



D&C!

D. CARNEGIE & CO.

Q2 2017

INTERIM REPORT
JANUARY–JUNE 2017

INTERIM REPORT

Q2 2017

JANUARY – JUNE 2017

- Rental income increased to SEK 702 million (630)
- Net operating income increased to SEK 352 million (287)
- Income from property management increased to SEK 160 million (109)
- Changes in the value of investment properties of SEK 695 million (845), corresponding to 3.7 percent
- Changes in the value of derivatives of SEK 30 million (-121)
- Profit before tax increased to SEK 913 million (766)
- Profit after tax increased to SEK 704 million (634)
- Earnings per share increased to SEK 9.10 (8.20) before dilution and increased to SEK 9.06 (8.12) after dilution

SECOND QUARTER 2017

- Rental income increased to SEK 365 million (321)
- Net operating income increased to SEK 205 million (169)
- Income from property management increased to SEK 100 million (72)
- Changes in the value of investment properties of SEK 457 million (488), corresponding to 2.4 percent
- Changes in the value of derivatives of SEK 16 million (-45)
- Profit before tax increased to SEK 616 million (504)
- Profit after tax increased to SEK 475 million (388)
- Earnings per share increased to SEK 6.14 (5.02) before dilution and increased to SEK 6.11 (4.98) after dilution

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The Annual General Meeting of D. Carnegie & Co on 10 May 2017, resolved on re-election of the board members James Seppala and Svein Erik Lilleland and election of the board members Karolina Keyzer, Rolf Buch, Jean-Christophe Dubois, Melissa Pianko and Fredrik Brodin
- In May, D. Carnegie & Co completed its acquisition of 1,681 apartments in Arboga, Köping and Tranås
- D. Carnegie & Co has divested a site-leasehold with a grocery store in Akalla with an agreed property value of SEK 80 million

KEY FIGURES *

	Period 2017	Second quarter 2017	Period 2016	Second quarter 2016	Full year 2016
Rental income, SEK m	702.1	364.6	630.1	320.6	1,284.3
Net operating income, SEK m	352.2	205.3	286.9	168.5	630.5
Gross margin, %	50.2%	56.3%	45.5%	52.5%	49.1%
Income from property management, SEK m	159.9	100.2	108.7	71.5	269.4
Profit after tax, SEK m	704.1	475.1	634.3	388.4	1,678.3
Earnings per share SEK, basic	9.10	6.14	8.20	5.02	22.20
Earnings per share SEK, diluted	9.06	6.11	8.12	4.98	21.93
Equity per share, SEK	90.90	90.90	69.09	69.09	82.60
Equity EPRA NAV per share, SEK	113.12	113.12	85.05	85.05	101.96
Fair value properties, SEK m	19,726.0	19,726.0	15,205.2	15,205.2	16,997.9
Equity ratio, %	34.0	34.0	31.2	31.2	33.8
Equity ratio EPRA NAV, %	42.3	42.3	38.4	38.4	41.7

*Definitions – see page 25



Statement from the CEO

In the second quarter of 2017 we have continued our business as usual, and have managed to further increase the rate of completely refurbished apartments to 428 compared to 338 for the same period last year. This, other investments in our properties and our work to realise building rights on our existing land have resulted in improved values in our portfolio of SEK 867 million. Subsequently the profit before tax is up to SEK 616 million compared to SEK 504 million the same quarter last year. For the first half year the profit before tax was SEK 913 million and SEK 704 million after tax.

We have spent a lot of time progressing our potential new building rights towards acceptance by the relevant municipalities and formal new zoning. During the quarter we have agreed with City of Stockholm to start the zoning process for almost 30,000 sq.m. in Husby. We had around 50,000 sq.m. in formal process before and we are discussing with Stockholm and other municipalities about starting process for the more than 400,000 sq.m. identified potential building rights on our own land. Our efforts has been rewarded by an uplift in values by SEK 297 million for the last quarter.

The rental increase, 14 percent up from second quarter last year, and cost savings, as a result of investments and more efficient operations, have accomplished a better net operating profit, up 22 percent from second quarter 2016 to SEK 205 million. Stronger net operating profit also generates a higher income from property management, up 40 percent compared to same period last year to SEK 100 million for the second quarter 2017.

The net profit is reflected in an increase in the equity (EPRA NAV) from SEK 106.04 to SEK 113.12 per share during the quarter. The increased revenues and lower costs also improved the earnings capacity which is up SEK 36 million or 9 percent to SEK 409 million on a 12-month basis compared to 30 June, 2016. For the complete property portfolio the earnings capacity has now reached SEK 463 million.

We have also continued our work on community outreach opening of the Ester Foundation program in May for

training immigrant women in entrepreneurship in order for them to be able to be self-employed. We have also entered into a partnership with AIK, one of Sweden's leading soccer clubs, to arrange soccer schools and similar activities for kids in our neighborhoods.

In May the company acquired 1,681 apartments in Arboga, Köping and Tranås. The properties are very well located in their respective municipalities and are valuable additions to our portfolio. We are in the process of integrating them into D. Carnegie & Co and start refurbishments. The company has also decided in July 2017 to start its first new construction of a residential property. The building will hold 45 new apartments and be erected north west of Stockholm in Upplands Bro in the midst of our existing buildings.

There are expectations that the Swedish government will propose certain changes to the tax regime affecting real estate, potentially including restrictions on interest deduction, which may negatively impact the net earnings of certain real estate owners. However, due to significant deductible maintenance costs within its portfolio, driven by the extensive ongoing refurbishments, D. Carnegie & Co does not currently expect to be impacted by such legislation for many years to come.

Stockholm 14 July, 2017

ULF NILSSON
CEO, D. Carnegie & Co

THIS IS D. CARNEGIE & CO

Low risk - high return

OWN AND DEVELOP RENTAL PROPERTIES FOCUSING ON STOCKHOLM

D. Carnegie & Co is a property company focusing on owning and developing rental properties in the “Million Program” housing program in the Stockholm region.

There are numerous possibilities for creating value through renovation as few extensive improvement programs have been implemented since the buildings were constructed from 1965 – 75, but the buildings are often in very good locations with well-built basic structures.

The rent levels are generally low in the Million Program buildings. This means that the potential for increased rents after renovation is meaningful. Maintenance costs are also significantly reduced through renovation. Renovations not only have a positive effect on cash flow, they also generate increases in the value of the properties.

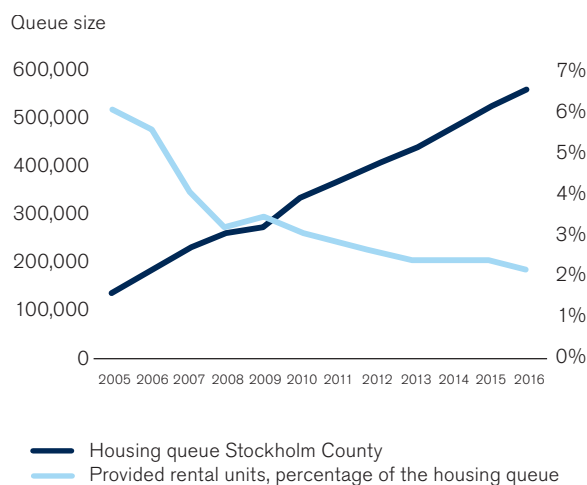
D. Carnegie & Co’s model entails that individual apartments are renovated in conjunction with natural tenant turnover rather than an entire wing of the building being dealt with on a single occasion. In this way, lengthy and expensive evacuations can be avoided and the vacancy cost held to a minimum. This method of renovating apartments is also appreciated by the tenants since it

takes place when natural vacancies occur or when an agreement has been reached with tenants.

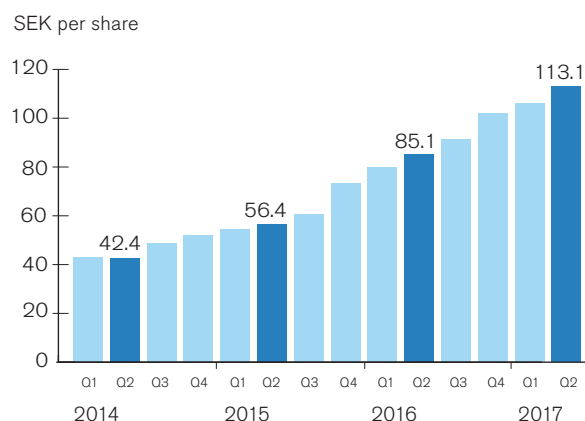
The geographic concentration of properties means that D. Carnegie & Co can manage the properties cost-effectively. The property management is conducted through local area offices which also contributes to creating a close relationship with tenants. In order to reduce costs and increase the level of service, many of the workmen, such as painters, are employed by 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 vacancy is almost non-existent. D. Carnegie & Co currently has an average of a six-year waiting list for a residential unit in the portfolio.

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.

Our market

LARGE DEMAND FOR RESIDENCES IN THE “MILLION PROGRAM” BUILDINGS

There is a great shortage of residential housing in the Stockholm region – a shortage which is expected to continue for the foreseeable future since relocations to the Stockholm area far exceed new production of housing. It is on this market that D. Carnegie & Co owns properties.

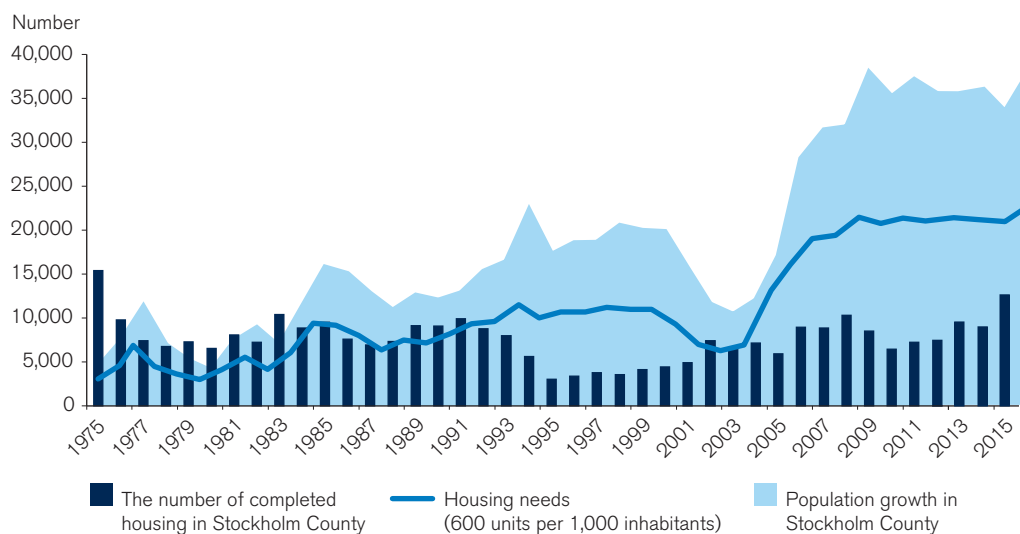
With respect to rental apartments, the waiting time in the Stockholm region for a residence is estimated to be nine years on average. Over 500,000 people are currently in line for an apartment. Last year, only 12,000 people secured a new residential lease through the Stockholm Housing Agency.

The lack of residences is so great that 700,000 new residences are needed in Sweden by 2025, according to a forecast by the Swedish National Board of Housing. The shortage is largely a consequence of the continued significant increase in population. A large part of this need is found in the Stockholm region. Even though the new construction of residences is expected to be 50,000 next year, the shortage of rental properties is expected to increase.



Kista/Husby

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. – June	2016 Jan. – June	2017 April – June	2016 April – June	2016 Jan. – Dec
Rental income	702,067	630,088	364,618	320,616	1,284,282
Other income	-	191	-	147	187
Operating expenses	-287,116	-277,731	-130,557	-121,274	-522,563
Maintenance expenses	-40,699	-46,109	-17,550	-21,169	-89,942
Property tax	-14,123	-11,853	-7,282	-5,987	-25,967
Site leasehold rent	-7,935	-7,721	-3,893	-3,823	-15,526
Net operating income	352,194	286,865	205,336	168,510	630,471
Central administration	-54,804	-40,465	-32,326	-23,175	-101,678
Net finance items	-137,442	-137,723	-72,763	-73,791	-259,409
Income from property management	159,948	108,677	100,247	71,544	269,384
Dividend	28,690	-	480	-	99,214
Realized value changes of investment property	37,264	-11,585	37,318	-11,585	-14,236
Changes in value of investment property	695,065	845,366	457,216	488,342	1,938,290
Changes in value of financial instruments	-8,057	-121,185	20,944	-44,713	-165,189
Impairment of goodwill	-	-54,979	-	-	-54,979
Profit before tax	912,910	766,294	616,205	503,588	2,072,484
Tax	-208,846	-132,027	-141,129	-115,156	-394,220
Net profit for the period	704,064	634,267	475,076	388,432	1,678,264
<i>Other comprehensive income</i>	-	-	-	-	-
Total comprehensive income for the period	0	0	0	0	0
Total comprehensive income for the period	704,064	634,267	475,076	388,432	1,678,264
Profit attributable to:					
Owners of the parent company	704,064	634,267	475,076	388,432	1,678,264
Non-controlling interests	-	-	-	-	-
Total comprehensive income for the period	704,064	634,267	475,076	388,432	1,678,264
Profit after tax per share SEK, before dilution	9.10	8.20	6.14	5.02	22.20
Profit after tax per share SEK, after dilution	9.06	8.12	6.11	4.98	21.93

The period January – June 2017

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

Rental income and net operating income

Income for the period increased to SEK 702 million (630). The strong increase in income is largely a consequence of the increased pace of apartment renovations, which has increased rents. For a comparable portfolio the rental income increased by SEK 40 million corresponding to a 7 percent increase. The general rent increases are still on-going for 2017 and have hence not contributed to the rental increase for the period. The period was characterized by a high pace of renovations. This intentional strategy, to refurbish all vacant units, has meant a foregoing of rental income during the period of approximately SEK 5 million (18).

The operating costs for the period amounted to SEK -350 million (-343). For a comparable portfolio the operating costs increased by SEK 0.7 million corresponding to a 0.2 percent increase. The total property portfolio area increased by 12 percent in comparison to the same period in 2016 as a part of why the operating costs per sq.m. decreased, which was primarily related to active management of the properties. 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 during the period by SEK 5 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 352 million (287), yielding a gross margin of 50.2 percent (45.5). For a comparable portfolio the net operating income increased by SEK 39 million corresponding to a 15 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 has a direct effect on the financial result.

COMPARABLE PORTFOLIO

	30 June 2017	30 June 2016	
Number of apartments	15,504	15,500	
Market value properties, SEK m	17,397	14,471	
Refurbished apartments	2,669	1,263	
Refurbished apartments, %	17.2%	8.2%	
Amounts in SEK m	30 June 2017	30 June 2016	Change %
Rental income	634.1	593.8	6.8%
Operating costs	-266.5	-266.1	0.1%
Maintenance costs	-38.2	-39.5	-3.5%
Other property expenses	-20.6	-18.8	9.3%
Total operating expenses	-325.2	-324.5	0.2%
Net operating income	308.8	269.4	14.6%
Gross margin	48.7%	45.4%	7.4%

Refers to properties owned and held throughout the period 1 January 2016 to 30 June 2017

Administration costs

Administration costs during the period amounted to SEK -55 million (-40). These costs consist primarily of costs for corporate functions, marketing and sales costs. The organisation has been strengthened during the year with new functions, which have contributed to the increased costs. Non-recurring expenses amounted to a total of SEK -9 million (-6) during the period. These costs consist, among other things, of partly remuneration to senior executives in connection with a warrants program resolved on the Annual General Meeting in 2017, partly due to one-off costs related to completed acquisitions.

Net financial items

Net financial items during the period amounted to SEK -137 million (-138). 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 1,000 million, issued in April 2015, and in April 2016. The interest coverage ratio for the period was 2.2 (1.8).



Jordbro

Income from property management

Income from property management (i.e. profit before changes in value and taxes) for the period amounted to SEK 160 million (109). Income from property management has during the period improved significantly, up 47.2 percent. This is a direct sign of improved financial results from the intensive investment activities performed by D. Carnegie & Co.

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. At the end of the accounting period, 100 percent of the properties had been valued externally by Savills. The average return requirement in the valuation is 4.29 percent, to be compared with 4.31 percent at the year-end last year. During the period, changes in value on investment properties affected the profit in the amount of SEK 695 million (845). The change in value is primarily an effect of an assessed increased value of building rights as well as an assessed increased net operating income. Further see page 14-15.

During the period, one property was divested. 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 swap derivatives to limit the interest rate

risk. Interest rate derivatives are reported each quarter at the market value and the value is dependent on changes in interest rates. 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 30 million (-121). These changes in value do not affect cash flow. The changes in value in the group's shareholdings during the period amounted to SEK -38 million (-). A write down of SEK -39 million (-) related to the share holdings in Boligutleie Holding II AS.

Tax

The profit before tax amounted to SEK 913 million (766). The tax cost for the period amounted to SEK -209 million (-132), of which SEK -294 million (-225) consists of deferred tax related to temporary differences on investment properties; SEK -7 million (30) consists of changes in value for derivatives; SEK 9 million (-4) consists of deferred tax temporary differences on shares; and SEK 83 million (67) consists of loss carry-forwards. The effective tax rate for the period is 22.9 (17.2) percent.

Profit

The profit for the period after tax amounted to SEK 704 million (634), which corresponds to SEK 9.10 (8.20) per ordinary share before dilution, and SEK 9.06 (8.12) per share after full dilution.

Second quarter, April – June 2017

The earnings items reported below relate to the period April – June 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 second quarter increased compared to the corresponding period the preceding year. The increase is primarily due to the rent increases in the renovated apartments and the general increases in rent during 2016, which have come effective during 2017. All rental negotiations for 2017 are not yet completed and thus had not full effect on revenues.

Income for the period increased to SEK 365 million (321), an increase of 14 percent compared to the corresponding period 2016. Part of the increase of income for the second quarter is due to acquired properties in addition to the rent increases in the renovated apartments and the general increases in rent during 2016, which have come effective during 2017.

The operating costs for the period increased to SEK -159 million (-152). The increase in costs was primarily related to the larger property portfolio, 12% increase in portfolio area compared to 30 June, 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 205 million (169), an increase of 21 percent compared to the corresponding period during the preceding year, yielding a gross margin of 56.3 percent (52.5). The direct return amounted to 4.5 percent (4.6).

Profit

Administration costs during the second quarter amounted to SEK -32 million (-23). The figures for the second quarter were impacted by non-recurring costs amounting to SEK 7 million partly due to remuneration to senior executives in connection with warrants resolved on the Annual General Meeting in 2017 and partly dependent on one-off costs related to completed acquisitions.

Net financial items during the period amounted to SEK -73 million (-74). The group's average interest rate for the total interest bearing debts at the end of the second quarter, derivatives included, amounted to 2.5 percent (2.6). The interest coverage ratio for the period was 2.4 (2.0) times.

Income from property management (i.e., profit before changes in value and taxes) for the second quarter increased to SEK 100 million (72).

During the period, changes in value on investment properties affected the profit in the amount of SEK 457 million (488). The valuation were affected positively to a larger extent of the development of building rights, as well as by the rent increases during the period and lower valuation return requirement.

The average return requirement in the valuation is 4.29 percent, to be compared with 4.31 percent at the end of the 2016.

Changes in value of derivatives affected profit for the second quarter by SEK 16 million (-45) due to the fact that interest rates increased during the reporting period. In total, the derivatives portfolio, which consist of interest swaps and caps, had a nominal value of SEK 3,401 million.

Profit after tax for the second quarter amounted to SEK 475 million (388), which corresponds to a profit per ordinary share of SEK 6.14 (5.02).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

Amounts in SEK thousand	2017 30 June	2016 30 June	2016 31 December
ASSETS			
Non-current assets			
Goodwill	629,873	630,457	630,165
Investment properties	19,725,995	15,205,206	16,997,923
Equipment	7,230	5,464	5,972
Shares	8,716	258	19,950
Non-current receivables	824	-	-
Deferred tax asset	379,030	245,471	302,578
Interest rate derivatives	3,677	-	6,517
Total non-current assets	20,755,345	16,086,856	17,963,105
Current assets			
Current assets	242,952	597,649	249,174
Cash and cash equivalents	74,721	438,678	679,374
Total current assets	317,673	1,036,327	928,548
TOTAL ASSETS	21,073,018	17,123,183	18,891,653
EQUITY AND LIABILITIES			
Shareholders' equity	7,160,252	5,341,381	6,385,378
Non-current liabilities			
Non-current interest-bearing liabilities	8,255,318	9,103,198	8,733,018
Other non-current liabilities	-	2,103	1,103
Deferred tax liability	2,268,120	1,664,348	1,982,826
Interest rate derivatives	111,650	199,912	144,694
Total non-current liabilities	10,635,088	10,969,581	10,861,641
Current liabilities			
Current interest-bearing liabilities	2,950,055	440,222	1,257,659
Other current liabilities	327,623	371,999	386,975
Total current liabilities	3,277,678	812,221	1,644,634
TOTAL EQUITY AND LIABILITIES	21,073,018	17,123,183	18,891,653
Equity attributable to:			
Parent Company shareholders	7,160,252	5,341,381	6,385,378
Non-controlling interests	-	-	-
Total equity	7,160,252	5,341,381	6,385,378

Consolidated statement of financial position

The balance sheet items below refer to the position at the end of the period, 30 June 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 1,407,087 sq.m. (1,267,164) with a current rental value of SEK 1,407 million (1,237). The management properties are reported at market value and amounted, at the end of the period on 30 June 2017, to SEK 19,726 million (15,205) which corresponds to a value of SEK 13,844/sq.m. (11,999). 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 at the time of the acquisition 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

Other current assets at the close of the period amounted to SEK 243 million (598), and relate primarily to investments in shares SEK 144 million, and prepaid costs SEK 43 million.

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the period amounted to SEK 75 million (439). Cash on account was strengthened by divestment of companies during the period amounting to SEK 64 million (353), issue of new shares amounting to SEK 71 million (461) and received dividend SEK 29 million (0). Cash has been used for both acquisition, SEK -1,040 million (-576) and investments in existing properties, SEK -654 million (-411). Net borrowing has been made during the period amounting to SEK 786 million (171). Cash will be strengthened with raised loans in the existing property portfolio.

Equity

The Group's shareholders' equity as per 30 June 2017 amounted to SEK 7,160 million (5,341) and the equity ratio was 34.0 percent (31.2). The change in the Group's shareholders' equity is related to the profit for the period and a subscription of warrants.

Deferred tax

Deferred tax assets amounted to 379 million (245) and primarily relate to loss carryforwards. The total loss carryforwards amounted to SEK 1,592 million. The deferred tax liability amounts to SEK 2,268 million (1,664) 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 11,205 million (9,543).

Long-term interest-bearing liabilities to credit institutions amount to SEK 6,255 million (7,543). In addition to liabilities to credit institutions, there are senior unsecured bonds amounting to SEK 2 billion.

The Group's total short term interest-bearing liabilities to credit institutions amount to SEK 2,950 million (440). These consist primarily of rolling credits which are extended on a continuous basis.

Other current liabilities

Other current liabilities amount to SEK 328 million (372) and consist primarily of accounts payable and accrued expenses and accrued income.

Statement of changes in equity

On 30 June 2017, consolidated shareholders' equity amounted to SEK 7,160 million (5,341) and the equity ratio amounted to 34.0 percent (31.2). Shareholders' equity per share increased to SEK 90.90 (69.09). EPRA NAV per share amounted to SEK 113.12 (85.05). Comparative figures in parentheses refer to amounts for the corresponding period the preceding year.

Share capital

On 30 June 2017, the registered share capital covered 5,369,866 class A shares and 73,398,910 class B shares, total 78,768,776 shares. The shares have a quotient value of 12.742349. Each class A share entitles the holder to 5 votes and each class B share entitles the holder to 1 vote.

issues, settlement of issue costs in conjunction with exchange listing, and acquired shareholders' equity from acquisitions of previously owned associates.

Retained earnings including profit for the period

This item includes profits earned by the parent company and its 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 - June 2016	-	-	634,267	634,267	-	634,267
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
Other comprehensive income January - June 2016	-	-	-	0	-	0
Equity, 30-06-2016	985,096	2,506,023	1,850,262	5,341,381	-	5,341,381
Profit for the period July - December 2016	-	-	1,043,997	1,043,997	-	1,043,997
Other comprehensive income July - December 2016	-	-	-	0	-	0
Equity, 31-12-2016	985,096	2,506,023	2,894,259	6,385,378	0	6,385,378
Total comprehensive income January - June 2017	-	-	704,064	704,064	-	704,064
Subscription, warrants	18,604	52,206	-	70,810	-	70,810
Other comprehensive income Januari - June 2017	-	-	-	0	-	0
Closing equity, 30-06-2017	1,003,700	2,558,229	3,598,323	7,160,252	0	7,160,252

Consolidated statement of cash flows

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

Operating activities

Cash flow from operations, before changes in working capital, amounted to SEK 153 million (89). After a change in working capital of SEK -21 million (-375), cash flow from operations amounted to SEK 133 million (-286).

Investing activities

Cash flow from investing activities amounted to SEK -1,623 million (-386) and largely comprises the cash flow effect from investments in existing properties, SEK -654 million (-411) and acquisition of new properties SEK -1,040 million (-576).

Financing activities

Cash flow from financing activities amounted to SEK 885 million (632). The reported cash flow includes issuing new shares SEK 71 million (461), new loans raised amounting to SEK 1,145 million (1,696), as well as loan repayments totaling SEK -359 million (-1,524).

Cash flow for the period

Cash flow for the period amounted to SEK -605 million (-40) and, at the end of the period, cash and cash equivalents decreased to SEK 75 million (439) at the end of the second quarter.

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

Amount in SEK thousand	2017 Jan. – June	2016 Jan. – June	2017 April – June	2016 April – June	2016 Jan. – Dec.
Income from property management	159,948	108,677	100,247	71,543	269,384
Adjustment for items not included in cashflow	-6,555	-8,716	-2,309	-2,864	-866
Taxes paid	-5	-11,050	-	-	-11,072
Cash flow before change in working capital	153,388	88,911	97,938	68,679	257,446
Increase (-) decrease (+) of working capital	-20,808	-375,130	22,618	-149,325	-136,207
Cash flow from operating activities	132,580	-286,219	120,556	-80,646	121,239
Investing activities					
Investments in existing properties	-654,408	-411,306	-409,456	-262,454	-1,039,205
Acquisition of Group companies/properties, business combination	-	-	-	-	-
Acquisition of Group companies/properties	-1,040,387	-576,137	-1,040,387	-537,354	-652,325
Acquisition of inventories	-2,052	-1,374	-781	-1,326	-3,333
Acquisition of intangible assets	-	-	-	-	-
Sale of properties	63,951	352,862	64,005	-6,139	384,493
Investments in financial fixed assets	10,388	250,123	11,212	178	215,750
Share and participations, net	-	-	-	-	-
Cash flow from investing activities	-1,622,508	-385,832	-1,375,407	-807,095	-1,094,620
Financing activities					
New issue	70,810	460,725	70,810	460,725	460,725
Raised loans	1,144,683	1,695,695	1,144,683	1,610,195	2,396,606
Amortization of loans	-358,908	-1,524,215	-353,214	-1,298,528	-1,782,314
Dividend	28,690	-	480	-	99,214
Cash flow from financing activities	885,275	632,205	862,759	772,392	1,174,231
Cash flow for the period	-604,653	-39,846	-392,092	-115,349	200,850
Cash and cash equivalents at beginning of the period	679,374	478,524	466,813	554,027	478,524
Cash and cash equivalents at end of the period	74,721	438,678	74,721	438,678	679,374

Property portfolio

D. Carnegie & Co.'s property portfolio consists primarily of residential properties in Greater Stockholm and growth areas in Mälardalen. The property portfolio mainly comprises residential properties built between 1965-1974 as part of the "Million Homes Program". 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

Investments during the period totalled SEK 2,074 million (1,076), out of which SEK 654 million (411) relates to investments in existing properties and SEK 1,420 million (665) 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, 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.

Apartment renovations

In total, 2,744 (1,278) apartments out of the existing portfolio of 18,039 apartments have been renovated with our method since 2014, out of which 815 were renovated during 2017 (589). Rents for these apartments completed during the period have increased from an opening average of SEK 1,044 /sq.m. to SEK 1,493 /sq. m. 85 percent (88 percent) 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 Property holdings at beginning of period	2017 1 January	2016 1 January
Existing properties	16,997,923	13,826,439
Acquisitions	1,420,000	664,646
Investments in existing properties	654,407	411,306
Divestments	-41,400	-542,551
Change in value investment properties, unrealized	695,065	845,366
Property portfolio at the end of the period, 30 June	19,725,995	15,205,206

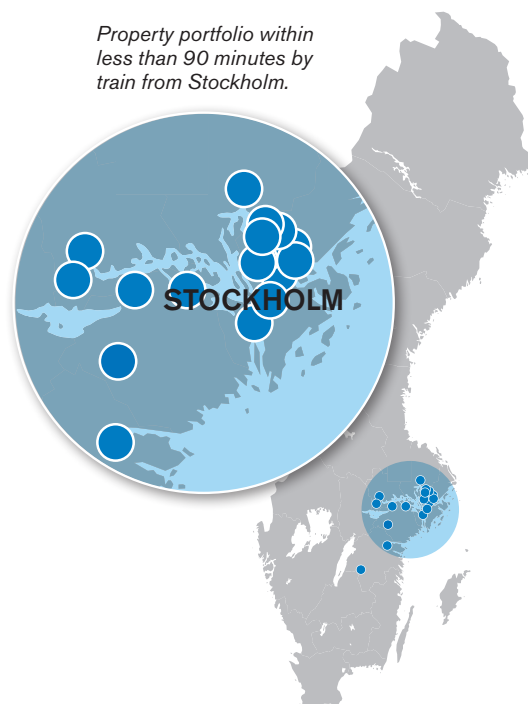
Property value

As of 30 June, 2017, D. Carnegie & Co.'s property portfolio has been valued with an assessed market value of SEK 19,726 million. The valuation is based on the methodology described below, where 100 percent of the portfolio was valued independently. The independent 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 cal-

culation period of five years. The average return requirement on units included in the valuation amounted to 4.29 percent, to be compared with 4.31 percent at the end of 2016. The average cost of capital for the period was 6.38 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

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



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 first half year was 3.65 percent (5.89). The changes value in respect of changes in value of investment properties were to 70 percent affected by increased net operating income 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, improving and increasing the attractiveness of its 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 of value is estimated at 487,200 sq.m. BTA (gross floor area), covering estimated 5,957 residential units. As per 30 June 2017, potential building rights have been assigned a market value of SEK 608 million.

Kommun	Estimated potential new building rights, m ² BTA	Estimated number of apartments	Initiated zoning process, m ² BTA	Approved zoning plan, m ² BTA
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	-
Totalt	487,200	5,957	82,800	2,538

D. CARNEGIE & CO PROPERTY PORTFOLIO 30 JUNE, 2017

City/Area	Lettable area	Number of apartments	Average rent	Percentage renovated	Fair value building rights, 30 June 2017	Fair value 30 June, 2017
Greater Stockholm						
Kista/Husby	110,324	1,528	1,095	19.0%	79,920	1,683,920
Bromsten/Rinkeby	111,672	1,281	1,098	20.5%	98,908	1,673,748
Sollentuna	33,730	454	1,181	14.1%	27,120	542,120
Flemingsberg	40,421	573	1,018	13.6%	62,451	582,451
Vårby/Vårberg	66,858	863	1,073	8.9%	18,113	851,113
Jordbro	157,861	1,953	1,145	17.8%	98,650	2,136,650
Södertälje	159,964	2,110	1,205	16.5%	67,920	2,607,990
Bro	43,704	540	1,059	12.8%	14,000	588,200
Märsta	57,105	693	1,051	15.4%	69,120	847,120
Total Greater Stockholm	781,639	9,995	1,120	16.4%	536,202	11,513,312
Uppsala	75,248	967	1,114	16.2%	29,592	1,112,492
Eskilstuna	145,741	1,966	1,058	17.4%	20,520	1,998,350
Strängnäs	35,492	411	1,192	20.9%	21,725	579,925
Norrköping	172,734	2,301	1,081	19.4%	-	2,328,200
Katrineholm	61,222	718	1,025	9.6%	-	778,381
Arboga	47,897	547	883	-	-	414,780
Köping	35,051	373	985	-	-	339,300
Tranås	69,905	761	972	-	-	661,255
Total other locations	643,290	8,044	1,049	13.7%	71,837	8,212,683
Total	1,424,929	18,039	1,088	15.3%	608,039	19,725,995

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. On 30 June, 2017, D. Carnegie & Co.'s assets were valued at SEK 21,073 million (17,123), financed through equity of SEK 7,160 million (5,341), deferred tax liability of SEK 2,268 million (1,664), interest-bearing liabilities of SEK 11,206 million (9,543), as well as non-interest-bearing liabilities of SEK 439 million (575). 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 11,206 million, corresponding to a loan-to-value of approximately 56 percent (57), out of which liabilities to credit institutions accounted to SEK 9,263 million (7,543), corresponding to an LTV of approximately 47 percent (50). In addition to liabilities to credit institutions, there are also two senior unsecured bonds totalling SEK 2,000 million (1,000). During the period, D. Carnegie & Co, has entered into an agreement regarding an overdraft facility amounting to SEK 100 million, of which SEK 47 million had been utilized at the end of the period.

Maturity

The average term to maturity on loans owed to credit institutions is 3.6 years. Out of interest-bearing liabilities to credit institutions, SEK 1,760 million matures in 2017. 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 2.45 percent (2.58). The average rate on liabilities owed to credit institutions at the end of the period was 2.14 percent (2.23). The yearly interest rate on the bond issued in April 2015 was in the first half year 3.75 percent. The yearly interest rate on the bond issued in April 2016 was in the period 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 to hedge the maturity structure. 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 30 June 2017, the market value of the interest rate derivatives portfolio was SEK -112 million (-145). D. Carnegie & Co has interest rate cap agreements amounting to SEK 1,500 million, with approximately 5 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 50.2 percent (45.5). Higher operating expenses are reported in the first and fourth quarters.

Growth in value during the period amounted to 3.7 percent (5.9).

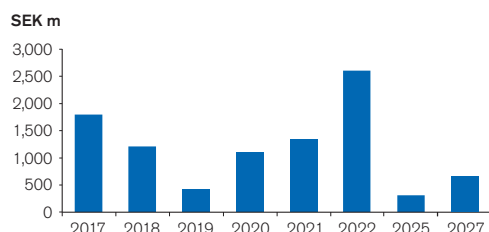
Loan-to-value ratio on properties amounted to 56 percent as of 30 June 2017 (57).

As of 30 June 2017, the equity ratio was 34.0 percent (31.2) which is in line with the long-term financial target.

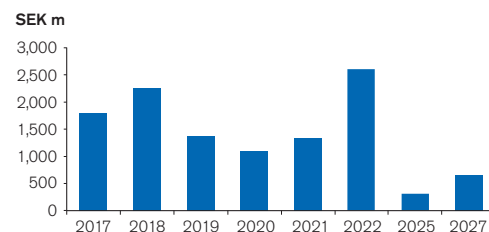
INTEREST RATE TERM AND LOAN MATURITY 30 JUNE 2017, INTEREST-BEARING DEBTS

Maturity	Fixed interest term			Maturity	
	SEK million	Interest	Percentage	SEK million	Percentage
2017	4,680	1.4%	43%	1,760	19%
2018	-	-	0%	1,230	13%
2019	380	1.6%	5%	380	4%
2020	1,062	2.1%	13%	1,062	11%
2021	534	1.7%	7%	1,264	14%
2022	2,606	3.6%	32%	2,606	28%
2025	-	-	0%	270	3%
2027	-	-	0%	690	7%
Total/Average	9,263	2.14%	100%	9,263	100%
Prepaid arrangement fee	-57			-57	
Total	9,206			9,206	

CAPITAL 30 JUNE 2017 INTEREST-BEARING DEBTS FINANCIAL INSTITUTIONS



CAPITAL 30 JUNE 2017 TOTAL INTEREST-BEARING DEBTS



INTEREST RATE TERM AND LOAN MATURITY 30 JUNE 2017, TOTAL INTEREST-BEARING DEBTS

Maturity	Fixed interest term			Maturity	
	SEK million	Interest	Percentage	SEK million	Percentage
2017	6,680	2.2%	59%	1,760	16%
2018	-	-	0%	2,230	20%
2019	380	1.6%	3%	1,380	12%
2020	1,062	2.1%	9%	1,062	9%
2021	534	1.7%	5%	1,264	11%
2022	2,606	3.6%	23%	2,606	23%
2025	-	-	0%	270	2%
2027	-	-	0%	690	6%
Total/Average	11,263	2.45%	100%	11,263	100%
Prepaid arrangement fee	-57			-57	
Included equity	-			-	
Total	11,206			11,206	

DERIVATIVES 30 JUNE 2017

Amounts in SEK million	Nominal amounts	Percentage	Fair value 30 June 2017	Fair value 31 Dec. 2016	Change for the period
Nominal interest rate swaps	3,401	100%	-112	-145	33
Total	3,401	100%	-112	-145	33

Events

During the period D. Carnegie & Co has completed the acquisition of properties in Arboga, Köping and Tranås and divested a site-leasehold in Akalla.

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

Change in D. Carnegie & Co's Board of directors

The Annual General Meeting of D. Carnegie & Co on 10 May 2017, resolved on re-election of the board members James Seppala and Svein Erik Lilleland and election of the board members Karolina Keyzer, Rolf Buch, Jean-Christophe Dubois, Melissa Pianko and Fredrik Brodin.

D. Carnegie & Co completed acquisition of property portfolios in Arboga, Köping and Tranås

In May, D. Carnegie & Co completed its acquisition of 1,681 apartments in Arboga, Köping and Tranås.

D. Carnegie & Co has divested a site-leasehold in Akalla

D. Carnegie & Co has divested a site-leasehold with a grocery store in Akalla with an agreed property value of SEK 80 million.



Tranås

Parent company

The operations conducted by D. Carnegie & Co 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 15 million (9) and the profit/loss after tax was SEK -68 million (-63). Revenues relate mainly to services on behalf of group companies. Cash and cash equivalents at the end of the period amounted to SEK 1 million (91).

INCOME STATEMENT IN BRIEF

Amounts in SEK thousand	2017 Jan. – June	2016 Jan. – June
Net sales	15,426	9,160
Operating expenses	-45,965	-29,490
Profit/loss before financial items	-30,539	-20,330
Financial items		
Net interest	-43,506	-60,276
Received dividend	28,690	
Changes in value, financial instruments	-41,358	
Profit/loss before tax	-86,713	-80,606
Taxes	19,031	17,692
Profit for the period	-67,682	-62,914

BALANCE SHEET IN BRIEF

Amounts in SEK thousand	2017 30 June	2016 30 June
ASSETS		
Non-current assets		
Equipment	2,156	2,136
Shares and participations in subsidiaries	4,827,920	4 827 870
Shares, other companies	250	252
Receivables from group companies	59,261	58,161
Derivatives	824	-
Non-current receivables	3,677	-
Deferred tax assets	105,725	72,644
Total non-current assets	4,999,813	4,961,063
Current assets		
Receivables from group companies	2,526,165	1,332,537
Receivables from associate companies	-	-
Current placement	8,200	72,893
Current receivables	59,170	166,954
Cash and cash equivalents	1,052	90,982
Total current assets	2,594,587	1,663,366
TOTAL ASSETS	7,594,400	6,624,429
Equity and liabilities		
Shareholders equity	3,003,579	3,051,161
Non-current liabilities		
Interest-bearing liabilities	1,986,015	1,568,824
Total non-current liabilities	1,986,015	1,568,824
Current liabilities		
Interest-bearing liabilities	47,406	406,750
Other non-interest bearing liabilities	28,885	28,810
Liabilities to Group Company	2,528,515	1,568,884
Liabilities to subsidiaries	-	-
Total current liabilities	2,604,806	2,004,444
TOTAL EQUITY AND LIABILITIES	7,594,400	6,624,429

The shares and shareholders

The share

At the end of the period, D. Carnegie & Co had 8,773 (8,788) shareholders. The market capitalization was SEK 8,569 million (7,480) (refer 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. During the period, the number of votes and class B shares have changed due to the utilization of 1,460,000 warrants under the Company's warrants program one issued in 2014. Another 13,000 warrants under the Company's warrants program one has been utilized after the end of the period. In total, there are 5,369,886 class A shares, 73,398,910 class B shares totaling 78,768,776 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 83,303,976 ordinary shares.

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 kronor. 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 kronor. 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 1,460,000 warrants under the Company's warrants program one issued in 2014. Another 13,000 warrants under the Company's warrants program one has been utilized after the end of the period. 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 116.75 on 30 June 2017, an increase of 7 percent. In the last 12 months, the share has risen from SEK 96.75, which corresponds to an increase of 21 percent. From the introduction of SEK 39 for class B share on April 9, 2014, the share has increased by 199 percent.

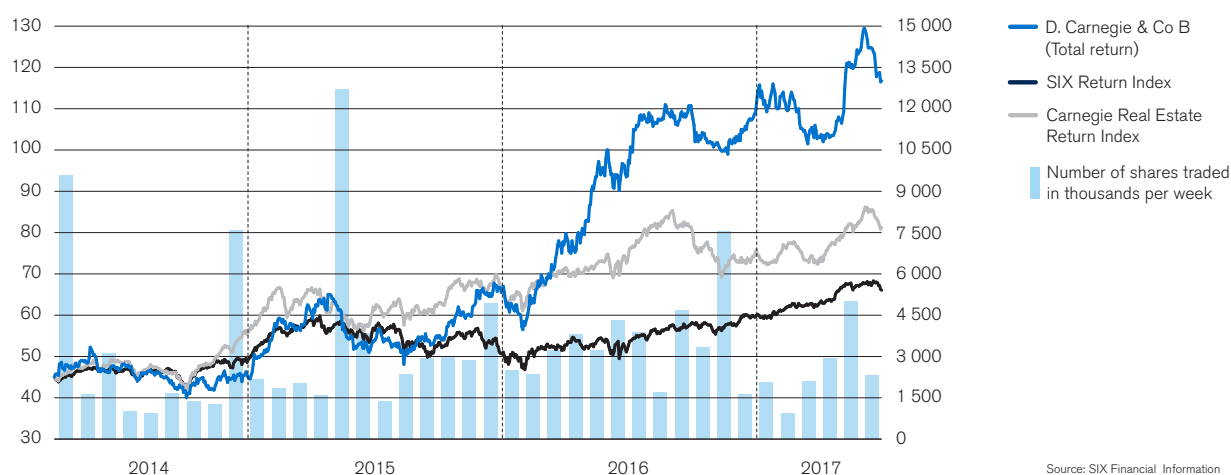
Shareholders

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
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
Jul -14	New issue, in acquisition	-	26,000,000	70,768,876	331,301,084	901,761,744
Maj -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
Sept -13	New issue	-	376,010,360	454,488,000	2,395,613	2,994,516
Sept -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



LARGEST SHAREHOLDERS 30 JUNE 2017

	Holding, A-shares	Holding, B-shares	Capital, %	Votes, %
*Vega Holdco S.à.r.l.	5,369,866	35,558,054	52.0%	62.3%**
Länsförsäkringar Fastighetsfond	0	4,426,354	5.6%	4.4%
Didner & Gerge Småbolag	0	3,184,575	4.0%	3.2%
Ssb Client Omnibus Ac Om07 (15 Pct)	0	2,582,450	3.3%	2.6%
Frasdale Int. Bv	0	2,530,869	3.2%	2.5%**
Svenskt Näringsliv	0	1,800,000	2.3%	1.8%
Fjärde Ap Fonden	0	1,115,134	1.4%	1.1%
Länsförsäkringar Småbolag Sverige	0	607,596	0.8%	0.6%
State Street Bank & Trust Com., Boston	0	548,198	0.7%	0.5%
Jp Morgan Securities Llc, W9	0	533,945	0.7%	0.5%
SEB Sverige Småbolag/Risk	0	525,000	0.7%	0.5%
Skagen M2 Verdpapirfondet	0	522,133	0.7%	0.5%
Tredje Ap Fonden	0	501,854	0.6%	0.5%
Lancelot Avalon	0	460,000	0.6%	0.5%
Humble 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%
Försäkringsaktiefonderna, Avanza Pension	0	423,644	0.5%	0.4%
State Street BK-West Client / Exempt	0	376,012	0.5%	0.4%
Kbc Select Immo (Ucits)	0	353,953	0.4%	0.4%
Per Josefsson Invest AB	0	350,000	0.4%	0.3%
Övriga	0	15,663,284	19.9%	15.6%
Total	5,369,866	73,398,910	100.0%	100.0%

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

** Vega Holdco S.à.r.l. controls the marked voting rights, totaling 64.8% of the votes in D. Carnegie & Co AB.

Other disclosures

Employees

At the end of the period, the parent company had 27 (17) employees. The Group had 233 (168) employees at the end of the period. The breakdown was 87 (61) women and 146 (107) 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. 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 D. Carnegie & Co make an assessment 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 will replace IAS 11 Construction Contracts and IAS 18 Revenue, and related interpretations. The standard will be applied commencing in 2018 and is approved by the EU. The standard does not cover reporting of leasing agreements but may have some impact on the reporting of supplemental services that are provided to D. Carnegies & Co's tenants.

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 leasehold 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 interim report has not been audited by the company'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 des-

cribes 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

Melissa Pianko

Ulf Nilsson, CEO

Stockholm 14 July, 2017

KEY FIGURES

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Finance										
Equity, SEK m	7,160.3	6,614.4	6,385.4	5,705.8	5,341.4	4,637.4	4,391.6	3,657.4	3,465.5	3,298.8
Return on equity, %	6.6	3.5	10.6	6.4	7.3	5.3	16.7	5.25	4.78	1.44
Equity ratio, %	34.0	34.5	33.8	32.4	31.2	29.5	28.2	25.3	25.3	25.6
Equity ratio, Adjusted, %*	42.3	42.8	41.8	40.0	38.4	35.9	33.4	29.7	29.1	29.8
Interest coverage ratio	2.4	1.9	1.9	3.8	2.0	1.6	1.8	2.5	1.7	1.0
Loan-to-value ratio, %	55.7	54.0	54.0	56.4	57.3	61.7	60.9	66.9	65.9	66.2
LTV Loan-to-value ratio, %	46.7	46.1	47.4	48.3	50.1	50.6	51.8	56.3	56.2	56.8
Financial cost, total interest bearing debts, average interest rate, %	2.45	2.54	2.54	2.59	2.58	2.77	2.74	2.62	2.83	2.86
Financial cost, interest bearing debts financial institutions, average interest rate, %	2.14	2.20	2.20	2.25	2.23	2.31	2.27	2.11	2.31	2.34
Property related**										
Income, SEK m	364.6	337.4	331.9	332.8	320.3	309.5	317.3	308.8	295.4	296.4
Net operating income, SEK m	205.3	146.9	153.7	189.9	168.5	118.4	132.8	164.2	136.5	120.2
Income from property management, SEK m	100.2	59.7	52.1	175.7	71.5	37.1	47.7	91.0	44.8	2.2
Changes in value in management properties, SEK m	695.1	237.8	801.5	291.4	488.3	362.5	867.2	180.1	126.3	133.2
Net profit for the period, SEK m	475.1	229.0	679.6	364.4	388.4	245.8	734.2	191.9	165.7	47.4
Gross margin, %	56.3	43.5	46.3	57.1	52.6	38.2	41.9	53.2	46.2	40.6
Direct return, %	4.5	3.4	3.7	4.9	4.6	3.4	4.0	5.4	4.7	4.1
Market value, SEK m	19,726.0	17,480.7	16,997.9	15,887.3	15,205.2	13,873.3	13,826.4	12,591.5	11,547.7	11,700.1
Lettable area, Tm ²	1,424.9	1,275.0	1,274.8	1,278.9	1,267.2	1,203.3	1,265.6	1,256.6	1,139.6	1,168.3
Market value, SEK/m ²	13,843	13,710	13,334	12,423	11,999	11,529	10,925	10,020	10,133	10,015
Refurbished apartments during the period, number	428	387	375	289	338	251	295	40	126	66
Refurbished apartments during accumulated year, number	815	387	1,253	878	589	251	527	232	192	66
Total number refurbished apartments, number	2,757	2,329	1,942	1,567	1,278	940	689	394	354	228
Percentage unrefurbished apartments, %	85	86	88	90	92	94	95	97	97	97
Return requirement in the valuation, average %	4.29	4.27	4.31	4.46	4.56	4.70	4.84	5.16	5.16	5.29
Average rent prior to renovation for apartments which have been renovated during the period, SEK/m ²	1,044	1,025	1,028	1,040	1,027	1,034	982	976	977	965
Average rent post renovation for apartments which have been renovated during the period, SEK/m ²	1,493	1,483	1,465	1,457	1,433	1,379	1,372	1,355	1,346	1,302
Rent development residentials, %	1.0	0.7	0.7	1.3	1.5	1.6	1.9	1.6	1.2	1.1
Rent development general rental increase, %	0.1	0.6	0.0	0.0	0.6	0.0	0.0	0.0	1.0	0.0
The Share										
Equity per share, SEK	90.90	85.56	82.60	73.81	69.09	65.53	62.06	51.68	49.60	46.60
Equity EPRA NAV per share, SEK*	113.12	106.04	101.96	91.26	85.05	79.79	73.50	60.52	56.38	54.25
Profit after tax per share, SEK***	6.14	2.96	8.79	4.71	5.02	3.47	10.37	2.71	2.33	0.69
Profit after tax per share after dilution, SEK	6.11	2.91	8.64	4.64	4.98	2.92	8.52	2.26	2.05	0.67

*Definitions please refer to D. Carnegie & Co's website; <http://www.dcarnegiegroup.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 cost. This cost is specified as it has significant impact on the results but will not be charged to ongoing operations.

REALISED 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 MANAGEMENT PROPERTIES, SEK '000, This measure shows the most recent 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 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 full coverage and conversion of outstanding option programmes, whose subscription price exceeds market price.

Investor information

CALENDAR 2017 – 2018

Interim report Q3	27 October, 2017
Year-end-report 2017	23 February, 2018

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
Engelbrektsplan 1
114 34 Stockholm

info@dcarnegie.se
www.dccarnegie.se

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 14 July, 2017 at 07.00 (CEST).

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 30 June 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 divestments have been eliminated in earlier periods presented 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 30 June 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 30 June 2017, and with consideration given to the interest rate terms applicable on that date.

CURRENT EARNING CAPACITY

Amounts in SEK thousand	Current portfolio	Comparable portfolio				
	30 June 2017	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
Rental income	1,535,878	1,389,497	1,378,286	1,367,293	1,354,370	1,346,826
Other income	0	0	0	0	0	0
Operating expenses	-584,061	-525,771	-525,771	-525,771	-522,585	-522,585
Maintenance expenses	-85,257	-73,909	-73,909	-73,909	-101,736	-101,736
Property tax	-28,882	-25,868	-25,868	-25,868	-24,917	-24,917
Ground rent	-15,255	-15,255	-15,255	-15,255	-14,655	-14,655
Net operating income	822,423	748,694	737,483	726,490	690,477	682,933
Central administration	-82,972	-82,072	-82,092	-82,145	-60,819	-61,358
Net financial items	-198,634	-179,657	-176,306	-176,329	-172,490	-170,110
Financial cost convertible bond/other bond	-77,500	-77,500	-77,500	-77,500	-77,500	-77,500
Income from property management	463,317	409,465	401,585	390,516	379,668	373,965



D. CARNEGIE & CO.