balance sheet date. Measure showing shareholders' share of D. Carnegie & Co's total net assets per share.

ADJUSTED SHAREHOLDERS' EQUITY PER SHARE, Normally designated EPRA NAV, SEK, reported shareholders' equity adjusted for the value of derivatives, goodwill and deferred tax liabilities, in relation to the number of outstanding ordinary shares on the balance sheet date. Measurements that show long-term Net Asset Value (EPRA NAV).

PROFIT PER SHARE, SEK, Profit for the period after taxes in relation to the average number of outstanding ordinary shares prior to dilution.

PROFIT PER SHARE AFTER DILUTION, SEK, Profit for the period after taxes in relation to the average number of outstanding ordinary shares, including the dilutive effect of outstanding option programmes, whose subscription price exceeds market price.

Investerarinformation

CALENDAR 2018 – 2019

Interim Report Q1	April 27, 2018
Annual General Meeting	May 9, 2018
Interim Report Q2	July 13, 2018
Interim Report Q3	October 26, 2018
Year End Report 2018	February 22, 2019

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The information contained in this interim report is the type of information which Carnegie & Co is obligated to publish under the Swedish Securities Market Act and/or the Swedish Financial Investments Trading Act. The information was submitted for publication on 23 February 2018 at 07.00 (CET).

APPENDIX 1

Earning capacity

Current earning capacity for comparable portfolio

The table below reflects D. Carnegie & Co.'s earning capacity on a 12-month basis as of 31 December 2017. 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 any assessment of rent trends, vacancies, or changes in interest rates. The figures are adjusted to show a comparable portfolio, which means that results from divestments and acquisitions not held for the entire period 31 December 2016 to 31 December 2017 have been eliminated in the reporting below.

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 current earning capacity

also does not take into consideration the effects of future rent changes for renovated apartments.

The rental value is based on the property portfolio's invoicing list on 31 December 2017, assessed budgeted property expenses for the coming 12 months, and central administration costs. Net financial items were calculated based on interest-bearing liabilities and assets as of 31 December 2017, and with consideration given to the interest rate terms applicable on that date.

CURRENT EARNING CAPACITY, COMPARABLE PORTFOLIO

Amounts in SEK thousand	Current portfolio	Comparable portfolio				
	31 Dec 2017	31 Dec 2017	30 Sept 2017	30 June 2017	31 March 2017	31 Dec 2016
Rental income	1,576,396	1,433,574	1,424,097	1,399,127	1,387,946	1,376,646
Other income	-	-	-	-	-	-
Operating expenses	-594,570	-535,482	-528,282	-528,282	-528,282	-528,282
Maintenance expenses	-74,202	-66,142	-74,559	-74,559	-74,559	-74,559
Property tax	-29,544	-26,881	-26,120	-26,120	-26,120	-26,120
Site leasehold rent	-15,681	-15,681	-15,255	-15,255	-15,255	-15,255
Net operating income	862,399	789,388	779,881	754,911	743,730	732,430
Central administration	-122,970	-109,793	-82,972	-82,972	-82,801	-82,801
Net financial items	-238,104	-155,328	-182,369	-180,683	-177,334	-177,360
Financial cost convertible bond/other bond	-77,500	-77,500	-77,500	-77,500	-77,500	-77,500
Income from property management	423,825	446,767	437,040	413,756	406,095	394,769



D. CARNEGIE & CO.

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