D. CARNEGIE & CO.

ANNUAL REPORT 2017


NUMBER OF APARTMENTS
18,058
MARKET VALUE, PROPERTIES
SEK 21,456 m
RENTAL INCOME, YEARLY
SEK 1,576 m
NET OPERATING INCOME, YEARLY
SEK 862 m
PROFIT BEFORE TAX
SEK 2,014 m
EARNINGS PER SHARE
SEK 20.34

CONTENTS

FINANCIAL STATEMENTS

D. CARNEGIE & CO IN SHORT

D. Carnegie & Co owns and manages residential properties with a long-term perspective focusing on Stockholm and other growth areas. The properties are managed with the highest possible level of service and cooperation with the surrounding community in order to create high-quality residential housing long-term.

D. CARNEGIE & CO AIMS TO:

- Refurbish the portfolio and create increased cash flow and value growth through D. Carnegie & Co's well-proven refurbishment process
- Manage and develop its own properties
- Develop building rights within the existing portfolio
- Create high client satisfaction among the company's tenants
- Capitalize on growth opportunities, including through acquisitions

THE COMPANY'S DEVELOPMENT

	2014	2015	2016	2017
MARKET VALUE, PROPERTIES	SEK 11,521 m	SEK 13,826 m	SEK 16,998 m	SEK 21,456 m
NOI	SEK 258 m	SEK 554 m	SEK 631 m	SEK 774 m
EARNINGS PER SHARE	SEK 4.80	SEK 16.10	SEK 22.20	SEK 20.34
ADJUSTED EQUITY (EPRA NAV) PER SHARE	SEK 51.99	SEK 73.50	SEK 101.96 m	SEK 127.90 m

THE YEAR IN BRIEF

Q1

- Signs agreement to acquire properties in Arboga, Köping and Tranås.
- Decides to prepare the procurement of the company's first new construction of a residential property in Upplands-Bro municipality.

Q2

- Divestment of a site-leasehold with a grocery store in Akalla at a property value 95 % above book value.
- Enters into an agreement with the city of Stockholm regarding the start of a detailed planning process for almost 30,000 residential sq m in Husby.
- Opens the Ester Foundation-program of education for immigrant women in entrepreneurship.

Q3

- Svein Erik Lilleland is appointed interim CEO after Ulf Nilsson's decision to step down as CEO.
- Participates in the start up of the BID-project (Business Improvement Districts) in Märsta.

Q4

- Completes refinancing of SEK 3,255 million.
- Enters into an agreement to acquire 1,420 apartments in the Stockholm region.
- Enters into an agreement to acquire 749 apartments in Västerås.

CONTINUED HIGH INVESTMENT PACE

The year 2017 was another successful year for D. Carnegie & Co. It was characterized by new long-term investments, a further enhanced focus on the well-being of our tenants and strong value growth in the property portfolio. Overall, this has contributed to entering 2018 as a stronger company well equipped to continue to acquire, develop and manage rental properties.

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, the tenants are our first priority. Further steps towards better housing and a more pleasant environment has therefore continued to be our focus in 2017.

We know that service and safety are highly valued by our tenants. Therefore we have, among other things, strengthened our service organisation with a tenant mediator whose responsibility is to support the individual tenant in particular complex issues regarding service and maintenance. In this way, we increase the well-being of our tenants. I am also certain of that this contributes to explaining that we have almost no vacant apartments and that we during 2017 had over 25,000 apartment applicants. This is evidence to us that it is attractive to live in our newly refurbished apartments. This is pleasing.

Continued large investments

During 2017 we invested large amounts in the development of our properties and their surrounding areas. This is possible thanks to our business model that creates value and therefore generates capital which we reinvest.

It is great to see and to be able to show others the changes that we have been able to achieve in the areas in which we operate. It creates confidence in what we do. The enduring values that we contribute proves that we are long-term owners and property managers.

A considerably expanded property portfolio

On the acquisition front, the aim this year has been to expand the property portfolio with good properties in regions and areas with strong growth prospects. The 749 apartments that we signed an ageement to acquire from the municipal housing company Mimer in Västerås are particularly worth mentioning in this context. It is a great honor to have the opportunity to take over the management of apartments from the public sector. That confidence is something that we are going to manage well and we are looking forward to making more similar acquisitions in other municipalities over the coming years.

Good cooperation with municipalities and other community stakeholders

During the year we have taken several initiatives to cooperate with other community stakeholders around the general development in the areas in which we have properties. In many of these areas there is a substantial need for efforts that are difficult to execute by ourselves. A collective approach from both property owners and municipalities is often the most effective way to lift entire areas or city districts. We have therefore for example initiated a formation of a property association in Gottsunda/Valsätra in Uppsala during 2017 where the municipality and other property owners in the area are represented. The property association shall work to develop the area in a positive direction as a whole with increased safety and improved conditions for trade and communications.

We have also participated in the startup of what's called a BID-project (Business Improvement Districts) in the area Valsta in Märsta. The project is a cooperation between a number of local stakeholders with the purpose of increasing safety and the attractiveness of the area. This has been very successful and we are planning to implement BID in other parts of our portfolio in the future.

These are some examples of cooperation and efforts that increases the value of our properties. These partnerships with municipalities and others have become an increasingly important and an even more integrated part of our business model.

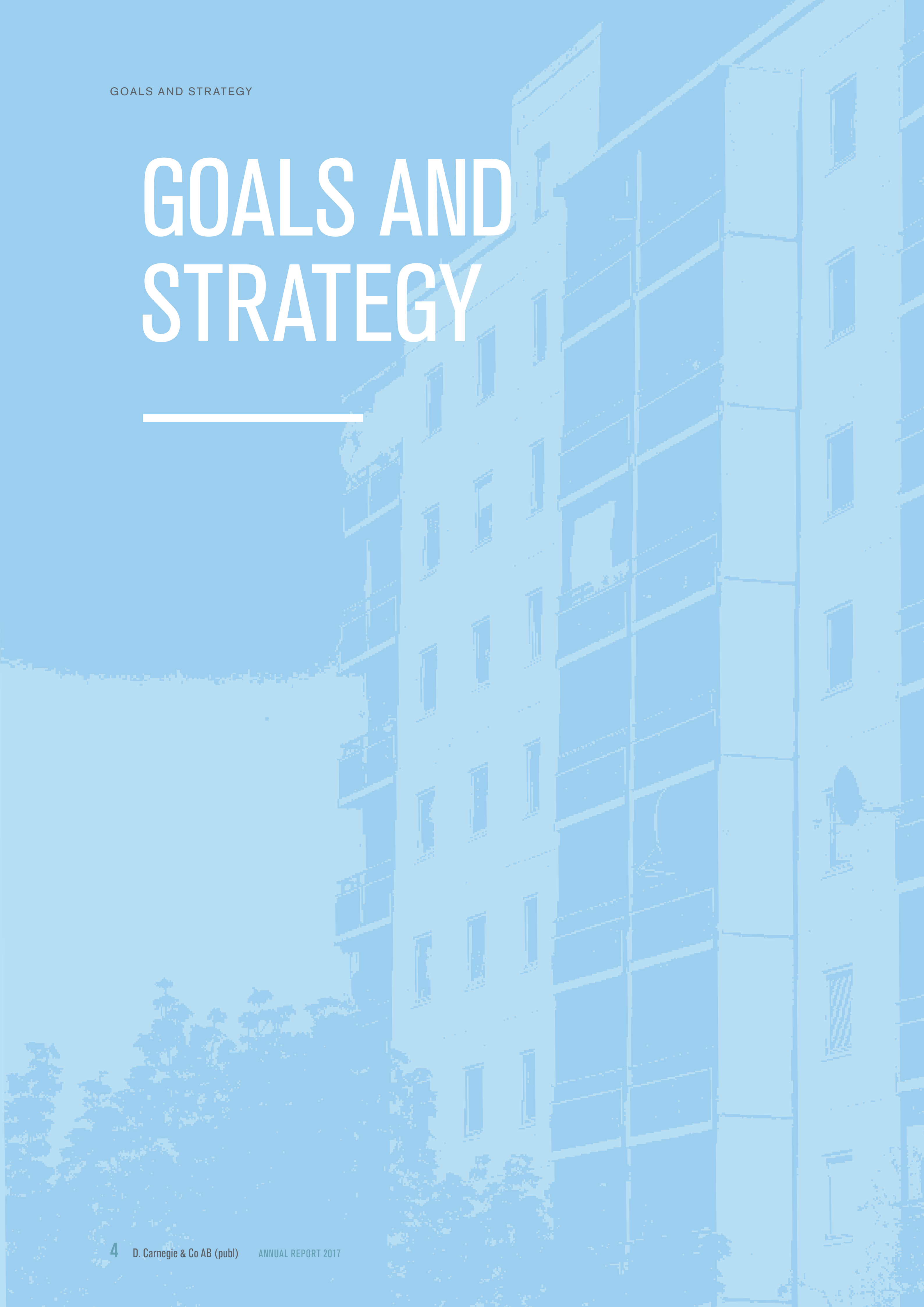
The rental apartment is strong in a turbulent market

During the fourth quarter the for-sale housing market has faced certain challenges, including in our metropolitan areas. These are related to value expectations and a degree of supply in some segments. At the same time, we see that the demand for rental apartments has been strong during the year and appears to become even stronger in coming years. The creation of more rental apartments is also a focus area for several municipalities. As a long-term residential housing owner we have therefore every reason to expect a bright future for our operations.

After a successful 2017 we have a very good platform which is sustainable for continuing development. We are entering 2018 with the ambition to make more long-term acquisitions and further improve the well-being of our tenants.

Stockholm, April 2018

Svein Erik Lilleland
CEO, D. Carnegie & Co



GOALS AND STRATEGY

VISION

To develop and improve the company's property portfolio into attractive modern housing units through good property management and thorough renovation.

MISSION

D. Carnegie & Co acquires, owns and manages properties to provide better housing for everyone.

OUR STORY

Economic growth and high demand for apartments in growth regions make investments in older residential apartments profitable. Through extensive investments, D. Carnegie & Co creates significant value in these areas. Value that the society can take part in and that contributes to renewal and development.

We act in a long-term manner. Modernization and upgrading of individual apartments is solely carried out on a voluntary basis. Our engagement also includes developing the areas and we invest in the outdoor environment, common areas and new construction. Through presence and dedication we create an environment that gives pride and well-being to the residents, a positive force for the surrounding community.

FINANCIAL TARGETS

D. Carnegie & Co has the following financial targets:

- Annual growth in value of 10 percent in the existing portfolio
- Maximum 65 percent loan-to-value ratio
- Equity ratio of at least 30 percent

OUTCOME

Growth in value:	9 percent
Loan-to-value ratio:	54 percent
Equity ratio:	34 percent

VALUE CREATION THROUGH IMPROVED LIVING ENVIRONMENTS

D. Carnegie & Co's strategy is to acquire property in areas with long-term potential to then invest in improving the properties, outdoor environments and the areas' social conditions. This creates more pleasant living environments for tenants and generates increased property values. The company also works with new development of properties. The properties are likely to be retained for long-term ownership and management.

OUR OPERATIONS – STEP BY STEP

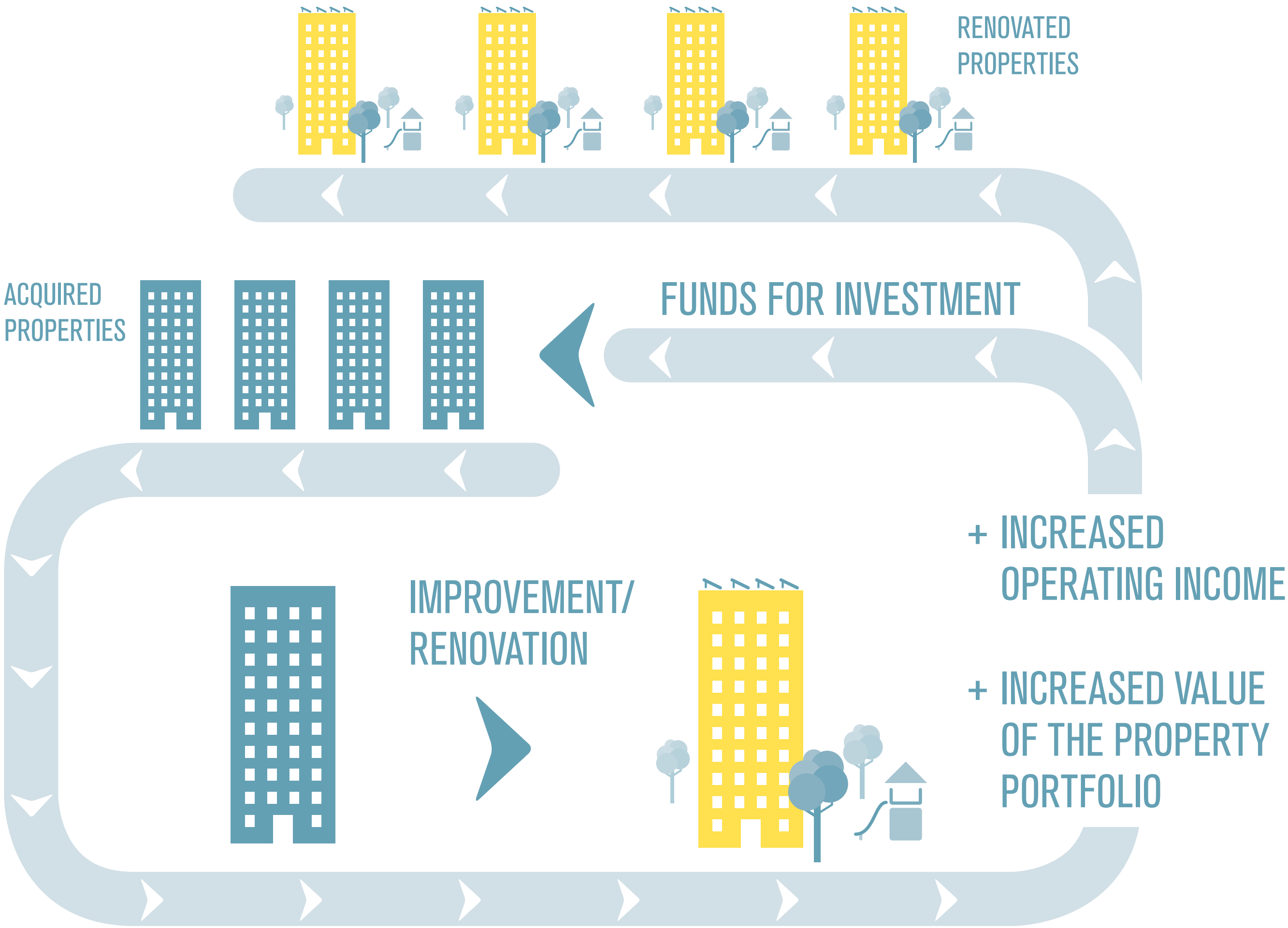
Renovation and improvement

Apartment renovations are performed apartment by apartment in pace with them being vacated for natural reasons when tenants relocate. The apartments are then given a modern standard using material choices that are sustainable in the long term. The goal is for all apartments in the portfolio to ultimately have the same high standard and there is therefore a high pace of renovation. The length of time required before all apartments in a property are renovated varies and is primarily related to the mobility of the tenants in the portfolio. Since the beginning, D. Carnegie & Co has renovated more than 3,000 apartments.

Even unseen features such as heating systems and pipes are replaced. These are major investments that reduce the maintenance and operating costs of the properties in the long term.

A similarly important part of the development work pertains to the properties' external features and its vicinity. The environment surrounding the properties is to be perceived as pleasant and safe for the tenants and for those spending time in the area. Accordingly, investments are made in the improvement of such features as façades. Façades put a strong stamp on the feeling of an area and their improvement, in addition to maintenance advantages, has an aesthetic dimension that positively impacts the attractiveness of the area. The upgrade of surrounding park environments and lighting is also implemented to increase well-being.

FLOW FOR BETTER LIVING CONDITIONS



Social commitment

The strategy also includes contributing to improved social conditions in the areas. Activities for young people and support for local associations are examples of actions that help improve the overall living environment. This often also involves collaborations with other players and tenants.

D. Carnegie & Co participates in and initiates collaborations with other property owners and local associations, as well as public players such as municipalities.

New development

The work on the new development of properties has become an increasingly large part of D. Carnegie & Co's business and it is a part that will expand further in the years to come. The organisation's build-up and the development of building rights were a focus in 2017. New development mainly focuses on the densification of the company's own land parcels adjacent to the existing portfolio. In total, this now involves approximately 1,600 apartments distributed between various projects that are in different phases of the planning work. A densified portfolio becomes another key element in improving the living environment.

The business model generates new opportunities

Overall, the investments in properties, the outdoor environment, improved social conditions and new development create significant values. The investments generate successively higher rental income and thereby increased operating income. In turn, this increases the company's ability to continue its rapid improvement and investment approach. This becomes possible through both higher cash flow and higher property values which produce greater borrowing opportunities. This is a long-term sustainable model where the company's profits continuously benefit tenants and the surrounding community.

MARKET

RENTAL APARTMENTS STAND STRONG IN UNCERTAIN MARKET

The fall in the prices of certain tenant-owner apartments in the major cities was featured prominently in the final quarter of 2017. However, the Stockholm region experienced continued strong population growth, with a continued housing shortage as a result. The uncertain tenant-owner market resulted in an even stronger position for rental apartments as a form of housing. D. Carnegie & Co, as a long-term player in the rental segment, is well-positioned in the prevailing market.

Continued extensive housing shortage

The population increase and the urbanisation trend are two contributing factors that are expected to increase the demand for housing. It is predicted that there will be an average increase in the Swedish population of approximately 107,000 persons per year up to the year 2025. According to a forecast by the Swedish National Board of Housing, Building and Planning (Boverket), 600,000 new homes will be needed in the lead-up to 2025, which corresponds to 66,700 homes per year.

In Greater Stockholm, the number of residents is expected to grow to 2.6 million by 2026, corresponding to an increase of 15 per cent compared with today. The population growth in the capital region is further increasing the demand for housing and, according to the Swedish National Board of Housing, Building and Planning (Boverket), an average of about 21,000 new homes will be needed per year in the region up to 2030. The rate of new production in recent years has been about 12,000 new homes per year, creating a meaningful gap between supply and demand, which in turn pushes up housing prices and ultimately increases the housing queues. This is the market in which D. Carnegie & Co owns and wants to own properties.

Two apartments allocated per 100 people in the queue

In 2017, the average waiting time for a rental apartment in the Stockholm region was ten years, and at the end of the year 596,171 people were in the housing queue. The number of apartments allocated has risen in real terms, but has declined in relation to the housing queue, and in 2017, two apartments were allocated per 100 people registered in the shared housing queue for the Stockholm region.

Rental apartments meet the need for mobility

Greater availability of rental apartments improves the flexibility in the housing market and creates enhanced conditions for growth through simplified relocation processes and lower transaction costs when moving to new housing.

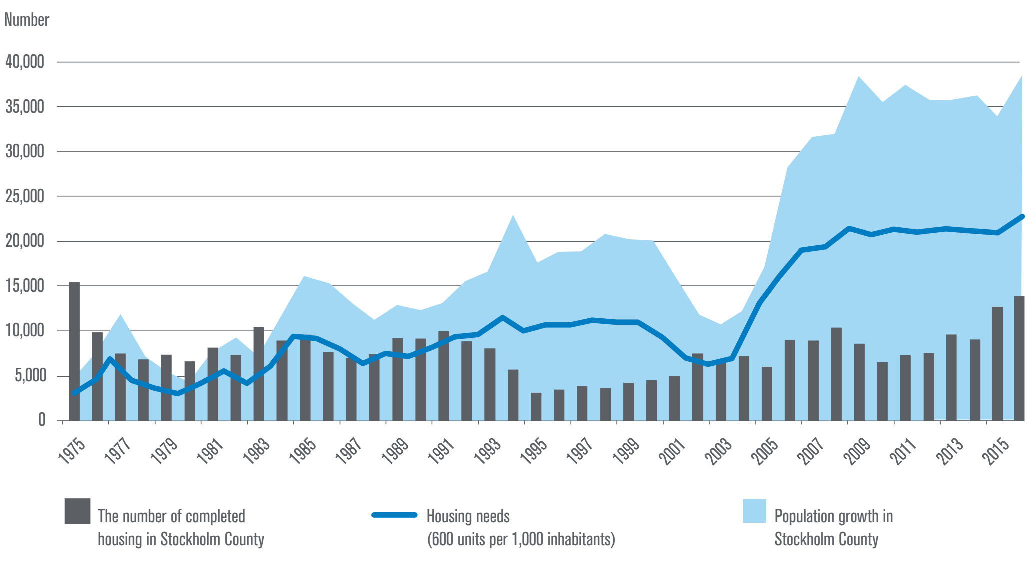
Two key methods for increasing the access to attractive rental apartments are responsible renovation of the existing portfolio and new development. In addition, the renovation of the existing property portfolio is an important feature of Sweden's sustainability strategy, making use of existing buildings is more sustainable in the long term than to demolish and build a new. D. Carnegie & Co assesses that this will become increasingly important in the future.

A high level of demand also enables renovation and improvement

The housing shortage, combined with low interest rates, also affects the economic conditions for financing thorough renovations and improvements. Due to the low interest rates, investors that require a low risk level, such as pension funds and other institutions, are finding it increasingly difficult to get a reasonable return on their investments. Since the broad housing shortage has minimised the risk of vacancies, particularly in the Stockholm region, these investors have become increasingly interested in housing. Higher demand, combined with a very low vacancy risk, has reduced the yield requirements and increased prices for housing properties throughout the country.

Of course, higher values are positive for the property owners, but they are also positive for tenants since they make it possible to thoroughly renovate and improve the housing units and properties. When the properties are improved, their value rises further, and as a result, the owners of the properties can justify investing more in the properties than the surplus from property management actually produces. In the companies' accounts, value increases are included in the results, giving a positive net effect from the thorough renovations. Thus, it is this situation that is making a strong contribution to D. Carnegie & Co's ability to improve and grow its property portfolio continuously.

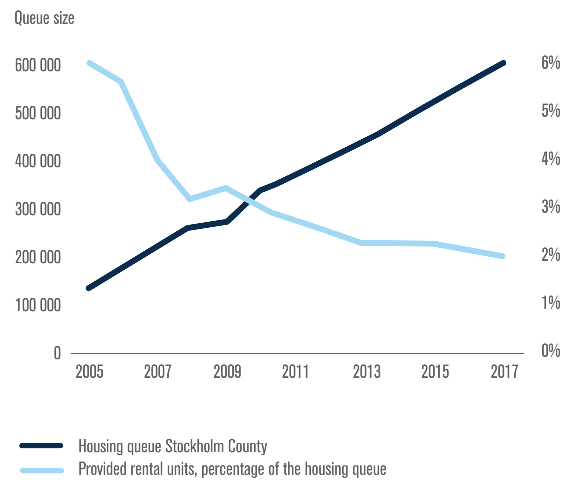
TREND FOR THE NUMBER OF HOMES VERSUS POPULATION GROWTH IN STOCKHOLM COUNTY



Although the number of newly built homes has increased substantially in recent years and the trend is expected to continue, the shortage of housing in the Stockholm region is rising because the pace of population increase is considerably greater than new building.

Source: Statistics Sweden, SCB

GROWING HOUSING QUEUE IN THE STOCKHOLM REGION



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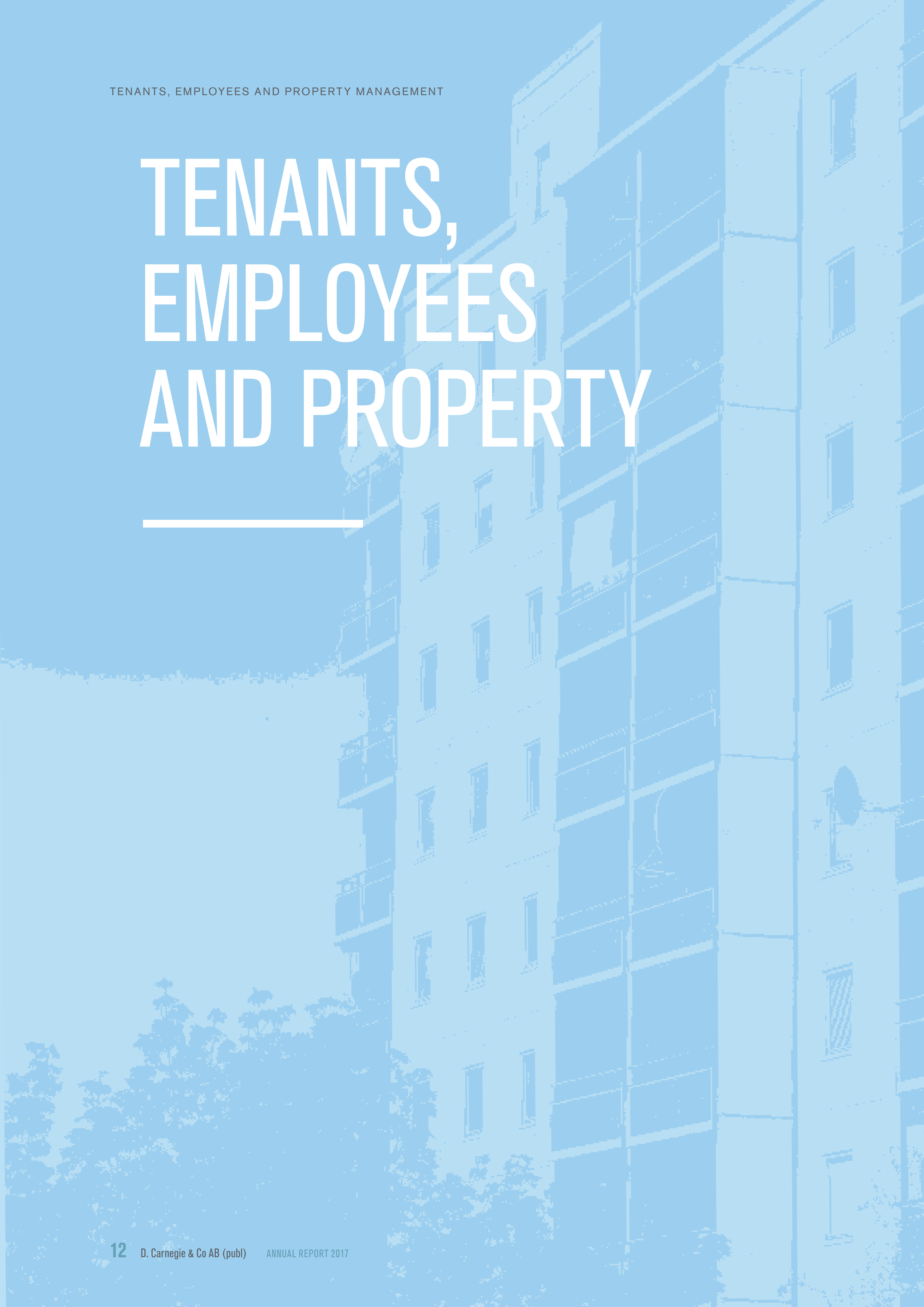


TENANTS, EMPLOYEES AND PROPERTY

TENANTS AT THE FORE

For a long-term property owner and manager such as D. Carnegie & Co a positive relationship with the tenants is of highest priority. The basis for all activity – from renovation to daily management – is that it should contribute to the creation of good living environments for the tenants.

D. Carnegie & Co owns and manages more than 18,000 rental apartments, making the company one of Sweden's largest private property companies. This is accompanied by major responsibility for many people's housing and living environments. Accordingly, management and investments must always be conducted based on the premise that they are to contribute to increased well-being. The tenants often spend a large portion of their income on their housing and expect value for money. A high level of satisfaction among the tenants is a goal that D. Carnegie & Co always strives to maintain and successively improve.

Satisfied tenants

D. Carnegie & Co conducts surveys on how the tenants perceive the company as a landlord. The surveys comprise questions related to, for example, perceived safety, well-being and accessibility. The results are relayed to the local management and thereby become a key tool in identifying success factors, but also areas that have potential for improvement. The results for 2017 show that the majority of tenants are satisfied with D. Carnegie & Co as a landlord. However, the goal is for the results to improve with each survey.

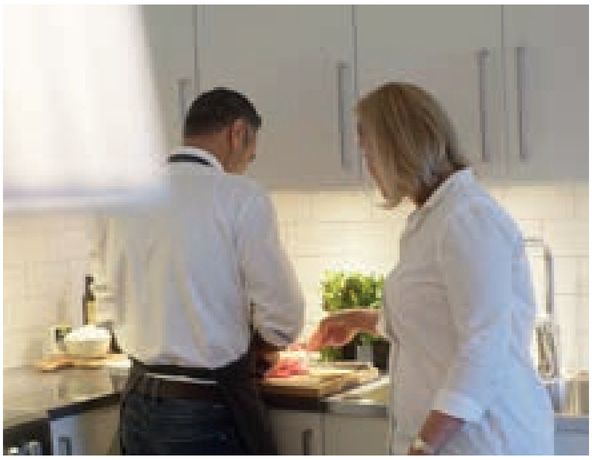
Cooperation with tenants

D. Carnegie & Co's strategy is built on close cooperation with its tenants. It is important that the tenants are given the opportunity to express their views and requests, which can then be applied by the management and service organisation.

In negotiations with the local tenants' association, discussion concerns not only rent trends, but also renovations, improvement of outdoor environments, communal premises and service. The company's approach is that an able and responsible local tenants' association is an important representative of the company's tenants. Accordingly, the tenants' association serves as a party that enables the company to fulfil the tenants' needs and requests. Neighbourhood Watch groups are another example of the landlord and the tenant cooperating to enhance safety and thus improve the living environment. During the year, this cooperation was extended to more areas within the portfolio.

Efficient property management and service

The factors that often determine how satisfied a tenant is with their housing are the management and the level of service. D. Carnegie & Co has dedicated employees who work on a daily basis to meet the needs and requirements of the tenants. In 2017, several efforts were made to further improve the company's management and service.



THERESE SARKIS – TENANT IN SÖDERTÄLJE

Why did you choose to relocate to Södertälje?
"I grew up in Jakobsberg, outside Stockholm, but got a job in Södertälje and wanted to move here to be closer to that job. I really had no connection with Södertälje other than a few distant relatives.

What sort of apartment did you move into?
"Actually, it was not easy to find an apartment at all. In the end, I succeeded in finding a two-room apartment that I have lived in since 2009. It was a slightly older apartment that I moved into and at the time, it was a different landlord."

Did you notice any difference when you got a new landlord?
"Yes, there was a huge difference when D. Carnegie & Co took over. My experience is that they think ahead a great deal and want to do something positive with the area. For example, the play areas are new, and the buildings have been renovated and are in good condition. It feels like they are investing a lot in making the entire area pleasant. I also feel that, as a tenant, I get good information about what is happening and what is planned. It is easy to make contact with the landlord, especially by phone. The staff are always pleasant and dedicated, and they provide fast service when you report something."

You will soon move to a newly renovated apartment in the same area. How did this happen?
"Firstly, I very much enjoy living in Södertälje and have done ever since I moved here. I have two small children and am keen to remain in the same area. The landlord issued information that existing tenants have priority to newly renovated and larger apartments in the same area. This sounded very interesting to me, so I registered my interest in a three-room apartment. We are going to sign the contract soon and we will move into the new apartment in June.

"It feels like they are investing a lot in making the entire area pleasant"

How does it feel to be moving to a new apartment?
"It almost can't be put into words. For me, it is like winning the lottery jackpot. It feels wonderful and a bit unreal. I am very happy that we can stay in the area and that we can have a larger and upgraded apartment."

Do you think you will continue to live in Södertälje in the future?
"Definitely, I want to live in Södertälje and in this area for a long time."

EMPLOYEES AND PROPERTY MANAGEMENT

D. Carnegie & Co has 249 employees who contribute to the company's operations in various ways. The employees have a key role in contributing to a high level of tenant satisfaction.

The organisation is structured to satisfy the development and management of the company's slightly more than 18,000 apartments. Most of the employees work within the management organisation, the main task of which is to provide service to the tenants and care for and maintain the portfolio in the best way possible. D. Carnegie & Co's employees have a major personal commitment to their work, which is also a guiding factor when new employees are recruited.

Organisation characterised by diversity

All of the employees within D. Carnegie & Co's management organisation are covered by collective agreements. By offering about 50 young people vacation work in their own housing areas, the company also succeeds in engaging the local community and creating positive relations.

The diversity of the tenants is an asset and for D. Carnegie & Co it goes without saying that this should be reflected in the organisation. More than 25 per cent of the employees were born abroad and more than 15 languages are spoken in the organisation. The company's ambition is to have an even gender distribution. Today, nearly 40 per cent of employees are women.

During the year, the company was further strengthened by the establishment of a department that mainly manages renovations and improvements. In addition, the department that works exclusively with new building was expanded. A new environmental manager, who is to ensure that the environmental aspect is always included in decision-making, was employed by the company. D. Carnegie & Co also established a new key function in the form of a Tenant mediator, who is available to the tenants to address particularly complicated issues relating to maintenance and service.

Personal development and competency boost

The organisation with its large number of managers creates the conditions for a favourable dialogue between managers and employees and is intended to benefit each employee's personal development. The ambition is for no manager at D. Carnegie & Co to have more than ten employees. This makes it possible, for example, for the managers to provide feedback at regular update meetings and to follow up on performance and goal fulfilment at the annual career development discussions. Every year, competence-development measures are implemented in the form of various types of training. This strengthens the shared values in the organisation, improves the dialogue between the employees and enhances the efficiency of and simplifies the daily work.

The annual employee survey is significant for D. Carnegie & Co, which is – and will remain – an organisation with satisfied and dedicated employees. The survey is the basis for developing health and safety and work-relations issues, while making it possible to establish a shared image of D. Carnegie & Co.

Management

The management organisation is divided into six regions, each with a regional manager who, together with customer managers, operating personnel and caretakers, conduct the daily work and take care of D. Carnegie & Co's tenants. The tenants must feel that they are getting full value for their rent with D. Carnegie & Co. This means that the level of perceived well-being and safety need to be high. The management organisation contributes daily to achieving the goal of satisfied tenants.

D. Carnegie & Co prioritises its daily contact with the tenants through the company's presence in the residential areas. This generates better quality, knowledge, trust and safety. Today, more than 180 employees work in the management organisation in the residential areas. Everyone has a personal responsibility, knows their area and knows the residents. By being present in the areas on a daily basis, everyday contact is established with the tenants. The company receives rapid and continuous information regarding events that pertain to the property management and is often able to address problems before they reach bigger proportions, which is in turn, cost-effective, but also enhances quality for the tenants.

NUMBER OF EMPLOYEES

249

MANAGEMENT DIVISION

- Property management, 75%
- Accounting, 12%
- Renovation and new building, 7%
- Management and associated functions, 6%

PROPORTION

38%

62%

MANAGEMENT POSITIONS

31%

69%

MEET SOME OF D. CARNEGIE & CO'S EMPLOYEES

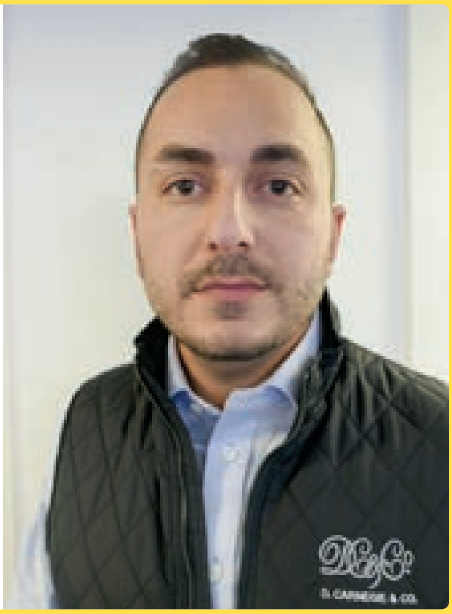
CHARBEL CHAMAS

Customer manager, Södertälje

I work with
"Inspections of apartments and reports of water and fire damage, as well as other damage."

When I feel best
"When I managed to have a satisfied tenant after significant damage. When they are happy that they have received a newly renovated apartment that we can give to the tenant instead."

My best memory
"When an entire property of residents had to move due to water damage and we were able to provide new housing in renovated apartments for 35 families.



MAGNUS MUNTER

Area Manager Arboga, Köping and Katrineholm

I work with
"My work mainly comprises leading my team's work – planning and discussions so that our everyday operations function optimally."

When I feel best
"I feel best when I have helped my colleagues to achieve our goals. Our goals are to work well with a focus on the customer and production by renovating apartments and ensuring that our tenants enjoy their housing."

My best memory
"My best memory from this year is when we joined D. Carnegie & Co as a new acquisition in the company's portfolio."

JOHANNA NILSSON

Assistant Regional Manager, Haninge

I work with
"I am responsible for leasing and showing apartments."

When I feel best
"When everything keeps moving and I feel that we have done something positive for our tenants. It is sheer joy when you see the smiles of those who are getting the keys of a newly renovated apartment."

My best memory
"When we had a nice event for our tenants together with Haninge Bostäder and the Tenants' Association. All of our employees contributed their dedication to make it a great day. That is when I feel happy."

ELOS GHEBRAI

Property Care Taker, Järva

I work with
"I am a property care taker, but I have worked with all types of job assignments in the area."

When I feel best
"When I help the tenants, I try to really do what I can for each tenant. It is their homes and they should not hesitate to get in touch with me if they need any help."

My best memory
"I have several fantastic memories, such as when I have helped out with a broken stove or replaced an old refrigerator and how a thing like that makes the tenant shine with joy. Or like when we had a small barbecue for the tenants at the new facades and asked the kids what they wanted on the playgrounds that were being renovated."

RENOVATION, IMPROVEMENT AND SOCIAL COMMITMENT

A TESTED AND OPTIMISED PROCESS FOR RENOVATIONS

All tenants want to have a pleasant home, but they also want to have control of their housing situation. This is the starting point when D. Carnegie & Co implements renovation of the apartments in its portfolio. Accordingly, D. Carnegie & Co's renovation model is different to that applied by other companies. Instead of renovating entire properties, we renovate apartment by apartment in pace with natural relocation. This is a process that results in higher quality, lower costs and higher rental income, as well as choice for the tenant.

The rental apartments in D. Carnegie & Co's portfolio are often bright and have efficient floor plates, but are often in need of renovation. D. Carnegie & Co's goal is for at least 1,000 apartments to be renovated every year – which means that every working day of the year, the company commences four to five new apartment renovations. No tenant living in an unrenovated apartment is forced to move, but can remain, with the same rent level. The natural annual relocation rate in the company's property portfolio is between 7 and 8 per cent. This is enabled by D. Carnegie & Co's renovation method – renovation is conducted apartment by apartment in pace with the tenants relocating or choosing to have their apartment renovated.
In this way, the company avoids expensive evacuations, which would also cause inconvenience and stress to the residents. The relocation rate is increased by existing tenants being offered the chance to move within the portfolio to a renovated apartment, something which is appreciated and used to a large extent.

Benefits for the tenants and the property owner

The guiding principle of D. Carnegie & Co's renovation model is the selection throughout of high-quality material and installations with good and sustainable design. The basic concept is that everyone wants to have high quality and an attractive home. This is possible through purchasing, strict control of the renovation process, lower management costs and higher rents – as a result of higher utility

values and better standards. It is important for the company to retain control of the renovation process to be able to control the renovation work in accordance with the company's procedures and to accumulate experience and knowledge. Procedures are updated continuously to enhance the efficiency of the process. In this way, the renovation process is refined each year as more apartments are renovated and the company benefits from new knowledge.

A systematic approach and procedures also have an important function in the management phase – when the renovation of an apartment has been completed, there has also been documentation of what fittings have been used in the apartment, and the makes and models used. When something needs to be repaired or replaced, the person carrying out the repair simply knows what material will be required for the specific apartment.

D. Carnegie & Co's process and model for renovation is the key to understanding how the company works and addresses the renovation requirements in its properties.

"Existing tenants are offered the chance to move within the portfolio to a renovated apartment, something which is appreciated and used to a large extent"

IN PRACTICE, IT IS DONE IN THE FOLLOWING WAY:

1

NATURAL RELOCATION

When a tenant gives notice on their apartment to relocate, the three-month period of notice is used for the detailed project design of the renovation of the apartment. The materials are ordered and the sub-contractor is brought in.

2

APARTMENT RENOVATION

When the period of notice is over and the tenant has left the apartment, the building sub-contractor and building management can immediately commence the renovation of the apartment in accordance with the detailed project plan. The renovation period is usually approximately six weeks and follows clear procedures and processes to avoid standstills and delays. The material is of high quality and selected to achieve low maintenance costs and good sustainability long-term.

3

LEASING AND CONTRACT

In parallel with renovation, the apartment is offered in the first instance to D. Carnegie & Co's internal queue for newly renovated apartments. The higher standard entails a higher utility value, which justifies a higher rent level.

There is large demand for the newly renovated apartments and most are rented to those who are already tenants of D. Carnegie & Co and choose themselves to pay a higher rent for a better standard.

Higher income and lower maintenance costs mean increased operating income, which improves cash flow and raises the property value, which in turn creates scope for further renovations.

COMPREHENSIVE IMPROVEMENTS

The overall objective is to create living environments that are at least as attractive as in areas of completely new development. Accordingly, in addition to apartment renovations, D. Carnegie & Co's property portfolio also undergoes thorough improvement of shared areas, exteriors and outdoor environments. In 2017, several major improvement projects were completed while others were begun. A large share of the investments made every year goes toward improvements outside the apartments.

Flexible organisation with clear objectives

The organisation for improvement projects was strengthened during the year and even more efficient work methods were introduced. The Property Development department has central responsibility for all improvements carried out in the portfolio. In consultation with the managers in the six different regions, priorities are set for the improvement projects. The needs vary depending on the properties' state and conditions, but the objective is clear: to create living environments in which the tenants perceive a high level of well-being. In addition to this, the improvements also contribute to cutting the operating and maintenance costs, which reduces the properties' environmental impact. Overall, this contributes to increasing the value of the properties.

The façade – the face of the area

Many of the properties that D. Carnegie & Co acquired were mainly built in the 1960s and 1970s. The façades were often designed according to the view of architecture and material choices at that time. Needs and preferences have both changed since then. Modern material choices and designs make it possible now to reduce the properties' energy consumption and environmental impact, compared with earlier. The façades are also often the first impression that residents and visitors get of an area. Attractive and well-maintained façades are a factor that make a strong positive contribution to the perceived living environment.

For example, improvement of the underlying design and enhancing the surface of the façades are included in D. Carnegie & Co's facade improvements. Additional insulation and new mortar are added as required. All façades are cleaned and repainted in bright colours.

Outdoor environments and shared areas

Adjacent to the properties, there are yards, parks and grass areas that are used frequently by the residents of the areas. For a pleasant living environment, it is thus important that the outdoor environments are perceived as open, accessible and safe.

D. Carnegie & Co plants new lawns, bushes and trees to create green oases around the properties. Shrubbery that blocks a view of the area is removed and new play areas, seating and barbecue areas are installed. An important measure for creating safety is to remove dark and unsafe paths. For this reason, the lighting in the areas is improved and extended.

Other shared areas that are upgraded are stairwells and laundry rooms, which are repainted and have modern equipment installed. Even features that are not visible, such as heating systems and pipes, are replaced. These are worthwhile investments, given that maintenance costs can be reduced.

Major projects completed

Several upgrade projects were completed during the year or approached their final phase.

One example is the Fornhöjden area of Södertälje, where all façades have now undergone upgrade. An upgrade of the outdoor environments is also under way here, with new play areas and green spaces, which are expected to be finished in the spring of 2018. In Fornhöjden, D. Carnegie & Co is also investing in the heating system and the entire area will be provided with geothermal heating. In Jordbro, just south of Stockholm, D. Carnegie & Co recently completed a similar project in what is now Sweden's largest geothermal heating facility. These investments entail a major environmental gain and long-term cost-savings.

Another example is the Halden 3 area of Husby, which underwent comprehensive change in 2017. Façades, exterior corridors, lighting and laundry rooms were upgraded. The remaining parts of the indoor and outdoor environments will be upgraded during the coming year. The entire project is scheduled for completion in 2019.

SOCIAL COMMITMENT

Investments in improved social conditions are at least as important for the tenants' well-being as investments in the physical living environment. In this area, D. Carnegie & Co conducts comprehensive work to improve entire housing areas and create a long-term positive development. In 2017, these activities continued and were intensified.

Like many other property companies, D. Carnegie & Co has encountered social unrest and disturbances that have caused tenants to feel unsafe and a lack of well-being. It is important to work with measures, in the short and long term, to end such behaviour and change the things that make individuals carry out deeds that create insecurity for others. Good social conditions in an area mean the opportunity for a safe and active recreational life in the area where you live. Investments in creating a safe social environment have a positive impact on the living environment and are thus an important part of D. Carnegie & Co's business model.

"Investments in creating a safe social environment have a positive impact on the living environment"

Neighbourhood Watch and local associations

In areas of single-family homes, Neighbourhood Watch groups are a common concept for increasing safety and reducing the risk of crime.
In several of its areas, D. Carnegie & Co has taken the intiative to introduce Neighbourhood Watch networks. Neighbourhood Watch schemes address various issues that involve, for example, refuse collection, graffiti and vandalism. A close dialogue with the police regarding what is happening in the areas means that the members of the Neighbourhood Watch can be aware of suspected activity and in this way, crime can be prevented. The objective is to introduce Neighbourhood Watch schemes in all of D. Carnegie & Co's areas in the future. The company is also working with its own safety hosts since a couple of years ago as a model for increased safety, reduced damage and thus also repairs.

There are active club activities in many of the areas where D. Carnegie & Co owns and manages properties. This contributes to creating meaningful leisure time for tenants and their families. During the year, the company collaborated with clubs, including through the organisation of various types of sporting events.

Cooperation with municipalities and other property owners

In the vast majority of areas, there are several different property owners. To be able to improve an entire area and enhance social conditions, cooperation is thus required between the property owners, as well as municipalities and the police.
During the year, D. Carnegie & Co also participated as a member of several property owners' associations in, among others, Huddinge Municipality and the City of Stockholm.

The property owners' association in Järva, which celebrated its tenth anniversary in 2017, is an example of very successful cooperation, where safety has increased and crime has declined as a result of the association's work.

In Gottsunda, in Uppsala Municipality, D. Carnegie & Co initiated the formation of a new property owners' association to contribute to the positive development of the Gottsunda/Valsätra area.

Another example of cooperation is participation in the so-called BID project (Business Improvement District). The BID project aims to take a complete approach to a geographically defined area to increase safety and stimulate business, among other activities. During 2017, the company participated in a successful BID project in Sigtuna and work is in progress to start up similar collaborations in several locations in the property portfolio.

Opinion-building to increase focus on safety issues

Another way of contributing to the long-term improvement of social conditions in D. Carnegie & Co's areas is to influence politicians and opinion. This was why the company participated in the 2017 Almedalen political week. Three seminars were organised during the course of the week. The seminars addressed the subjects of the importance of sport in suburbs, how to work to get more immigrant women, who are far removed from the labour market, into employment, and how safety can be improved in the Million Programme areas. The seminars attracted many participants and representatives of D. Carnegie & Co had the possibility to talk to decision-makers regarding important issues.

AIK FOTBOLL AND D. CARNEGIE & CO FOR POSITIVE LEISURE TIME

This year's summer holidays started with football school for the children of many of D. Carnegie & Co's tenants. The school was held in Haninge in Jordbro and Huddinge in Vårby. The target group was aged 8–14.

The children were given the opportunity to spend entire days playing football with qualified leaders from AIK. About 100 children participated in the football school. Participation was free of charge.

Some of the children also got to enter the arena together with the players ahead of the derby between AIK and Djurgårdens IF. This was in the presence of more than 30,000 spectators. 1,000 tenants were also given the chance to see three of AIK's home games during the year with the issue of free tickets. There was substantial interest in this.

During 2017, the company started a collaboration with AIK Fotboll to create the possibility of meaningful leisure time and good examples through sport. There were several different components to this cooperation. One of these was to hold a spontaneous football activity with leaders every Saturday evening in Husby, in Stockholm, aimed at young people aged 15–25. The activities gathered some 50 young people each time, meaning that several hundred young Husby residents were involved. The intention is to develop the cooperation with AIK Fotboll in the next few years.

ESTER – A PROJECT TO GET WOMEN WHO ARE FAR FROM THE LABOUR MARKET INTO EMPLOYMENT

The Ester Foundation offers unemployed women from an immigrant background a route into self-employment and work in a project in Haninge Municipality, which has D. Carnegie & Co as a partner. For many immigrants, self-employment can be a way of overcoming the high thresholds into the labour market. In Haninge, where the project began, it is now being conducted in its own premises and in cooperation with other stakeholders, including the County Executive Board, the Swedish Agency for Regional and Economic Growth, the Coordination Association Östra Södertörn, Swedbank and the municipality. The goal is for 40–60 women to take part in the project, which involves education and coaching for 18 months.

ON ICE WITH HAMMARBY BANDY

The sun was glistening and the ice was ready when D. Carnegie & Co organised a day to let tenants test out bandy and ice-skating. Many families from various parts of the portfolio joined in at the Visättra Sport camp when this event was arranged for the third consecutive year. The event was conducted in cooperation with Hammarby Bandy. D. Carnegie & Co had organised buses so that tenants from far away were also able to come along with their families. More than a hundred of the company's tenants got to borrow ice skates, helmets and sticks and balls, and were also treated to drinks and food.

NEW DEVELOPMENT

MORE HOUSING UNITS AROUND EXISTING PROPERTIES

In 2017, D. Carnegie & Co took major steps toward realising the company's first new development projects. The development opportunities on proprietary land in the form of densification around the existing portfolio will make it possible to construct a large number of apartments in the future for long-term management. This also enhances the possibilities for existing tenants to relocate to new apartments in the same areas in which they live and thrive today.

Ongoing projects in the planning process

There are a lot of good opportunities to implement new development projects on land that is currently unexploited or used for other purposes than housing. D. Carnegie & Co has therefore worked to develop building rights on its own land. Estimated total area building rights is estimated to 487,200 sq m GFA (Gross floor area), which corresponds to 5,957 apartments. Planning process are initiated for 82,200 sq m.

Right partners important

In parallel with the development of building rights and detailed planning processes, the organisation is being prepared to be able to manage a large number of new development projects. Intensive work is under way with production budgets and recruitment of employees with competence in the new development of housing.

An important part of the preparation work ahead of construction start is also the establishment of relations with various types of partners in the areas of project engineering and sub-contracting. New development is a long-term commitment and, accordingly, long-term partnerships are being assigned priority.

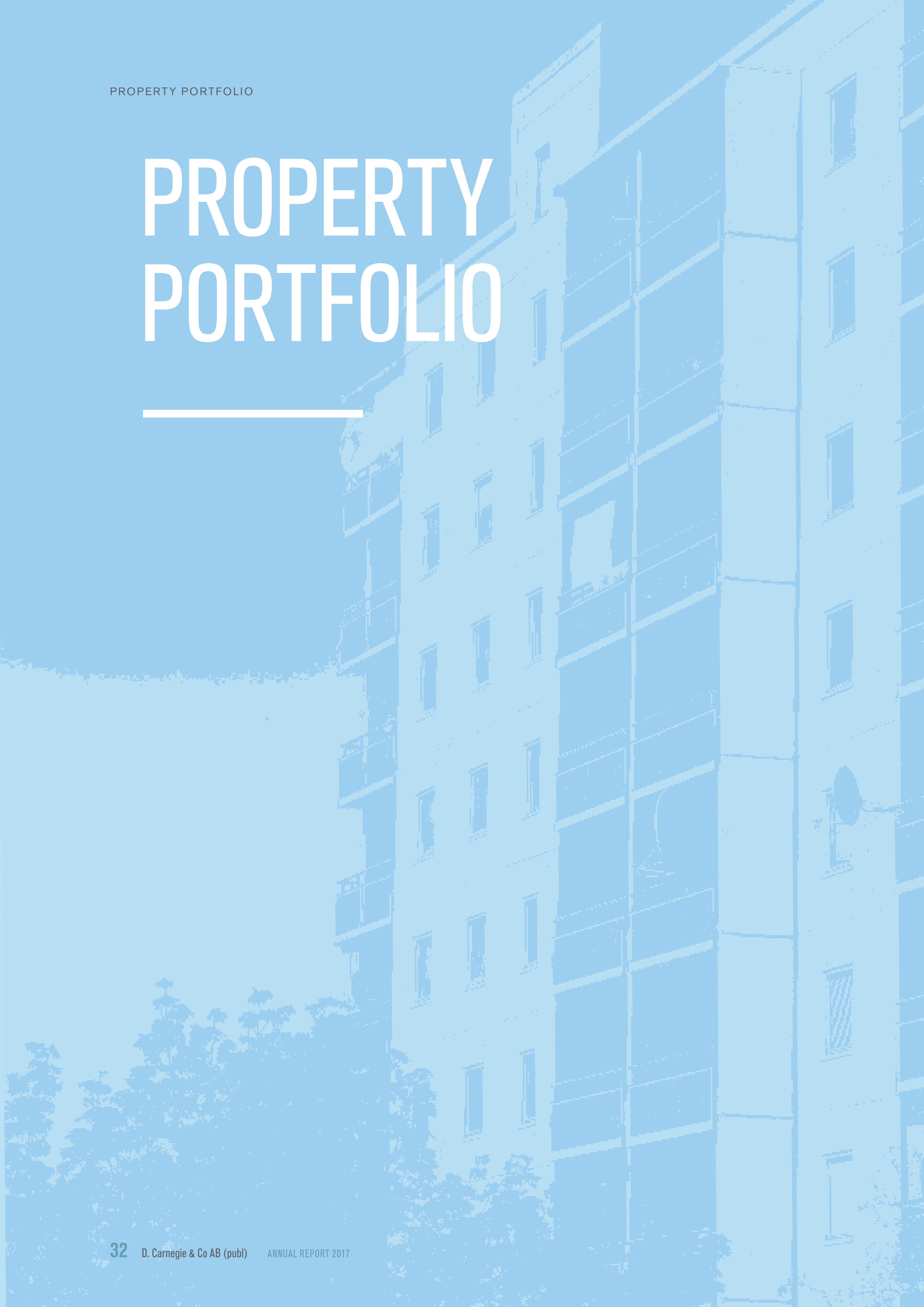
Renovated portfolio as an example

Since its inception, D. Carnegie & Co has renovated and upgraded a significant portion of its total property portfolio. The apartments have high-quality material choices throughout, for both the façades and in the apartments. The newly produced apartments will maintain the same high standard and design as the renovated and upgraded properties in the existing portfolio. New development is therefore a key piece of the puzzle in raising the attractiveness and improving the living environment in the areas.

Increased opportunities for tenants

A densified portfolio also creates opportunities for increased mobility in the portfolio. D. Carnegie & Co's tenants have priority for the apartments in the internal housing agency. Many tenants thrive in their areas, but in the various phases of life, may choose to live in larger or smaller apartments. By adding a large number of apartments adjacent to the existing portfolio, the possibilities increase for tenants to relocate within the same area and to thereby adapt their housing according to their life situation.

PROPERTY PORTFOLIO



PROPERTY PORTFOLIO

D. Carnegie & Co's property portfolio primarily consists of residential properties in the Greater Stockholm region, Mälardalen and Östergötland. The portfolio consists mainly of properties built between 1960-1970. The properties are strategically located in close proximity to local services, communcations and green areas. The apartments are well planned and functional and therefore well suited for refurbishment to today´s standard in order to meet expectations of both existing and future tenants and for efficient management. D. Carnegie & Co's property portfolio comprises 703 buildings and all properties are set forth on pages 116-158.

The refurbishment model that D. Carnegie & Co applies, is based entirely on the tenant's choice to move to a renovated apartment with a higher rent. Maintenance is carried out in the unrefurbished apartments. Of the entire property portfolio, 19.9 percent of the apartments are refurbished as of 31 December 2017.

D. CARNEGIE & CO PROPERTY PORTFOIO 31 DECEMBER 2017

City/Area	Lettable area	Number of apartments	Percentage renovated	Fair value 31 Dec 2017
Greater Stockholm				
Kista/Husby	110,380	1,528	23.9%	1,812,920
Bromsten/Rinkeby	111,680	1,281	23.9%	1,761,798
Sollentuna	33,976	454	16.5%	582,120
Flemingsberg	40,480	573	18.3%	601,451
Vårby/Vårberg	66,555	863	10.8%	919,113
Jordbro	157,860	1,953	23.4%	2,304,650
Södertälje	160,205	2,110	22.2%	2,841,980
Bro	43,785	540	14.4%	620,485
Märsta	58,320	693	19.3%	897,120
Total Greater Stockholm	**783,241**	**9,995**	**20.8%**	**12,341,637**
Uppsala	75,252	985	20.4%	1,198,392
Eskilstuna	145,741	1,966	23.0%	2,255,530
Strängnäs	35,560	411	26.5%	623,225
Norrköping	172,927	2,302	24.2%	2,606,500
Katrineholm	61,149	718	18.2%	873,484
Arboga	47,924	547	5.9%	479,540
Köping	35,054	373	5.6%	370,900
Tranås	69,909	761	2.4%	706,431
Total other locations	**643,516**	**8,063**	**18.9%**	**9,114,002**
Other	-	-	-	-
Total	**1,426,757**	**18,058**	**19.9%**	**21,455,639**

Apartment renovations and investments

D. Carnegie & Co is a long-term property owner which in parallel to apartment renovations also works actively with renovations of the properties and development of other areas such as laundry rooms, stairs, facades and outdoor environments. There are also environmentally friendly and value creation activities such as installation of geothermal heating. During 2017, 11 geothermal heating facilities have been installed, which means that 723 households are heated in this way.

In total, 3,602 (1,942) apartments of the D. Carnegie & Co property portfolio has been renovated since 2014 of which 1,672 apartments were renovated during 2017 (1,253). In total, SEK 1,480 million (1,039) has been invested in existing properties during the year, where also refurbishments of other parts of the properties as well as energy investments are included.

Acquisitions and divestments

Out of the total investments for the year of SEK 2,900 million (1,819), SEK 1,420 million (780) was used for acquisitions of new properties. During the year, a site-leasehold in Akalla has been divested at an agreed property value of SEK 80 million, 95 percent above book value, which has affected the value of the property portfolio of SEK -41 million (-586).

Property values

At 31 December 2017, D. Carnegie & Co's property portfolio was valued at a market value of SEK 21,459 million, including building rights. The property holding has been valued according to the methodology described below where 100 per cent of the stock was valued by a third party. The external property valuations have been carried out by Savills. The numbers within parenthesis regards the same item but previous year.

MODEL FOR THE VALUATION

Property value

The valuation is based on cash flow analysis, meaning that the value of the property is based on the present value of projected cash flows during the calculation period of five years plus residual value.

The average yield on the constituent valuation units amounted to 4.15 percent compared to 4.31 percent at the end of 2016.

The average discount rate used for the period was 6.24 percent (6.40). The value-influencing parameters used in the valuation correspond to the external valuer's interpretation of how a prospective buyer in the market would reason and the sum of the present value of net operating income and residual value is the market value. The assumption regarding the future cash flows is based on the analysis of:

- Market / immediate vicinity future development
- The property market's conditions and market position
- Market rental conditions
- Operation and maintenance costs of similar properties in comparison with those in the current property

The total change in value of the property portfolio during the period was 8.6 percent (12.9). The change in property value is 70 percent related to increased net operating income during the period, as a result of higher refurbishment pace which leads to higher rents and lower 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).

FINANCING

FINANCING

D. Carnegie & Co strives for an optimal and stable capital structure. During 2017 D. Carnegie & Co completed a 3,255 million refinancing alongside a SEK 750 million revolving capex facility, both with a 7 year maturity profile. At the end of 2017, the average term to maturity on loans owed to credit institutions amounted to 5.3 years. D. Carnegie & Co's average interest rate on loans from credit institutions at the end of the year was 2.5 percent.

Credit market

The Riksbank has during 2017 kept its policy rate, the repo rate, unchanged at -0.5 per cent. Access to liquidity in the banking market continued to be good during the year. 2017 was characterized by low, both short-term and long-term, interest rates.

Finance function

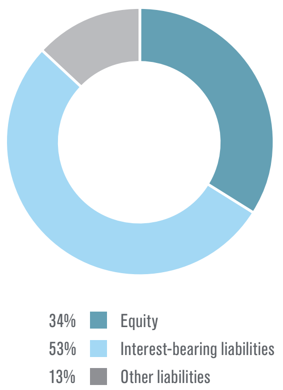
The finance function is charged with supporting the company's core business by minimizing the cost of debt capital over the long term. This function is responsible for managing existing debt, providing new borrowing for investments and acquisitions, streamlining cash management and limiting financial risks. The work is regulated and governed by the financial policy established by the Board of Directors once a year. The finance policy clarifies the responsibilities in financial matters and the rules for reporting, monitoring and control. Financial issues of strategic importance are addressed by D. Carnegie & Co's Board of Directors.

Raising capital

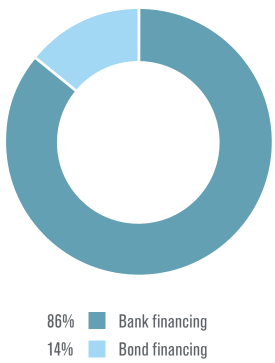
Running a real estate company is capital intensive. The total asset base, which is essentially the same as the value of the properties, is financed by equity, debt and other capital. The distribution between these three components depends on various factors such as the cost of the various forms of financing, the focus of the property portfolio and the risk aversion of shareholders and creditors.

D. Carnegie & Co's assets on December 31, 2017 amounted to SEK 23,650 million (18,904). These assets include equity of SEK 8,043 million (6,385), interest-bearing liabilities of SEK 12,433 million (9,991) and other capital SEK million 3,174 (2,528).

CAPITAL ALLOCATION 31/12 2017



INTEREST-BEARING LIABILITIES 31/12 2017



EQUITY

Equity is the difference between assets and liabilities. Shareholders have a percentage of equity based on their shareholdings. D. Carnegie & Co has one class of shares; ordinary shares are divided into class A shares and class B shares with different voting rights.

D. Carnegie & Co's equity ratio (the proportion of equity in relation to total capital) amounted to 34.0 percent (33.8) as of 31 December 2017.

INTEREST-BEARING LIABILITIES

At year end, interest-bearing liabilities accounted for 53 percent (53) of total financing. Loan to value (LTV), interest-bearing liabilities with properties as collateral in relation to the fair value of the properties at the end of the period, amounted to 49 per cent (47). Interest-bearing liabilities not secured by properties comprises two bonds totaling SEK 2,000 million (2,000). In order to limit interest rate risk, D. Carnegie & Co has chosen to enter into swap-agreements for 27 percent (34) of the interest-bearing liabilities, SEK 3,401 million (3,401), against a fixed rate with a long maturity. During the year D. Carnegie & Co entered into interest rate cap agreements amounting to SEK 4,426 million, with approximately 5.2 years duration and with an agreed rate cap of Stibor 3 per cent. During the year, the company borrowed SEK 2,117 million (614) in new loans. All financing is denominated in SEK. At year end cash and cash equivalents totalled SEK 833 million (679).

OTHER CAPITAL

Other capital primarily comprises deferred tax liabilities, accounts payable, deferred income, derivatives and accrued expenses. Total financing from other capital amounted to SEK 3,173 million (2,528) and accounted for 13 per cent (13) of D. Carnegie & Co's total funding as of December 31, 2017.

Average interest rate and fixed-interest term

D. Carnegie & Co's average borrowing rate for interest-bearing liabilities at year-end amounted to 2.5 per cent (2.5). The average fixed interest term at year-end taking interest rate derivatives into account was 1.4 years (2.2).

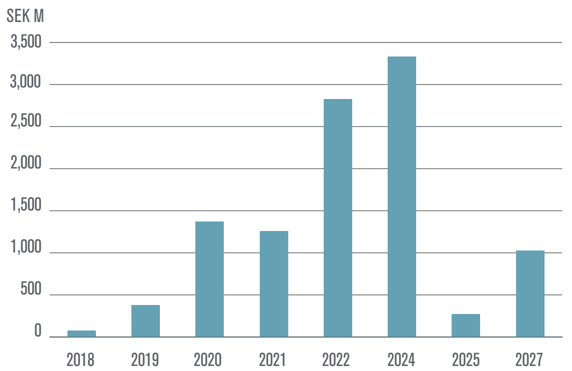
Maturity

At year-end the average maturity was 5.3 years (3.3). In 2018, credit facilities will mature for a total of SEK 1,076 million (1,240).

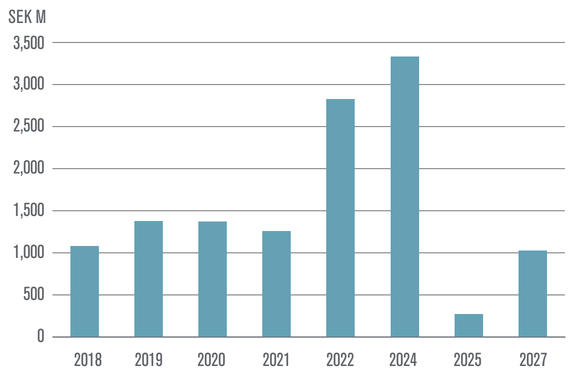
Derivatives

D. Carnegie & Co uses derivatives to reduce interest rate risk and to achieve the desired fixed interest term. D. Carnegie & Co has two types of derivatives: interest rate swaps and interest rate caps. The interest rate swaps included a total of SEK 3,401 million (3,401) at year-end, representing 27 percent (34) of the interest-bearing liabilities. An interest rate swap is an agreement between two parties to exchange interest payments with each other. D. Carnegie & Co has chosen to swap variable interest rates for fixed rates in all of its swap agreements. Floating Stibor rates are obtained for the swaps, preferably with a three-month maturity and a fixed interest rate, which varied at year-end between 0.5 and 1.4 per cent. No premium is paid for the interest rate swaps. The counterparties for the swaps are Deutsche Pfandbriefbank and Handelsbanken. D. Carne-

LOAN MATURITY DECEMBER 31, 2017
INTEREST-BEARING LIABILITIES TO CREDIT INSTITUTIONS



INTEREST RATE TERM AND LOAN MATURITY
DECEMBER 31, 2017 TOTAL INTEREST-BEARING LIABILITIES



gie & Co has also entered into interest rate cap agreements amounting to SEK 4,426 million, with approximately 5.2 years duration and with an agreed rate cap of Stibor 3 per cent.

VALUATION OF DERIVATIVES

The value of swaps and interest rate caps changes with the market interest rates and when maturity is reduced. At maturity, the value is always zero. In 2017, the change in value of the interest rate swaps was SEK 52 million (-85) and the value change for the interest rate caps SEK -8 million (-3). Consequently, the actual value at year-end amounted to SEK -93 million (-145) for the interest rate swaps and to SEK -1 million (7) for the interest rate caps. Hedge accounting has not been applied.

Lenders and collateral

The loan portfolio is divided among six credit institutions: Deutsche Pfandbriefbank, Landesbank Hessen-Thüringen, Nykredit, SBAB, Swedbank and AIG Asset Management (Europe) Limited. Real estate mortgages in the amount of SEK 10,839 million (8,503) were provided as collateral for the majority of interest-bearing liabilities to credit institutions. In addition, D. Carnegie & Co has pledged collateral in the form of shares in property-owning subsidiaries as well as a parent company guarantee from D. Carnegie & Co AB (publ).

Covenants and risk-taking

D. Carnegie & Co's financial risk-taking and financial position can be inferred from key figures such as the equity ratio, LTV ratio and the interest coverage ratio. Credit agreements with banks and credit institutions sometimes set limits, known as covenants, for these three key ratios. Those banks that have a covenant for the equity ratio have set a minimum limit of 15-30 per cent. D. Carnegie & Co's target is that the interest coverage ratio should be at least 1.5 times, which is in line with the banks' requirements. The banks' requirements vary between 60 and 80 per cent depending on factors such as the collateral. D. Carnegie & Co meets all of the banks' targets and requirements as of the balance sheet date and expects to continue to do so in 2018. The equity ratio was 34 per cent (34), adjusted equity ratio was 43 per cent (42), the loan-to-value ratio was 54 per cent (54), the loan-to-value ratio for properties was 49 per cent (47) and the interest coverage ratio was 2.2 times (2.0).

INTEREST RATE TERM AND LOAN MATURITY DECEMBER 31, 2017 INTEREST-BEARING LIABILITIES TO CREDIT

	Interest maturity			Capital maturity	
Maturity	**SEKm**	**Interest**	**Per centage**	**SEKm**	**Per centage**
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	-	-	0%	3,332	32%
2025	-	-	0%	270	3%
2027	-	-	0%	1,025	10%
Total/Average	**10,534**	**2.23%**	**100%**	**10,534**	
Prepaid arrangement fee	-100			-100	
Total	**10,433**			**10,433**	

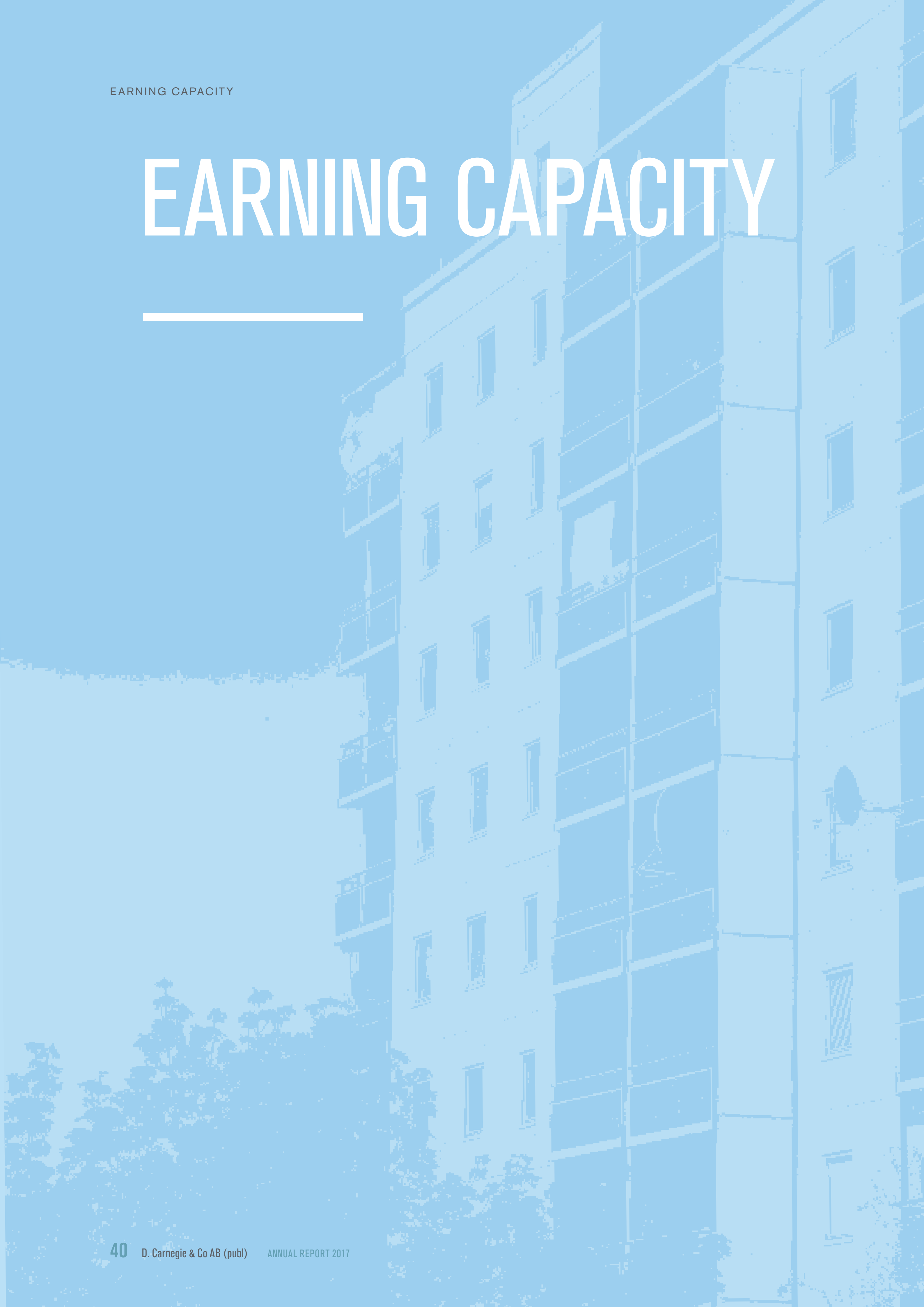
INTEREST RATE TERM AND LOAN MATURITY DECEMBER 31, 2017 TOTAL INTEREST-BEARING LIABILITIES

	Interest maturity			Capital maturity	
Maturity	**SEKm**	**Interest**	**Per centage**	**SEKm**	**Per centage**
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	0	-	0%	3,332	27%
2025	0,0%	-	0%	270	2%
2027	0,0%	-	0%	1,025	8%
Total/Average	**12,534**	**2.49%**		**12,534**	
Prepaid arrangement fee	-100			-100	
Included equity	0			0	
Total	**12,433**			**12,433**	

DERIVATIVES DECEMBER 31, 2017

Counterparty	**Amount, SEK million**	**Percentage**	**Fair value 2017-12-31**	**Fair value 2016-12-31**	**Change for the period**
Nominal interest rate swaps	3,401	100%	-93	-145	52
Interest rate caps	3,401	100%	-93	-145	52

EARNING CAPACITY



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. 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. The large increase in central administration costs is mainly due to larger personnel costs due to an expanded and strengthened organization, an adopted incentive system and a further developed and improved IT-system. 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.

It is important to note that the current earning capacity is not to be equated with a forecast for the coming twelve months. For example, the earning capacity does not include any assessment of rent trends, vacancies, or changes in interest rates.

The figures for the comparable portfolio are adjusted, which means that the divested properties during the period 31 December 2016 to 31 December 2017, are eliminated as well as the acquired properties during the year. 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.

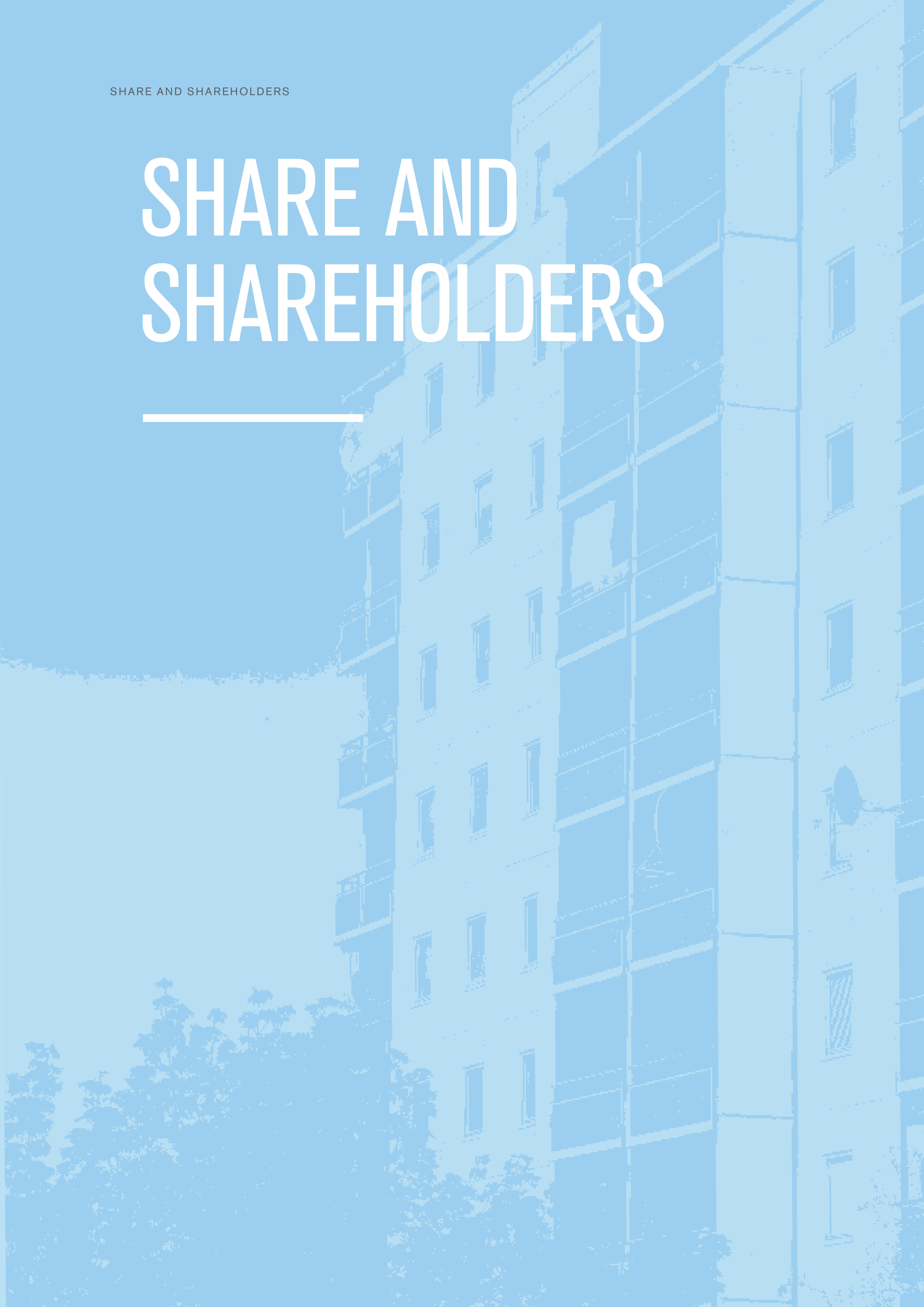
The current earning capacity also does not take into consideration the effects of future rent changes for renovated apartments.

CURRENT EARNING CAPACITY

	Current portfolio	Comparable portfolio*				
Amounts in SEK thousand	**31 Dec 2017**	**31 Dec 2017**	**30 Sept 2017**	**30 June 2017**	**31 Mar 2017**	**31 Dec 2016**
Rental income	1,576,396	1,424,097	1,399,127	1,387,946	1,376,646	1 244 575
Operating expenses	-594,570	-528,282	-528,282	-528,282	-528,282	-504,520
Maintenance expenses	-74,202	-74,559	-74,559	-74,559	-74,559	-93,979
Property tax	-29,544	-26,120	-26,120	-26,120	-26,120	-23,745
Ground rent	-15,681	-15,255	-15,255	-15,255	-15,255	-14,717
Net operating income	**862,399**	**779,881**	**754,911**	**743,730**	**732,430**	**607,614**
Central administration	-122,970	-82,972	-82,972	-82,801	-82,801	-61,486
Net financial items	-238,104	-182,369	-180,683	-177,334	-177,360	-162,158
Financial cost bonds	-77,500	-77,500	-77,500	-77,500	-77,500	-88,500
Income from property managment	**423,825**	**437,040**	**413,756**	**406,095**	**394,769**	**295,470**

* Reported values in the table relating to "Comparable portfolio", is throughout 2017 eliminated for what relates to the Akalla portfolio divested during Q2 2017. Of the acquisitions made in 2017 the Arboga, Köping and Tranås portfolios have been eliminated. These acquisitions took place during Q2 2017.

SHARE AND SHAREHOLDERS



THE SHARE

D. Carnegie & Co's class B share had a positive performance during 2017. The share price increased by 12 percent during the year. At the end of 2017, the share price had thus increased by 213 percent since the company's shares were listed on Nasdaq First North on 9 April, 2014.

The total fair value of the Company's shares as of December 31, 2017 was approximately SEK 9.0 billion (7.8). D. Carnegie & Co strives to ensure that the company's shares achieve a competitive total return in relation to risk. All actions must be based on a long-term perspective and D. Carnegie & Co shall provide regular reporting and other communications to shareholders, the capital and credit markets, and the media. In the long term, the company aims to be one of the larger listed dedicated residential real estate companies in Sweden.

The Company's class B shares have been traded on Nasdaq Stockholm MidCap since May 12, 2015. At the end of 2015 there were a total 5,369,866 ordinary shares of class A, each of which carries five (5) votes per share in the company and 73,411,910 ordinary shares of class B, each of which carries one (1) vote per share in the company, which means a total of 78,781,776 shares and 100,261,240 votes. The market price as of December 31, 2017 was SEK 122.25 per class B share (109). At the end of 2017, the share capital amounted to SEK 1,004 million (985).

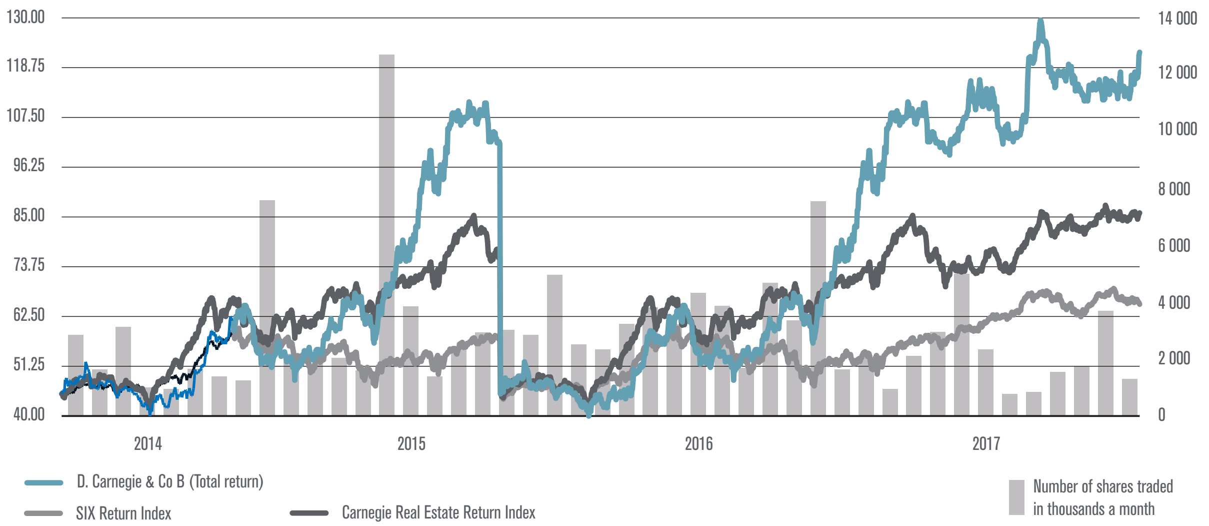
Proposed dividend

The Board of Directors proposes that the shareholders' meeting not declare any dividend for the shareholders for the fnancial year 2017. The company is in an expansive phase during which it is intended to invest any surplus in the property portfolio, primarily in the form of renovations.

Shareholders

At the end of the year the company had 7,794 (7,538) shareholders. The company had one shareholder, Vega Holdco S.à r.l., with shareholdings exceeding 10 per cent of the votes. The ten largest shareholders together represented 76.9 percent of total share capital at the end of the year. Shareholders registered abroad cannot be distinguished in terms of directly held and nominee-registered shares, except in cases where the shareholder is required to report such holding

THE SHARE



Stock market contacts

Stock market contacts are based primarily on quarterly financial reporting, press releases in conjunction with major business events, and presentations of the company and shareholder meetings. In addition, supplemental market and financial information is provided on the group's website at www.dcarnegie.se.

Reduction of the share capital

It was resolved at an extraordinary general meeting of the shareholders held on March 17, 2014 to reduce the share capital by retiring class PI preference shares.

Warrants program

D. Carnegie & Co has three warrants programs carrying an entitlement to subscribe for class B shares.

WARRANTS PROGRAM TWO

Warrants program no. two, which was issued in 2015 and covers 998,200 warrants, corresponding to 1.3 per cent 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 to 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 no. three was issued in 2016 and covers 807,000 warrants, corresponding to 1.0 per cent 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.

D. CARNEGIE & CO'S LARGEST SHAREHOLDERS DECEMBER 31, 2017

	Holdings, A-shares	Holdings, B-shares	Capital, %	Votes, %
Vega Holdco S.à.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 Verdipapirfondet	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, W8Imy (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.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 66.7 percent of the votes in D. Carnegie & Co AB.

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.

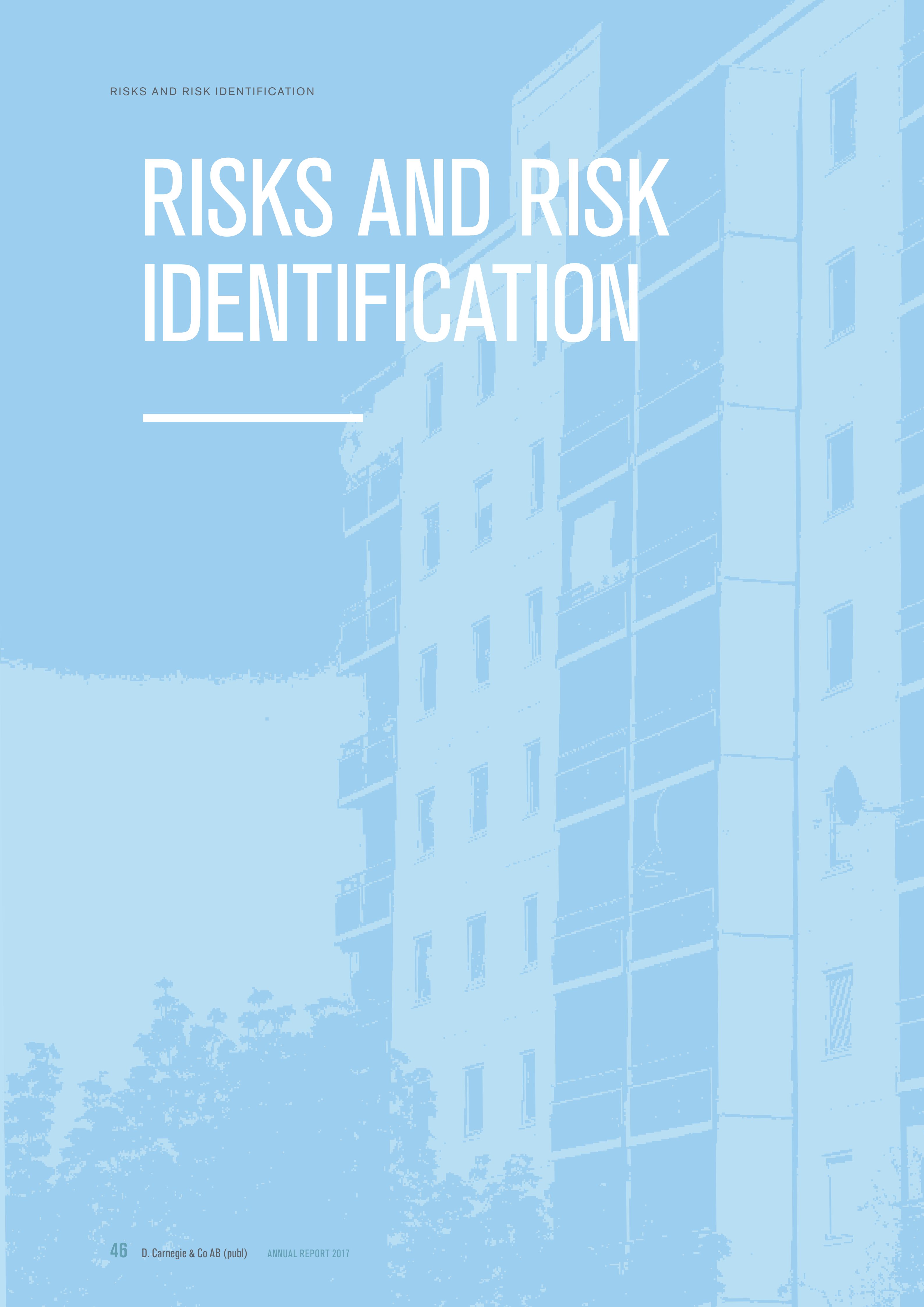
During the period, the number of votes and class B shares has changed due to the utilization of 1,473,000 warrants under the Company's warrants program issued in 2014. If all the warrants are exercised in all three of the warrants programs (2015, 2016 and 2017), the number of class B ordinary shares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

After completion of its mandatory tender offer, Vega Holdco S.à.r.l. owns 756,200 warrants from warrants program two and 600,000 warrants from warrants program three.

THE SHARE CAPITAL DEVELOPMENT

Date	Event	Change in number of class A shares	Change in number of class B shares	Totalt number A + B shares	Change in share capital	Total
Aug-17	Subscription, warrants	-	13,000	78,781,776	165,651	1,003,864,915
Maj-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	83,333,690	985,095,434
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
Juni-09	Reduction	-	-	78,477,640	-156,457,912	500,000
Juni-07	New issue	-	146,754	78,477,640	1,870,000	156,957,912

RISKS AND RISK IDENTIFICATION



RISKS AND RISK IDENTIFICATION

D. Carnegie & Co's business is associated with risks that may affect the company negatively, but also create opportunities. In order to limit the company's risk exposure, D. Carnegie and Co works actively and systematically to identify existent and potential risk areas.

Macroeconomic factors

The real estate industry is to a great degree affected by macroeconomic factors, such as the general economic trend, growth, employment, political development, rate of construction of new residential and commercial properties, changes in infrastructure, population growth and structure, inflation and interest rate levels. The economic growth affects the employment rate, which is a contributing factor for the supply and demand on the real estate rental market, and thus affects vacancy rates and rent levels.

Expectations regarding the inflation affect the interest rate and therefore affect the Company's net financial items. The interest costs for debt to credit institutions is a substantial cost item for D. Carnegie & Co and, in the long term, changes in interest rates have a significant effect on the Company's result and cash flow. Inflation also affects the Company's costs. In addition, changes in interest rates and inflation also affect the yield requirements and thus the market value of properties. Higher interest rates as well as increased costs levels could have an adverse effect on D. Carnegie & Co's business, financial position and results

D. Carnegie & Co's properties

D. Carnegie & Co's investment properties are recognised in the balance sheet to market value, and the value changes are recognised in the income statement. The Group's financial position and results are therefore exposed to changes of the value of the properties. The value of a property is affected by supply and demand on a functioning credit and transaction market. The value of D. Carnegie & Co's properties is affected by several factors, some of which are property specific, such as occupancy ratio, rent levels and operating costs, whereas others are market specific, such as yield requirements and cost of capital that are derived from comparable transactions on the property market. Thereto is the risk that properties may be inaccurately valued.

Both property specific negative changes (for example decreased occupancy and lower rent levels) as well as market specific negative changes (for example higher yield requirements and cost of capital) may lead to negative realised and unrealised changes in value of the Company's properties. This could ultimately lead to breach of contractual terms and commitments in the Company's credit agreements. If so, this may lead to more expensive borrowing or, in the worst case scenario, that the credits is terminated by the creditors concerned. If the credits are terminated that could have an adversely effect on D. Carnegie & Co's business, financial position and results.

Development of existing properties

Part of D. Carnegie & Co's business is to develop and make investments in the Company's existing properties. Developing existing properties through investments is associated with risks. The risks in project development exist in assessments of the rental market's development, and in the configuration of the product and the implementation of the project. The Company's project implementation is partly executed by internal employees and partly by external contractors, which makes the Company dependent on both a qualified workforce as well as access to external suppliers. The price for such services and materials exposes the Company to risks as other counterparty risks due to that the Company's contractors may not be able to fulfil its commitments under the agreements entered into with the Company. D. Carnegie & Co is also dependent on obtaining attributable authority permits in order to implement extensive projects. Major construction, reconstruction and renovation works could be delayed and/or become more expensive than what was initially predicted. Delays could also lead to that tenants may not be able to utilise the residential properties/facilities in whole or in part from the expected time period, which also could result in increased costs and/or loss of revenue. To the extent that the Company does not obtain compensation for such increased costs or loss of revenue, it could have an adversely effect on D. Carnegie & Co's business, financial position and results.

Financial derivative instruments

A share of D. Carnegie & Co's loans has a short-term fixed rate and thereby the Company uses interest rate derivatives, including interest rate swaps. The interest rate derivatives are recognised in the balance sheet at fair value and the changes in value are recognised in the income statement. As the market interest rate changes, this results in an over or under valuation of the interest rate derivatives, which does not affect the cash flow. The derivatives provide a hedging against increased interest rates, but also entails that the market value of D. Carnegie & Co's interest rate derivatives decreases if the market interest rates decreases, which could have an adverse effect on D. Carnegie & Co's results.

Refinancing

D. Carnegie & Co's interest-bearing liabilities as of 31 December 2017 amounted to SEK 12,433 million, of which SEK -100 million is reported as a prepaid arrangement fee. SEK 1,076 million, corresponding to 9 percent, is due for renegotiation or repayment within one year and SEK 7,906 million, corresponding to 63 percent, is due for repayment within one to five years. Properties are long-term assets that requires long-term financing with division between equity and interest-bearing liabilities. D. Carnegie & Co's ability to pay its debts, make investments and fulfil the commitments and comply with the terms and conditions set out in the credit agreements as well as its general ability to refinance their loans and meet payments in accordance with their commitments is dependent on, among other things, D. Carnegie & Co's future results. Certain aspects of D. Carnegie & Co's future results is affected by economic and financial factors, as well as competition related and other factors beyond the control of D. Carnegie & Co.

If the Company fails to obtain necessary financing, or if the Company does not have sufficient liquidity for the fulfilment of its payment obligations, it is not possibility to refinance its loan agreements, not able to pursue its acquisition and investment strategy due to liquidity shortage or can only refinance its loan agreements on terms that are unfavourable for the Company – or not at all – it may have a substantial adverse effect on D. Carnegie & Co's business, financial position and results.

Reputation and operational risks

D. Carnegie & Co is dependent on its reputation. A company's reputation is especially important in relation to new and existing tenants. Operative problems or problems with customer service and maintenance may, for example, lead to D. Carnegie & Co's reputation being damaged. If D. Carnegie & Co's reputation is damaged, this may lead to loss of revenue or lost growth opportunities, which can have an adverse effect on the Company's business, financial position and results.

Furthermore, D. Carnegie & Co is exposed to operative risks in the form of risks of deficient routines or other irregularities. There is, for example, a risk that executives make decisions that are not in line with the Group's strategies. Furthermore, employees of D. Carnegie & Co and collaborators may perform actions that are considered unethical, criminal or in other ways violate applicable laws and regulations or internal policies and policy documents of D. Carnegie & Co. The reputation of D. Carnegie & Co may be damaged and the Company may be subject to public law penalties if D. Carnegie & Co's internal control turns out to be insufficient, which may have an adverse effect on D. Carnegie & Co's business, financial position and results.

Environmental risks

Entities that have conducted operations contributing to environmental contamination are also liable for remediation under the Swedish Environmental Code (Sw. miljöbalken). In the event that the entity conducting the operations cannot perform or pay for remediation of a contaminated property, the entity that acquired the property, and at the time of the acquisition knew, or should have discovered the contamination, is liable for remediation. This means that claims for soil decontamination or after-treatment, due to existing or suspected soil, surface, water or ground water contamination in certain circumstances may be directed against D. Carnegie & Co's subsidiaries in order to set the property in such condition that is required under the Swedish Environmental Code. If any subsidiary of D. Carnegie & Co would be required to pay for an extensive soil decontamination or after-treatment, it may adversely affect the Company's business, financial position and results.

Environmental problems may be identified when renovating the Company's existing properties, such as asbestos or PCB in buildings on the properties as well as environmental risks related to construction material. The identification of such environmental problems, mainly asbestos, may complicate, delay or make the renovation work more expensive, which could adversely affect D. Carnegie & Co's business, financial position and results.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

D. Carnegie & Co creates sustainable environments where people will want to live, work and visit for a long time to come. The company's work locally contributes to the social, environmental and financial sustainable development of society at large. This constitutes D. Carnegie & Co's statutory sustainability report according to the Swedish Annual Accounts Act and covers all of the Group's subsidiaries.

SUSTAINABILITY WORK

D. Carnegie & Co divides its sustainability work into a number of focus areas in order to add distinct prioritization and better impact to our efforts:

- Financial sustainable development, ethics and entrepreneurship
- Standard-enhancement measures and social commitment: social responsibility with a focus on standard-enhancement measures and resident-social property management
- Reduced environmental impact: electricity, water and heating consumption, waste management, environmentally hazardous substances, increased energy efficiency, climate impact with CO_2 emissions and environmental improvements resulting from property renovations
- Attractive employer: work environment that enhances the development of employees

Objective

D. Carnegie & Co's sustainability targets are based on the company's overriding objective and strategies. Tangible targets within the various focus areas have been formulated and are described in the section concerned.

Stakeholders

D. Carnegie & Co has many roles to play in which it wants to be a trusting party; for example, as a landlord, employer, community actor and regional developer. To be successful long-term and to achieve our targets, we first need to understand what these stakeholders expect of us. Accordingly, we attach considerable importance to listening to our stakeholders' expectations and needs. In addition to daily contact with, among others, tenants, regular follow-ups are also performed with key stakeholders in the form of tenant surveys – Customer Satisfaction Indexes (CSI). The information from these provides us with valuable knowledge about the development areas that should be prioritised.

Governance and responsibility

- The management of D. Carnegie & Co has an overall responsibility for managing sustainability issues
- Adoption of policies in the sustainability area (environmental policy, purchasing policy, Code of Conduct and personnel policy)
- Reporting and follow-up of sustainability issues

Risks and risk management

- Sustainability risk – Sustainable development and sustainable enterprise require a long-term profit-driving business model and strategy. Risk of incorrect decisions could lead to reduced earnings and negative customer relationships. This could harm confidence and the brand. The risk is handled by D. Carnegie & Co's clear business model, where sustainability objectives constitute an important part. For a deeper description of the business model, see pages 6-7.
- Environmental risk – The environmental impact of property management and renovation. The environmental risk is managed by applying the company's environmental policy, energy efficiency, environmental investigations in connection with acquisitions, radon measurements, remediation and sampling, see further page 48.
- Risk concerning ethics and entrepreneurship – Clear guidelines and policies are adopted to ensure ethical conduct. (Anti-corruption)
- Social conditions and personnel – Risk of ill health and accidents among personnel and in the surrounding society, which may be impacted by noise and other disturbances in cities where the company is active. Risks are managed through active human resources and dialogue with the surrounding community.
- Human rights – Risks may be found in the supply chain and among other companies with which D. Carnegie & Co has business relations. There could also be a risk of discrimination among the company's own personnel. In order to handle these risks, D. Carnegie & Co works with a supplier code of conduct.

Sustainable business

D. Carnegie & Co acquires properties in areas with long-term development potential. Large-scale investments are made in upgrading and developing the portfolio by renovating apartments, shared areas and façades. Outdoor environments such as playgrounds and green spaces are also upgraded and new outdoor lighting is added to eliminate dark and insecure places. Both the surroundings and the homes become more satisfying for the individual and the entire area becomes safer/more secure.

In many areas where D. Carnegie & Co has its property portfolio, the safety/security issue is a high-priority matter. For this reason, investing in improving the areas' social prerequisites and thus contributing to positive and socially sustainable development is an important part of the business model. This is done in part by creating meaningful activities for young people living in the areas and in part through partnership projects with local organisations that work to improve the social environment in various ways. The property owner collaborations in which D. Carnegie & Co cooperates with other property owners, and with municipalities and police authorities, for the development of the entire area exemplify the company's initiatives for creating long-term sustainable areas.

Overall, D. Carnegie & Co's business model creates lasting values for individuals, society and the company by improving the residential environments in and adjacent to the property portfolio. This also generates increased property values and cash flows, which in turn enable additional investments in the development of the portfolio. For a more thorough description of the business model, see pages 6-7.

HUMAN RIGHTS AND ANTICORRUPTION

Respect for human rights

To ensure that the business is sustainable, all of the company's suppliers are obliged to comply with a Code of Conduct. A control is performed comprising a checklist of 21 points divided into three main areas: checks before procurement, information from contractors and requirements in contracting agreements. The information from the contractor includes a list of personnel, information on applicable collective agreements, copies of employment contracts (where wage conditions should be equivalent to the level prescribed by relevant collective agreements), proof of insurance, work environment policy and occupational health and safety work. Stipulations in contracting agreements ensure that the worksite is correct and that all requirements have been met. D. Carnegie & Co has also introduced guidelines governing how the company's personnel can inform about possible internal irregularities.

Ethics and anticorruption

D. Carnegie & Co's Code of Conduct and a number of policy documents with clearly defined guidelines are designed to guide the employees' behaviour in a responsible and ethical direction. The Code of Conduct is based, inter alia, on the ten principles of the UN Global Compact, including human rights and anticorruption. The company established a business ethics policy a number of years ago. This provides guidance in connection with events and encompasses generally acceptable business practices in the industry, what is regarded as bribes, authorised and unauthorised benefits and policies governing study trips, visits to trade fairs or similar offers by external contacts.

ILLICIT CONTRACTS AND BROKERAGE PROCEDURES

D. Carnegie & Co has a policy of always offering existing tenants an internal interest bank, where the tenants have preferential rights to vacant apartments throughout the entire portfolio. Should no internal tenant apply, brokerage is effected through an external digital platform.

Black-market trading in rental contracts is commonplace in Sweden, especially in the Stockholm area. D. Carnegie & Co has procedures for counteracting this type of trading. This is done by having two people from the company endorse a newly signed first-hand contract to prevent first-hand contracts from being sold to a tenant.

Focus for 2018

For 2018, there are activities planned for ensuring that employees behave responsibly and ethically, of which a number have already been implemented.

- Number of incidents involving corruption and unethical behaviour documented and measured
- During 2018, the employees will undergo anticorruption training
- Training will be implemented in the field of human rights

The outcome of these activities will be reported in coming Sustainability Reports.

EXTENSIVE SOCIAL COMMITMENT

It is of fundamental importance to the business to continuously develop the properties and the residential environment, thus leading to tenant satisfaction and security as well as a positive location identity.

- Regular Customer Satisfaction Surveys for the continuous improvement of our property management

- Social commitment with the aim of creating resident participation and a pleasant living environment

- Social activities to promote living and living environments through such measures as
  - Safety hosts who are active in our residential areas
  - Activities for children and young people, such as football and ice hockey schools
  - Neighbourhood watch

Focus for 2018

There are a number of activities planned in the area and many of these have already been implemented

- Ester – a project for helping immigrant women to start up their own businesses or for making them employable for permanent jobs

- Cooperation with the AIK football team – football schools in four different areas for children aged 9 to 14 years Night time football all year round at two different locations in the Stockholm area and two hours of coach-led spontaneous football once a week at times when no other positive activity is available. Applies to young people aged 15 to 25 years who live in our areas.

- Cooperation with the IFK Norrköping football team – various activities for tenants and their children.

- Ice hockey school for children and young people two to three times a week in the Järva area. They get to borrow the necessary equipment.

- Implement fun days for tenants together with other property companies and municipalities.

- Make premises available for leisure activities in an area where we have built and designed the premises.

- Offer summer jobs to children and young people of residents.
- Property owner associations – we initiate and participate in collaborations between different property owners to address matters such as safety and security issues.

REDUCED ENVIRONMENTAL IMPACT

Sustainable development is taken into account in the company's ownership and management of properties. The foundation for environmental work is the environmental policy adopted by the Board of Directors in 2015. D. Carnegie & Co intends to offer a sound and pleasant external and internal environment by continuously monitoring and improving environmental efforts designed to reduce the environmental impact.

The greatest environmental impact arises from the use of electricity, water and heat in the company's property portfolio, which primarily leads to emissions of carbon dioxide, nitric oxide and sulphur dioxide, of which carbon dioxide is a greenhouse gas that contributes to global warming. Waste from our tenants also has a major environmental impact, with only a part recycled while most is sent for combustion. The choice of materials used in renovation and upgrades is an important part of our environmental impact and contributes to high consumption of resources.

By actively choosing renewable types of energy and continuously increasing energy efficiency, we ensure that emissions of greenhouse gases from the property portfolio are reduced. We also ensure that hazardous chemicals are not built into the properties by choosing to the maximum extent possible eco-labelled products and making sure that a large part of the products are building product declared. When procuring contractors, environmental aspects are included as a feature of the assessment criteria. In most of our areas, we offer our tenants sorting at source and the opportunity to deposit bulky waste.

Electricity and heat consumption

Properties account for 40 per cent of the total energy requirement in Sweden. Reducing the use of energy in the properties is therefore a high-priority area. D. Carnegie & Co's property portfolio predominantly comprises buildings that were erected in the 1960s and 1970s. The buildings were constructed before the major oil crisis of 1973, which means they are usually very poorly insulated, which results in considerable losses of heat. D. Carnegie & Co has an over-riding energy target of reducing the properties' environmental impact by continuously increasing the energy efficiency of its operations. Over a five-year period, the objective is to reduce the consumption of the energy used for heating our properties by 30 per cent (2016–2021). To the extent possible, this target is to be achieved by recycling energy from ventilation air, using environmentally compatible and renewable energy and in other ways enhancing the efficiency of energy consumption. All electricity for properties is currently procured from Svensk Naturenergi and comprises renewable electricity from wind power. Measures implemented in 2017 to increase the property portfolio's energy efficiency included the following:

- Supplementary insulation of façades and attics and replacing windows. The use of supplementary insulation can save up to 8 per cent of the property's heat consumption and replacing windows can save up to 18 per cent. In 2017, about 700 apartments underwent façade renovations and window replacements.

- Upgrades of ventilation systems to, for example, intake and exhaust air systems with heat recovery in properties that have intake and exhaust air. During 2017, FTX systems were installed in 1,200 apartments. FTX systems can save up to 90 per cent of heat consumption for ventilation.

- Replacement of belt-driven fans to directly driven models with outdoor compensated pressure control, which provides a reduction of up to 60 per cent in electricity consumption for operating the fan belt. In 2017, about 140 fans were replaced, which is estimated to generate energy savings of 1,000 MWh.

- Adjustment of radiator systems for optimised heat supply to the apartments.

- Optimisation of property operation by such means as forecast-controlled heating. Our properties are now predominantly forecast-controlled (approx. 90 per cent). By forward planning the heat in our properties, we can cut peaks and troughs in the heat curve. This not only yields energy savings but also results in a more uniform indoor climate for the tenants. Forecast-controlled heating can save up to 5–10 per cent of energy consumption in the property.

- Ground source heating was installed in 1,903 apartments/104,361 sqm during 2017. In the Stockholm suburb Jordbro, Sweden's largest ground source heating facility was installed with a total heat pump output of 2.3 MW. The estimated energy saving compared with today's district heating is about 65 per cent. Ground source heating is nature's own energy; it is stored in bedrock, which provides reduced climate impact in the form of reduced emissions of carbon dioxide, sulphur, nitric oxide and dust compared with district heating.

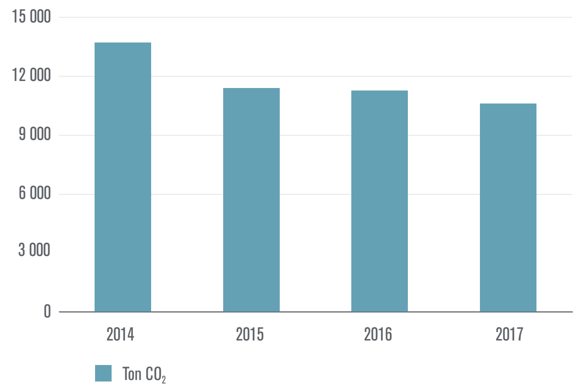
- Replacement of lifts to more energy-efficient lifts.

- Replacement of lighting to time-controlled LED lightbulbs is an ongoing improvement effort that has already been implemented in large parts of the portfolio.

Key performance data for energy consumption (electricity and district heating), carbon emissions from district heating and transport, as well as water consumption is presented in the table below.

In total, energy consumption for heating declined by 12 per cent between January 2015 and December 2017. The reduction in electricity consumption was 3.7 per cent during the corresponding period. Carbon emissions from district heating have declined by 6.9 per cent since 2015, by a total of about 790 tonnes (LFL portfolio). CO_2 emissions from the consumption of district heating during 2014–2017 is reported in the diagram below.

TONNES CO_2 FROM DISTRICT HEATING CONSUMPTION



Consumed quantity of CO_2 from district heating in a LFL portfolio from 2014 to 2017 (normal-year adjusted data). CO_2 levels have been collected from the district heating plants' reported environmental figures, which correspond to the entire environmental impact of the fuel, incl. transport. (Because the 2017 CO_2 data from district heating has not yet been established, data from 2017 is based on emission levels from 2016)

Use of energy and water	2017	2016	2015
Use of electricity (MWh) LFL*	33,300	34,300	34,570
Use of electricity (MWh) total	37,870	38,460	37,200
Use of energy for heating LFL (MWh)	169,240	174,440	186,120
Use of energy for heating, total (MWh) **	201,620	215,430	216,250
Use of energy for heating (kWh/m^2 floor area)	137	149	158
CO_2 emissions from district heating, tonnes**	10 ,620	11,260	11,400
Water consumption (m^3) LFL	2,542,500	2,585,100	2,606,140
Water consumption (m^3/m2 floor area)	2.1	2.1	2.2

* LFL (like for like) is the portion that has been included in the portfolio for the past three years, as well as the portion for which we have historical data from 2015.
**The figures are normal-year adjusted to be able to obtain comparable data from previous years.

The reduction in carbon emissions from heating is due to a decrease in our consumption of district heating and also to the district heating plants' environmental improvement efforts.

Water consumption has been cut by 2.4 per cent since 2015. This corresponds to about 425,000 filled bathtubs.

CO_2 emissions from the company's own transport during 2017. The compilation is done for the 105 company or service cars existing in the Group.

CO_2 emissions from own transport	154 tonnes
Average CO_2/10 km	2 kg

Water use

A reduction in water consumption is one of our environmental targets and to achieve this we are providing information to our tenants, installing water meters in individual apartments and switching to more water-efficient fittings. We have seen that our projects involving individual measurement in apartments have resulted in an up to 30 per cent reduction in water consumption. During 2017, for example, we installed water meters in 1,800 individual apartments in Eskilstuna and Uppsala. We install individual water meters in all newly renovated apartments, whereby they are now installed in about 10 per cent of our portfolio.
Consumption of water in 2017 totalled 2.5 million cubic metres, corresponding to 2.1 cubic metres per sqm. This is a decrease of 1.7 per cent since 2016.

Waste management

Because waste from our properties has a serious environmental impact, it is a high-priority feature of our environmental work. D. Carnegie & Co focuses a great deal on keeping its areas clean and tidy and, in certain areas, people have been employed solely for this purpose. Most of the properties have recycling buildings for refuse sorting and containers for household waste and for managing bulky waste. The recycling buildings and recycling rooms are placed in such a manner that refuse collection trucks do not need to drive into the areas. We also have an objective that there must be sufficient recycling buildings to make it easy for our tenants to easily sort their waste. An automated vacuum waste collection facility has been installed in one of the company's properties. The vacuum waste collection facility consists of a nearly three-kilometre pipeline system that is connected to a number of properties and vacuums up waste into a collection centre outside the area.

Although no follow-up has been performed to date of the amount of waste from each region, we will be working on follow-ups of statistics from waste collection facilities in 2018. A summary of costs for waste from our areas reveals a rise of SEK 5 million during the period 2015–2017 for a like-for-like portfolio. In total, we have spent SEK 34 million on waste management for a like-for-like portfolio. The figures only include collection and depositing and not the internal costs (increased percentage of employees) or bulky waste. The total cost and the increased cost of waste management is significantly higher.

Materials and environmentally hazardous substances

A number of our properties were built in the 1960s and 1970s, which means that they have built-in materials that are currently classified as environmentally hazardous, such as asbestos and PCB. In respect of PCB, our entire portfolio has been audited and a large part of this has been remediated. In a number of areas, dispensation has been received to perform remediation in connection with façade renovation.

Asbestos is a material that does not become harmful until it is handled and the material is demolished, which means that in connection with apartment renovations, for example, tests are always made and risks assessed before demolition commences. Demolition and remediation of asbestos is always done on the basis of prevailing legal requirements and using certified remediation contractors. In total during 2017, 70 tonnes of hazardous waste in the form of asbestos was remediated in connection with our apartment renovations.

When conducting renovations, active choices of materials are done on the basis of the given budget, whereby eco-labelled products are chosen to the extent possible. In our numerous apartment renovations, materials such as plastic flooring, which can often contain hazardous chemicals, are replaced with flooring made of natural materials (parquet and tiles). Procurements of construction contracts always include choices of materials on the basis of building product assessments.

Levels of radon gas are elevated in a number of our properties. Because levels of radon gas are elevated in a number of our properties, D. Carnegie & Co works actively on measures and follow-up measurements to ensure that levels are under the limit of 200 Bq.

Environmental Risks

There are environmentally hazardous substances in our properties, primarily in the form of asbestos and PCB. There is also a risk that radon gas in the properties since a part of the portfolio consists of blue concrete. Former operations conducted in our properties could have contributed to pollution of land and water, which could be the property owner's responsibility, unless the particular operation still exists.

Today too, there are a number of chemicals in products that may prove in the future to be harmful to people or the environment. Other environmentally related risks include an increased risk of flooding due to an increase in extreme weather conditions caused by global warming. There is also a risk of increased taxes and costs related to energy.

To manage these risks, D. Carnegie works actively on radon measurements and on measures to limit radon in our portfolio. PCB has been remediated in all of our properties with the exception of a number of dispensations, which will be remediated in connection with future façade renovations. In connection with our renovations, continuous tests are taken to detect asbestos and any necessary remediation is performed by approved suppliers before our construction contractors enter the property for renovation work. In connection with the acquisition of properties, a risk assessment in respect of environmental issues is always conducted. These focus on detecting the existence of hazardous substances and possible land pollution.

To counter the risk of a future rise in energy costs, we continuously conduct energy savings measures in our portfolio.

Focus for 2018

D. Carnegie & Co will set new sub-targets for 2018 in order to achieve a total energy reduction of 30 per cent over a five-year period.

During 2018, D. Carnegie & Co will take initiatives including one involving renewable electricity in the form of installation solar energy in a number of properties. We will continue to install ground source heating in our portfolio and improve the buildings' climate shell. In a number of our areas, we have received grants from the Swedish Board of Housing Building and Planning to improve outdoor environments. The focus when improving outdoor environments will be to stimulate activity and social interaction. We will continue to work to reduce the proportion of waste from our tenants that is not sorted through a number of planned actions, including increased information to the tenants and collaborations in local associations. We will also work to improve the environmental demands made in connection with purchases.

ATTRACTIVE EMPLOYER

In recent years, D. Carnegie & Co has grown through a number of acquisitions. The number of employees has increased both by taking over personnel and through recruitment to various positions. During 2017, we recruited 16 new employees. With a growing organisation, the need for coordination increases and higher requirements are placed on communication and leadership. It is important to attract and retain skilled staff.

Organisation

D. Carnegie & Co has an organisation that is structured to satisfy the need to develop and renovate the company's slightly more than 18,000 apartments. The company's comprehensive property management organisation is regarded as strategically important for guaranteeing a favourable living environment. Having employees with a local presence is also important, which is why the company employs young people who, during the summer holiday, work in the areas where they live themselves. Such personal involvement leads to continuous development of the living environment and simultaneously has favourable side effects.

Management and governance

The company's personnel policy was adopted by management and describes how the company wants to utilise the employees' skills and knowledge to realise the company's vision and goals, while offering development of the employees. The policy clarifies that all employees are to have the same opportunities to develop their competencies.

The Board has adopted ethical guidelines for the company's conduct and they summarise our approach as a business partner, employer and community actor. The Code of Conduct is based on our fundamental values, high ethics, holistic approach and humanistic basic outlook. The company's systematic work to develop the work environment and minimise potential associated risks has been assigned a stronger focus during 2017–2018. A policy and a plan featuring active measures to ensure everyone's equal opportunities and rights were implemented in 2017 and will be finalised during 2018.

Culture and expertise

The corporate culture at D. Carnegie & Co is characterised by commitment, openness and development. These core values describe our way of being, what is important to us, what we want to stand for, how we are and, not least, how we relate to our customers, employees, business partners and the business community.

Each employee is to be given opportunities on the basis of his/her ability to optimally develop his/her work and in his/her personality for the success of the organisation and the individual. This is also the starting point when we consider the concepts of equality, diversity and equal treatment, which for us mean that all people are to have the same value and be treated with respect and dignity regardless of gender, transgender identity or expression, ethnicity, religious or other beliefs, physical impairments, sexual orientation or age.

All employees have an obligation to contribute to what is in all respects an equal and tolerant worksite, although our managers and supervisors have a special responsibility for this.

D. Carnegie & Co attracts and retains skilled staff through:

- Market-aligned terms of employment:
- Skills development
- A good work environment
- Options programme and other incentive plans to motivate and reward employees
- Personal development and competency boost

D. Carnegie & Co measures a so called employee satisfaction index on an annual basis. The measurement gives a result for a number of selected questions and improvement areas.

Work environment

The systematic occupational health and safety work is described in the work environment policy and SAM guidelines. Work aimed at continuously developing and improving the work environment is always under way. During 2017 and 2018, the focus is on analysing and assessing risks throughout our work environment and introducing measures to eliminate/minimise them. An equal treatment plan with active measures has been implemented and will be finalised by 30 June 2018. Active measures to stifle all forms of victimisation or harassment are being implemented in all parts of the organisation. The annual salary assessment has been implemented and active measures have also been summarised there.

POLICY CONCERNING AVAILABILITY DURING HOLIDAYS AND WEEKENDS

It is important that our customers are able to contact us and our representatives at all times. It is also important that our employees have a healthy balance between work and leisure. We have therefore entered into agreements with on-call companies for dealing with acute matters at weekends and during longer holiday periods. This, in combination with meticulous planning of holidays/time off for employees, enables us to satisfactorily meet the tenants' need to contact us and our employees' right to have time off.

CAREER DEVELOPMENT DISCUSSIONS

Thorough and straightforward guidelines concerning career development discussions are established in the organisation. In 2017, an employee portal was introduced through which employees and managers can simply and straightforwardly set targets and make assessments in order to continuously monitor the development of employees.

FOLLOW-UP CONCERNING ACCIDENTS AT THE WORKPLACE

All close calls and injuries that occur within the organisation are reported to the Swedish Social Insurance Agency and the Swedish Work Environment Authority as well as to AFA Försäkring. The company has been spared from serious accidents for many years. We are in the process of additionally clarifying procedures for reporting work-related injuries and close calls and will henceforth continuously follow up and implement measures to prevent repeat occurrence and to stop them occurring.

DIVERSITY AND EQUAL OPPORTUNITIES

The diversity of the tenants is an asset and for D. Carnegie & Co it goes without saying that this should be reflected in the organisation. We encourage diversity and take a clear stance against discrimination. Our policy and our guidelines against victimisation or harassment are easily accessible via our Personnel Handbook. We arrange workshops in the organisation to establish rules of play and internal Codes of Conduct at all offices. In our recruitment projects, we strive for diversity in all respects. The company is proud that more than 25 per cent of the employees were born outside Sweden and that more than 15 languages are spoken within the organisation. The company's ambition is to have an even gender distribution. At year-end, D. Carnegie & Co had 245 employees (192), of whom 38 per cent (35) were women. The proportion of female managers is 31 per cent. The proportion of women in company management, which comprises nine members, was 33 per cent (22). The proportion of women on the company's Board of Directors was 29 per cent (20).

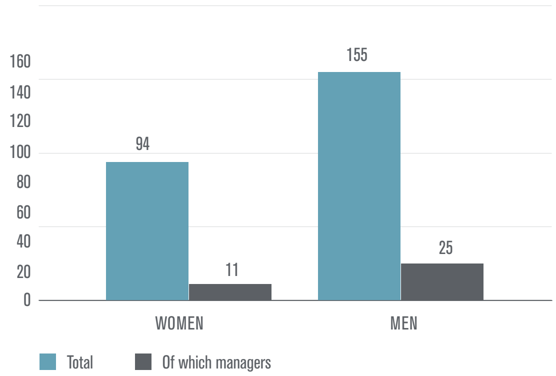
Focus for 2018

- We shall develop the work environment by analysing, eliminating/minimising risks and formulating clear-cut action plans aimed at getting our employees involved in a more pronounced manner.
- We shall develop our employees' skills by means of distinct targets and development plans for each individual.
- We aim for low sickness absence and by taking various actions, including training programmes, we intend to remain at a level of less than 3 per cent.
- By means of detailed analysis of the organisation and by determining the duties that carry the greatest risks for work-related injuries, we shall continue to keep work-related injuries and close calls at a low level. Collaboration with employees to achieve this is paramount.

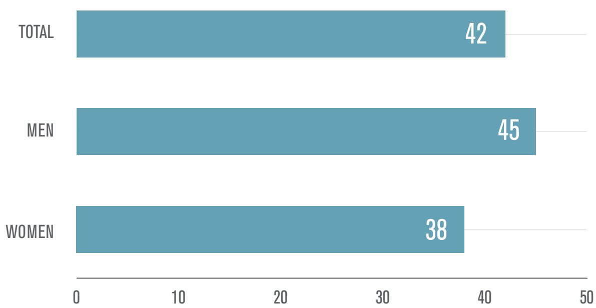
KEY FIGURES PERSONNEL

	Total	Women	%	Men	%
Total employees	249	94	38	155	62
- of which part-time employed	15	6	40	9	60
Management	36	11	31	25	69
Workers	81	5	6	76	94
Officials	168	89	53	79	47

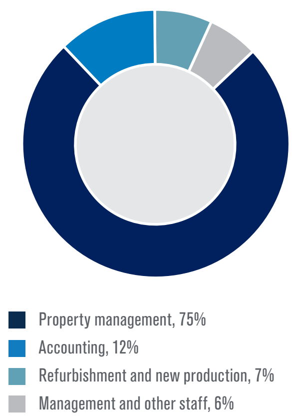
NUMBER OF EMPLOYEES



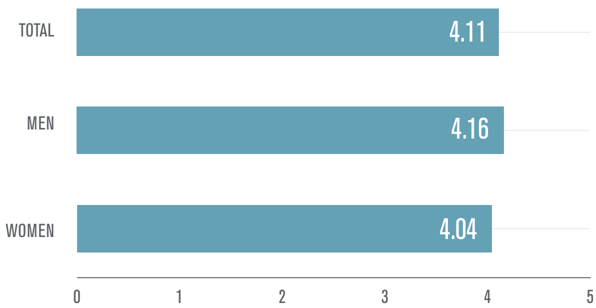
AVERAGE AGE



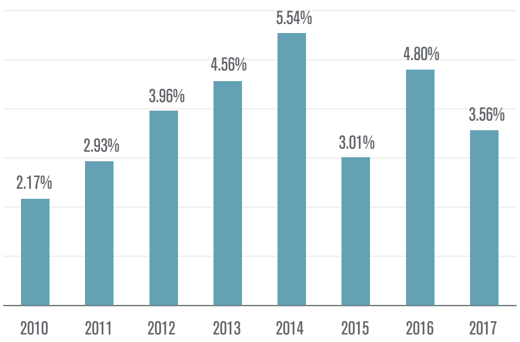
DISTRIBUTION OF ASSIGNMENTS



AVERAGE TIME OF EMPLOYMENT



LEAVE OF ABSENCE PERCENTAGE (TOTAL)



2016 AND 2017 EMPLOYEE SATISFACTION INDEX

(THIS IS THE TRANSLATION OF THE AUDITOR'S REPORT IN SWEDISH)

The auditor's report on the statutory sustainability report To the general meeting of D. Carnegie & Co (publ), corporate, identity number 556498-9449.

Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report 2017 on pages 51-59 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR´s auditing standard RevR 12 The auditor´s report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A statutory sustainability report has been prepared.

Stockholm 13 April 2018
Ernst & Young AB

Mikael Ikonen *Authorized Public Accountant*	Ingemar Rindstig *Authorized Public Accountant*

CORPORATE GOVERNANCE

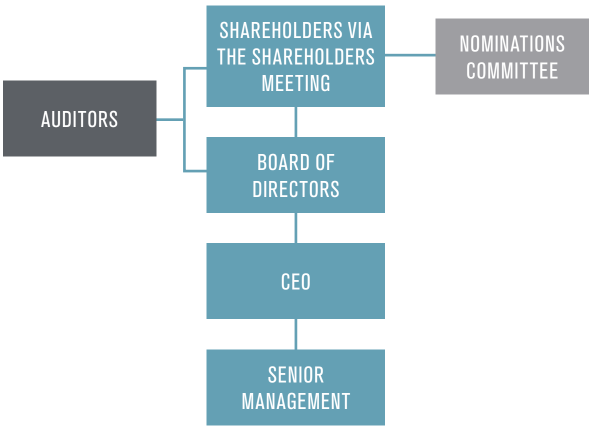
CORPORATE GOVERNANCE REPORT

Corporate governance is an important instrument in the work carried out to create long-term value for the shareholders. With a clear and transparent framework for the allocation of responsibilities, reporting, and follow-up, D. Carnegie & Co. AB (publ) (the "Company") focuses on the most important matters and thus limits the risks in the operations. The corporate governance report reports how the Company was managed in 2017.

Corporate governance at D. Carnegie & Co (publ)

Corporate governance at the Company is long-term and describes the decision-making system with which the owners, directly or indirectly, manage the Company and handle its risks. The Company has corporate governance routines which fulfil the requirements imposed by, among other provisions, the Swedish Companies Act, the Annual Accounts Act, the Swedish Corporate Governance Code (the Code) and Nasdaq Stockholm's rules for issuers. The Company applies the corporate governance principles adopted by the annual general meeting and which are set forth in the Articles of Association and in the instructions for the nominations committee. These documents are available on the Company's website. In addition to these, a series of instructions adopted by the Board of Directors for corporate governance are applied, including the rules of procedure for the board, the instructions for the CEO, instructions for financial reporting to the Board of Directors, financial and communications policies, Code of Conduct, Business Ethics Policy, Environmental Policy etc. The Company's values regarding accessibility and commitment characterize the work approach of the employees as well as the governance, management and supervision of the Company.

OVERALL STRUCTURE FOR CORPORATE GOVERNANCE AT D. CARNEGIE & CO AB



Application of the Code

Corporate governance has been developed through legislation, recommendations, the Code, and through self-regulation. The Code is applicable to all Swedish companies whose shares are listed for trading on a regulated market. In accordance with the Code's principle of "comply or explain", the Company reports any deviations from the Code and explains such deviations in the annual corporate governance report. The Swedish Corporate Governance Code is administered by the Swedish Corporate Governance Board and is available at www.bolagsstyrning.se where a description is also provided of the Swedish model for corporate governance. The Company complies with the Code, the purpose of which is to create sound conditions for exercising an active and responsible ownership role. The Company did not deviate from any provision of the Code in the 2017 operating year.

Shareholders and shares

According to D. Carnegie & Co's articles of association, the share capital shall be not less than SEK 550m and not more than SEK 2,200m, divided into not less than 43,163,154 shares and not more than 172,652,616 shares. There are two series of shares in the Company, A-shares (of which entitles the holder to five (5) votes in the Company) and B-shares (which entitles the holder to one (1) vote). Shares of each series can be issued to a number corresponding to the share capital. As of 31 December 2017, the Company's registered share capital was SEK 1,003,864,914.73, represented by 78,781,776 shares, whereby 5,369,866 A-shares and 73,411,910 B-shares (77,308,776 shares, of which 5,369,866 A-shares and 71,938,910 B-shares, as of the 1 January 2017), each with a quota value of SEK 12.74. The shares in D. Carnegie & Co have been issued in accordance with Swedish law, are fully paid and denominated in SEK. The rights attached to the shares may only be changed in accordance with the procedures set out in the Swedish Companies Act (Sw: aktiebolagslagen (2005:551)).

Since May 12, 2015, D. Carnegie & Co has been listed on the Nasdaq MidCap List. Prior to this, the shares had been traded since April 9, 2014 on Nasdaq OMX First North. There were 7,794 shareholders at year-end. The Company has one shareholder, Vega Holdco S.à r.l. [1] which has shareholdings in excess of 10 percent of the share capital. The 10 largest shareholders represented together 77 percent of the total share capital at the end of the year. More information regarding shares in the Company and a list of the largest shareholders is provided on the Company's website.

Annual general meeting

The influence of the shareholders in the Company is exercised through the annual general meeting which is the Company's highest decision-making body and which must be held within six months of the close of the financial year. The annual general meeting addresses issues set forth in the Company's Articles of Association and the Swedish Companies Act. Notice to attend general meetings of the shareholders are given pursuant to the Company's Articles of Association. The shareholders' meeting takes decisions in accordance with the majority requirements set forth in the Swedish Companies Act.

The most recent annual general meeting was held on 10 May 2017 where 80 shareholders were represented at the shareholders' meeting and they represented 74.8 percent of the votes. The annual general meeting approved the annual accounts for 2016 and granted the Board of Directors and CEO a release from liability for their management of the Company in 2016. Among other things, the following resolutions were adopted at the annual general meeting held on 10 May 2017:

- Resolution regarding disposition of the Company's earnings according to the adopted balance sheet – that the Company's earnings would be carried forward and that no dividend would be paid.
- Determination of the fees for the directors and auditors
- Re-election of directors James Seppala and Svein Erik Lilleland. James Seppala was re-elected as chairman of the Board. Further, Rolf Buch, Jean-Christophe Dubois, Fredrik Brodin, Karolina Keyzer and Melissa Pianko were elected as new board members.
- Re-election of authorized public accountants Ingemar Rindstig and Mikael Ikonen, both at EY.
- Resolution regarding the nominations committee.
- Approval of guidelines for compensation to senior management.
- Resolution regarding long-term incentive program.
- Resolution regarding authorization for the board of directors to resolve to issue new shares
- Resolution regarding authorization for the board of directors to resolve to repurchase and transfer own shares

Minutes and other documents from the annual general meeting held on 10 May 2017 are available on the Company's website.

Nominations committee

The nominations committee submits proposals for the election of a chairperson of the annual general meeting, the Board of Directors and its chairperson, and fees and other compensation for the directors. The nominations committee also submits proposals for the election of auditors and fees for the auditors. In its work, the nominations committee is charged with protecting the interests of all of the shareholders.

It was resolved at the annual general meeting held on 10 May 2017 that the nominations committee serving until the 2018 annual general meeting shall consist of representatives of the Company's three largest shareholders in terms of votes on 30 September 2017. The nominations committee consists of the following: James Seppala, chairman of the Board of Directors and representing Vega HoldCo S.à.r.l., Johannes Wingborg, (chairman of the nomination committee) representing Länsförsäkringar Fondförvaltning AB and Carl Gustafsson, representing Didner & Gerge Fonder AB. Shareholders who wish to submit proposals to the nominations committee may do so on the Company's website. The proposals of the nominations committee, as well as a statement explaining the reasons for the proposals, are published on the Company's website not later than the time of the issuance of notice to attend the annual general meeting

The nominations committee thoroughly considers any requirements for expertise, experience and background which may be imposed on the Board of Directors as well as the requirements and criteria set forth in the new rules and guidelines. The nominations committee considers the composition of the Board of Directors and its size based upon the expectations which may be imposed on the Board of Directors of D. Carnegie & Co regarding, for example, industry experience, expertise, knowledge, and time available. In addition, the nominations committee considers gender equality and diversity perspectives based upon the belief that these are important to the composition of the Board of Directors. The nominations committee has commenced long-term work for the purpose of highlighting gender equality and diversification issues in the Board of Directors.

1 An entity wholly owned by real estate funds advised by affiliates of The Blackstone Group L.P.

The Board of Directors

The choice of the directors serving on the Board of Directors is made in order to actively and efficiently be able to support management in its development of the Company. In addition, the Board of Directors is charged with monitoring and supervising the business operations. Expertise and experience from, among other things, the property industry, financing, business development and capital market issues is therefore of particular importance to the Board of Directors.

According to D. Carnegie & Co's articles of association, the board of directors shall comprise of three to seven members elected by the general meeting. D. Carnegie & Co's Board of Directors currently comprises seven members elected by the general meeting (elected by the annual general meeting in 2017 for a term of office extending until the close of the annual general meeting in 2018). In addition to the provisions of the Companies Act, D. Carnegie & Co's articles of association do not contain any special provisions regarding the appointment or resignation of board members or the amendment of the articles of association. The composition of the Board of Directors fulfils the requirements of the Code and the table below sets forth the directors, when they were first elected to the Board of Directors, and whether they are independent of the Company and/or major shareholders.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors is the Company's highest decision-making body after the general meeting of the shareholders. According to the Swedish Companies Act, the Board of Directors is responsible for the management and organization of the Company, entailing that the Board of Directors is responsible, among other things, for establishing targets and strategies, ensuring routines and systems for the evaluation of established targets, regularly evaluating the Company's earnings and financial position, and evaluating the operative management. The Board of Directors is also responsible for ensuring that the annual report and interim reports are prepared in a timely fashion. In addition, the Board of Directors appoints the Company's CEO.

According to the Code, the chairman of the Board of Directors is elected by the annual general meeting and has particular responsibility for leading the Board of Directors' work and for ensuring that the Board of Directors' work is well-organized and performed efficiently.

The Board of Directors follows written rules of procedure which are revised on an annual basis and adopted at the first meeting of the Board of Directors each year. The rules of procedure govern, among other things, the Board of Directors' practices, functions and allocation of work between the directors and the CEO. At the initial meeting of the Board of Directors, the board also adopts instructions for the CEO including financial reporting
During the year, the board evaluated, based on a systematic and structured procedure, the work of the Board of Directors for the purpose of developing the board's work methods and efficiency. The results of the evaluation were reported to the nominations committee. In addition, the Board of Directors regularly evaluated the work carried out by the CEO.

The Board of Directors convenes according to a schedule adopted annually. In addition to these board meetings, additional board meetings may be convened in order to address issues which cannot be referred to an ordinary meeting of the board. In addition to the meetings of the directors, the chairman of the Board of Directors and the CEO engage in a regular dialogue regarding the management of the Company. The Company has resolved not to have an audit committee or a remuneration committee. Instead, auditing, accounting, and compensation questions will be addressed by the Board of Directors.

THE BOARD OF DIRECTOR'S COMPOSITION FROM 10 MAY 2017

Name	Assignment	Elected	Independence	Shareholding[1]	Holding of warrants[1]
James Seppala	Chairman	2016	No[2]		
Fredrik Brodin	Member	2017	Yes	250,000 B-shares	
Rolf Buch	Member	2017	Yes		
Jean-Christophe Dubois	Member	2017	No[2]		
Karolina Keyzer	Member	2017	Yes		
Svein Erik Lilleland	Member, CEO	2016	No[3]		210,000
Melissa Pianko	Member	2017	No[2]		

1) Own holdings and holdings of related persons and affiliated companies as of 31 December 2017 (and known changes thereafter).

2) Not independent in relation to major shareholders of the Company.

3) Not independent in relation to the Company and Group Management.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for ensuring that the Company complies with the Swedish Companies Act, the rules applicable to stock market companies, including the Code and other regulations and legislation, the Articles of Association and the internal governance instruments. The Board of Directors decides issues regarding strategies and targets, internal governance instruments, major purchases and sales of properties, other major investments, and financing. The Board of Directors is responsible for regularly following up the business operations and ensuring that guidelines and organization and management are appropriate and that the internal controls are sound. The Board of Directors is also responsible for evaluating the operative management and plans for replenishment of management.

The Board of Directors endeavours to ensure a high and even level of quality in the financial reporting. This takes place, among other things, through instructions for the financial reporting given to the Board of Directors, through the communications policy, and through consideration of any observations, recommendations or proposals by the management group and the organization. The annual report and all interim reports are addressed and approved by the Board of Directors. The Board of Directors has delegated to Company management the task of ensuring the quality of the financial presentations and press releases.

THE RESPONSIBILITY OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The chairman of the Board of Directors leads the work conducted by the board and is responsible for ensuring that resolutions adopted by the Board of Directors are implemented. The chairman also represents the Company in owner-related issues. The chairman engages in a regular dialogue with the CEO and is responsible for ensuring that the other directors receive any information and documentation necessary in order to be able to take well-founded decisions.

THE WORK OF THE BOARD IN 2017

The Board of Directors met 21 times in 2017. The matters addressed by the Board of Directors included the Company's strategy, targets, business plan, market, purchase and sale of properties, investments in existing properties, taking of loans and other financing issues, and adopting sales mandates and principles for variable compensation. The Company's CEO (also a member of the board), CFO, Head of Legal, who is also the secretary of the Board of Directors, were also present at the meetings of the Board of Directors.

COMPENSATION TO THE BOARD

Fees are payable to the Board of Directors according to a resolution adopted at the annual general meeting. The table set forth below shows the fees which the directors elected at 2017 annual general meeting will receive for the period of time until the 2018 annual general meeting.

These people make up the Company's management group. The management group meets regularly (currently weekly). The members of the management group are responsible for their respective areas within the Company and work with the CEO to prepare reports for the board. The CEO takes decisions on operating activities that fall within the scope of the instructions for the CEO, after consultation with the business management team.

COMPENSATION TO THE BOARD

Name	Assignment	Board fee, SEK
James Seppala	Chairman	-
Fredrik Brodin	Member	219,033
Rolf Buch	Member	166,667
Jean-Christophe Dubois	Member	-
Mats Höglund*)	Member	117,831
Karolina Keyzer	Member	219,033
Svein Erik Lilleland	Member, CEO	233,334
Melissa Pianko	Member	-
Knut Pousette*)	Member	66,667
Eva Redhe*)	Member	142,931
Total		**1,165,496**

*) Left the board at the annual general meeting 10 May 2017.

GROUP MANAGEMENT/BUSINESS MANAGEMENT

Name	Assignment	Employed since	Shareholding1)	Holding of warrants1)
Svein Erik Lilleland	CEO	2017		210,000
Jonas Andersson	Chief Investment Officer (CIO) & Head of Financing	2015		252,000
Jenny Wärmé	Head of legal	2014		126,000
Tommy Jansson	Head of Property Management	2015	3,000 B-shares	352,000
Marie Persson	Responsible for HR related matters for the Group	2014		84,000
Ida Ringdahl	Head of Business Development	2017	200 B-shares	252,000
Björn Sundberg	Head of Communications	2015		84,000
Per-Axel Sundström	CFO	2014	150,000 B-shares	252,000
Christian Tapper	Head of Property Development & Refurbishment process	2016		210,000

1) Own holdings and holdings of related persons and affiliated companies as of 31 December 2017 (and known changes thereafter).

CHIEF EXECUTIVE OFFICER

The CEO reports to the Board of Directors and is responsible for the Company's day-to-day management and operations. The allocation of work between the Board of Directors and the CEO is stated in the rules of procedure for the Board of Directors and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from management prior to meetings of the board and presents the materials at the board meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting at the Company and must therefore ensure that the Board of Directors receives sufficient information in order to be able to regularly evaluate the Company's financial position.

The CEO is charged with continuously keeping the board informed of developments in the Company, the sales, the Company's earnings and financial position, liquidity and credit situation, important events and other events, circumstances, or conditions which can be assumed to be of material significance to the Company's shareholders. Svein Erik Lilleland has been the CEO of the Company since September 2017 and replaced the former CEO Ulf Nilsson.

REMUNERATION TO SENIOR MANAGEMENT

Guidelines were adopted at the 2017 annual general meeting for compensation to senior management. The Company will offer the levels of compensation and employment terms and conditions as are required in order to be able to recruit and maintain management with a high level of expertise and the capacity to achieve the established targets. The forms of compensation must provide an incentive for management to do its utmost in order to protect the interests of the shareholders.

Consequently, the forms of compensation must be on market terms and simple, long-term and measurable. In addition to a fixed annual salary, it must also be possible to offer senior management variable salaries which, for the CEO, shall be based on the group's earnings per share and, for other senior management, on improvements within each person's area of responsibility with respect to earnings-per-share, sales, net operating earnings, and the rate of capital turnover, as well as the results of individual action plans. A pension right shall apply not earlier than 62 years of age. The CEO is also covered by a premium-based plan according to which the agreed allocation for premiums may not exceed 35% of the basic salary. Other senior management personnel are covered by the ITP plan, in addition to which a certain premium-based supplement may be payable. The Board of Directors shall consider each year whether or not to propose a share price-related incentive program to the shareholders meeting.

The table below shows the compensation paid to the CEO and other members of the Group Management for the financial year 2017.

The notice period between the Company and members of the Group Management is between three to twelve months. D. Carnegie & Co has not entered into any agreement with members of the Group Management regarding benefits after termination of employment.

Audit

The auditor shall audit the Company's annual report and accounts as well as the management by the Board of Directors and CEO. Following the close of each financial year, the auditor shall submit an auditors' report as well as an auditors' report for the group to the annual general meeting.

According to the Company's Articles of Association, the Company shall have not less than one and not more than two authorized public accountants. Ernst & Young

(Box 7850, SE-103 99 Stockholm, Sweden) is elected to the Company's audit firm and Ingemar Rindstig and Mikael Ikonen are the Company's auditors. Ingemar Rindstig is the Company's auditor since 16 December 2013 and Mikael Ikonen since 28 May 2014. Ingemar Rindstig and Mikael Ikonen are authorised public accountants and members of FAR, the professional institute for authorised public accountants in Sweden.

In 2017, the total compensation paid to the Company's auditors amounted to approximately SEK 3.5 million.

Internal controls and risk management

Internal controls are important in order to ensure that the adopted targets and strategies provide the desired results, that laws and rules are complied with, and that the risk for undesirable events and errors in reporting are minimized. The Company encounters risks on a daily basis which may affect its business operations and its ability to achieve established targets. In order to minimize the impact of the risks, sound internal management and controls are required.

Set forth below is a description of how the internal controls regarding the financial reporting are organized.

CONTROL ENVIRONMENT

According to the Swedish Companies Act and the Swedish Corporate Governance Code, it is ultimately the Board of Directors that is responsible for ensuring that the Company possesses good internal management and controls, with routines that ensure that the financial reporting corresponds to the established requirements.

The controls environment and controls measures ensure efficiency in the Company and constitute the basis for the internal controls. The controls environment must provide an understanding of the Company's values at the same time as it secures compliance with policies and the achievement of targets. The formal decision-making procedure is based upon the allocation of responsibility between the Board of Directors and the CEO and covers the rules of procedure and the CEO instructions. Overall policy is updated on a regular basis and adopted by the Board of Directors once a year. On an annual basis, the Board of Directors adopts a Finance Policy, IT Policy, Information Security Policy, Insider Policy, Risk Management Policy, Code of Conduct, Business Ethics Policy and Environmental Policy etc. Significant processes, beyond the financial reporting, which include among other things the accounting instructions and project and rent administration are prepared in separate documents within the scope of the Financial Handbook and are evaluated and developed on a regular basis following changes in the law, recommendations, IFRS changes, risks and routines. The documents act as support and guidance in the decision-making processes for each individual employee and cover both decision-making channels as well as the allocation of responsibility, the approach, and authority.

RISK ASSESSMENT AND CONTROL ACTIVITIES

The Company continuously and actively works with the identification, assessment and management of the risks to which the Company is exposed in its financial reporting. An assessment of the risk of error in the financial reporting is carried out on an annual basis for each line in the income statement, report of financial position, and cash flow analysis. For those items which are significant and/or entail an increased risk of error, there are processes designed to minimize this risk. The processes apply not only to the actual financial processes but also include, among other things, business management and business planning processes as well as IT systems.

The scope and assessment of the Company's risk management overall, and the financial reporting in particular, is carried out regularly by the Company's management, the Board of Directors, and the auditors. The accounts department and the property management department work sideby-side regularly carrying out follow-ups, analyses on

ERSÄTTNING TILL LEDANDE BEFATTNINGSHAVARE

SEK	Fixed salary	Variable salary	Other benefits	Pension benefits[2]	Total
Ulf Nilsson, former CEO	2,686,720	2,257,920[1]	90,696	796,050	5,831,386
Svein Erik Lilleland, CEO*)	1,322,384	201,390	-	-	1,523,774
Other members of Group Management**)	10,681,202	3,161,088[1]	184,458	2,235,520	16,262,268
Total	**14,690,306**	**5,620,398**	**275,154**	**3,031,570**	**23,617,428**

*) 6 September - 31 December 2017.

**) 9 persons during 2017.

1) One part of the variable salary consist of an onetime payment in connection with financing of purchase of subscriptions warrants referring to the of the annual general meeting 2017 decided long term incentive program.

2) The Group Management's pension plans are defined contribution plans. There are consequently no amounts set aside or accrued to provide pension, retirement or similar benefits after service to the current Group Management.

a group, subsidiary, and property level and on an income, balance sheet, and verification level in order to ensure that guidelines are complied with. A limited number of people are authorized to sign on behalf of the Company and there is an attestation procedure

The group's operations, finances, and management are audited by the Company's auditors who report observations and any comments directly to the Board of Directors. The Company's IT environment maintains a high standard with respect to security, accessibility, and efficiency. Principles for accounting, reporting, and audit comments are reviewed in conjunction with the regular audit of the annual accounts.

The Company has designed its internal controls so as to ensure that control activities are regularly carried out on an overall level, or in the alternative are of a more process-oriented nature. An example of overarching controls are regular earnings analyses based upon the operative and legal group structure and an analysis of key ratios. Formal reconciliations, attestations, and similar controls are examples of routine-oriented or process-oriented controls intended to prevent, discover and correct errors and deviations. The control activities have been designed in order to handle the material risks of the financial reporting.

INFORMATION AND COMMUNICATION

External information is handled based upon the communications policy which is adapted based upon Nasdaq Stockholm's Rules and Regulations and the Swedish Code of Corporate Governance and are communicated via press releases and the Company's website. The Company ensures that information which may have an impact on the share price is provided to the market via press releases. Press releases are provided to the market at a time when no trading is taking place. All information is provided to the market simultaneously in Swedish and English. The CEO and CFO are the designated spokespersons for financial issues.

The Company management's internal communications consist primarily of the meetings of the management group at which minutes are taken. Communications within the Company take place, among other things, through regular conferences and meetings with the persons responsible for each business unit and other managers. Relevant information, both external as well as internal, is provided on a regular basis to the relevant employees. The internal information is largely provided via the Company's intranet. The primary purpose of the intranet is to provide the employees with a structured overall impression of the business and acts as an easily accessible platform for obtaining current information and documentation.

FOLLOW-UP

The Company's Board of Directors has the overall responsibility for following up the internal controls and the financial reporting. Financial follow-up of all regions and companies as well as the Group takes place on a regular basis on the basis of the budget and forecasts according to a well-established model. The results are analysed by property managers, the property and accounts department, and the regional manager responsible for results. The reporting is provided to Company management, the Board of Directors and auditors. The internal controls are believed to be sound and appropriate for an organization the size of the Company and therefore the Board of Directors and management do not see any need for an internal audit function.

BOARD OF DIRECTORS

James Seppala

Chairman of the board

Born: 1979. Chairman of the board since 2016.

Education: Bachelor of Arts (Magna Cum Laude), Harvard College.

Other current assignments: Senior Managing Director in Blackstone's Real Estate Group and the Head of Real Estate Europe. Member of the Blackstone Real Estate Investment Committee. Board Member of Sponda and The Office Group.

Previous assignments: Board Member of Obligo Holding AS.

Shareholding in the company: The Director is considered independent of the Company and its management, but not independent in relation to major shareholders in the Company. James Seppala owns no shares in the Company.

Fredrik Brodin

Board member

Born: 1967. Member of the board since 2017.

Education: Master of Science in Engineering, Royal Institute of Technology, Stockholm.

Other current assignments: CEO of Stendörren Fastigheter AB (publ).

Previous assignments: CEO of Cartera AB, CEO of StayAt Hotel Apartments AB until 2005 and co-founder of Mengus AB during the period 2005-2007. Fredrik Brodin has had various positions in the Kvalitena group of companies during the years 2007-2014 and was also involved in developing the foundation of the company that is now known as D. Carnegie & CO.

Shareholding in the company: Fredrik Brodin owns 250 000 class B-shares in the company. The board member is considered independent in relation to the Company and its management as well as major shareholders in the Company.

Rolf Buch

Board member

Born: 1965. Member of the board since 2017.

Education: Studies of mechanical engineering and business economics.

Other current assignments: CEO of Vonovia SE, a public company that owns and manages around 333,000 residential apartments in Germany and is valued at approximately EUR 27 million.

Previous assignments: Previous part of management for Bertelsmann SE and CEO for Arvato AG. During his time at Arvato, the company grew into a global BPO service provider with more than 60,000 employees in over 40 countries and developed into the fastest growing business division of Bertelsmann SE.

Shareholding in the company: Rolf Buch owns no shares in the Company. The board member is considered independent in relation to the Company and its management as well as major shareholders in the Company.

Jean-Christophe Dubois

Board member

Born: 1968. Member of the board since 2017.

Education Engineering degree from Ecole Centrale de Marseille and Master's degree in finance from ESCP Europe.

Other current assignments: CEO of Blackstones Real Estate Group London.

Previous assignments: Various management positions at Goldman Sachs' European real estate and distressed loan management-plattform.

Shareholding in the company: Jean-Christophe Dubois owns no class B-shares in the Company. The board member is considered independent in relation to the Company and its management but not independent in relation to major shareholders in the Company.

Karolina Keyzer

Board member

Born: 1966. Member of the board since 2017.

Education: Architect degree, Royal Institute of Technology.

Other current assignments: CEO and founder of OKK+. Member of the board of Birthe and Per Arwidssons foundation, Färgfabriken and Strategiska rådet i Arkitektur at Royal Institute of Technology.

Previous assignments: Architecture firm Wingårdhs (1997-2010).

Shareholding in the company: The board member owns no class B-shares in the Company. The board member is considered independent in relation to the Company and its management as well as major shareholders in the Company.

Svein Erik Lilleland

Board member, CEO

Born: 1971. Member of the board 2016.

Education: Master in Business Administration, London Business School.

Other current assignments: Head of Corporate Finance for Obligo Investment Management. Board member of Global Skipholding 2 AS, Global Skipholding 2 AB, Global Skipholding Norden 2 AS and Subsea Chokes International AS.

Previous assignments: Managing Director at Wunderlich Securities, Vice President at Roxar ASA and CorrOcean ASA.

Shareholding in the company: The board member is considered independent of the Company and its management, but not independent in relation to major shareholders in the Company. Svein Erik Lilleland owns no shares in the Company.

Melissa Pianko

Board member

Born: 1976. Member of the board since 2017.

Education: MBA from Stanford University and BA från Columbia University.

Other current assignments: CEO of Blackstones Real Estate Group New York.

Previous assignments: Goldman Sachs and vice CEO of Gotham Organization, Inc.

Shareholding in the company: The board member owns no class B-shares in the Company. The board member is considered independent in relation to the Company and its management but not independent in relation to major shareholders in the Company.

Auditors

Mikael Ikonen

Authorized public accountants

Born: 1963 Auditor since: 2013

Other current auditor assignments: NCC, Bonava, Corem, Hemsö, Slättö Förvaltning, Amasten Holding och Specialfastigheter.

Ingemar Rindstig

Authorized public accountants

Born: 1949 Auditor since: 2013

Other current auditor assignments: Atrium Ljungberg, Corem, Einar Mattsson, Familjebostäder, Heimstaden, Högkullen, Järntorget, Kungsleden, Magnolia, Oscar Properties, SBB and Stendörren Fastigheter.


James Seppala


Fredrik Brodin

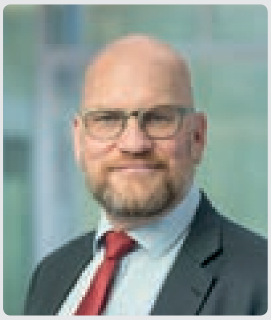

Rolf Buch


Jean-Christophe Dubois


Karolina Keyzer


Svein Erik Lilleland


Melissa Pianko


Mikael Ikonen


Ingemar Rindstig

MANAGEMENT

Svein Erik Lilleland

CEO. Responsible according to CEO instruction.

Born: 1971. Employed since 2017.

Education: Master in Business Administration, London Business School.

Other current assignments: Head of Corporate Finance for Obligo Investment Management. Board member of Global Skipholding 2 AS, Global Skipholding 2 AB, Global Skipholding Norden 2 AS and Subsea Chokes International AS.

Previous assignments: Managing Director at Wunderlich Securities, Vice President at Roxar ASA and CorrOcean ASA.

Shareholding in the company: Owns no shares in the Company.

Jonas Andersson

Chief Investment Officer (CIO) & Head of Financing. Responsible for financing, transactions, analysis and valuation.

Born: 1980. Employed since 2015.

Education: M.Sc in Engineering, industrial finance, Linköping Institute of Technology.

Previous assignments: Director Mengus – Corporate Finance Macquarie Capital and ABN AMRO – management consultant Capacent.

Shareholding in the company: Owns 0 shares in D. Carnegie & Co AB (publ).

Ida Ringdahl

Head of Business Development

Born: 1979. Employed since 2017.

Education: Building engineer, Malmö Högskola 2001

Other current assignments: CEO Cape Sweden AB, board member Cape Sweden AB.

Previous assignments: Head of exploitation Wallenstam AB. Head of co-operative building society dwelling Wallenstam AB.

Shareholding in the company: Owns 200 class B-shares in D. Carnegie & Co AB (publ).

Tommy Jansson

Head of Property Management. Responsible for managing the Group´s properties.

Born: 1968. Employed since 2015.

Education: Kvalificerad Fastighetsförvaltning, BFAB.

Other current assignments: Board member Hyresnämnden i Stockholm.

Previous assignments: Head of negotiations Wallenstam AB, Rental manager Wallenstam AB, Area manager Wallenstam AB.

Shareholding in the company: Owns 3,000 B series shares, and 100,000 warrants in D. Carnegie & Co AB (publ).

Marie Persson

Responsible for HR related matters for the Group.

Born: 1958. Employed since 2014.

Education: Business Administration degree, University of Stockholm

Other current assignments: Board member Rotary Stockholm-Kungsholmen, District Secretary of Rotary district 2350.

Previous assignments: HR Manager Graflunds, Administrative manager Markarydsbostäder Holding AB, owner and CFO Vision International A.S. (Turkey), Export Service manager, Alfa-Laval Agri AB, president Rotary Stockholm-Kungsholmen.

Shareholding in the company: Owns 0 shares in D. Carnegie & Co AB (publ).

Björn Sundberg

Head of Investor Relations and Head of Communications. Internal and external communication. Brand development. Social sustainability and Public affairs. PR and Media contacts.

Born: 1956

Education: Media and communications science, Brunnsvik FHSK.

Other current assignments: -

Previous assignments: Public affairs- and communications adviser on PR-agencies Stairway PR and Springtime PR. Communications director at various companies and organizations.

Shareholding in the company: Owns 0 shares in D. Carnegie & Co AB (publ).

Per-Axel Sundström

CFO. Responsible for accounting, financing and reporting.

Born: 1956. Employed since 2014.

Education: Business Administration degree, Uppsala University.

Other current assignments: Board member of PAX Consulting AB, KEPRI AB.

Previous assignments: CFO European Drug Testing Service, CFO International Marine Group, CFO Investment AB Karlsvik, CFO Permascand Laser (Akzo Nobel).

Shareholding in the company: Owns 150,000 Class B shares in D. Carnegie & Co AB (publ).

Christian Tapper

Head of Property Development & Refurbishment process. Responsible for development and implementation of the Renovation & Refurbishment process of the Group's properties.

Born: 1964. Employed since 2016.

Education: Gymn. educ. Peab's internal educ program Business development.

Other current assignments: Director of Tapper and Tapper AB Sports Management, Consulting.

Previous assignments: PEAB - Head of Property Estate issues, Mall of Scandinavia. ÄTA Financial Economy process , Mall of Scandinavia. Chief Coordinator Property, Mall of Scandinavia.

Shareholding in the company: Owns 0 shares in D. Carnegie & Co AB (publ).

Jenny Wärmé

Legal Counsel. Responsible for legal matters and secretary for the Board of Directors.

Born: 1978. Employed since 2014.

Education: Master of Laws, Stockholm University.

Other current assignments: Non Executive Board Member Stendörren Fastigheter.

Previous assignments: Court clerk at Norrtälje district court, lawyer at Mannheimer Swartling Advokatbyrå.

Shareholding in the company: Owns 0 shares in D. Carnegie & Co AB (publ).


Svein Erik Lilleland


Jonas Andersson


Ida Ringdahl


Tommy Jansson

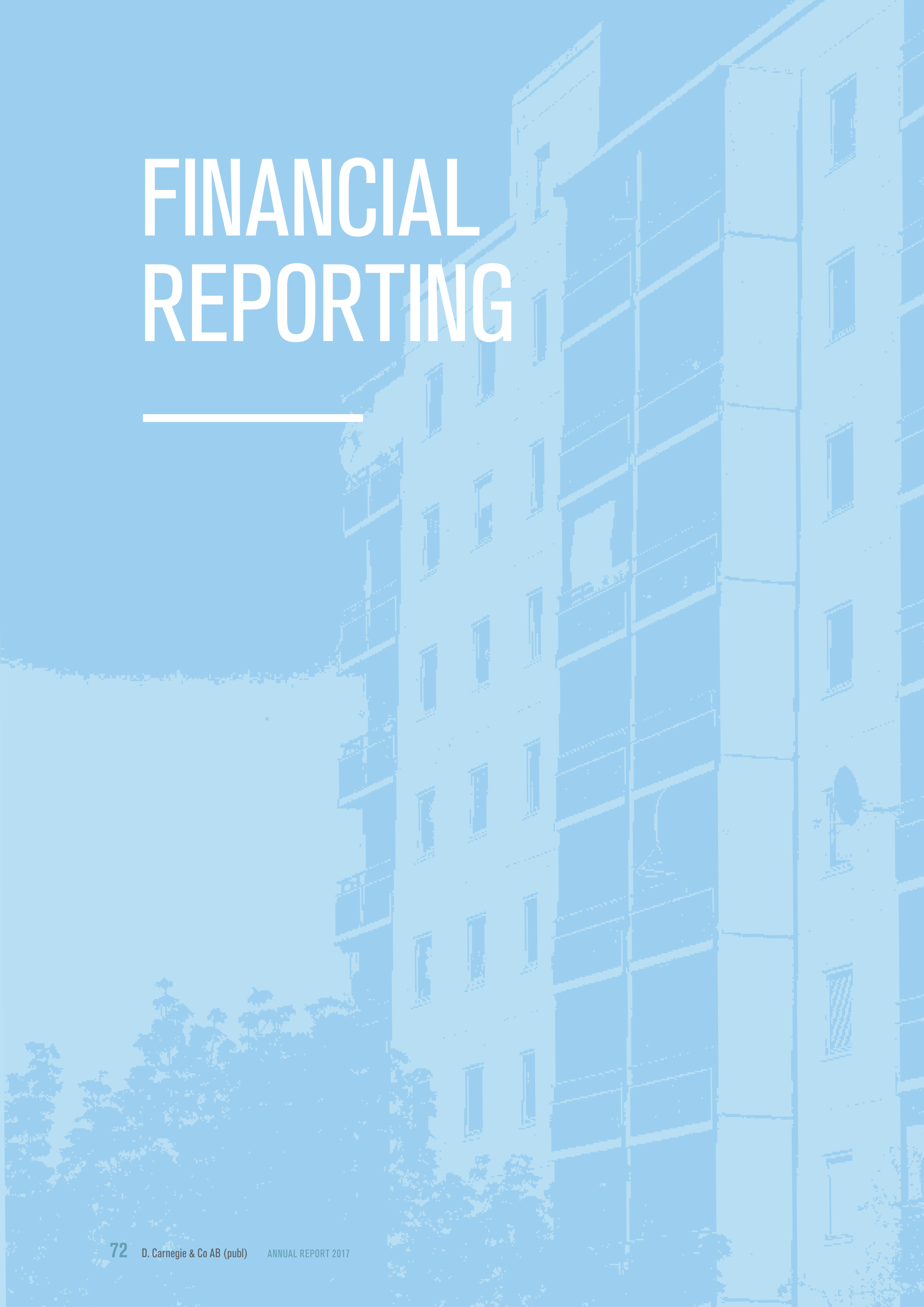

Marie Persson


Björn Sundberg


Per-Axel Sundström


Christian Tapper


Jenny Wärmé



FINANCIAL REPORTING

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of D. Carnegie & Co AB (publ), company reg. no. 556498-9449, hereby submit the following annual report and consolidated accounts for 2017. Information in brackets refers to the previous year.

In accordance with the Swedish Annual Accounts Act, chapter 6, paragraph 11, D. Carnegie & Co has chosen to prepare the statutory sustainability report separately from the Annual Report. The sustainability report and the Annual Report have been submitted to the auditor simultaneously. The sustainability report can be found on pages 50-59 in this printed document.

THIS IS D. CARNEGIE & CO

D. Carnegie & Co is a real estate company that owns, refurbishes and develops properties and projects, specializing in homes in the Greater Stockholm region and other growth areas.

The property portfolio, which consists of over 18,000 apartments, is valued at approximately SEK 21.5 billion and consists of about 1.43 million square meters of lettable area. The Company manages the portfolio since February 2016 under the singe trademark D. Carnegie & Co, former Graflunds. D. Carnegie & Co has a proven refurbishment model to gradually and efficiently refurbish the individual apartments and the remaining parts of the buildings.

BUSINESS MODEL

The business model is to own and manage properties while gradually updating apartments as and when tenants naturally move out. This can be done quickly and cost-effectively thanks to the tried and true renovation method. Both tenants and the Tenants' Association appreciate this renovation model since the apartments are attractively renovated and no one is forced to move out against their will.

BUSINESS AND ORGANISATION

D. Carnegie & Co has its registered office in Stockholm. The Group had 249 employees as of 31 December 2017, of which 94 were women and 155 men.

D. Carnegie & Co's properties are managed by the Group's management organisation, which has a history that dates back to the 1950s. D. Carnegie & Co's property management organisation has approximately 185 employees and is primarily located out in the individual property holdings. The property holdings are broken down into seven regions with local offices in the individual property holdings. Through its in-house property management organisation, D. Carnegie & Co handles all property management, including property services, problem reporting, accounting and reporting.

D. Carnegie & Co's property portfolio consists of residential properties with development potential, especially in the growth areas in Stockholm and the Mälaren region, as well as in Norrköping. The fair value as of 31 December 2017 was SEK 21,456 million and the total rental value is deemed to be SEK 1,444 million. The financial occupancy rate is high, with almost non-existent vacancies in the housing. During the period, agreements have been entered into to acquire property portfolios comprising 2,169 apartments in the Stockholm region and Västerås, as well as 1,681 apartments in Arboga, Köping and Tranås.

The aim is to double the value of the existing portfolio within ten years by refurbishing the properties and the surrounding environment to mint condition, which benefits shareholders, tenants and employees. The company intends to continue to acquire residential property that meets demands for both location and quality.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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 board members Karolina Keyzer, Rolf Buch, Jean-Christophe Dubois, Melissa Pianko and Fredrik Brodin. James Seppala remained chairman of the board.

D. Carnegie & Co has acquired property portfolios in Arboga, Köping and Tranås with an underlying property value of around SEK 1,420 million.

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

In the beginning of September 2017 it was announced that Ulf Nilsson decided to step down as CEO of D. Carnegie & Co. The board member Svein Erik Lilleland was then appointed as interim CEO and remains a board member.

D. Carnegie & Co completed in the end of October 2017 SEK 3,255 million in refinancing with AIG Asset Management (Europe) Limited.

CONSOLIDATED RESULTS

The earnings figures set forth below relate to the period January – December 2017. Comparison items set forth in parentheses relate to amounts for the corresponding period in the preceding year. The current operations carried out in D. Carnegie & Co began in 2014. The amounts for the corresponding period in the preceding year are thus not directly comparable. Profit after tax in 2017 amounted to SEK 1,579 (1,678), which corresponds to a profit per ordinary share of SEK 20.34 (22.20) before dilution, SEK 20.24 (21.93) after dilution.

Rental income

Rental income during the period increased to SEK 1,473 million (1,284). Other operating income amounted to SEK 0 million (187). During the period, 1,673 (1,253) apartments were refurbished, with the rent on these renovated properties going from an initial average of SEK 1 036 kr/m^2 to SEK 1,523 kr/m^2 which has increased rents accordingly.

Operating costs and net operating income

Property expenses amounted to SEK -698 million (-654), yielding a net operating income, i.e. total income minus bad debt losses, operating and maintenance costs, propertyadministration, rents on leasehold interest in government owned land, and property taxes, of SEK 774 million (630). The gross margin was 52.6 % (49.1). The industry specific key figure, net operating income, is reported as it shows the results from property management.

Management and administrative expenses

Management and administrative expenses amounted to SEK -115 million (-102). The cost of central administration consists primarily of personnel costs and other costs for group-wide functions, marketing and sales costs. The organization has been strengthened during the year with new functions. Costs for central administration have been charged by non-recurring costs of SEK -20 million (-36) which primarily consist of renumeration to senior executives in connection with the warrants program resolved on the Annual General Meeting 2017, non-recurring compensation to senior executives during the fourth quarter as well as extra costs related to the change of CEO. These non-recurring expenses are not expected to appear on a regular basis. During the previous year the non-recurring costs amounted to SEK -36 million, which primarily were due to legal assistance in due dilligence processes, and a compensation to five members of management in return for not being able to participate in the 2016 warrant program. The company has also paid fees to banks for advice in connection to the bid by Vega Holdco S.à.r.l., a company wholly owned by property funds adviced by Blackstone Group L.P.

Financial income and expenses

Financial income amounted to SEK 6 million (16) and financial expenses to SEK -308 million (-275), including interest expenses of SEK -217 million (-198).

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). The industry specific key figure, income from property management, is reported as it shows the company's results excluding changes in value.

Growth in value

Changes in value in the property holdings during the period affected earnings in the amount of SEK 1,599 million (1,938). The changes in value primarily were reflected positively by the rental increase during the period which resulted in a higher net operating income and a lower average return requirement of 4.15 percent (4.31). The total increase in the rental value during the period amounts to around SEK 65 million on an annual basis. During the period, value-increasing investments were made in a total value of SEK 1,480 million (1,039). The market value has for the period affected the result by SEK 52 million (-87) related to swaps and SEK -8 million (-) related to caps. The changes in value in the group's shareholdings during the period amounted to SEK -53 million (-78).

Profit before tax

Profit before taxes amounted to SEK 2,014 (2,072) million.

Tax

The tax cost for the period amounted to SEK -435 million (-394). The effective tax rate for the period is 21.6 percent (19.0). The tax consists of SEK -598 million (-564) consists of deferred tax related to temporary differences on investment properties; SEK -10 million (19) consists of changes in value for derivatives; SEK 12 million (16) consists of deferred tax temporary differences on shares; 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.

OPERATING SEGMENTS

D. Carnegie & Co focuses on residential properties and no other segments. D. Carnegie & Co focuses its investments on the Greater Stockholm region and Mälardalen to ensure that there is a high demand for their homes. The company looks for growth areas within a reasonable distance of Stockholm to take advantage of the population growth in the capital. With this focus on Stockholm and Mälardalen, the company's business is not divided into regions relevant for monitoring purposes.

The only operating segment is residential properties.

PROPERTY VALUATION

As of 31 December 2017, D. Carnegie & Co's property portfolio was valued at an estimated fair value of SEK 21,456 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. Comparative figures in parentheses relate to amounts for the corresponding period of last year.

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

The average return requirements on units included in the valuation amounts to 4.15 percent compared to 4.31 percent at the end of 2016.

The average discount rate that was used for the period was 6.24 percent (6.40 in 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 can thus be taken as an expression of the fair value. The assumption regarding the future cash flows is based on the analysis of:

- Future development of the market and the local vicinity
- The market conditions and market position of the property
- Rent terms and conditions in line with the market
- Operating and maintenance costs of similar properties in comparison with those in the property in question

The total value change in the total property portfolio has during the year been 8.6 percent (12.9). The change in value is approximately 70 percent a result of an assessed increased net operating income during the period, as a result of a higher pace of refurbishments which leads to higher rent levels and lower operating costs.

MARKET VALUATION INVESTMENT PROPERTIES

CHANGE IN REPORTED VALUE OF PROPERTIES

Amount in SEK

Property holdings at beginning of period	1 JAN 2017	1 JAN 2016
Existing properties	16,997,923	13,826,439
Acquisitions	1,420,000	780,147
Investments in existing properties, apartments and other real estate investments	1,479,819	1,039,204
Divestments	-41,400	-586,157
Change in value of investment properties, unrealized	1,599,296	1,938,290
Property portfolio at end of period	**21,455,638**	**16,997,923**

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, m² GFA	Estimated number of apartments	Initiated zoning process, m² GFA	Approved zoning plan, m² 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**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets, primarily relating to management properties, amounted to a total of SEK 22,574 million (17,963) on 31 December 2017. At the end of the period, goodwill amounted to SEK 630 million (630), a value which arose in conjunction with the acquisition of Hyresbostäder i Sverige II AB in 2014, which is reported as a business combination.

Investment properties are reported at their fair value based on a valuation of the entire property portfolio as of 31 December 2017.

Long-term receivables amounted to SEK 1 million at the end of the period (-).

Deferred tax receivable amounted to SEK 463 million (303) and primarily relate to loss carry forwards. The total loss carry forwards amounted to SEK 1,989 million (1,214).

Current assets

Current assets (excluding cash and cash equivalents) at the end of the period amounted to SEK 1,076 million (941) and relate primarily to investments in shares SEK 129 million and other current assets SEK 58 million.

The group's cash and cash equivalents on the balance sheet date amounted to SEK 833 million (679). Cash on account was strengthened by a rights issue amounting to SEK 78 million (461), new loans raised amounting to SEK 4,893 million (2,397), as well as a dividend of SEK 29 million (99). Loan repayments amounted to SEK -2,776 million (-1,782). The cash and cash equivalents will be used for continued acquisitions and the continued high pace of apartment refurbishments.

Changes in equity

On 31 December 2017, consolidated shareholders' equity was SEK 8,043 million (6,358). The equity ratio was 34.0 percent (33.8). Shareholders' equity per ordinary share was SEK 102.09 (82.60) and adjusted equity (EPRA NAV) per ordinary share was SEK 127.90 (101.96).
Changes in shareholders' equity are largely attributable to the profit for the period of SEK 1,579 million (1,678) and the issue of 1,473,000 class B shares, which added SEK 71 million to the shareholders' equity, as well as other paid-in cash related to warrants issued during 2017 of SEK 7 million.

Deferred tax

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

Liabilities to credit institutions

D. Carnegie & Co.'s total interest-bearing liabilities at the end of the accounting period amounted to SEK 12,433 million (9,991). SEK 12,433 million is adjusted for prepaid arrangement fees of SEK 100 million (69). On 31 December 2017, interest-bearing liabilities to credit institutions amounted to SEK 10,534 (8,060) million, corresponding to an LTV of approximately 49 percent (47). LTV (Loan-to-Value) refers to the key ratio that describes interest-bearing liabilities to credit institutions in relation to the fair value of investment properties. In addition to liabilities to credit institutions, there are senior unsecured bonds amounting to SEK 2 billion (2). The Group's total short term interest-bearing liabilities to credit institutions amounted to SEK 1,076 million (1,258). These consist primarily of so-called revolving loans which are expected to be extended on a continuous basis.

The average interest rate on liabilities to credit institutions is 2.2 percent (2.2). The credit facilities are subject to customary covenants which in certain cases limits the subsidiaries' possibility of paying a dividend. The yearly interest rate on the bond issued in April 2015 was in the period 3.75 per cent. The yearly interest rate on the bond issued in April 2016 was in the period 4.00 per cent

D. Carnegie & Co uses derivatives in order to secure the loan maturity structure. Interest-rate derivatives are a flexible and cost-efficient way of achieving the desired fixed-interest term. In accordance with the IAS 39 reporting rules, the interest-rate derivatives are valued at fair market value. In the event the agreed interest rate deviates from the market rate, irrespective of the credit margin, a theoretical surplus or deficit value arises for the interest-rate derivatives where the change in value not affecting cash flow is reported in the income statement. On 31 December 2017, the fair 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.

Other current liabilities

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

RISKS RELATED TO THE COMPANY

Macroeconomic factors

The real estate industry is to a great degree affected by macroeconomic factors, such as the general economic trend, growth, employment, political development, rate of construction of new residential and commercial properties, changes in infrastructure, population growth and structure, inflation and interest rate levels. The economic growth affects the employment rate, which is a contributing factor for the supply and demand on the real estate rental market, and thus affects vacancy rates and rent levels. Expectations regarding the inflation affect the interest rate and therefore affect the Company's net financial items. The interest costs for debt to credit institutions is a substantial cost item for D. Carnegie & Co and, in the long term, changes in interest rates have a significant effect on the Company's result and cash flow. Inflation also affects the Company's costs. In addition, changes in interest rates and inflation also affect the yield requirements and thus the market value of properties. Higher interest rates as well as increased costs levels could have an adverse effect on D. Carnegie & Co's business, financial position and results.

D. Carnegie & Co's properties

D. Carnegie & Co's investment properties are recognised in the balance sheet to market value, and the value changes are recognised in the income statement. The Group's financial position and results are therefore exposed to changes of the value of the properties. The value of a property is affected by supply and demand on a functioning credit and transaction market. The value of D. Carnegie & Co's properties is affected by several factors, some of which are property specific, such as occupancy ratio, rent levels and operating costs, whereas others are market specific, such as yield requirements and cost of capital that are derived from comparable transactions on the property market. Thereto is the risk that properties may be inaccurately valued.

Both property specific negative changes (for example decreased occupancy and lower rent levels) as well as market specific negative changes (for example higher yield requirements and cost of capital) may lead to negative realised and unrealised changes in value of the Company's properties. This could ultimately lead to breach of contractual terms and commitments in the Company's credit agreements. If so, this may lead to more expensive borrowing or, in the worst case scenario, that the credits is terminated by the creditors concerned. If the credits are terminated that could have an adversely effect on D. Carnegie & Co's business, financial position and results.

Refinancing

D. Carnegie & Co's interest-bearing liabilities as of 31 December 2017 amounted to SEK 12,433 million, of which SEK -100 million is reported as a prepaid arrangement fee. SEK 1,076 million, corresponding to 9 percent, is due for renegotiation or repayment within one year and SEK 7,906 million, corresponding to 63 percent, is due for repayment within one to five years. Properties are long-term assets that requires long-term financing with division between equity and interest-bearing liabilities. D. Carnegie & Co's ability to pay its debts, make investments and fulfil the commitments and comply with the terms and conditions set out in the credit agreements as well as its general ability to refinance their loans and meet payments in accordance with their commitments is dependent on, among other things, D. Carnegie & Co's future results. Certain aspects of D. Carnegie & Co's future results is affected by economic and financial factors, as well as competition related and other factors beyond the control of D. Carnegie & Co.

If the Company fails to obtain necessary financing, or if the Company does not have sufficient liquidity for the fulfilment of its payment obligations, it is not possibility to refinance its loan agreements, not able to pursue its acquisition and investment strategy due to liquidity shortage or can only refinance its loan agreements on terms that are unfavourable for the Company – or not at all – it may have a substantial adverse effect on D. Carnegie & Co's business, financial position and results.

Other risks

Read more about D. Carnegie & Co's risks on pages 46-49 and on pages 16-23 in the prospectus which was published in connection to the rights issue conducted by the company in March 2018.

WORK OF THE BOARD OF DIRECTORS DURING THE YEAR

D. Carnegie & Co's Board of Directors consists of 7 directors. The board held 21 meetings during the year at which minutes were taken, in addition to regular contacts. The most important duty of the Board is to decide on strategic issues. In general, the board addresses matters of material significance to the Group. The main issues during the year apart from the ongoing operations involved the refinancing of SEK 3,255 million with AIG Asset Management (Europe) Limited during the fourth quarter as well as the focus on growth through acquisitions by entering agreements to acquire 2,169 apartments in total. For more information about the work of the Board of Directors, please see the section on Corporate Governance, pages 60-71.

THE BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES FOR COMPENSATION TO SENIOR MANAGEMENT

The company shall offer compensation levels and employment terms and conditions as are required in order to be able to recruit and retain management with a high level of expertise and the capacity to achieve the goals established. The forms of compensation shall motivate management to do its utmost in order to secure the interests of the shareholders. Consequently, the forms of compensation must be on market terms and simple, long-term and measurable. In addition to a fixed annual salary, senior management may also receive variable salary, which for the CEO shall be based on the group's earnings per share and for other senior management personnel on improvements within the area of responsibility of each individual with respect to earnings-per-share, sales, operating net earnings and the rate of capital turnover, as well as the results of individual action plans. A right to a pension shall apply from the age of 62 at the earliest. The CEO is covered by a premium-based plan according to which the contractual premium provision may not be more than 35% of the base salary. Other senior management are covered by the ITP plan, on top of which a certain premium-based supplement may be payable. The Board of Directors shall consider each year whether a share price-related incentive program shall be proposed to the shareholders' meeting. No share price-related incentive programs may be applied without the approval of the shareholders meeting.

CURRENT EMPLOYMENT CONTRACTS FOR CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVES

Decisions on current remuneration levels and other terms of employment for the company's Chief Executive Officer and other senior executives were taken by the board in accordance with the existing remuneration policy adopted by the board. All of the decisions on individual remuneration for senior executives fall within the approved remuneration policy. Where possible, pension agreements should be based on fixed premiums and formulated in accordance with the levels, practices and collective agreements applicable in the country where the senior executive is employed. For executives resident in Sweden, a notice period of six months applies for both the employee and the employer.

RELATED-PARTY TRANSACTIONS

D. Carnegie & Co:s related-party transactions are set out in note 25, pp 107. During the period, no related-party transactions were done, except the parent companies with its subsidiaries.

PARENT COMPANY

The operations conducted in D. Carnegie & Co consist of group functions. No properties are directly owned by the parent company. The parent company's revenue in 2017 amounted to SEK 39 million (23) and the profit after tax was SEK -129 million (-114). The revenue mainly relates to payment for services rendered. Financial income amounted to SEK 47 million (34) and mainly consists of short-term lending, while financial expenses of SEK -138 million (-137) consists mainly of interest-bearing costs for convertible debentures and bonds. Cash and cash equivalents at the end of the period amounted to SEK 0 million (169).

EVENTS AFTER THE END OF THE REPORTING PERIOD

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. Svein Erik Lilleland also remain as board member.

THE FUTURE

D. Carnegie & Co controls its activities through business plans. The business plan describes the business concept, which is to take a long-term approach to acquire, manage and refurbish the property portfolio.

D. Carnegie & Co focuses on the Greater Stockholm region and Mälardalen to ensure a high demand for its homes.

D. Carnegie & Co intends to continue renovating all properties to achieve a strong, even growth in value. In ten years, D. Carnegie & Co expects the entire existing portfolio will be modernized.

D. Carnegie & Co expects to achieve annual growth of about 10 percent through growth in value and another 10 percent through acquisitions. However, the latter depends on market conditions and may be either higher or lower.

D. Carnegie & Co has the following financial targets:

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

The equity ratio at year-end was 34.0 percent (33.8), which is in line with the financial target.
The gross margin was 52.6 percent (49.1) during 2017, which is slightly above the long-term financial target.

Over the first two–three years, D. Carnegie & Co will have
to finance part of the investments in the existing portfolio through external debt, but the loans will account for a declining percentage of assets because of the faster increase in the value of the holdings. D. Carnegie & Co will subsequently generate a cash flow surplus. The loan-to-value ratio (LTV) amounted to 49.1 percent (47.4) at the year end, which also is in-line with the financial target.

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

THE SHARES

At the end of the year, D. Carnegie & Co had 7,794 (7,538) shareholders. The market capitalization was SEK 8,975 (7,841) million. D. Carnegie & Co has two classes of shares, class A and class B ordinary shares. In 2015, the shares were relisted and have been listed on Nasdaq Stockholm MidCap since May 12, 2015. In total, there are 5,369,866 class A shares and 78,781,776 class B shares outstanding, or a total of 78,781,776 ordinary shares.

The share price rose from SEK 109.00 per class B share at the end of 2016 to SEK 122.25 at 31 December 2017, which implies 12.2 percent and has since the listing on Nasdaq First North risen by 213.5 percent.

DIVIDEND AND DIVIDEND POLICY

The company is in an expansive phase during which any surplus will be invested in the property portfolio, primarily in the form of refurbishments. Since investments in the existing properties provide a good return, it is not planned to pay any dividend to the shareholders over the next few years. The company will pay dividends when there is no possibility to invest the entire surplus in this way. In the long run, the company intends to pay a dividend of between 30 – 50% of the group's net earnings.

PROPOSED ALLOCATION OF UNAPPROPRIATED EARNINGS

The following funds are at the disposal of the Annual General Meeting:

Retained earnings	-433,322,133
Share premium reserve	2,508,733,558
Profit/loss for the year	-128,602,917
SEK	1,946,808,509

To the shareholders	0
Carried forward	1,946,808,509
SEK	1,946,808,509

The board proposes that no dividend be paid for financial year 2017.

THE BOARD OF DIRECTORS' STATEMENT OF NON DECLARED DIVIDEND

Consolidated equity has been calculated in accordance with the EU-adopted IFRS standards and interpretations (IFRIC), as well as in accordance with Swedish law, including application of Swedish Financial Reporting Board recommendation RFR1. The parent company's equity has been calculated in accordance with Swedish law and application of RFR2. The proposal to not pay a dividend is in line with the board's established dividend policy.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand	NOTE	2017	2016
Rental income etc.	2.4	1,472,539	1,284,282
Other operating income	2	-	187
Operating costs	3,4,6,23,25	-570,940	-522,563
Maintenance costs		-82,598	-89,942
Property tax		-28,908	-25,972
Site leasehold rent		-15,728	-15,526
Net operating income		**774,365**	**630,466**
Central administration	3,5,6,23,25	-115,489	-101,673
Costs related to acquisition of business		-	-
Financial income	7	6,232	16,068
Financial expenses	7	-308,010	-275,477
Income from property management		**357,098**	**269,384**
Dividend		29,290	99,214
Realized value changes, investment properties		37,180	-14,236
Unrealized changes in value of investment properties	10	1,599,296	1,938,290
Change in value, financial instruments	20	-8,503	-165,189
Write-down of goodwill	9	-	-54,979
Profit/loss before tax		**2,014,361**	**2,072,484**
Current tax	8,25	-4	-880
Deferred tax	8,25	-435,401	-393,340
PROFIT/LOSS FOR THE YEAR		**1,578,956**	**1,678,264**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year		1,578,956	1,678,264
Other comprehensive income		-	-
TOTAL PROFIT/LOSS FOR THE YEAR		**1,578,956**	**1,678,264**
Profit attribute to:			
Parent company shareholders	18	1,578,956	1,678,264
Non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,578,956**	**1,678,264**
Profit after tax per share (SEK), basic	18	20.34	22.20
Profit after tax per share (SEK), diluted		20.24	21.93

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	NOTE	31 DEC 2017	31 DEC 2016
ASSETS			
Non-current assets			
Goodwill	9	629,582	630,165
Investment properties	10	21,455,638	16,997,923
Equipment	11	7,080	5,972
Stocks and shares	12	4,805	19,950
Non-current receivables		824	-
Interest rate derivatives		12,690	6,517
Deferred tax assets	8	463,372	302,579
Total non-current assets		**22,573,991**	**17,963,106**
Current assets			
Accounts receivable	12	8,986	5,792
Current investments	13	129,443	182,459
Other receivables	14, 25	47,190	39,376
Tax receivables		10,735	9,980
Prepaid expense and accrued income	15	46,740	24,153
Cash and cash equivalents	16	833,310	679,370
Total current assets		**1,076,404**	**941,130**
TOTAL ASSETS		**23,650,395**	**18,904,236**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	17	1,003,865	985,095
Additional paid-in capital		2,566,084	2,506,023
Retained earnings including profit for the year		4,473,215	2,894,259
Shareholders' equity		**8,043,164**	**6,385,377**
Non-current liabilities			
Non-current interest-bearing liabilities	19, 25	11,357,265	8,733,018
Other non-current liabilities		-	1,103
Deferred tax liability	8	2,569,907	1,982,826
Interest-rate derivatives	20	92,864	144,694
Total non-current liabilities		**14,020,036**	**10,861,641**
Current liabilities			
Current interest-bearing liabilities	19, 25	1,076,086	1,257,659
Accounts payable		119,982	81,934
Current tax liabilities		-	-
Other current liabilities	21	76,863	35,764
Accrued expenses and prepaid income	22	314,264	281,861
Total current liabilities		**1,587,195**	**1,657,218**
TOTAL EQUITY AND LIABILITIES		**23,650,395**	**18,904,236**

For information about the Group's pledged assets and contingent liabilities, see note 24.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK thousand	Share capital	Other additional paid-in capital	Retained earnings, including profit/ loss for the year	Equity attributable to Parent Company shareholders	Noncontrolling interests	Total equity attributable to shareholders
Equity, 31 Dec 2015	**901,762**	**2,128,631**	**1,361,195**	**4,391,588**	**0**	**4,391,588**
Profit/loss for the year	-	-	1,678,264	1,678,264		1,678,264
Other comprehensive income	-	-	-	-	-	-
Net changes, excluding transactions with shareholders	**0**	**0**	**1,678,264**	**1,678,264**	**0**	**1,678,264**
Rights issue	83,333	376,585	-	459,918	-	459,918
Other contributed capital, warrants	-	807	-	807	-	807
Equity component convertible subordinated loan	-	-	-145,200	-145,200	-	-145,200
Total transactions with shareholders	**83,333**	**377,392**	**-145,200**	**315,525**	**0**	**315,525**
Equity, 31 Dec 2016	**985,095**	**2,506,023**	**2,894,259**	**6,385,377**	**0**	**6,385,377**
Profit/loss for the year	-	-	1,578,956	1,578,956	-	1,578,956
Other comprehensive income	-	-	-	-	-	-
Net changes, excluding transactions with shareholders	**0**	**0**	**1,578,956**	**1,578,956**	**0**	**1,578,956**
Other contributed capital, warrants	-	7,388	-	7,388	-	7,388
Subscription of warrants	18,770	52,673	-	71,443	-	71,443
Total transactions with shareholders	**18,770**	**60,061**	**0**	**78,831**	**0**	**78,831**
Equity, 31 Dec 2017	**1,003,865**	**2,566,084**	**4,473,215**	**8,043,164**	**0**	**8,043,164**

Reporting of shareholders' equity according to IFRS And the Swedish Companies Act

Shareholders equity is allocated to assets related to the parent company's shareholders and holdings without a controlling influence. Transfers of value in the form of, among other things, dividends paid by the parent company and the group must be based on a statement prepared by the Board of Directors regarding the proposed dividend. This report must take into consideration the prudence rule which is set forth in the law in order to avoid the payment of a dividend for which there is not coverage.

Changes in shareholders' equity

Changes in shareholders' equity consist primarily of the comprehensive income for the year, the issuance of warrants programs to the employees and effect on adjusted equity for the repayment of the convertible debenture.

Share capital

On 31 December 2017 the registered share capital covered 5,369,866 class A shares and 73,411,910 class B shares, 78,781,776 shares in total. The shares have a quotient value of 12.742363. Each class A shares entitles the holder to 5 votes and each class B share entitles the holder to 1 vote.

Other contributed capital

Means shareholders' equity contributed by the shareholders. This item includes set-off issues, new issues, settlement of issue costs in conjunction with the IPO, and acquired shareholders' equity in conjunction with the acquisition of affiliated companies.

Retained profits including profit for the year

This item includes profits earned in the parent company and its subsidiaries and affiliated companies.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand	NOTE	2017	2016
Operating activities			
Income from property management		357,098	269,384
Adjustment for items not included in cash flow	27	2,861	-862
Tax paid		-7	-11,072
Cash flow from operating activities before change in working capital		**359,952**	**257,450**
Changes in operating receivables/liabilities		9,301	-136,215
Total change in working capital		**9,301**	**-136,215**
Cash flow from operating activities		**369,253**	**121,235**
Investment activities			
Investments in existing properties	10	-1,479,467	-1,039,205
Acquisition of Group companies/properties, business combination		-	-
Acquisition of Group companies/properties, asset acquisition	10	-1,022,504	-652,325
Acquisition of tangible non-current assets	11	-2,429	-3,333
Sales of Group companies/properties		63,866	384,493
Change in financial assets		234	215,750
Share and participations, net		-	-
Cash flow from investment activities		**-2,440,300**	**-1,094,620**
Financing activities			
New share issue		78,825	460,725
Raised loans		4,892,837	2,396,606
Amortization of loans		-2,775,965	-1,782,314
Realized changes in value, derivatives		-	-
Dividend		29,290	99,214
Cash flow from financing activities		**2,224,987**	**1,174,231**
TOTAL CASH FLOW		**153,940**	**200,846**
Opening cash and cash equivalents		679,370	478,524
CLOSING CASH AND CASH EQUIVALENTS	16	**833,310**	**679,370**

PARENT COMPANY – INCOME STATEMENT

Amounts in SEK thousand	NOTE	2017	2016
Net sales	2,25	39,271	22,836
Cost of goods sold	3,6,23,25	-24,033	-20,487
Gross profit		**15,238**	**2,349**
Central administration	3,5,6,23,25	-73,645	-65,929
Operating profit/loss		**-58,407**	**-63,580**
Financial income	7	47,126	33,742
Financial expenses	7	-138,189	-136,930
Profit/loss from property management		**-149,470**	**-166,768**
Received dividends		29,290	99,214
Write-downs		-186	-37
Value changes of financial instruments		-43,342	-77,776
Profit/loss before tax		**-163,708**	**-145,367**
Contributions		-1,065	-
Current taxes		-	-
Deferred taxes	8	36,170	31,743
TOTAL PROFIT/LOSS FOR THE YEAR		**-128,603**	**-113,624**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year		**-128,603**	**-113,624**
Other comprehensive income	-	-	
TOTAL PROFIT/LOSS FOR THE YEAR		**-128,603**	**-113,624**

PARENT COMPANY – BALANCE SHEET

Amounts in SEK thousand	NOTE	31 DEC 2017	31 DEC 2016
ASSETS			
Non-current assets			
Equipment	11	2,045	1,431
Shares and participations in subsidiaries	26	4,836,070	4,827,870
Shares and participations	12	250	250
Non-current receivables from Group companies	25	-	58,711
Non-current receivables		824	
Interest rate derivatives		1,693	6,517
Deferred tax assets	8	122,864	86,695
Total non-current assets		**4,963,746**	**4,981,474**
Current assets			
Accounts receivable	12		44
Current receivables from Group companies	25	3,315,645	1,641,780
Short term investments	13	59,170	98,270
Other receivables	14, 25	7,168	9,587
Tax receivables		442	211
Prepaid expense and accrued income	15	31,269	473
Cash and cash equivalents	16	-	169,281
Total current assets		**3,413,694**	**1,919,646**
TOTAL ASSETS		**8,377,440**	**6,901,120**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	17	1,003,865	985,095
Non-restricted equity			
Share premium reserve		2,508,733	2,448,678
Retained earnings including loss for the year		-561,925	-433,322
Shareholders' equity		**2,950,673**	**3,000,451**
Non-current liabilities			
Interest-bearing liabilities	19	991,617	1,980,951
Total non-current liabilities		**991,617**	**1,980,951**
Current liabilities			
Current interest-bearing liabilities	19,25	1,003,004	-
Accounts payable		3,212	1,460
Current liabilities Group companies	25	3,391,861	1,883,288
Other current liabilities	21	727	4,328
Accrued expenses and prepaid income	22	36,346	30,642
Total current liabilities		**4,435,150**	**1,919,718**
TOTAL EQUITY AND LIABILITIES		**8,377,440**	**6,901,120**

For information about the parent company's pledged assets and contingent liabilities, see note 24.

CHANGE IN CONSOLIDATED EQUITY, PARENT COMPANY

Amounts in SEK thousand	Share capital	Share premium reserve	Retained earnings, including profit/loss for the year	Total shareholders' equity
Equity, 31 Dec 2015	**901 762**	**2 071 286**	**-174 498**	**2 798 550**
Profit/loss for the year	-	-	-113 624	-113 624
Other comprehensive income	-	-	-	-
Net changes, excluding transactions with shareholders	**0**	**0**	**-113 624**	**-113 624**
Directed share issue	83 333	376 585	-	459 918
Other contributed capital, war-rants	-	807	-	807
Equity component convertible subordinated loan	-	-	-145 200	-145 200
Total transactions with shareholders	**0**	**377 392**	**-145 200**	**-144 393**
Equity, 31 Dec 2016	**985 095**	**2 448 678**	**-433 322**	**3 000 451**
Profit/loss for the year	-		-128 603	-128 603
Other comprehensive income	-	-	-	-
Net changes, excluding transactions with shareholders	**0**	**0**	**-128 603**	**-128 603**
Directed share issue	18 770	52 671	-	71 441
Other contributed capital, warrants	-	7 384	-	7 384
Equity component convertible subordinated loan	-	-	-	-
Dividend on ordinary shares	-	-	-	-
Dividend on preference shares	-	-	-	-
Total transactions with shareholders	**83,333**	**377,392**	**-145,200**	**315,525**
Equity, 31 Dec 2017	**985,095**	**2,448,678**	**-433,322**	**3,000,451**

STATEMENT OF CASH FLOWS, PARENT COMPANY

Amounts in SEK thousand	NOTE	2017	2016
Operating activities			
Profit/loss before tax		-163,708	-145,367
Adjustment for items not included in cash flow	27	-4,533	4,013
Tax paid		-	-
Cash flow from operating activities before change in working capital		**-168,241**	**-141,354**
Changes in operating receivables/liabilities		-140,336	-82,207
Total change in working capital		**-140,336**	**-82,207**
Cash flow from operating activities		**-308,577**	**-223,561**
Investment activities			
Acquisition of subsidiaries		-200	-
Acquisition of tangible non-current assets	11	-800	-379
Acquisition financial assets		-1,741	-11,008
Sale of non-current assets		59,627	-4,250
Cash flow from investing activities		**56,886**	**-15,637**
Financing activities			
New share issue		78,825	460,725
Change in interest-bearing liabilities, increase		3,585	1,000,000
Change in interest-bearing liabilities, decrease		-	-1,290,088
Dividend		-	-
Cash flow from investment activities		**82,410**	**170,637**
TOTAL CASH FLOW		**-169,281**	**-68,561**
Opening cash and cash equivalents		169,281	237,842
CLOSING CASH AND CASH EQUIVALENTS	16	**0**	**169,281**

NOTES

Amounts stated in SEK thousand unless specified otherwise.

NOTE 1 Accounting principles

GENERAL INFORMATION

D. Carnegie & Co AB (publ), company reg. no. 556498-9449, is a Swedish registered limited liability Company with its registered office in Stockholm, Sweden. The parent company's shares are registered on the Nasdaq Stockholm MidCap list. These consolidated financial statements for 2017 are for the parent and all of its subsidiaries, jointly referred to as the Group. The Board of Directors approved for publication the annual report and consolidated accounts on 13 April 2018. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be submitted to the Annual General Meeting for adoption on 8 May 2018.

COMPLIANCE WITH STANDARDS AND LEGISLATION

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standard Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted within the EU, and the Annual Accounts Act. In addition, the consolidated financial statements have been prepared in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The parent company applies the same accounting policies as the Group except in the cases described under "Parent Company accounting policies". The differences arising between the parent company and the Group's accounting principles are attributable to limitations on the ability to apply IFRS in the parent company as a result of the Swedish Annual Accounts Act, and in certain cases due to current tax rules.

BASIS OF PREPARATION OF THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the parent company and for the Group. All amounts are rounded to the nearest thousand, unless stated otherwise. Assets and liabilities are reported at historical cost, apart from certain financial assets, liabilities, and investment properties, which are reported at fair value in the consolidated balance sheet. Financial assets and liabilities reported at fair value consist of derivatives and securities reported at fair value in the consolidated income statement. Investment properties are reported at fair value in accordance with IAS 40. The Group's accounting policies have been applied consistently in reporting and consolidation of the parent company and subsidiaries.

CHANGE IN ACCOUNTING PRINCIPLES

The changes in standards and interpretation statements which were applied commencing 1 January 2017 are of very limited scope and have not had any material impact on D. Carnegies & Co's financial reports. Information of changes in liabilities that are attributable to the financing activities IAS 7 has been set forth in note 20.

NEW AND CHANGED STANDARDS AND INTERPRETATIONS WHICH HAVE NOT YET ENTERED INTO FORCE

The International Accounting Standards Board (IASB) has issued some changes in standards which enter into force in 2018 and 2019.

- IFRS 9 Financial Instruments. This standard will replace 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 will replace IAS 11 Construction Contracts and IAS 18 Revenue, and related interpretations. The standard is applied commencing from 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.

CLASSIFICATION

Non-current assets and non-current liabilities of the parent company and the Group consist only of amounts expected to be recovered or settled later than twelve months after the balance sheet date, while current assets and current liabilities of the parent company and Group consist only of amounts expected to be recovered or settled within twelve months from the balance sheet date.

Input data for fair value measurement

Level 1 – Listed, unadjusted prices on active markets for identical assets and liabilities that D. Carnegie & Co has access to on the valuation date.
Level 2 – inputs other than listed prices included in Level 1 that are directly or indirectly observable for assets and liabilities.
Level 3 – Inputs at Level 3 are unobservable inputs for assets and liabilities.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are companies over which the parent company D. Carnegie & Co has a controlling influence. Subsidiaries are all entities (including special purpose entities) over which the Group has the right to decide financial and operating strategies in a way which is usually a result of a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that can currently be exercised or converted are taken into account when assessing whether the Group exercises a controlling influence over another company. Subsidiaries are consolidated as of the date when the controlling influence is achieved and consolidation ends on the date when the controlling influence terminates. Upon acquisition of a company, the Group assesses whether the acquisition concerns business combinations or assets (property). Business combinations entail acquisitions relating to the purchase of one or several companies with properties including takeover of staff and internal processes. The Group applies the purchase method when reporting business combinations where appropriate. The surplus that comprises the difference between the transferred consideration and the fair value of the Group's share of identifiable acquired net assets is reported as goodwill. When acquisitions of subsidiaries involve the acquisition of assets, the cost of the acquired assets and liabilities is based on their fair values at the acquisition date. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Classification of acquisitions and goodwill

On acquisition of businesses, an analysis is made of how the acquisition is to be reported based on the following criteria: The existence of employees and the complexity of internal processes. Furthermore, the number of activities and the existence of agreements with various degrees of complexity are taken into consideration. If these criteria are present to a great extent, the acquisition is classified as a business combination and if they are present to a small extent as an asset acquisition .

In the case of business combinations, full deferred tax is payable on the temporary differences between the fair value of properties and their tax residual value. Goodwill mainly arises because deferred tax is calculated according to standard accounting rules and not based on the value ascribed to deferred tax between parties in transactions. For accounting purposes, deferred tax is calculated on the difference between the fair value and the tax value. In conjunction with transactions, deferred tax is commonly measured based on the probability that it will become due and payable and a time factor of when any payment will take place. Impairment testing of goodwill is performed annually.

When acquisitions of subsidiaries involve the acquisition of assets that are not a business combination, the cost of the individual assets and liabilities is based on their fair values at the acquisition date. Properties and financial instruments are valued at their fair value. Other items have not been revalued. Deferred tax is not recognized on the initial temporary differences. Full deferred tax is reported on temporary differences arising after the acquisition.

In 2017, all acquisitions were reported as acquisitions of assets.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expense, and unrealized gains or losses arising from intragroup transactions are eliminated in full when preparing the consolidated financial statements.

REVENUE

Rental income

Rental income from investment properties is reported in the income statement based on the terms of the leases.

Other income

Other income consists of income from external property management assignments, which is recognized in the period in which the assignment is conducted, as well as insurance compensation.

Income from property sales

Income from property sales is usually recognized on the date of possession, unless the risks and rewards have been transferred to the buyer at an earlier time. Control of the asset may have been transferred at an earlier time than the closing date and if so, the property sale is recognized as income on that earlier date. When establishing the date of revenue recognition, consideration is given to what has been agreed by the parties concerning risks and benefits, and commitment in the management of the asset. In addition, circumstances are taken into account that may affect the result of the transaction, which are outside the control of the seller and/or purchaser. The realized change in value of properties sold is based on the difference between the fair value of the properties in the most recent financial statements and the price for which the properties have been sold. Worked-up unrealized changes in value from previous years are included in the properties' fair value and are therefore not visible in the realized change in value.

REPORTING OF SEGMENTS

The results are for the operating activities which includes properties acquired and investments made during the year. An operating segment is a component of the Group that engages in business activities from which it may generate revenues and incur expenses, and for which discrete financial information is available.

D. Carnegie & Co only conducts business within one segment, management of residential property, where the business model is to own and manage apartments in the "Million Homes Programmes." Accounting is therefore done within the same segment. D. Carnegie & Co focuses its investments on the Greater Stockholm region and Mälardalen to ensure that there is a high demand for their homes. The company looks for growth areas within reasonable distance of Stockholm to take advantage of the growth in the capital. With this focus on Stockholm and Mälardalen, the company's business is not divided into regions relevant for monitoring purposes. The only operating segment is residential properties.

D. Carnegie & Co acquires new residential properties based solely on the quality of the property, the opening value per m2, and the potential to renovate the apartments in order to increase rental income.

From a monitoring perspective, the region in which the residential property is located is not of interest, but that the material factors fall within the business concept. Moreover, there are no appointed managers with responsibility for the financial performance in different regions, nor is following the financial performance in different regions of interest. Properties considered for investment must be built between 1965 and 1975 within the framework of the Million Homes Programme. In addition, it must be possible to renovate one apartment at a time, including replacement of plumbing apartment by apartment. Monitoring the financial performance of properties located in different areas is not of interest, because the performance does not depend on their location.

For the above-stated reasons, D. Carnegie & Co only has one operating segment which is interesting to follow up, and from a follow-up perspective there is no breakdown which is meaningful.

OPERATING EXPENSES AND FINANCIAL INCOME AND COSTS

Property expenses

Consists of expenses relating to operation, caretaking, letting, management and maintenance of the property holdings.

Central administration

Consists of costs for Group functions and ownership of the Group's subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income from bank deposits and receivables, as well as interest on loans. Interest expenses and interest income are recognized using the effective interest method. The effective interest rate equals the present value of expected future cash flows over the expected life of the financial instrument and thus includes accrued amounts of issuance costs and similar direct transaction costs to raise loans. Dividend income is recognized when the right to receive payment has been established. Realized and unrealized gains and losses on financial investments and derivatives used in financial operations are reported as changes in value under a separate heading in the income statement.

INCOME FROM PROPERTY MANAGEMENT

Operating income minus operating expenses for investment properties, central administration and financial expenses, before changes in value and taxes.

TAXES

Tax expenses for the period comprise both current tax due and deferred income tax. Tax is recognized in the income statement, except where it refers to items that are recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in other comprehensive income or equity respectively.

Current income tax

Current tax assets and tax liabilities for current and previous periods are defined as the amount that is expected to be received back from or paid to the Swedish Tax Agency. The tax rates and tax laws applied in calculating the amount are those which have been adopted or announced at the balance sheet date.

Deferred income tax

Deferred tax is recognized on the balance sheet date using the balance sheet method based on temporary differences between reported and taxable values of assets and liabilities. The tax rates and tax laws applied in calculating the amount are those which have been adopted or announced at the balance sheet date. For acquisition of a business combination including property, deferred tax is reported at the nominal amount under temporary differences. In those cases where the acquisition of assets (property) is carried out, no deferred tax is reported at the time of acquisition. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax is attributable to the same entity in the Group and the same taxation authority. Current tax and deferred tax were calculated using the applicable tax rate of 22 percent.

FINANCIAL INSTRUMENTS

Financial instruments reported under assets in the balance sheet include cash and cash equivalents, accounts receivable and other receivables, as well as derivatives and securities. Liabilities include accounts payable, loans and other liabilities, as well as derivatives. The company does not apply hedge accounting. Financial instruments are initially recognized at cost, corresponding to the instrument's fair value at the time of acquisition plus transaction costs, apart from financial assets, which are reported at fair value in the income statement. Subsequent reporting depends on the category in which they are classified, as stated below.
A financial asset or liability is reported in the balance sheet when the company becomes a party to the instrument's contractual terms. Accounts receivable are reported in the balance sheet when the invoice has been sent. A liability is reported when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognized when invoices are received. A financial asset and a financial liability may be offset and the net amount presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A financial asset is derecognized when the rights in the agreement are realized, fall due or the company loses control over them. This also applies to parts of financial assets. A financial liability is derecognized when the duty in the contract is performed or otherwise extinguished. The same applies to a part of a financial liability. At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Derivatives are measured at fair value in the consolidated financial statements with changes in value recognized in the income statement. The following derivatives occur: interest rate swaps and interest rate caps. The company does not apply hedge accounting .

The financial assets or liabilities that the Company has classified in the category of financial assets or financial liabilities at fair value through profit or loss are assets and liabilities which initially are classified as such or financial assets and liabilities held for trading, including derivatives for which hedge accounting is not applied.

Financial assets classified as investments held to maturity are financial assets that are not derivatives with fixed or determinable payments and fixed maturities that the Company has the intention and ability to hold to maturity. Such investments are reported at amortized cost.

Financial assets classified in the category Loans and receivables are financial assets that do not constitute derivatives with fixed or determinable payments. Loans and receivables are measured at amortized cost.

Financial assets classified in the category Financial assets available for sale are reported at fair value in other comprehensive income, except for impairment losses, foreign exchange gains and losses. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured are recognized at cost.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method.

CASH & CASH EQUIVALENTS AND BLOCKED ACCOUNT

Cash and cash equivalents consist of cash as well as demand deposits with banks and similar institutions. Amounts in blocked accounts are funds that serve as collateral for repayment of loans or financing of investments in real estate and reported as other receivables .

NON-CURRENT RECEIVABLES AND OTHER RECEIVABLES

Non-current receivables and other receivables are receivables held with no intention of conducting trade in the receivable. If the expected holding period is longer than one year, they are non-current receivables, and if it is shorter, they are current receivables.

LOAN RECEIVABLES AND ACCOUNTS RECEIVABLE

Loan receivables and accounts receivable are recognized at the amounts expected to be received after deductions for doubtful receivables, which are assessed on a case-by-case basis. Accounts receivable are assessed for impairment when there is a risk that all or part of the claim will not be received. The estimated term of the accounts receivable is short and consequently the value is reported at the nominal amount without discounting. Impairment of accounts receivable is recognized in operating expenses .

LIABILITIES

Liabilities relate to loans and operating liabilities. Loans are recognized at cost. Operating liabilities are recognized when the counterparty has delivered the goods or services, regardless of whether or not an invoice has been received. Accounts payable have a short expected term and are valued at the nominal value without discounting.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in addition to investment properties are physical assets used in the Group's business that have an expected useful life exceeding one year. All property, plant and equipment is carried at cost, less accumulated depreciation and impairment, if any. Depreciation and amortization are linear over the estimated useful life and begin when the asset is ready for use. When property, plant and equipment are reported, the residual values of the asset is taken into account when the depreciable amount is set. Property, plant and equipment consist of more than two essential elements and their components have different useful lives, they are recognized separately, known as component depreciation. Subsequent costs are added to the carrying amount only when it is probable that future economic benefits associated with the asset will benefit the Company. All other subsequent expenditure is expensed in the period in which they arise. The critical factor in determining when subsequent expenditure is to be added to the carrying amount is whether the subsequent expenditure refers to the replacement of identified components or parts thereof; if so, the subsequent expenditure is capitalized. In cases in which a new component is created, it is recognized separately. Property, plant and equipment is derecognized upon disposal, or if it cannot be expected to bring any economic benefits in the future, either through their use or sale. Gains and losses are calculated as the difference between the sale price and the carrying amount of the asset. Gains or losses are recognized in the statement of comprehensive income in the accounting period when the asset is disposed of, as other expenses or other income. The residual value of the assets, as well as their useful life and depreciation method, are examined at the end of each financial year and adjusted if required with future effect. Standard costs for maintenance and repair are expenses as they occur, but costs for significant renovation and improvements are recognized in the balance sheet and depreciated over the remaining useful life of the original asset.

Leases

Finance leases, where the Group essentially assumes all risks and benefits associated with ownership of the leased object, are recognized in the Statement of financial position at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are recognized as financing costs and repayment of the debt. Assets held under a finance lease are written off over their expected useful lives. The Group does not have any assets held under finance lease at this time. Leases in which the lessor substantially retains all risks and rewards incident to ownership are classified as operating leases. Lease payments are expensed in profit and loss over the lease term on a straight-line basis. Consideration is given initially to any incentives received when signing the lease.

Depreciation principles, machinery and equipment

Depreciation takes place on a linear basis over the estimated useful life of the asset. Estimated useful lives:

- Machinery and equipment three to ten years. The residual value of the asset and its useful life are assessed annually.

Investment properties

Investment properties are properties held with a view to obtaining rental income or an increase in value or a combination of these purposes. Investment properties are initially recognized at cost, including expenses directly attributable to the acquisition. Investment properties are recognized in the consolidated balance sheet at fair value; see note 10. Each quarter, D. Carnegie & Co assesses the value of 100 percent of the property portfolio; 20–30 percent of the properties are externally assessed and the rest in-house.

Consequently, every property in the portfolio is valued externally over a rolling twelve-month period. Both the external appraisers and D. Carnegie & Co use a yield-based valuation model according to the cash flow model. The fair value of the property before deduction for selling expenses is calculated from the outcome in the cash flow method. Both realized and unrealized changes in value are recognized in the income statement. Rental income and income from property sales are recognized in accordance with the principles described in the section on revenue recognition. Subsequent expenditure that enhances value is capitalized. All other subsequent expenditure is expensed in the period in which they arise. Repairs and maintenance are expensed as incurred. In larger projects, interest expense is capitalized during the construction period.

Reporting of borrowing costs

The Group does not activate interest in the acquisition value of the assets with the exception of larger projects where the interest is activated. In other cases, the borrowing costs are reported in the period in which they arise.

REPURCHASE OF OWN SHARES

Acquisition of own shares is recognized as a deduction from equity. Payments for divestments of these equity instruments are reported as an increase in equity. Transaction expenses, if any, are reported directly against equity.

DIVIDENDS

Dividends are reported as a liability after the Annual General Meeting/ Extraordinary General Meeting of shareholders has approved the dividend. Anticipated dividends are reported by the recipient as financial income.

EMPLOYEE COMPENSATION

Pensions are classified as defined contribution or defined benefit plans. D. Carnegie & Co's pensions are considered to be defined contribution plans. Obligations regarding payments to defined contribution pension plans are recognized as an expense in the income statement when incurred.

PROVISIONS

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligations and the amount can be estimated reliably. Where the effect of when in time payment is made is significant, provisions are calculated through discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

FOREIGN CURRENCY

Transactions in foreign currency are translated into Swedish kronor at the exchange rate at the time of the transaction. Monetary assets and liabilities are translated at the closing day rate.

PARENT COMPANY ACCOUNTING PRINCIPLES

The parent company has prepared its annual accounts according to the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for Legal Entities. The Swedish Financial Reporting Board's statements for listed companies are also applied. RFR 2 requires the parent company, as a legal entity, to prepare its annual financial statements in compliance with all IFRS and IFRIC interpretations adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation states which exceptions from and additions to IFRS shall be observed. The following accounting policies for the parent company were applied consistently in all periods shown in the parent company's financial reports.

Property, plant and equipment

Machinery and equipment in the parent company are recognized at cost less accumulated depreciation and any impairment in the same manner as the Group but increased by any revaluations.

Group contributions, dividends and shareholder contributions for legal entities

Group contributions from subsidiaries are recognized according to the same policies as dividends in the parent company. Consequently, Group contribu-tions

Property, plant and equipment

Machinery and equipment in the parent company are recognized at cost less accumulated depreciation and any impairment in the same manner as the Group but increased by any revaluations.

Group contributions, dividends and shareholder contributions for legal entities

Group contributions from subsidiaries are recognized according to the same policies as dividends in the parent company. Consequently, Group contributions are recognized as financial income. Dividends are reported as a liability after the Annual General Meeting approves the dividend. Anticipated dividends are reported by the recipient as financial income. Shareholder contributions are recognized directly in equity by the recipient and capitalized as shares and participations by the issuer, to the extent no impairment loss is identified.

Contingent liabilities

A contingent liability is recognized when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

NOTE 2 Distribution of income

	2017	2016
Group		
Rental income	1,456,623	1,271,380
Insurance compensation	665	1,038
Other operating income	15,251	12,051
Total	**1,472,539**	**1,284,469**
Parent company		
Management fee subsidiaries	39,261	22,836
Other income	10	-
Total	**39,271**	**22,836**

Rental income Group refers to operating leases that have no end date, but continue indefinitely.

NOTE 3 Personnel and board of directors

Average number of employees	2017	Percentage women, %	2016	Percentage women, %
Parent company	36	25	15	13
Subsidiaries	204	37	175	37
Group total	**240**	**35**	**190**	**35**

All are employed in Sweden

Gender distribution in executive management

Average number	2017	Percentage women, %	2016	Percentage women, %
Parent company	8	13	8	13
Board of Directors	7	29	6	17
Group total	9	33	9	22
Board of Directors	7	29	6	17

NOTE 3 *Cont.* Personnel and board of directors

Salaries, wages and benefits	Group 2017	Group 2016	Parent 2017	Parent 2016
Chairman of the Board, James Seppala, Jan - Dec	-	-	-	-
Chairman of the Board, Knut Pousette	-	317	-	317
Other Directors				
Ronald Bengtsson	-	67	-	67
Mats Höglund, Jan - Apr	175	200	175	200
Karolina Keyser, May - Dec	219	-	219	-
Knut Pousette, Jan - Apr	67	42	67	42
Ranny Davidoff	-	125	-	125
Eva Redhe, Jan - Apr	251	200	251	200
Fredrik Bodin, May - Dec	219	158	219	158
Svein Erik Lilleland, Jan - Dec	233	42	233	42
Rolf Buch, May - Dec	167	-	167	-
Jean-Christophe Dubois	-	-	-	-
Chief Executive Officer, Ulf Nilsson				
Base salary	2,687	2,023	2,687	2,023
Variable remuneration	2,258	1,270	2,258	1,270
Benefits	91	76	91	76
Chief Executive Officer, Svein Erik Lilleland				
Base salary	1,322	-	1,322	-
Variable remuneration	201	-	201	-
Benefits	-	-	-	-
Other senior management, 9 individuals				
Base salary	10,681	6,464	9,641	5,674
Variable remuneration	3,161	5,080	3,161	5,080
Benefits	184	179	117	112
Other employees				
Base salary	83,211	64,784	10,543	5,194
Variable remuneration	3,879	-	1,239	-
Benefits	1,219	679	721	226
Total	**110,225**	**81,706**	**33,312**	**20,806**
Contractual pension costs				
Chief Executive Officer, Ulf Nilsson	796	714	796	714
Chief Executive Officer, Svein Erik Lilleland	-	-	-	-
Other senior executives	2,236	1,532	1,845	1,532
Other employees	7,182	4,778	1,886	513
Total	**10,214**	**7,024**	**4,527**	**2,759**
Statutory social security contributions, incl. payroll tax				
Chief Executive Officer, Ulf Nilsson	909	1,269	909	1,269
Chief Executive Officer, Svein Erik Lilleland	1,026	-	1,026	-
Other senior executives	2,215	4,186	1,793	3,864
Total	**4,150**	**5,455**	**3,728**	**5,133**

The Parent Company has eight (8) senior executives (incl. the CEO), of whom two are women (1). Svein Erik Lilleland is CEO. Per-Axel Sundström is CFO and Jenny Wärmé is Legal Counsel. Tommy Jansson is Head of Property Management, Jonas Andersson is Chief Investment Officer & Head of Financing, Ida Ringdahl is Head of Business Development, Christian Tapper is Head of Property Development & Refurbsihmen process and Björn Sundberg is Head of Investor Relations and Head of Communications. Other senior executives in the group is the HR manager, Marie Persson.

At the end of 2017, the Board of Directors of the parent company had seven members (5) of whom two are women (1). James Seppala is Chairman of the Board. The directors include Rolf Buch, Karolina Keyzer, Melissa Pianko, Fredrik Brodin, Jean-Christophe Dubois and Svein Erik Lilleland. At the annual general meeting held on 10 May 2017, re-election of James Seppala and Svein Erik Lilleland and election of Rolf Buch, Jean-Christophe Dubois, Fredrik Brodin, Karolina Keyzer and Melissa Pianko were adopted.

Remuneration

Principles for remuneration to and benefits for the CEO and executive management are decided upon by the Annual General Meeting in accordance with the company's guidelines for remuneration to senior executives. The Board of Directors proposes and decides on remuneration and benefits for other senior executives. A fee is paid to the Chairman of the Board and directors according to a decision reached at the Annual General Meeting. Senior executives shall receive competitive wages in line with market rates, as well as other terms of employment that are commensurate with their responsibility, authority, expertise and experience. In addition to fixed salary, the management may also receive variable remuneration, which for the CEO shall be based on the Group's earnings per share and for other senior executives on improvements in each person's area of responsibility in terms of earnings per share, sales, operating earnings and capital turnover rate, as well as the outcome of individual activity plans. Variable salary shall be equal to 50 percent of the fixed annual salary for the CEO and a maximum of between 30 and 70 percent of the fixed annual salary for other senior executives. The notice of termination period under employment contracts between the company and senior management is between three to twelve months and severance compensation equals 18 times the monthly salary (base salary) for the CEO and 12 times the monthly salary (base salary) for other senior management. The earliest time for receiving pension benefits is 62 years of age. The CEO is covered by a defined-contribution plan under which the contractual premium provision may not exceed 35 percent of base salary. Other senior executives resident in Sweden are covered by correspondent to the ITP plan, beyond which some premium-based supplement may be paid.

Each year the Board shall consider whether or not a share-based incentive program should be proposed to the AGM. Share-related incentive programs that are not resolved by the AGM are not permitted. If a director is employed by the Company, remuneration to such directors is paid according to these guidelines, for which reason separate remuneration for the duties as director shall not be paid. If a director carries out duties for the Company that are not board duties, compensation will be paid that is market-based and with consideration taken to the nature and performance of the assignment. The guidelines apply to agreements entered into after a resolution by the 2015 Annual General Meeting, and in the event that changes are made to existing agreements after this point in time. The Board will be entitled to diverge from the guidelines if there are particular reasons to do so in an individual case, provided that this is reported and subsequently justified.

Warrants program

D. Carnegie & Co has three warrants programs carrying an entitlement to subscribe for class B shares.

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 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, 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. After completion of its mandatory tender offer, Vega Holdco S.à.r.l. owns 756,200 warrants from warrants program no. two and 600,000 warrants from warrants program no. three. The market price of the stock option programs have been carried out by an independent party on the basis of the Black-Scholes method, the essential parameters taken into account in the valuations are D. Carnegie & Co's quoted share price, volatility, the warrants' exercise price and the risk free rate.

Defined contribution plans

The Group's employees are covered by defined contribution pension plans that are paid for in full by the company. Payment is made on current account according to established rules.

NOTE 4 Profit/loss by property segment and region

The result shows current operations, including properties acquired and investments made during the year. D. Carnegie & Co reports only one operating segment, management of residential properties.

NOTE 5 Fees and disbursements to auditors

	Group	Group	Parent	Parent
	2017	2016	2017	2016
Ernst & Young AB				
Audit services	2,920	3,810	3,478	3,810
Tax consulting	-	16	-	16
Other services	558	-	-	-
Total	**3,478**	**3,826**	**3,478**	**3,826**
KPMG				
Audit services	-	125	-	-
Tax consulting	-	-	-	-
Other services	-	-	-	-
Total	**0**	**125**	**0**	**0**
Other services, other accounting firm	-15	-	-	-
Total	**3,463**	**3,951**	**3,478**	**3,826**

NOTE 6 Operating expenses by type

	Group	Group	Parent	Parent
	2017	2016	2017	2016
Operating costs				
Electricity, heating	-213,607	-210,559	-	-
Management and caretaking	-86,304	-81,791	-191	-67
Personnel costs	-101,452	-84,332	-21,627	-13,525
Other property expenses	-169,577	-145,881	-2,215	-6,895
Total	**-570,940**	**-522,563**	**-24,033**	**-20,487**
Central administration				
Personnel costs	-61,171	-42,404	-36,539	-21,896
Advisory services	-3,214	-6,492	-2,122	-6,192
Management and caretaking	-	-7,555	-	-
Audit expenses	-3,478	-3,810	-3,478	-3,810
Other expenses	-47,626	-41,412	-31,506	-34,031
Total	**-115,489**	**-101,673**	**-73,645**	**-65,929**

NOTE 7 Net financial items

Financial income*	**2017**	**2016**
Group		
Income from other investments	-	-
Other interest income	6,232	16,068
Total	**6,232**	**16,068**
Parent company		
Income from other investments	-	-
Interest income, Group companies	46,073	26,743
Other interest income	1,053	6,999
Total	**47,126**	**33,742**
Financial expenses		
Group		
Other interest expenses**	-217,100	-198,134
Interest paid, derivatives	-58,570	-58,666
Other financial expenses**	-32,340	-18,677
Total	**-308,010**	**-275,477**
Parent company		
Other interest expenses	-78,852	-94,263
Other financial expenses	-11,704	-11,913
Interest expenses, Group companies	-47,633	-30,754
Total	**-138,189**	**-136,930**

Changes in value financial instruments	**2017**	**2016**
Group		
Changes in value, stocks and shares	-	-
Changes in value, derivatives - swaps	51,830	-84,207
Changes in value, derivatives - caps	-7,899	-3,391
Changes in value short-term investments	-52,433	-77,591
Total	**-8,502**	**-165,189**
Parent company		
Changes in value, stocks and shares	-	-
Changes in value, derivatives - swaps	-	-
Changes in value, derivatives - caps	-4,824	-3,391
Changes in value short-term investments	-39,100	-74,385
Total	**-43,924**	**-77,776**

*Financial income relate to fincial posts valued at amortized cost.
**Relate primarily to interest expenses on loans and bonds.

All expenses, except related to derivatives related to financial assets measured at amortized cost.
Derivatives are classified as financial assets at fair value through profit or loss, in the category held for trading.
Stocks and and share are reported at cost in the category Financial assets available for sale.

NOTE 8 Taxes

CONSOLIDATED INCOME STATEMENT

	2017		2016	
Tax calculation, Group	**Current tax Basis**	**Deferred tax Basis**	**Current tax Basis**	**Deferred tax Basis**
Profit/loss before tax	2,014,361	-	2,072,484	-
Deductions for tax purposes	-	-	-	-
depreciation	-105,120	-105,120	-96,719	-96,302
investments	-1,014,826	-1,030,085	-870,517	-870,517
Non-taxable changes in value, properties	-1,599,296	-1,599,296	-1,938,289	-1,938,289
Non-taxable changes in value, derivatives	-43,931	-43,931	87,598	87,598
Non-taxable changes in value, securities	52,433	53,015	71,890	71,890
Acquired temporary differences	-	-	-	-
Tax effect, property and company sales	-37,242	16,825	13,101	338,304
Non-deductible expenses	-39,601	-	5,240	-
Non-taxable revenues	-9	-	-113	-
Other adjustments for tax purposes	-1,500	-414	41,767	4,893
Total operating profit/loss	**-774,731**	**-2,709,006**	**-613,558**	**-2,402,423**
Loss carryforward, applied	-1,214,124	-	-591,925	-
New deficits	1,988,855	774,809	1,214,124	614,514
Adjustment for loss carryforwards, company divestments	-	-	-	-
Adjustments for acquired loss carryforwards	-	-86	-	-
Adjustments for effects from divested properties	-	-	-	-
Adjustment for acquired temporary differences	-	-44,812	-4,750	-
Total taxable profit/loss	**0**	**-1,979,095**	**3,891**	**-1,787,909**
Effective tax rate is 21.6% (19.0)				
Tax on profit/loss, 22%	-	-435,401	-856	-393,340
Adjustment relating to prior years	-4	-	-24	
Current tax/Deferred tax	**-4**	**-435,401**	**-880**	**-393,340**

CONSOLIDATED BALANCE SHEET

Deferred tax asset				
Opening amount	-	302,579	-	148,135
Acquired deductions for losses carried forward	-	-	-	-21
Change in value, derivatives	-	-9,665	-	19,272
Change during the year	-	170,458	-	135,193
Deferred tax assets at year-end	**0**	**463,372**	**0**	**302,579**
Deferred tax liability, temporary differences, properties				
Opening amount	-	-1,347,970	-	-851,001
Change during the year	-	-369,984	-	-496,969
Temporary differences at year-end	**0**	**-1,717,954**	**0**	**-1,347,970**
Acquired temporary differences, properties				
Opening amount	-	-652,123	-	-585,325
Change for the year through acquisitions and sales	-	-229,418	-	-66,797
Amount at year-end	**0**	**-881,542**	**0**	**-652,123**
Temporary differences, derivatives and financial assets				
Opening amount	-	17,266	-	1,283
Change during the year	-	12,321	-	15,983
Temporary differences at year-end	**0**	**29,587**	**0**	**17,266**
Total deferred tax liability				
Opening amount	-	-1,982,826	-	-1,435,043
Change during the year	-	-587,081	-	-547,783
Total deferred tax assets at year-end	**0**	**-2,569,907**	**0**	**-1,982,826**

PARENT COMPANY – INCOME STATEMENT

Tax calculation for parent company	2017 Basis Current tax	2017 Basis Deferred tax	2016 Basis Current tax	2016 Basis Deferred tax
Profit/loss before tax	-163,708	-	-145,366	-
Deductible expenses	-	-	-	-
depreciation	-	-	-	-
investments	-	-	-	-
Non-taxable changes in value, properties	-	-	-	-
Non-taxable changes in value, derivatives	4,824	-4,824	3,391	-3,391
Non-taxable changes in value, shares	39,100	-39,100	68,685	-68,685
Non-deductible expenses	-702	-	1,086	-
Other adjustments for tax purposes	-	-	-4	-
Total operating profit/loss	**-120,486**	**-43,924**	**-72,208**	**-72,076**
Loss carryforward, applied	321,991	-	249,783	-
New deficits	-201,505	-120,486	-177,575	-72,208
Adjustment for acquired temporary differences	-	-	-	-
Total taxable profit/loss	**0**	**-164,410**	**0**	**-144,284**
Including 22% deferred taxes	-	36,170	-	31,743
Deferred tax recognized in equity	-	-	-	
Current tax/Deferred tax	**0**	**36,170**	**0**	**31,743**
Effective tax rate is 22% (22)				

PARENT COMPANY - BALANCE SHEET

Deferred tax asset	2017 Basis Current tax	2017 Basis Deferred tax	2016 Basis Current tax	2016 Basis Deferred tax
Opening amount	-	86,695	-	54,952
Change during the year	-	36,168	-	31,743
Deferred tax asset at year-end	**0**	**122,864**	**0**	**86,695**

NOTE 9 Goodwill in business

On July 4, 2014, D. Carnegie acquired Hyresbostäder i Sverige II AB. D. Carnegie & Co owns 100% of the share capital and the voting capital in Hyresbostäder i Sverige II AB. in conjunction with the acquisition, and as a part of the purchase price, a directed issue of 26 million shares was made to the seller. The issue price of the shares was set at SEK 46.20 per share and based on the average price for the three trading days immediately preceding the acquisition on July 4, 2014. The company was included in the group as of July 4, 2014.

The acquisition has been reported as a business combination. The properties in financial instruments are valued at the fair value. The difference between the actual and the book values for other assets and liabilities is not considered to be material. Goodwill mainly arises because deferred tax is calculated according to standard accounting rules and not based on the value ascribed to deferred tax between parties in transactions. For accounting purposes, deferred tax is calculated at a nominal tax rate of 22% on the difference between the fair value and the tax value. In conjunction with transactions, deferred tax is normally negotiated based on the probability that it will become due and payable and a time factor for when any payment will be made. Acquisition-related fees in the amount of SEK -15.3 million were incurred in conjunction with the acquisition.

In conjunction with the preparation of the acquisition calculations and the classification of the acquisition as a business combination, an adjustment of the deferred tax liability in the balance sheet has been carried out. Goodwill mainly arises because deferred tax is calculated according to standard accounting rules and not based on the value ascribed to deferred tax between parties in transactions. For accounting purposes, deferred tax is calculated on the difference between the fair value and the tax value.

Goodwill is reviewed for impairment regularly by comparing recognized goodwill with the remaining temporary differences from the acquisition. Impairment of goodwill occurs when these temporary differences no longer exist, mainly because the properties were sold or the carrying amount is less than the acquisition value .

	2017	2016
Opening balance	630,165	685,728
Business combinations	-	-
Write-down of goodwill for the year	-583	-584
Write-down related to changes in values and properties	-	-
Write-down related to sold properties	-	-54,979
Closing balance	**629,582**	**630,165**

NOTE 10 Investment properties valuation of property holdings

Investment properties are accounted for using the fair value method; all such properties were valued using valuation hierarchy 3. No properties were transferred between different valuation hierarchies. D. Carnegie & Co carries out an external appraisal each quarter of the entire property portfolio. D. Carnegie & Co's entire property portfolio has been appraised as of 31 December 2017. The valuations used a yield-based cash-flow model (forecasts based on future cash flows). The yield level was determined based on the unique risk of the properties, as well as transactions carried out in each city using comparative market analysis. Changes during the period in the unobservable inputs applied in the valuations are analyzed at each year-end by management in relation to information available in-house, completed or planned transactions and information from the external appraisers. All external valuations were carried out according to international valuation standards. The external valuations were carried out by Savills.

Summary	
Valuation date	31 December 2017
Fair value	SEK 21,456 million
Calculation period	Five years
Yield, assessment of residual value	Average of 4.15 percent
Cost of capital/discount rate	Average of 6.24 percent
Long-term vacancy	On average 1.0 percent, (economic vacancy)
Inflation	2.0 percent (Riksbank inflation target)

PROPERTY HOLDINGS AND VALUATION, FAIR VALUE, AS OF DECEMBER 31 2017

Group	2017	2016
Opening fair value Jan. 1	16,997,923	13,826,439
Cost during the year, acquired properties	1,420,000	780,147
Investments in properties	1,479,819	1,039,204
Reclassifications	-	-
Sales revenues, sold properties	-41,400	-586,157
Changes in value	1,599,296	1,938,290
Closing fair value Dec. 31	**21,455,638**	**16,997,923**

Tax assessment

Group		2016
Tax assessment, buildings	8,034,354	7,534,576
Tax assessment, land	3,047,860	2,910,992
Total tax assessment	**11,082,214**	**10,445,568**

VALUATION METHOD

D. Carnegie & Co uses yield valuation according to the cash flow model for external valuations. The same valuation method has been used for all of D. Carnegie & Co's properties except for building rights; see Building rights below for the valuation methods used for them. The fair value of the property before deductions for sales expenses is calculated from the outcome in the cash flow method.

VALUATION MODEL

\+ Rent payments
– Operating payments
= Net operating income
– Deduction for investments
= Property's cash flow

Sensitivity analysis

A property valuation is an estimate of the value that an investor is willing to pay for the property at a given time. The valuation is made on the basis of generally accepted models and certain assumptions regarding various parameters. The fair value of a property can only be reliably established in a transaction between two independent parties. An uncertainty range is stated in the property valuation and is between +/– 5 –10 percent in a normal market. A changed property valuation of +/– 5 percent affects D. Carnegie & Co's property value by +/– SEK 850 million.

Fair value calculation

- The cash flow of the property is discounted to present-day value each year using the cost of capital/discount rate.
- The property's residual value is assessed by perpetual capitalization whereupon the direct yield is used. The residual value is then discounted to current-day value with the cost of capital.

- The value of any building rights and undeveloped land is added to the present-day value.
- The normal calculation period is five years.
- Inflation has been assessed at two percent (Riksbank inflation target).

BASIS FOR VALUATION

Each assumption about a property is individually assessed based on the material available about the property, as well as the market information and experience-based assessments of the external appraisers. The valuations considered the highest and best use of the properties. The external valuations are carried out according to RICS's and IVSC's recommendations in order to result in the fair value according to the internationally accepted definition published by these organisations.

Rent payments

The relevant leases, as well as known lettings and tenants vacating premises, form the basis for assessment of the property's rent payments. The external appraisers, in collaboration with D. Carnegie & Co's managers, have carried out an individual assessment of the market rent for vacant premises, as well as leased units at the end of the lease term. The external appraisers also assess the long-term vacancy rate of each property. Operating payments Operating payments consist of payments for the normal operation of the property.

Operating payments

Operating payments consist of payments for the normal operation of the property, including property taxes, repairs and maintenance, ground rent and property administration. The assessment of operating payments is based on the budgets and outcomes of the properties over the years that D. Carnegie & Co has owned them, as well as the external appraisers' knowledge of comparable properties. The maintenance level of the properties is assessed based on their current state, ongoing and budgeted maintenance measures and assessment by the external appraisers of future maintenance requirements.

Investment needs

The external appraisers assess the investment needs of the property based on the condition of the property. Properties with high vacancy rates often have a higher investment needs.

Yield requirement and cost of capital

The direct yield requirement of the properties has been assessed on the basis of the unique risk of each property and can be divided into two components: a general market risk and a specific property risk. Market risk is associated with the general economic trends and is affected by factors such as the priority given by investors to different asset classes and financing opportunities. Specific property risk is affected by the location of the properties, type of property, efficient use of space, standard, quality of installations, site leasehold, type of tenant and nature of the lease. From a theoretical standpoint, the cost of capital is assigned by adding inflation expectations to a risk-free real interest rate and a risk factor. The cost of capital is assessed for each property. The average return requirement on units included in the valuation amounts to 4.15 percent (4.31). The average cost of capital for the period was 6.24 percent (6.40).

Residual value

Residual value consists of net operating income during the remaining economic lifetime, based on the year after the last calculation year. Residual value is calculated for each property by perpetual capitalization of the estimated market-based net operating income and the estimated market yield requirement for the respective property. The yield requirement consists of the risk-free interest rate and each property's unique risk. The unique risk of the properties is assessed based on the external appraiser's market databases, experience and transactions carried out using comparative market analysis in the respective market. The cost of capital/discount rate is used to discount the residual value of the properties to present value.

Calculation periods

Calculation periods are primarily five years. Exceptions are properties with major leases where the remaining term exceeds five years. In these cases, a calculation period corresponding to the remaining term of the lease plus at least one year has been chosen.

Building rights and building sites

Properties with available building rights and building sites are valued based on a comparative market analysis, or present value based on the estimated fair value upon development of the building rights and building sites. All values of building rights and lots have been assessed by the external appraisers. The total potential building rights of value are estimated at 487,200 sq m GFA (gross floor area). On 31 December 2017, the potential building rights were valued at a fair value of SEK 608 million.

Property inspections

All properties are inspected by external appraisers within a three-year period. The external appraisers make new inspections where major renovations have been carried out, tenants have moved in, or other circumstances have occurred that may affect the value.

INTERNAL PROPERTY VALUATIONS

All properties are valued externally each quarter, hence no internal valuations are carried out.

CHANGES IN VALUE

The fair value for D. Carnegie & Co's properties on 31 December 2017 was SEK 21,456 million (16,998). Changes in value for 2017 amounted to SEK 1,599 million (1,938). As of 31 December 2017, D. Carnegie & Co's property portfolio was valued at an average return requirement of 4.15 percent (4.31).

TAX RESIDUAL VALUE

The tax residual value of the properties totaled SEK 5,324 million (4,645) on 31 December 2017.

NOTE 11 Machinery and equipment

	2017		2016	
	Group	Parent	Group	Parent
Accumulated cost				
Opening balance	19,733	1,468	17,303	1,838
Acquisitions	2,430	800	3,333	380
Acquisition of subsidiaries	1,005	-	50	-
Reclassifications	31	-	-	-
Disposals	-302	-	-953	-750
Total	**22,897**	**2,268**	**19,733**	**1,468**
Accumulated depreciation/amortization				
Opening balance	-13,761	-37	-12,642	-
Impairment losses for the year	-1,778	-186	-1,222	-37
Acquisition of subsidiaries	-572	-	-50	-
Reclassifications	-8	-	-	-
Disposals	302	-	153	-
Total	**-15,817**	**-223**	**-13,761**	**-37**
Carrying amount at year-end	**7,080**	**2,045**	**5,972**	**1,431**

NOTE 12 Accounts

D. Carnegie & Co evaluates its accounts receivable each quarter and makes individual assessments of all accounts receivable exceeding 30 days. Provisions are made for doubtful receivables and claims are recognized as bad debts in the event of bankruptcy or other bad debts. All new tenants undergo a credit check. Accounts receivable in the Group are recognized after taking into account bad debts during the year, which amounted to SEK -13 million (-9) including a deduction for recovered bad debts of SEK 11 million (6), corresponding to 0.9 percent (0.7) of sales. Actual bad debts amounted to SEK -15 million (6). The parent company has no bad debts.

ACCOUNTS RECEIVABLE GROUP

Days	**2017**	**2016**
0-29	2,685	2,535
30-89	3,398	1,113
90-	15,557	11,051
Doubtful receivables	-12,654	-8,907
Total	**8,986**	**5,792**

Doubtful receivables	**2017**	**2016**
Doubtful receivables, opening balance	-8,907	-10,768
Subsidiaries acquired	-	-
Divested subsidiaries	-	316
Provision for anticipated bad debts	-69	2
Recovery of bad debts	11,457	5,925
Established bad debts	-15,135	-4,382
Doubtful receivables, closing balance	**-12,654**	**-8,907**

ACCOUNTS RECEIVABLE PARENT COMPANY	**2017**	**2016**
0-29	-	21
30-59	-	23
Total	**0**	**44**

NOTE 13 Short-term investments

	2017	**2016**
Group		
Investments in listed shares	129,443	143,359
Investments in unlisted shares	-	39,100
Total	**129,443**	**182,459**

	2017	**2016**
Parent company		
Investments in listed shares	59,170	59,170
Investments in unlisted shares	-	39,100
Total	**59,170**	**98,270**

NOTE 14 Other receivables

	2017	**2016**
Group		
Settlement taxes and fees	5,703	3,703
Short-term note	-	-
Pre-paid expenses to suppliers	-	11,249
Insurance claims	6,601	8,132
Claims acquired companies	1,734	5,502
Claims divested companies	2,800	2,800
Claims, value-added tax	1,814	2,604
Other ongoing investments	25,619	-
Other current receivables	2,919	5,386
Total	**47,190**	**39,376**

	2017	**2016**
Parent company		
Settlement taxes and fees	-	1,064
Short-term note	-	-
Claims, value-added tax	2,832	3,860
Other current receivables	791	-
Other current receivables subsidiaries	3,545	4,663
Total	**7,168**	**9,587**

NOTE 15 Prepaid expenses and accrued income

	2017	2016
Group		
Accrued property expenses	17,537	6,153
Prepaid insurance	9,431	11,667
Prepaid site leasehold rent	3,328	1,932
Accrued financial income	0	-
Other accrued income	1,085	1,159
Other prepaid expenses	15,359	3,242
Total	**46,740**	**24,153**

	2017	2016
Parent company		
Accrued property expenses	439	351
Accrued financial income	9,834	-
Other prepaid expenses	20,996	122
Total	**31,269**	**473**

NOTE 16 Cash and cash equivalents

	2017	2016
Group		
Cash and bank balances	833,310	679,370
Total	**833,310**	**679,370**

Parent company		
Cash and bank balances	-	169,281
Total	**0**	**169,281**

NOTE 17 Equity

D. Carnegie & Co manages capital, representing consolidated equity. The purpose is to give D. Carnegie & Co's shareholders a high total return. Return on equity was 21.4 percent (31.1) in 2017. D. Carnegie & Co's ambition is to maintain a balanced asset and capital structure over time tailored to the Company's property management business. The target for 2017 was to achieve an equity ratio of at least 30 percent. The actual outcome was 34.0 percent (33.8). The target for 2018 is an equity ratio of at least 30%. The equity ratio target is a simplified consequence of a more in-depth analysis, where equity has been allocated in relation to the various risk profiles that the investment properties have in the balance sheet. Share capital consists of one class of share, ordinary shares, divided into class A shares which carry 5 votes per share and class B shares, which carry 1 vote, each with a par value of SEK 12.742349 per share.

Dividend

The Board of Directors of D. Carnegie & Co proposes to the Annual General Meeting that no dividend be paid for the 2017 financial year.

NOTE 18 Earnings per share

Earnings per ordinary share have been calculated for 2017 based on net profit for the year attributable to shareholders of the parent company and amount to SEK 1,579 million (1,678). All earnings are divided into 77,615,585 ordinary shares. The company redeemed all outstanding preference shares in 2014.

PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS

	2017	2016
Profit/loss for the year attributable to parent company shareholders	1,578,956	1,678,264
Number of outstanding class A shares	5,370	5,370
Number of outstanding class B shares	73,412	71,939
Number of outstanding ordinary shares	78,782	77,309
Number of outstanding preference shares	-	-
Earnings per share (SEK), basic	20.34	22.20
Earnings per share (SEK), basic	20.24	21.93

The number of shares after dilution is calculated as 77,999,783, where warrant 2 contributes with 369,366 shares, and warrant 3 contributes with 14,831 shares.

NOTE 19 Interest-bearing liabilities

DUE DATE STRUCTURE

Group	2017	2016
Non-current interest-bearing liabilities	11,457,609	8,802,028
Prepaid loan fees	-100,344	-69,010
Total	**11,357,265**	**8,733,018**
Current liabilities		
Current interest-bearing liabilities	1,076,086	1,257,659
Total	**1,076,086**	**1,257,659**

Parent company	2017	2016
Non-current interest-bearing liabilities	1,000,000	2,000,000
Prepaid loan fees	-8,383	-19,049
Total	**991,617**	**1,980,951**
Current liabilities		
Current interest-bearing liabilities	1,003,004	-
Total	**1,003,004**	**0**

NOTE 20 Financial instruments and financial risks

The Group is exposed to various kinds of financial risk in its business operations. Financial risks refer to fluctuations in the company's profits and cash flow as a result of changes in interest rates, for example. D. Carnegie & Co is mainly exposed to liquidity risk, funding risk, interest rate risk and credit risk. Reporting of the Group's financial risks and financial position is made to the Board and CEO on regular basis.

NOTE 20 *Cont.* Financial instruments and financial risks

For acquisitions special financing decisions are taken by the Board. The finance department's operations are conducted within the framework established in the finance policy established by the Board. The finance policy regulates the handling of financial risks and provides a framework of guidelines and rules that serve as risk mandates and limits on financial activities. The Group's financial transactions and financial risks is handled centrally by the parent company's finance function. The overarching objective of the finance function is to provide cost-effective financing and to minimize negative effects on the Group's earnings due to market fluctuations. Financial issues of strategic importance are addressed by the Board of ctors. Additional information is available in the section on Financing on pages 37-39.

FINANCIAL ASSETS AND LIABILITIES AS OF 31 DECEMBER 2017

Group, FInancial assets	Financial assets/ debts valued at fair value in profit or loss *	Receivables and current assets	Divestable financial assets	Other financial debt	Total
Shares and stocks	-	-	4,805	-	4,805
Derivatives	12,690	-	-	-	12,690
Customer recievables	-	8,986	-	-	8,986
Short-term investments	129,443	-	-	-	129,443
Other receivables	-	-	-	-	-
Accrued income	-	-	-	-	-
Cash and cash equivalents	-	833,310	-	-	833,310
	142,133	**842,296**	**4,805**	**-**	**989,234**
Financial liabilities					
Non-current interest bearing liabilities, liabilities to credit institutions	-	-	-	9,357,265	9,357,265
Non-current interest bearing debt, bonds	-	-	-	1,000,000	1,000,000
Current interest bearing debt, bonds	-	-	-	1,000,000	1,000,000
Other non-current liabilities	-	-	-	-	-
Interest rate derivatives	92,864	-	-	-	92,864
Current interest-bearing liabilities	-	-	-	76,086	76,086
Accounts payable	-	-	-	119,982	119,982
Other short-term liabilities	-	-	-	-	-
Accrued costs	-	-	-	44,157	44,157
	92,864	**-**	**-**	**12,597,490**	**12,690,354**

*Sub-category is held for trading purposes

The fair value is consistent in all material respects with the carrying amount. For fixed rate loans amounting to SEK 1,595 m the fair value is calculated to

FINANCIAL ASSETS AND LIABILITIES AS OF 31 DECEMBER 2016

Group, Financial assets	Financial assets/ debts valued at fair value in profit or loss *	Receivables and current assets	Divestable financial assets	Other financial debt	Total
Shares and stocks	-	-	19,950	-	19,950
Derivatives	6,517	-	-	-	6,517
Customer recievables	-	5,792	-	-	5,792
Short-term investments	182,459	-	-	-	182,459
Other receivables	-	-	-	-	-
Accrued income	-	-	-	-	-
Cash and cash equivalents	-	679,370	-	-	679,370
	188,976	**685,162**	**19,950**	**0**	**894,088**
Financial liabilities					
Non-current interest bearing liabilities, liabilities to credit institutions	-	-	-	6,733,018	6,733,018
Non-current interest bearing debt, bonds	-	-	-	2,000,000	-
Other non-current liabilities	-	-	-	1,103	1,103
Interest rate derivatives	144,694	-	-	-	144,694
Current interest-bearing liabilities	-	-	-	1,257,659	1 257,659
Accounts payable	-	-	-	81,934	81,934
Other short-term liabilities	-	-	-	-	-
Accrued costs	-	-	-	43,687	43,687
	144,694	**0**	**0**	**10,117,392**	**8,262,086**

*Sub-category is held for trading purposes

The fair value is consistent in all material respects with the carrying amount.

Fair value

The table below shows financial instruments measured at fair value, based on the classification in the fair value hierarchy. The different levels defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Observable inputs for the asset or liability than quoted prices included in Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

31 December 2017	Level 1	Level 2	Level 3	Sum
Financial assets				
Derivatives	-	12,690	-	12,690
Short-term investments	129,444	-	-	129,444
	129,444	**12,690**	**-**	**142,134**
Financial liabilities				
Derivatives	-	92,864	-	92,864
	-	**92,864**	**-**	**92,864**

31 December 2016	Level 1	Level 2	Level 3	Sum
Financial assets				
Derivatives	-	6,517	-	6,517
Short-term investments	143,359	39,100	-	182,459
	143,359	**45,617**	**0**	**188,976**
Financial liabilities				
Derivatives	-	144,694	-	144,694
	0	**144,694**	**0**	**144,694**

Fair value calculation

The carrying values on the balance sheet does not differ materially from fair value. For the Company's long term debt at fixed interest rates is however, a fair value is determined, see below.

Stocks and shares

Shares and holdings consist of investments that are not quoted in an active market and whose fair value can not be reliably measured, which means that holdings have been valued at cost.

It is estimated that the fair value of these stocks and shares equal the carrying value.

Interest rate derivatives

Derivatives are, in the consolidated financial statements, carried at fair value with changes reported over the income statement. To determine the fair value of interest rate derivatives market rates are used for each term listed on the closing date and generally accepted calculation methods, which means that the fair value is determined according to level 2 of IFRS 13. D. Carnegie & Co values all derivatives by reconciliation with the counterparty. The interest swaps have been valued by Deutsche Pfandbriefbank, Landesbank Hessen-Thüringen and Swedbank by discounting future cash flow to present value. The interest rate caps have been valued by Swedbank, Handelsbanken, SEB, Danske Bank and.

Short term investments

Short-term investments consist of shares listed on an active market and a smaller percentage that are not quoted in an active market. An assessment has been made that the fair value can be measured reliably; which means that all holdings have been valued at fair value. Shares that not quoted are valued in accordance with level 2, IFRS 13.

Long-term interest-bearing liabilities

For disclosure purposes an estimated a fair value of long term debt with fixed interest rates is determined by discounting the future cash flows of the principal and interest discounted at the current market rate. In the calculation an assessment has been made regarding the credit spread and the conditions that the Group would receive per reporting date.

Short-term receivables and liabilities

For current receivables and liabilities, such as accounts receivable and accounts payable and short-term interest-bearing debt, with a maturity of less than one year, the carrying amount reflects the fair value. Changes in value as well as income and expenses from financial instruments are disclosed in Note 7, Net financial items and fair value of financial instruments and Note 12, Accounts receivables.

NOTE 20 *Cont.* Financial instruments and financial risks

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are disclosed in the table below. Financial instruments with variable interest rates have been calculated using the rate that existed at the balance sheet date. Liabilities are included in the period when the earliest repayment may be required.

31 December 2017

Term analysis financial liabilities, SEKm	**2018**	**2019-2020**	**2021-2022**	**2023-**
Non-current interest bearing liabilities, credit institutitions	-	1,749	4,081	4,627
Non-current interest bearing liabilities, bonds	-	1,000	-	-
Current interest bearing liabilities, bonds	1,000	-	-	-
Other non-current liabilities	-	-	-	-
Interest rate derivatives	62	118	62	-
Current interest bearing liabilities	74	-	-	-
Accounts payable	120	-	-	-
Accrued liabilities	44	-	-	-
	1,300	**2,867**	**4,143**	**4,627**

31 December 2016

Term analysis financial liabilities, SEKm	**2017**	**2018-2019**	**2020-2021**	**2022-**
Non-current interest bearing liabilities, credit institutitions	99	1,792	2,442	2,890
Non-current interest bearing liabilities, bonds	78	2,071	-	-
Other non-current liabilities	-	1	-	-
Interest rate derivatives	62	123	105	7
Current interest bearing liabilities	1,264	-	-	-
Accounts payable	82	-	-	-
Accrued liabilities	44	-	-	-
	1,628	**3,987**	**2,547**	**2,897**

Liquidity and funding risk

Liquidity risk refers to the risk of insufficient liquidity to meet future payment obligations. Internal liquidity forecasts are drawn up in connection with the quarterly reports for the coming twelve months, where all items affecting cash flows are analyzed in aggregate form. The purpose of the liquidity forecast is to verify the need for capital. D. Carnegie & Co has a number of funding sources, and believes that short-term loans can be extended with current lenders. Further see pages 37-39.

Funding risk is the risk that financing cannot be obtained at all, or is only available at greatly increased costs. To manage this risk, the finance policy contains rules on spreading of maturities for the loan stock and the size of investments. According to the finance policy, the average remaining maturity, the fixed-rate term, on the loan stock should be 3-5 years, and at most 35 percent of the loan stock should mature during any single year. As of 31 December 2017, the average remaining term of the loan portfolio was 4.6 years (3.6). Cash and cash equivalents at this time totalled SEK 833 million (679).

MATURITY, CREDIT INSTITUTIONS

Maturity	**Credit agreements, SEK million**	**Utilized, SEK million**
2018	76	76
2019	377	377
2020	1,372	1,372
2021-	8,709	8,709
Summa	**10,534**	**10,534**

This table relates to credit institutions and not total interest-bearing liabilities. The amounts do not include loan fees capitalized for accounting purposes.

MATURITY, ALL INTEREST-BEARING LIABILITES

Maturity	**Credit agreements, SEK million**	**Utilized, SEK million**
2018	1,076	1,076
2019	1,377	1,377
2020	1,372	1,372
2021-	8,709	8,709
Summa	**12,534**	**12,534**

This table relates to credit institutions and not total interest-bearing liabilities. The amounts do not include loan fees capitalized for accounting purposes.

Interest rate risk

The interest rate risk can consist of changes in fair value resulting from changes in interest rates, known as price risk, as well as changes in cash flow, cash flow risk. The fixed-interest term is an important factor affecting the interest rate risk. Long periods of fixed interest entail a higher price risk, while shorter periods of fixed interest entail a higher cash flow risk. Of the total interest-bearing liabilities of SEK 12,433 million (10,060), 64 percent (54) had variable interest and the average fixed-interest term was 1.4 years (2.7) at year-end.

INTEREST RATE TERM, CREDIT INSTITUTIONS

Maturity	**Average interest rate, %**	**Volume, SEKm**	**Percentage, %**
2018	1.7%	5,966	57%
2019	1.6%	377	4%
2020	2.1%	1,058	10%
2021-	3.4%	3,133	30%
Summa	**2.2%**	**10,534**	**100%**

This table relates to credit institutions and not total interest-bearing liabilities.

INTEREST RATE TERM, TOTAL INTEREST BEARING DEBTS

Maturity	Average interest rate, %	Volume, SEKm	Percentage, %
2018	2.2%	7,966	64%
2019	1.6%	377	3%
2020	2.1%	1,058	8%
2021-	3.4%	3,133	25%
Summa	**2.5%**	**12,534**	**100%**

This table relates to credit institutions and not total interest-bearing liabilities.

According to the finance policy, cash flow risk is limited as follows: at least 30% of the total loan volume should be with fixed interest or be covered by an interest rate cap. Swapped volumes are classified as corresponding to fixed loans.

According to the finance policy, the average remaining term for interest rate caps and swaps should be 3 – 5 years and at year-end it was 5 years (5). At year-end D. Carnegie & Co had fixed-rate loans from credit institutions (primarily through swaps) for a total of SEK 4,568 million (4,901). Further see Note 7.

INTEREST RATE DERIVATIVES

Type	Amount SEK million	Remaining term, years	Interest rate %	Fair value SEK m
Nominal interest rate swaps	3,401	4	-	-93
Interest rate caps	4,426	5	3%	13

Credit risks

Credit risk refers to the risk that a counterparty or issuer cannot fulfil its obligations to D. Carnegie & Co. D. Carnegie & Co is exposed to credit risk to the extent that surplus liquidity is to be invested and through its holdings of derivatives in the form of interest rate caps and interest rate swaps.
D. Carnegie is also exposed to credit risks in receivables, further see Note 12. In order to limit credit risk in investments, the financial policy contains special counterparty rules where the maximum credit exposure to various counterparties is as follows:

Counterparty, Short term placings	Max term	Limit
Swedish state and government agencies with 100% government guarantee	3 months	Unlimited
Swedish banks with wholly-owned subsidiaries	3 months	Maximum of SEK 500 million per group
Other Swedish mortgage institutions	3 months	Maximum of SEK 100 million per company
Foreign banks with a rating of at least A- from Standard & Poor's or A3 from Moody's	3 months	Maximum of SEK 50 million per group

Quantification of credit risk exposure as of December 31, 2016

The Group has, in order to reduce counterparty risk in derivative instruments, signed standardized netting agreements (ISDA) agreements.
The Group receives or makes no guarantees regarding derivatives.

Derivatives may only be acquired hedge the interest rate risk. Permitted derivatives: interest rate swaps, interest rate caps. The term for caps and swaps may not exceed ten years.

Counterparties regarding derivative transactions.

Credit risk exposure is measured as, at the time, the fair value of financial assets.
The Group's maximum exposure to credit risk from financial instruments is the carrying values of financial assets according to the table Financial assets and liabilities as of 31 December 2017.

Credit quality is assumed to be good for financial assets that are not yet due nor impaired. The Group had at the end of the period not received any collateral for credit risk exposure

Netting

The Group performs gross accounting for all financial instruments.

	31 December 2017		31 December 2016	
Informaton regarding netting- Financial instruments	**Financial assets**	**Financial liabilities**	**Financial assets**	**Financial liabilities**
Gross amount of financial instruments that may be netted	21,911	11,805	13,746	16,946
Amounts which have been netted	-	-	-	-
Reported in balance sheet	**21,911**	**11,805**	**13,746**	**16,946**
Amounts covered by netting agreements, derivatives	-11,805	-11,805	-13,746	-13,746
Net amount after netting agreements	**10,106**	**0**	**0**	**3,200**

Counterparty, Derivatives	Max duration	Nominal limit per counterparty
Swedish banks with wholly owned subsidiaries	10 years	SEK 4,000 million
Foreign banks with a rating of at least A- from Standard & Poor's or A3 from Moody's	10 years	SEK 4,000 million

NOTE 20 *Cont.* Financial instruments and financial risks

Covenants and risk-taking

D. Carnegie & Co's financial risk-taking and financial position can be inferred from key figures such as the equity ratio, the interest coverage ratio and the LTV ratio. Credit agreements with banks and credit institutions sometimes contain limits, known as covenants, for these three key ratios. D. Carnegie & Co's own targets are well in line with the banks' requirements. D. Carnegie & Co's target for 2017 was to achieve an equity ratio of at least 30 percent. The equity ratio target remains unchanged for 2017. Banks generally have a lower limit of 25 percent. D. Carnegie & Co's target is that the interest coverage ratio should be at least 1.5 times, which is in line with the banks' requirements. D. Carnegie & Co's upper limit for the loan-to-value ratio is a target of 65 percent. D. Carnegie & Co met all targets and fulfilled all requirements with a good margin in 2017. The equity ratio was 34 percent, the interest coverage ratio was 2 times, the loan-to-value ratio was 54 percent and the loan-to-value ratio for properties was 49 percent.

Price risk for stocks and shares

The Group's holdings in listed and unlisted shares are exposed to market price risk. The Group's holdings are specifically related to the real estate industry.

A change in the market valuation of +/- 10 percentages would affect the Group's reported profit after tax and the Group's equity of SEK +10/-13 million.

Exchange rate risk

The Group has operations only in Sweden, and has no loans or holdings which exposes the Group to currency risk.

Sensitivity analysis

In connection with the quarterly reports, an interest rate sensitivity analysis is also prepared, measuring the effects of changes in short-term market interest rates on the borrowing rate and interest coverage ratio. A change in short-term market interest rates of +/-1 percentage point at year-end would have meant that D. Carnegie & Co's average borrowing rate would have changed by +0.3/-0.1 percentage point, which would have been equivalent to a change in interest expenses of SEK+34/-12 million. The interest coverage ratio, excluding changes in value, would have changed from the current 2 to 2/2 times. The changes in interest expenses are affected by the interest rate floor (Stibor) in the loan agreements. A change in market value of derivatives due to changes in short-term interest rates is not expected to have material impact on the Group's reported net profits and financial position.
The calculations of the sensitivity analysis are based on the Group's earnings capacity and balance sheet as of 31 December 2017. The sensitivity analysis shows the effect on the Group's profit/loss for the year after full impact of each of the parameters above.

NOTE 21 Other liabilities

Other current liabilities	2017	2016
Group		
Employee withholding taxes and social security contributions	2,551	5,708
Depositions	936	-
VAT	-	-
Liability to Boverket	65,058	19,914
Deferred liabilities registered title deeds	7,256	7,256
Other items	1,062	2,886
Total	**76,863**	**35,764**
Parent company		
Employee withholding taxes and social security contributions	727	4,328
VAT	-	-
Other items	-	-
Total	**727**	**4,328**

NOTE 22 Accrued expenses and deferred income

	2017	2016
Group		
Prepaid rent for first quarter	109,719	100,705
Accrued expenses properties	145,628	124,645
Accrued interest expenses	44,157	43,678
Accrued personnel costs	14,760	12,833
Other items	-	-
Total	**314,264**	**281,861**
Parent company		
Accrued interest expenses	15,188	15,083
Accrued personnel costs	5,111	5,220
Accrued consultancy costs	-	6,198
Accrued audit costs	1,300	1,713
Accrued Group liabilities	2,886	-
Accrued bonus	7,300	-
Other items	4,561	2,428
Total	**36,346**	**30,642**

NOT 23 Operating leases

Costs for leased leased cars	2017	2016
Group		
Within one year	2,311	298
Between one to five years	3,745	2,687
More than five years	-	-
Costs for operating leases for the year:	2,909	2,088
Parent company		
Within one year	643	70
Between one to five years	1,183	784
More than five years	-	-
Costs for operating leases for the year:	823	538

Future leasing expenses relate to entered agreements related to cars.

NOTE 24 Pledged assets and contingent liabilities

	Group 2017	Group 2016	Parent 2017	Parent 2016
Pledged assets				
Shares and participations	687,944,820	605,755,780	836,926,136	836,926,136
Floating charges	7,561,000	7,561,000	-	-
Property mortgages	10,813,936,063	8,502,777,418	-	-
Total	**11,509,441,883**	**9,116,094,198**	**836,926,136**	**836,926,136**
Contingent liabilities				
Guarantees on behalf of subsidiaries	3,656,100,810	2,626,227,332	795,000,000	906,732,500
Total	**3,656,100,810**	**2,626,227,332**	**795,000,000**	**906,732,500**

Pledged assets relate to loans to credit institutions and not total interest-bearing liabilities. The parent company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries.
D. Carnegie & Co is not a party to any disputes.

NOTE 25 Related parties

	Year	Services sold	Services purchased	Interest received	Interest paid	Receivable	Liability
Group							
Related parties	2017	-	-	-	-	-	-
Related parties	2016	-	-50,409	10,677	-2,056	-	-
Parent company							
Subsidiaries	2017	16,043	-2,886	46,073	-47,633	3,315,645	-3,391,861
Subsidiaries	2016	4,770	-	26,743	-30,754	1,700,491	-1,883,288
Other related parties	2017	-	-	-	-	-	-
Other related parties	2016	-	-1,085	2,485	-2,056	-	-

Transactions with related parties are priced at market conditions. The parent company is a related party to its subsidiaries, see Note 26. Apart from this, no related-party transactions have taken place during the year.

The remuneration payable to the CEO, senior management, and the Board of Directors is set forth in note 3.

NOTE 26 Shares in group companies

	31 Dec. 2017	31 Dec. 2016
Accumulated cost		
Opening balance	4,827,870	4,827,870
Acquisitions	200	-
Sales	-	-
Carrying amount at year-end	4,828,070	4,827,870
Accumulated shareholder contribution		
Opening balance	-	-
Shareholder contribution for the year	8,000	-
Carrying amount at year-end	8,000	-
Total	**4,836,070**	**4,827,870**

A specification of the parent company's directly-owned subsidiaries, and other group companies is set forth below.

Subsidiary / Corp.ID.no / Registered office	Number of shares	Percentage	Carrying amount
HYRESBOSTÄDER I SVERIGE II AB, 556622-5990, STOCKHOLM	**1,030,507**	**100%**	**3,753,897**
Graflunds Fastighets AB, 556035-8524, Eskilstuna	1,074	100%	
Graflunds Byggnads AB 556065-7438, Eskilstuna	4,000	100%	
Graflunds Kommersiella Fastigheter AB 556678-4673, Eskilstuna	1,000	100%	
Fastighetsbolaget Vaksam 8 AB 556726-1507, Eskilstuna	1,000	100%	
Bronseri AB 556498-4937, Eskilstuna	1,000	100%	
Kattgun AB 556498-4895, Eskilstuna	1,000	100%	
Fastighetsförvaltningsaktiebolaget Friheten 11 556525-4645, Eskilstuna	1,000	100%	
Veningen B AB 556764-6897, Stockholm	1,000	100%	
Fastighetsbolaget Kullerstensvägen AB 55662-9027, Stockholm	1,000	100%	
Fastighetsbolaget Kullerstensvägen KB 969673-3618, Stockholm	-	100%	
Fastighetsbolaget Sågenvägen AB 556662-9001, Stockholm	1,000	100%	
Fastighetsbolaget Klena KB 969673-3717, Stockholm	-	100%	
Fastighets AB Linrepan 556706-3085, Stockholm	1,000	100%	
Fastighetsbolaget Anelk AB 556662-5637, Stockholm	1,000	100%	
Kungskatten Holding AB 556706-3739, Stockholm	1,000	100%	
Markarydsbostäder Holding AB 556602-1753, Stockholm	1,000	100%	
Markarydsbostäder i Stockholm AB 556637-3676, Upplands-Bro	80,100	100%	
Markarydsbostäder i Södertälje AB 556540-1659, Södertälje	20,100	100%	
Fastighetsbolaget Lärdom AB 556726-1580, Eskilstuna	1,000	100%	
Fatighetsbolaget Erganten AB 556725-8214, Eskilstuna	1,000	100%	
Märtuna I AB 556790-2795, Stockholm	1,000	100%	
Fastighetsuthyrning i Tranås AB 556791-4030, Stockholm	1,000	100%	
Graflunds Holding AB 556706-4919, Stockholm	1,000	100%	
Hyresbostäder i Arboga AB 559100-1028, Stockholm	50,000	100%	
Hyresbostäder i Köping AB, 559099-7614, Stockholm	50,000	100%	
Hyresbostäder i Tranås AB 559099-7721, Stockholm	50,000	100%	
Hyresbostäder i Söderort AB 559109-2688, Stockholm	50,000	100%	
Hyresbostäder i Tranås 2 HB 916642-8483, Stockholm	-	100%	
Hyresbostäder i Katrineholm AB 559056-3762, Stockholm	50	100%	
Valsätra Galaxen AB 559036-7248, Stockholm	500	100%	

Subsidiary / Corp.ID.no / Registered office	Number of shares	Percentage	Carrying amount
HOLMIENSIS BOSTÄDER AB 556943-4888, STOCKHOLM	**50,000**	100%	**1,073,973**
Flemingsberg Fastighetsförvaltning AB 556898-1582, Stockholm	833,333	100%	
Provinsfastigheter i Visättrahem AB 556673-4298, Stockholm	1,000	100%	
Provinsfastigheter i Vedboden 1 AB 556673-4645, Stockholm	1,000	100%	
Provinsfastigheter i Magasinet 4 AB 556673-4579, Stockholm	1,000	100%	
Provinsfastigheter i Stallet 3 AB 556673-4405, Stockholm	1,000	100%	
Östgötafastigheter i Norrköping AB 556916-0343, Stockholm	500	100%	
Östgötafastigheter Hambon 1 AB 556945-1932, Stockholm	500	100%	
Östgötafastigheter Hambon 2 AB 556945-1940, Stockholm	500	100%	
Östgötafastigheter Tangon 1 AB 556945-1957, Stockholm	500	100%	
Östgötafastigheter Gavotten 1 AB 556945-1890, Stockholm	500	100%	
Östgötafastigheter Kadriljen 1 AB 556945-1908, Stockholm	500	100%	
Östgötafastigheter Mazurkan 1 AB 556945-1916, Stockholm	500	100%	
Östgötafastigheter Menuetten 1 AB 556945-1924, Stockholm	500	100%	
Östgötatornen AB 556679-1736, Norrköping	100,000	100%	
Kista Fastighetsförvaltning AB 556850-4772, Stockholm	505,899	100%	
Kista Kommanditdelägare AB 556850-4780, Stockholm	50,000	100%	
KB Bergen 1 969605-7620, Stockholm	-	100%	
KB Nidrosgatan 969605-7638, Stockholm	-	100%	
KB Telemark 969605-7554, Stockholm	-	100%	
KB Nordkapsgatan 4-19 969624-6546, Stockholm	-	100%	
KB Törnbergsgatan 1-15 969624-6694, Stockholm	-	100%	
Bredbykvarn Fastighets AB 556963-8082, Stockholm	500	100%	
Bredbykvarn Garage AB 556963-8116, Stockholm	500	100%	
Trojeborgs Fastigheter i Sverige AB 556558-0486, Stockholm	15,000	100%	
Fastighets AB Turemalm 556974-0219, Stockholm	50,000	100%	
Stendörren Byggrätt Huddinge Fyra AB 556974-0235, Stockholm	50,000	100%	
Holmiensis Duvholmen 1 AB 559035-5979, Stockholm	50,000	100%	
HOLMIENSIS AFFÄRSUTVECKLING AB 559089-3342	50,000	100%	50
HYRESBOSTÄDER I SVERIGE III AB 559109-2589	50 000	100%	50
Hyresbostäder Svart AB 559109-2662, Stockholm	50,000	100%	
Lämnat aktieägartillskott till Hyresbostäder Svart AB 559109-2662, Stockholm			8,000
Hyresfastigheter i Strängnäs AB 559064-1345, Stockholm	50	100%	
Fastighets AB Bonden 559064-1352, Stockholm	50	100%	
Fastighets AB Brunteglet 559064-1360, Stockholm	50	100%	
Fastighets AB Läraren i Strängnäs 559064-1378, Stockholm	50	100%	
Fastighets AB Träbalkongen 559064-1568, Stockholm	50	100%	
Hyresbostäder Sten AB 559109-2654, Stockholm	50,000	100%	
Östgötaporten AB 556941-0151, Stockholm	50,000	100%	
Bromsten Fastighetsförvaltning AB 556923-9493, Stockholm	4,209	100%	
Spånga Förvaltning AB 556675-3470, Stockholm	1,000	100%	
Jordbroförvaltnings AB 556764-2896, Stockholm	1,000	100%	
Fastighetsbolaget Nyfors City AB 556555-8672, Stockholm	1,000	100%	
HYRESBOSTÄDER I SVERIGE IV 559110-2404	50,000	100%	50
HYRESBOSTÄDER I SVERIGE V 559109-7463	50,000	100%	50

NOTE 27 Statement of cash flows

Adjustment for items not included in cash flow	Group 2017	Group 2016	Parent 2017	Parent 2016
Items not affecting cash flow at acquisition	-	-	-	-
Accrued unpaid interest	504	-2,628	104	-5,118
Equity share convertible bond	-	-	-582	700
Amortization for the year on equipment	2,362	1,801	186	37
Capital gain/loss on equipment	-5	-35	-	-
Changes in value on financial instruments	-	-	-4,241	8,394
Total	**2,861**	**-862**	**-4,533**	**4,013**

During the year, interest have been paid by SEK -126 million and interest have been received by SEK 46 million in the parent company.

NOTE 28 Events after the balance sheet date

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. Svein Erik Lilleland also remains a board member.

D. Carnegie & Co has carried out a rights issue of shares of series A and B of 11,254,538 shares in total. 10,749,568 shares, whereof 767,123 shares of series A and 9,982,445 shares of series B, subscribed for with the exercise of subscription rights have been registered with the Swedish Companies Registration Office in March 2018. The remaining shares of series B in the rights issue that have been allotted to shareholders who have subscribed for shares with subsidiary preferential right will be registered with the Swedish Companies Registration Office in April 2018. The subscription price was SEK 90 per share where the shareholders were entitled to subscribe for one new share for every seven shared held.

D. Carnegie & Co has in the beginning of April completed the acquisitions of 1,420 apartments in the Stockholm region and 749 apartments in Västerås that the company entered into agreement of during the fourth quarter in 2017.

D. Carnegie & Co has on 5 April 2018 entered into an agreement with Byggmästare Anders J Ahlström Fastighets AB to acquire 1,274 apartments in Stockholm for SEK 1,673 million. As part of the purchase price, Byggmästare Ahlström will subscribe for 1,016,000 series B-shares in D. Carnegie & Co, corresponding to SEK 123 per share.

NOTE 29 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the Board of Directors and management to make assessments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets and liabilities, income and expenses. Such estimates and assumptions are based on historical experience and a number of other factors which, under the prevailing circumstances, are deemed reasonable. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities, which are otherwise not clearly apparent from other sources. The actual outcome can deviate from these estimates and assumptions. Estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the Board and management in the application of IFRS that have a significant impact on the financial statements, and estimates with a significant risk of material adjustment in the next year's financial statements relate to valuation of investment properties, which are described in greater detail in note 10.

NOTE 30 Information about the Parent company

D. Carnegie & Co AB (publ), company reg. no. 556498-9449, is a Swedish registered limited liability company with its registered office in Stockholm, Sweden. The parent company's shares are registered on Nasdaq Stockholm Midcap. The head office is located at Engelbrektsplan 1, 114 34 Stockholm, Sweden. These consolidated financial statements for 2017 are for the Group consisting of the parent company and all subsidiaries.

NOTE 31 Proposed allocation of unappropriated earnings

The following funds are at the disposal of the Annual General Meeting:

	2017	2016
Retained earnings	-433,322,133	-319,698,476
Share premium reserve	2,508,733,558	2,448,858,519
Profit/loss for the year	-128,602,917	-113,623,657
SEK	**1,946,808,509**	**2,015,536,386**
To the shareholders	0	0
Carried forward	1,946,808,509	2,015,536,386
SEK	**1,946,808,509**	**2,015,536,386**

The board proposes that no dividend be paid for financial year 2017.

The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the parent company, and that the Report of the Directors for the Group and the parent company respectively gives a true and fair review of the development of the operations, financial position and results of the Group and the parent company and describes substantial risks and uncertainties faced by the companies in the Group.

Stockholm April 13, 2018
The Board of Directors of D. Carnegie & Co

James Seppala
Chairman

Rolf Buch
Director

Karolina Keyzer
Director

Jean-Christophe Dubois
Director

Melissa Pianko
Director

Fredrik Brodin
Director

Svein Erik Lilleland
CEO

Our Audit Report was submitted on April 13, 2018
Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant

Ingemar Rindstig
Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Appendix 1 Auditor's report for a public limited liability parent company preparing its consolidated accounts in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, Corporate Governance Statement review according to law

AUDIT REPORT

To the general meeting of the shareholders of D Carnegie & Co AB (publ), corporate identity number 556498-9449.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of D. Carnegie & Co AB (publ) except for the corporate governance statement on pages 60-71 for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 72-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 60-71. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Valuation of investment properties

Description

How our audit addressed this key audit matter

Investment properties amounts to 21 456 MSEK in the consolidated statement of financial position for the group as of 31 December 2017. The investment properties are accounted for using the fair value method at the reporting date and all properties are valued at the year end at fair value by an external valuation company. The fair value is an assessment of the market value for each property individually and is affected by a number of different assumptions and assessments such as rent payments, operating costs, investments, discount rate and yield. The yield is specific for each property and is determined by analysis of the performed transactions and the property's market position.

Since the valuation involves a number of different assumptions and we have deemed accounting and process for valuation of investment properties as key audit matters.

The accounting principles for valuation of investment properties are disclosed in the section Property valuation on page 75, note 1 Accounting principles section Investment properties on page 91 and note 10 Valuation of Investment properties on pages 98-99.

How our audit addressed this key audit matter

In our audit we have assessed the external valuation company´s objectivity, independence and competence. In our audit we have also evaluated the company's process for performing the valuation of investment properties. We have assessed the reasonableness of the assumption and assessments used in the valuation which includes assessments made by the external valuation company regarding rental development, vacancy, inflation and, operating costs. This has been done with assistance from our own internal valuation specialists and by making comparisons to known market data. We have, for a selection of investment properties, reviewed rental income and operating costs used in the external valuation and compared this against the company's accounting records. We have also reviewed that the disclosures made are appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-71 and 116-160. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of D Carnegie & Co AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 60-71 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

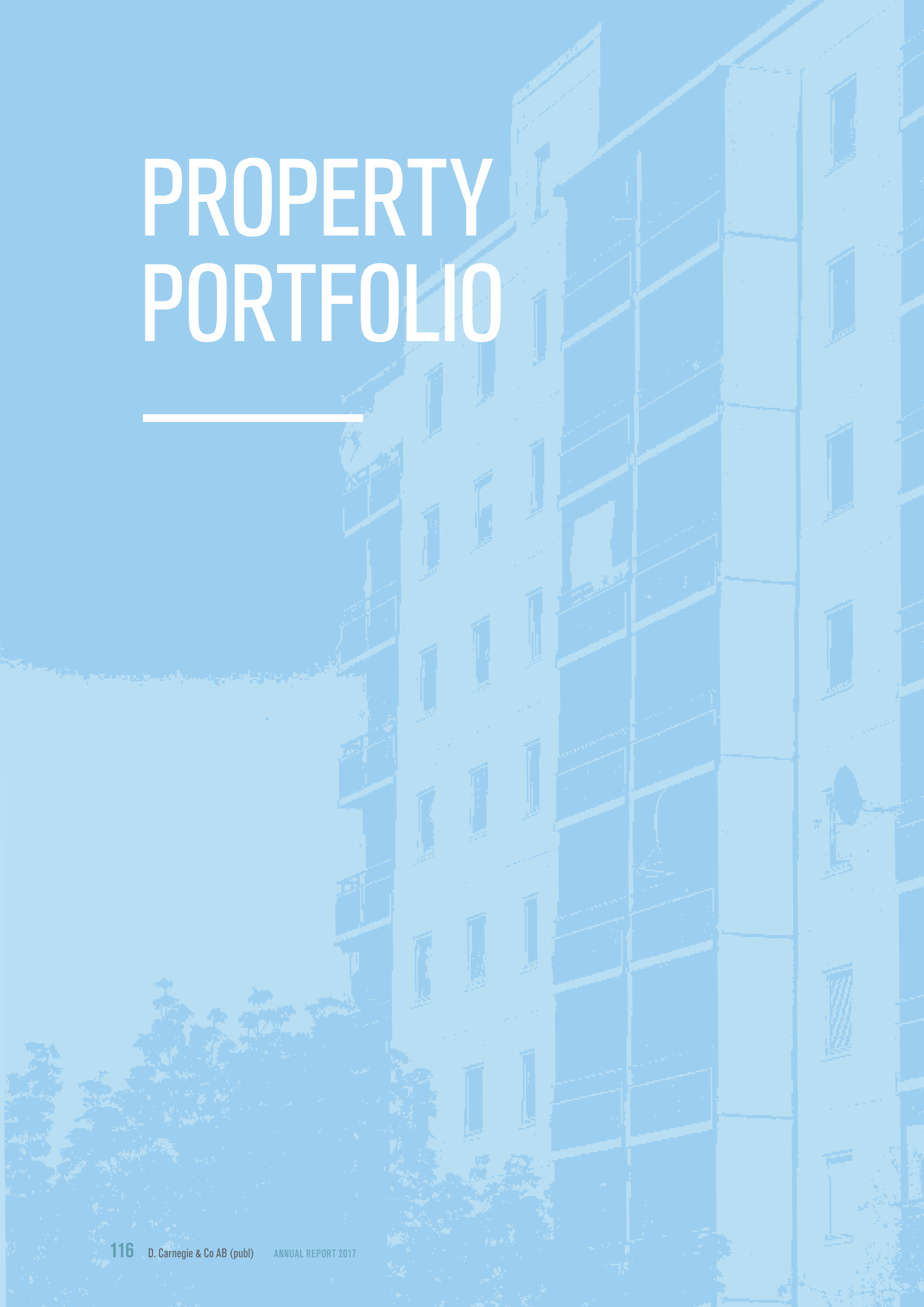
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850 103 99 Stockholm, was appointed auditor of D. Carnegie & Co AB by the general meeting of the shareholders on the 10 may 2017 and has been the company's auditor since 2013.

Stockholm April 13 2018
Ernst & Young AB

Mikael Ikonen	**Ingemar Rindstig**
Authorized Public Accountant	Authorized Public Accountant

PROPERTY PORTFOLIO



FOCUS ON THE STOCKHOLM REGION

D. Carnegie & Co's property portfolio consists primarily of refurbishable residential properties in the Stockholm region's growth areas. The fair value of the portfolio on 31 December 2017 was SEK 21,456 million.

SUMMARY OF PROPERTY PORTFOLIO

City/Neighborhood	Lettable area	Number of apartements	Percentage renovated	Fair value December 31, 2017
Greater Stockholm				
Kista/Husby	110,380	1,528	23.9%	1,812,920
Bromsten/Rinkeby	111,680	1,281	23.9%	1,761,798
Sollentuna	33,976	454	16.5%	582,120
Flemingsberg	40,480	573	18.3%	601,451
Vårby/Vårberg	66,555	863	10.8%	919,113
Jordbro	157,860	1,953	23.4%	2,304,650
Södertälje	160,205	2,110	22.2%	2,841,980
Bro	43,785	540	14.4%	620,485
Märsta	58,320	693	19.3%	897,120
Total Greater Stockholm	**783,241**	**9,995**	**20.8%**	**12,341,637**
Uppsala	75,252	985	20.4%	1,198,392
Eskilstuna	145,741	1,966	23.0%	2,255,530
Strängnäs	35,560	411	26.5%	623,225
Norrköping	172,927	2,302	24.2%	2,606,500
Katrineholm	61,149	718	18.2%	873,484
Arboga	47,924	547	5.9%	479,540
Köping	35,054	373	5.6%	370,900
Tranås	69,909	761	2.4%	706,431
Total other locations	**643,516**	**8,063**	**18.9%**	**9,114,002**
Other (land, building rights, etc)	-	-	-	-
Total	**1,426,757**	**18,058**	**19.9%**	**21,455,639**

KISTA, HUSBY

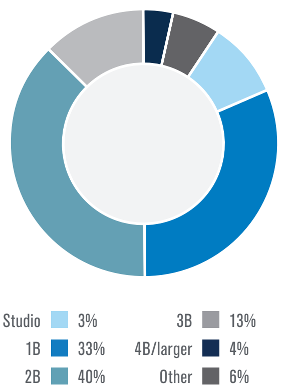
Kista and Husby are situated approximately 10 kilometres to the north of central Stockholm. Many of the apartment blocks in Kista and Husby were built during the 1960s and 1970s within the scope of the Million Homes Programme. All of D. Carnegie & Co's properties in Kista/Husby are located within walking distance of Husby Centre, from which public transport is available to Stockholm by metro or bus, with a travel time to the Stockholm Central Station of approximately 20 minutes.

D. Carnegie & Co's property portfolio in the area represents 8.5 percent of the total market value of the Company's property portfolio, entailing that it is the Company's fifth largest area. In Kista and Husby, the Company owns five properties built in 1974-1977, with 1,528 apartments, most of which comprise 2-3 rooms and kitchen. At the end of 2017, 23.9 percent of apartments had been renovated.

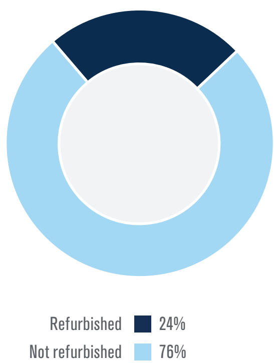
SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	**Property designation**	**Title**	**Year built**	**Number of apartments**	**Percentage of refurbished apartments**	**Residential**	**Miscellaneous**	**Undeveloped land**	**Tax value (SEK 000)**	**Building rights**
1	**Bergen 1**	Leasehold	1976	427	29.3%	20,668	2,177	14,616	197,832	8,000
2	**Halden 3**	Leasehold	1976	291	21.0%	21,852	716	21,158	280,602	7,200
3	**Holmenkollen 1**	Leasehold	1976	130	23.8%	10,010	611	8,767	123,406	-
4	**Telemark 1**	Leasehold	1974	403	25.6%	30,410	2,245	30,559	389,067	13,600
5	**Tönsberg 2**	Leasehold	1977	277	16.2%	20,865	826	20,183	263,983	12,000
	TOTAL			**1,528**	**23.9%**	**103,805**	**6,575**	**95,283**	**1,254,890**	**40,800**

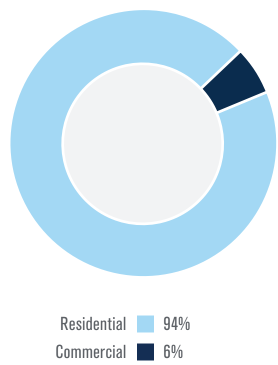
BREAKDOWN OF SPACE



REFURBISHED / NOT REFURBISHED

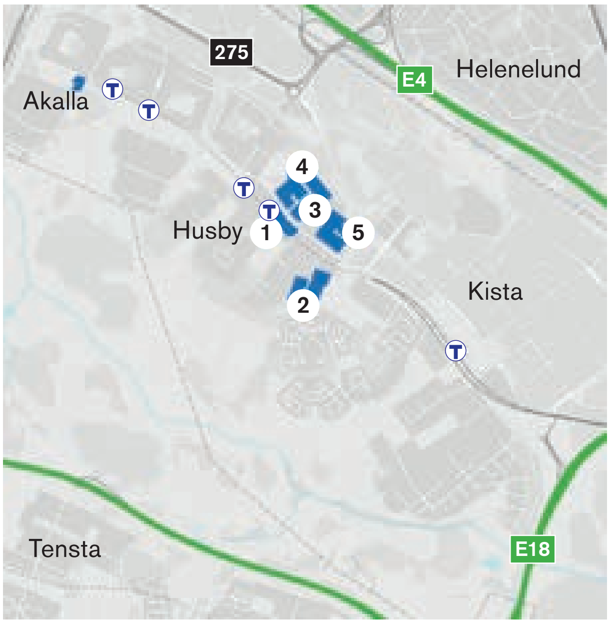


RESIDENTIAL / COMMERCIAL




Victoria
Tower
Kista
Galleria
Kista
Hanstavägen
5
4
3
2
1
Husby
Husby


Märsta
Upplands
Väsby
E18
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Huddinge
Tumba
Södertälje
Haninge


275
E4
Helenelund
Akalla
4
3
Husby
1
5
2
Kista
Tensta
E18

BROMSTEN/RINKEBY, SPÅNGA

Bromsten, Rinkeby and Spånga are situated just over 10 kilometres to the north-west of Stockholm. The Stockholm Central Station is reached in between 10 and 18 minutes by commuter train and metro. Many of the homes in the area were built within the scope of the Million Homes Programme during the 1960s and 1970s.

The Company's property portfolio in the area was constructed in 1969-1970 and accounts for 8.2 percent of the market value of the total property portfolio. The portfolio primarily comprises 1,281 apartments, mainly consisting of 3-4 rooms and kitchen. The properties were built in 1969-1970 and, at the end of 2017, 23.9 percent of apartments had been renovated.

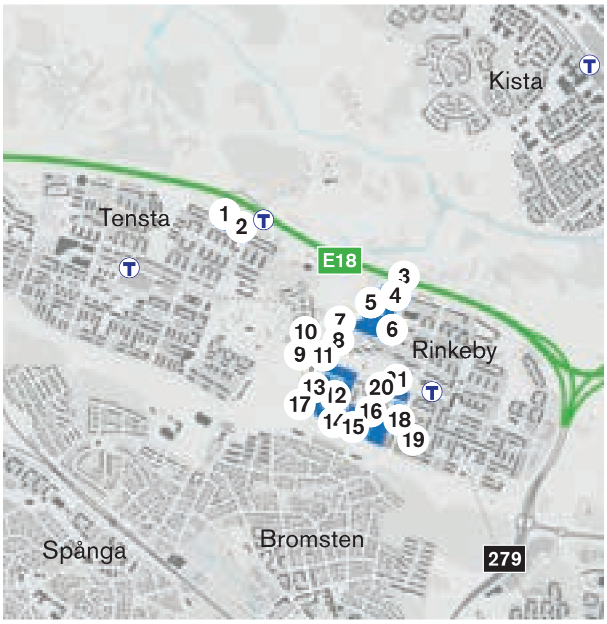
SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Tensta 4:10**	Leasehold	1969	-	-	-	-	-	-	17,000
2	**Lättinge 1**	Leasehold	1970	213	24.4%	16,919	1,093	13,757	132,177	-
3	**Kvarnskvaltan 1**	Leasehold	-	-	-	-	-	2,085	-	6,000
4	**Kvarnhjulet 1**	Leasehold	1970	111	24.3%	8,784	796	5,515	71,806	-
5	**Kvarnaxeln 1**	Leasehold	1970	142	22.5%	11,231	430	8,836	89,949	-
6	**Kvarnrännan 1**	Leasehold	1970	83	39.8%	6,546	286	8,834	53,390	-
7	**Kvarnkammaren 1**	Leasehold	1970	166	31.3%	12,801	2,198	10,659	106,820	-
8	**Skvaltkvarnen 1**	Leasehold	1970	101	24%	8,496	453	8,514	-	-
9	**Skvaltkvarnen 2**	Leasehold	1970	60	20%	4,557	36	4,907	-	-
10	**Skvaltkvarnen 3**	Leasehold	-	-	-	-	-	2,266	-	-
11	**Rinkeby 2:14**	Leasehold	-	-	-	-	-	839	-	-
12	**Fotkvarnen 1**	Leasehold	1970	76	19.7%	6,434	196	6,938	192,703	-
13	**Fotkvarnen 2**	Leasehold	-	-	-	-	-	1,922	-	-
14	**Rinkeby 2:13**	Leasehold	-	-	-	-	-	670	-	-
15	**Hjulkvarnen 1**	Leasehold	1970	63	28.6%	5,215	853	6,332	-	14,000*
16	**Hjulkvarnen 2**	Leasehold	1970	64	63%	5,474	833	6,580	-	-
17	**Hjulkvarnen 3**	Leasehold	-	-	-	-	-	1,918	-	-
18	**Rinkeby 2:1**	Leasehold	-	-	-	-	-	780	-	-
19	**Handkvarnen 3**	Leasehold	1970	117	-	9,428	1,571	12,590	87,064	-
20	**Kvarnen 1**	Leasehold	1969	85	21.2%	6,183	867	4,900	44,908	-
21	**Vattenkvarnen 1**	Leasehold	1969	-	-	-	-	2,310	1,643	-
	TOTAL			**1 281**	**23.9%**	**102,068**	**9,612**	**111,152**	**780,460**	**37,000**

* 14,000 BTA totalt Hjulkvarnen 1, Hjulkvarnen 2, Hjulkvarnen 3, Vattenkvarnen 1, Fotkvarnen 1, Fotkvarnen 2, Skvaltkvarnen 1, Skvaltkvarnen 2 och Skvaltkvarnen 3.

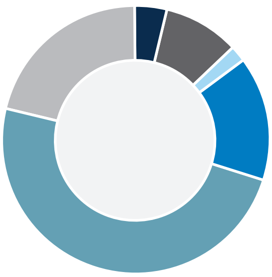

Akalla
Husby
Kista
Tensta
E18
Rinkeby
Rinkebysvängen
279
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21


Märsta
Upplands Väsby
E18
Bro
E18
E4
Sollentuna
Täby
Rinkeby
Kista
Lidingö
Solna
STOCKHOLM
E4
Huddinge
Tumba
Södertälje
Haninge


Kista
Tensta
E18
Rinkeby
Spånga
Bromsten
279

BROMSTEN/RINKEBY, SPÅNGA

BREAKDOWN OF SPACE

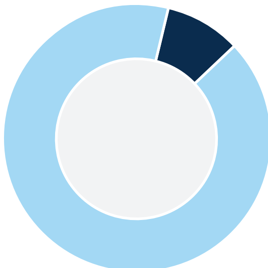


Studio 2%
1B 15%
2B 49%
3B 21%
4B/larger 4%
Other 9%

REFURBISHED / NOT REFURBISHED

Refurbished 24%
Not refurbished 76%

RESIDENTIAL / COMMERCIAL



Residential 91%
Commercial 9%

SOLLENTUNA

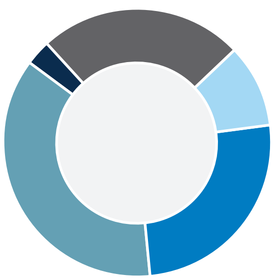
Sollentuna municipality is situated approximately 18 kilometres to the north of Stockholm, approximately 15 minutes away from the Stockholm Central Station by commuter train. Most of the residential areas in the municipality were constructed within the scope of the Million Homes Programme at the end of the 1960s.

The Company's property portfolio in Sollentuna accounts for 2.7 percent of the market value of its total property portfolio and comprises one property built in 1971 with 454 apartments, primarily of 2-3 rooms and kitchen. The portfolio also includes 8,306 sq. m of commercial space. As of 31 December 2017, 16.5 percent of apartments had been renovated.

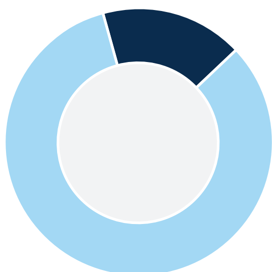
SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	Traktören 5	Freehold	1971	454	16.5%	25,670	8,306	19,994	385,000	8,000
	TOTAL			**454**	**16.5%**	**25,670**	**8,306**	**19,994**	**385,000**	**8,000**

BREAKDOWN OF SPACE



REFURBISHED / NOT REFURBISHED



RESIDENTIAL / COMMERCIAL


Edsviken
Sollentuna C
Scandic Star
Turebergs Torg
Sollentuna
Attunda Rättscentrum
1


Märsta
Upplands Väsby
E18
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Huddinge
Tumba
Södertälje
Haninge


E4
1
Sollentuna
Kista

FLEMINGSBERG

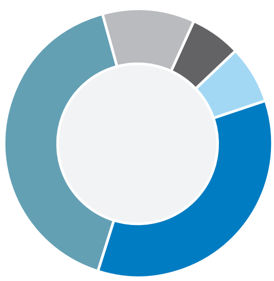
Flemingsberg is situated in Huddinge municipality, approximately 21 kilometres south-west of Stockholm, with a travel time of approximately 20 minutes to central Stockholm by commuter train.

D. Carnegie & Co's property portfolio in Flemingberg accounts for 2.8 percent of the market value of the Company's total property portfolio. These properties were constructed in 1970-1971 and consist primarily of housing units in the form of 573 apartments, most of which have between 2-3 rooms and a kitchen. At the end of 2017, 18.3 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	**Property designation**	**Title**	**Year built**	**Number of apartments**	**Percentage of refurbished apartments**	**Residential**	**Miscella-neous**	**Undeveloped land**	**Tax value (SEK 000)**	**Building rights**
1	**Vedboden 1**	Freehold	1971	172	15.7%	11,678	147	15,220	86,390	8,000
2	**Magasinet 4**	Freehold	1970	231	17.7%	16,043	2,006	29,443	135,546	21,000
3	**Stallet 3**	Freehold	1970	170	21.8%	10,420	186	27,116	76,509	18,000
	TOTAL			**573**	**18.3%**	**38,141**	**2,339**	**71,779**	**298,445**	**47,000**

BREAKDOWN OF SPACE



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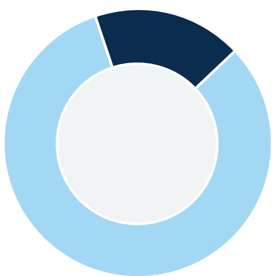
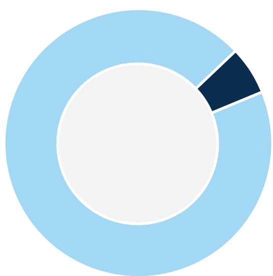


RESIDENTIAL / COMMERCIAL




1
2
226
Flemingsberg Station
Karolinska Huddinge
Rättscentrum Södertörn
3


Märsta
Upplands Väsby
E18
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Flemingsberg
Tumba
Södertälje
Haninge


Flemingsberg
1
2
Visättra
3
226

VÅRBY/VÅRBERG

Vårby is a part of Huddinge municipality, situated approximately 25-30 minutes' travel time to central Stockholm by metro. Vårberg is situated immediately to the north of Vårby, in the south-western part of Stockholm municipality. Vårby and Vårberg are both situated approximately 16-18 kilometres from Stockholm and the areas are characterised by apartment buildings.

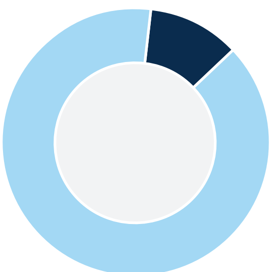
The Company's property portfolio in Vårby/Vårberg accounts for 4.3 percent of the total market value of its property portfolio and primarily comprises housing units in the form of 863 apartments. The apartments were built in 1968-1973 and primarily comprise 2-3 rooms and kitchen. On 31 December 2017 10.8 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

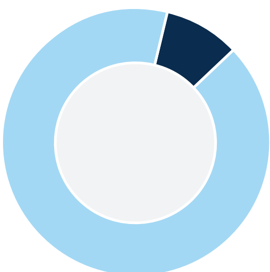
						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	Bäckgården 1-5 & 7	Leasehold	1972/73	695	10.5%	47,215	4,366	73,757	381,076	12,500
2	Duvholmen 1	Leasehold	1968	168	11.9%	13,304	1,670	23,441	123,271	6,000
	TOTAL			**863**	**10.8%**	**60,519**	**6,036**	**97,198**	**504,347**	**18,500**

BREAKDOWN OF SPACE

REFURBISHED / NOT REFURBISHED

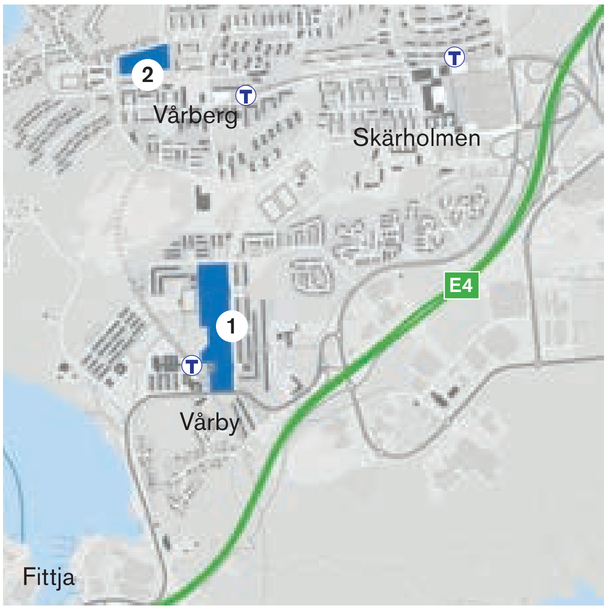


RESIDENTIAL / COMMERCIAL




2
Vårberg C
Skärholmen C
1
Vårby Gård C
N
E4


Märsta
E18
Upplands Väsby
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Vårby
Huddinge
Tumba
Södertälje
Haninge


2
Vårberg
Skärholmen
E4
1
Vårby
Fittja

JORDBRO

Jordbro is part of Haninge municipality and situated approximately 25 kilometres to the south of Stockholm. Means of communication include commuter trains to central Stockholm with a travel time of approximately 30 minutes. In southern Jordbro, apartment buildings constructed in the 1950s, 1960s and 1970s dominate, while in the northern part small houses built in the 1970s and 1980s are the dominant feature.

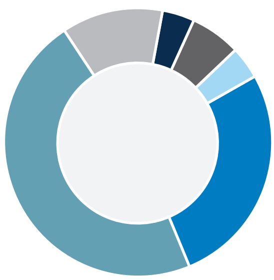
D. Carnegie & Co's property portfolio in the area is the Company's third largest and accounts for 10.7 percent of the total market value of its property portfolio. The Company owns 1,953 apartments built in 1967-1988, almost half of which comprise 3 rooms and a kitchen. At the end of 2017 23.4 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Kalvsvik 1:6**	Freehold	1967	416	26.0%	34,778	5,032	68,184	306,229	13,000
2	**Kalvsvik 11:4**	Freehold	1970/71	425	19.8%	36,937	1,591	83,989	302,518	60,000
3	**Kalvsvik 11:18**	Freehold	1970	162	17.9%	11,277	246	25,885	95,094	4,000
4	**Kalvsvik 11:23**	Freehold	1970/71	228	21.5%	16,827	1,537	39,282	145,389	6,000
5	**Kalvsvik 11:35**	Freehold	1972	349	24.4%	23,616	898	46,787	207,052	-
6	**Kalvsvik 11:1083**	Freehold	1973/88	211	32.7%	13,813	212	26,822	118,990	30,000*
7	**Kalvsvik 11:1084**	Freehold	1974/88	162	20.4%	10,582	514	24,696	91,039	17,000
	TOTAL			**1 953**	**23.4%**	**147,830**	**10,030**	**315,645**	**1,266,311**	**130,000**

30,000 GFA in total Kalvsvik 11:1083 and Kalvsvik 11:35

BREAKDOWN OF SPACE

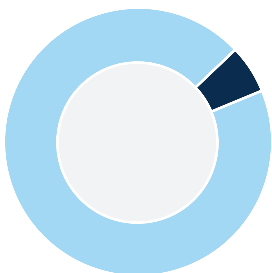


Studio 4% 3B 12%
1B 27% 4B/larger 4%
2B 47% Other 6%

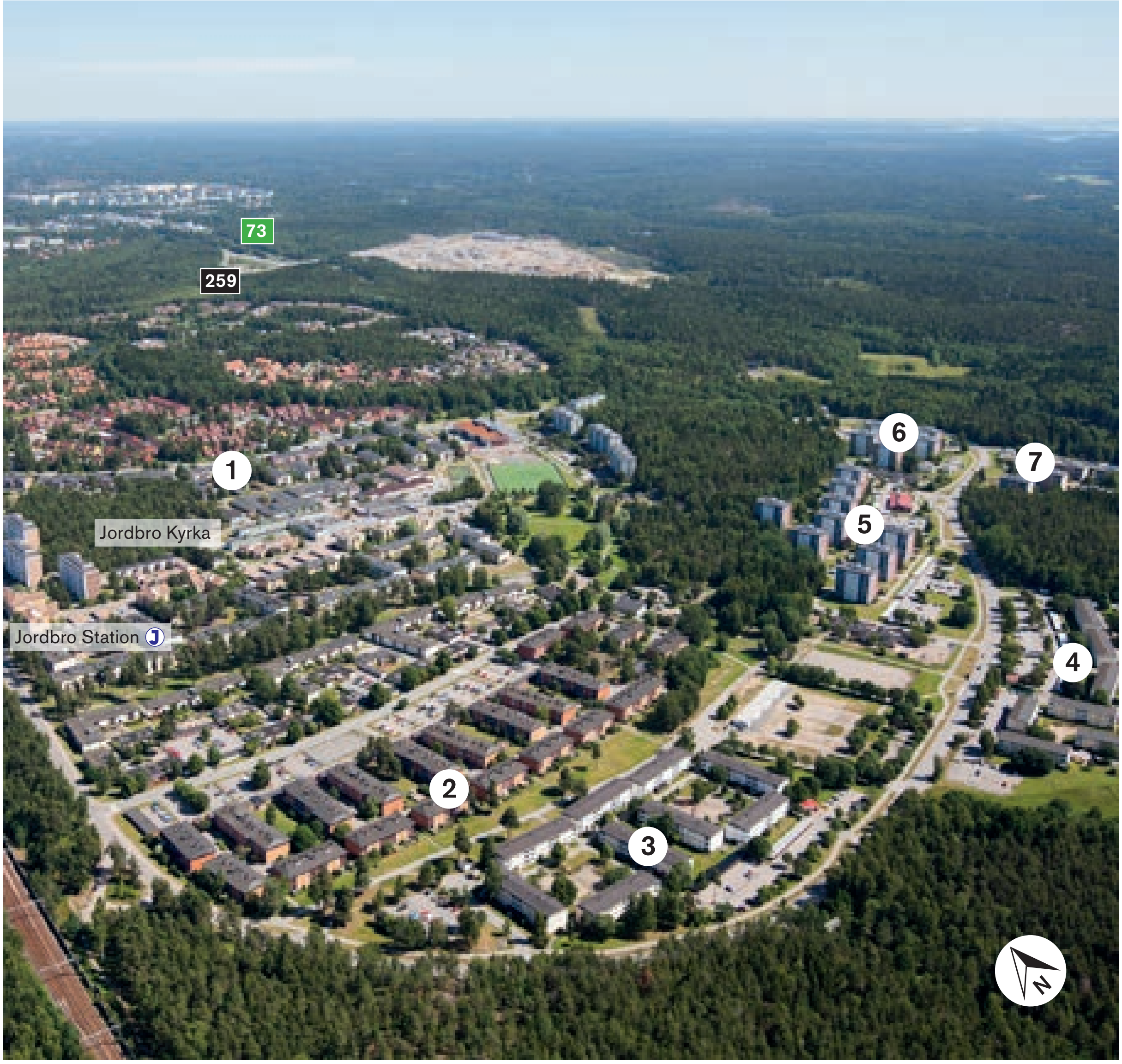
REFURBISHED / NOT REFURBISHED

Refurbished 23%
Not refurbished 77%

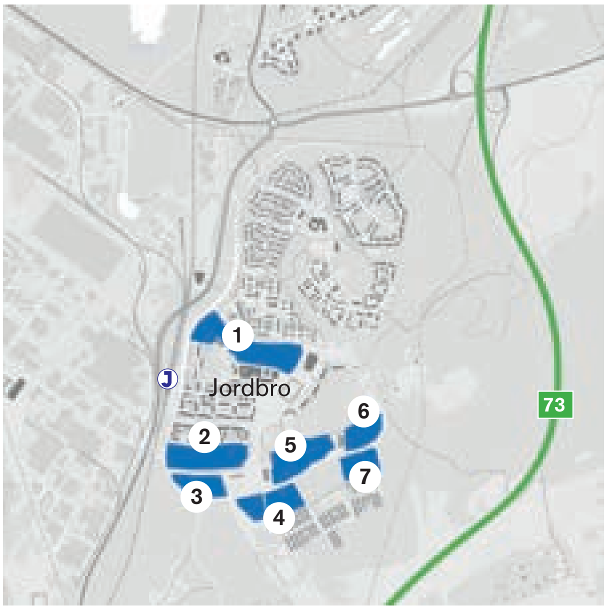
RESIDENTIAL / COMMERCIAL



Residential 94%
Commercial 6%


73
259
1
6
7
5
Jordbro Kyrka
Jordbro Station
4
2
3
N


Märsta
Upplands
Väsby
E18
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Huddinge
Tumba
Södertälje
Haninge
Jordbro


1
Jordbro
6
2
5
7
3
4
73

SÖDERTÄLJE

Södertälje is an urban centre in the Mälardal and Stockholm region, approximately 36 kilometres from Stockholm. The Stockholm Central Station is reached in approximately 45 minutes by commuter train.

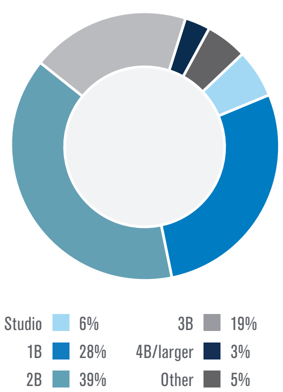
D. Carnegie & Co's property portfolio in Södertälje is the Company's largest and accounts for 13.3 percent of the total market value of the Company's property portfolio. The Company owns 2,110 apartments in the area, the majority of which comprise 2-3 rooms and kitchen. The properties were constructed in 1968-1972 and, at the end of 2017, 22.2 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	Åkervenen 3 Strandrågen 4 Rödvenen 4 Svingeln 2	Freehold	1968	596	20.1%	41,880	986	115,490	357,914	20,000
2	Vårbrodden 2	Freehold	-	-	-	-	-	1,945	-	-
3	Grindstugan 1	Freehold	1968	131	20.6%	8,804	242	15,387	80,336	-
4	Topasen 6	Freehold	1972	237	23.6%	16,231	714	20,621	127,950	-
5	Sjöboden 1 Fäboden 3 Hemmanet 4	Freehold	1969	752	25.0%	55,637	3,972	85,462	512,444	30,000
6	Gården 2	Freehold	1970	394	19.5%	29,349	2,390	38,725	258,440	-
7	Risevid 1:8*	Freehold	-	-	-	-	-	66,507	1,237	-
	TOTAL			**2,110**	**22.2%**	**151,901**	**8,304**	**344,137**	**1,338,321**	**50,000**

*The property is located in Trosa (outside of the area pictured).

BREAKDOWN OF SPACE



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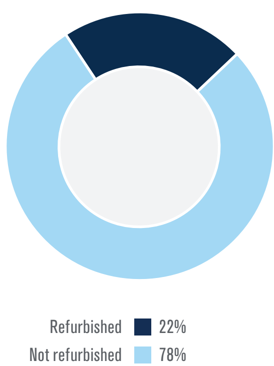
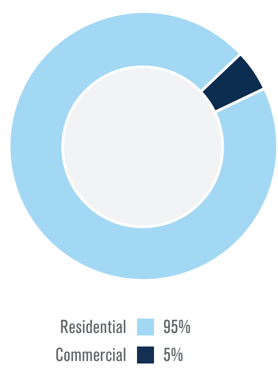
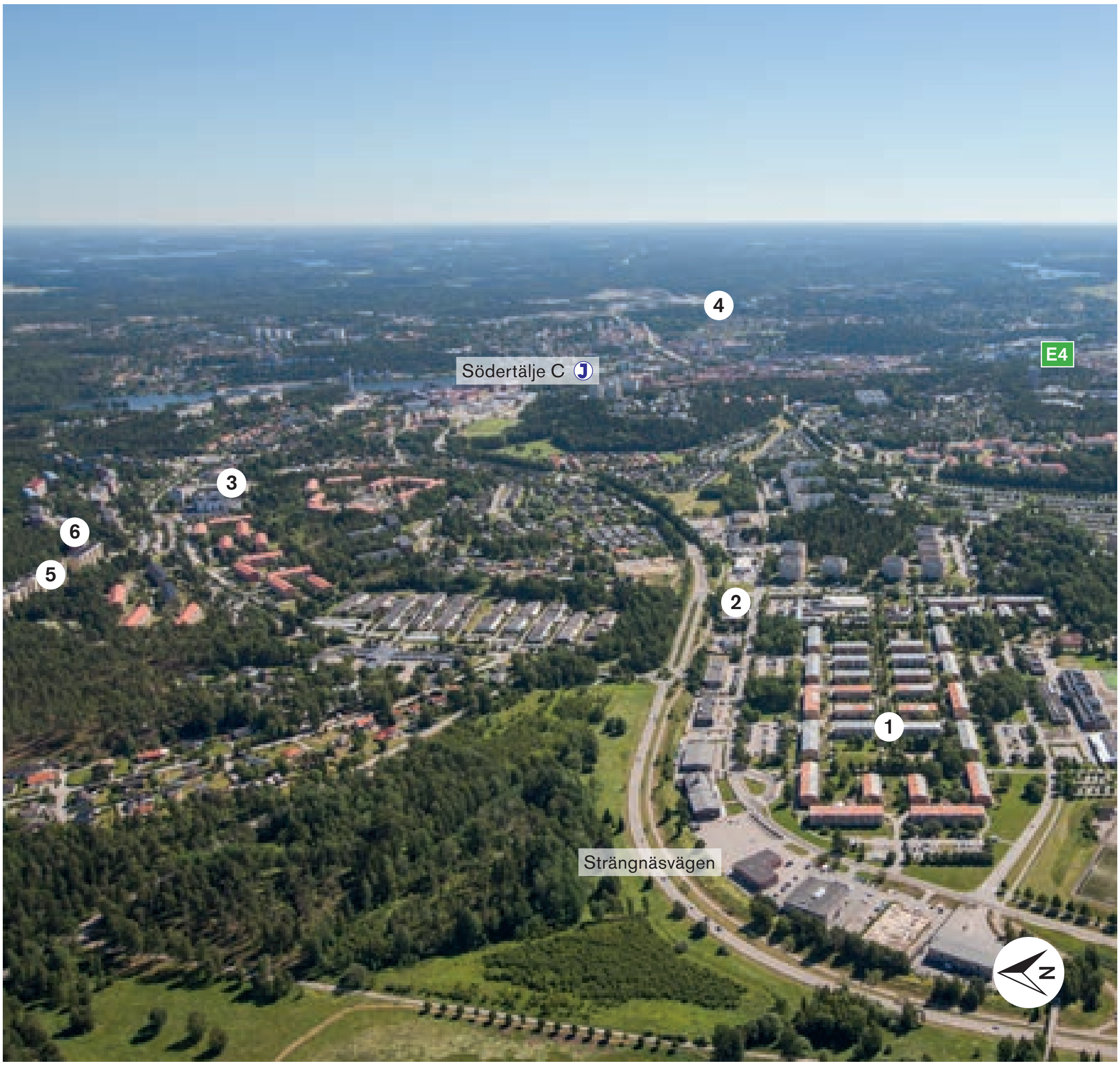
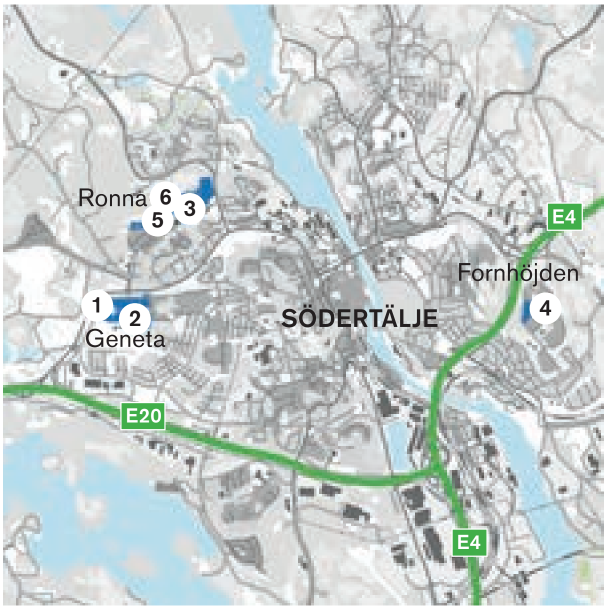


RESIDENTIAL / COMMERCIAL




4
E4
Södertälje C
3
6
5
2
1
Strängnäsvägen


Märsta
E18
Upplands Väsby
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Flemingsberg
Tumba
Södertälje
Haninge


Ronna
6
5
3
E4
Fornhöjden
1
2
Geneta
SÖDERTÄLJE
4
E20
E4

BRO

Bro is situated approximately 40 kilometres north-west of Stockholm in Mälardalen, with a travel time of approximately 30 minutes by commuter train to the Stockholm Central Station.

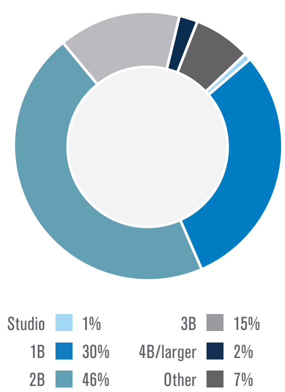
D. Carnegie & Co's property portfolio in the area accounts for 2.9 percent of the total market value of the Company's property portfolio and primarily includes housing units in the form of 540 apartments built in 1973-1975, almost half of which comprise 3 rooms and kitchen. At the end of 2017, 14.4 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

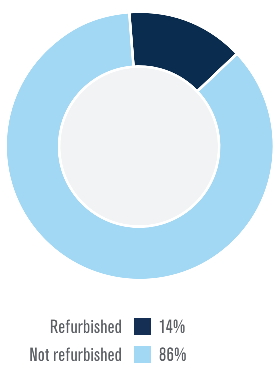
						Area (m²)				
Nr	**Property designation**	**Title**	**Year built**	**Number of apartments**	**Percentage of refurbished apartments**	**Residential**	**Miscella-neous**	**Undeveloped land**	**Tax value (SEK 000)**	**Building rights**
1	**Finnsta 1:11-1:12**	Freehold	1973	187	19.3%	13,348	808	32,333	119,714	20,000*
2	**Finnsta 1:13**	Freehold	1975	-	-	-	993	5,458	5,161	-
3	**Finnsta 1:14-1:17**	Freehold	1974	353	11.9%	27,164	1,472	83,381	241,681	-
	TOTAL			**540**	**14.4%**	**40,512**	**3,273**	**121,172**	**366,556**	**20,000**

* 20,000 GFA in total Finnsta 1:11-1:12 and Finnsta 1:14-1:17.

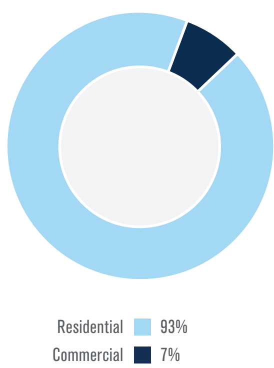
BREAKDOWN OF SPACE



REFURBISHED / NOT REFURBISHED

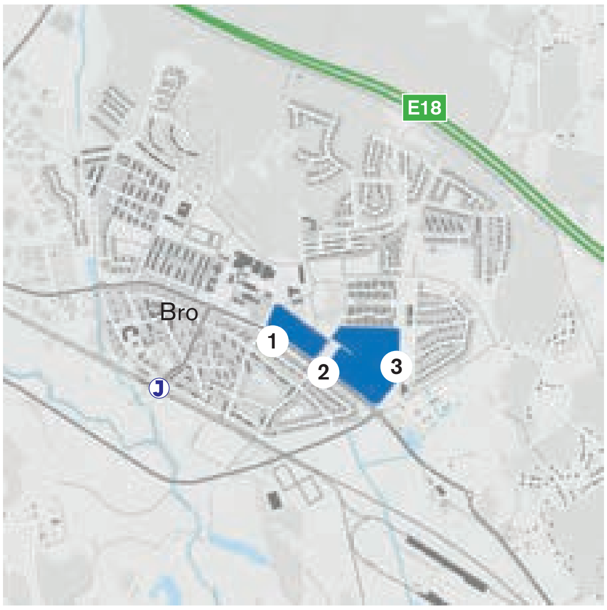


RESIDENTIAL / COMMERCIAL




Bro Station
Bro Centrum
1
2
3


Märsta
Upplands Väsby
Bro
E18
E4
E18
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Flemingsberg
Tumba
Södertälje
Haninge


E18
Bro
1
2
3

MÄRSTA

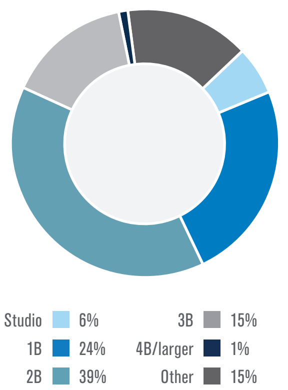
Märsta is a main centre in Sigtuna municipality situated approximately 40 kilometres to the north of Stockholm. Communications include proximity to Arlanda airport, the E4 motorway, as well as rail connections, with a travel time of approximately 18 minutes by direct train to Uppsala and 30 minutes to Stockholm by train and commuter train.

D. Carnegie & Co's property portfolio in Märsta accounts for 4.2 percent of the total market value of the Company's property portfolio and comprises 693 apartments and 8,545 sq. m of commercial space built in 1962-1967. The most common type of apartment comprises 3 rooms and kitchen. As of 31 December 2017, 19.3 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Märsta 1:167**	Freehold	1962	362	19.3%	23,776	3,911	50,108	214,006	-
2	**Valsta 3:8**	Freehold	1967	331	11.9%	25,999	4,634	49,415	233,643	30,000
	TOTAL			**693**	**19.3%**	**49,775**	**8,545**	**99,523**	**447,649**	**30,000**

BREAKDOWN OF SPACE



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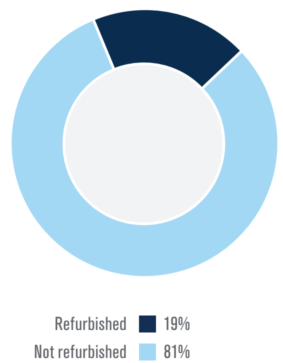
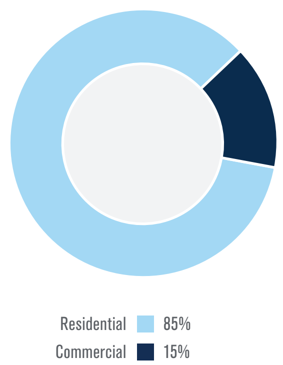
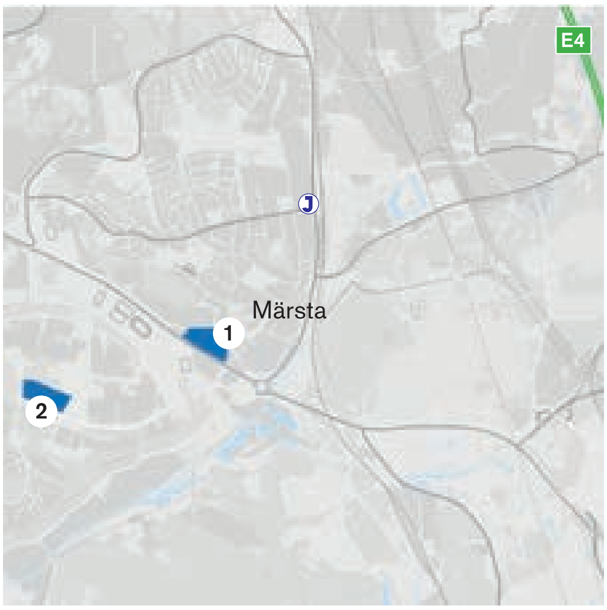


RESIDENTIAL / COMMERCIAL




Arlanda
E4
Märsta Station J
1
263
Midgårdsvallen
2


Märsta
Upplands Väsby
E18
Bro
E18
E4
Sollentuna
Täby
Kista
Lidingö
Solna
STOCKHOLM
E4
Flemingsberg
Tumba
Södertälje
Haninge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UPPSALA

Uppsala is Sweden's fourth largest municipality in terms of population, with approximately 215,000 inhabitants. The city is located approximately 70 kilometres to the north of Stockholm, with a travel time to Stockholm of approximately one hour by commuter train, and 35 kilometres to Arlanda airport.

D. Carnegie & Co's property portfolio in Uppsala accounts for 5.6 percent of the total market value of the property portfolio and mainly comprises housing units in the form of 985 apartments built in 1969-1971, relatively equally divided between apartments comprising 2-4 rooms and kitchen. At the end of 2017, 20.4 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m^2)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Valsätra 33:1**	Freehold	1970	296	19.3%	21,490	2,392	49,322	153,586	12,500*
2	**Valsätra 19:1, 34:1**	Freehold	1969	162	21.6%	12,479	339	30,054	81,724	30,000**
3	**Valsätra 36:3**	Freehold	1971	50	2.0%	3,414	650	4,029	-	-
4	**Valsätra 34:3, 40:1**	Freehold	1970	174	19.5%	11,808	303	29,182	79,871	-
5	**Valsätra 36:1, 36:2, 36:4 36:7 & 36:8**	Freehold	1971	303	24.4%	19,449	2,928	43,132	139,498	-
	TOTAL			**985**	**20.4%**	**68,640**	**6,612**	**155,719**	**454,679**	**42,500**

* 10,000 GFA in total Valsätra 33:1 and Valsätra 36:1.

** 30,000 GFA in total Valsätra 19:1, Valsätra 34:1, Valsätra 34:3, Valsätra 40:1, Välsätra 36:4, Valsätra 36:2 and Valsätra 36:3.

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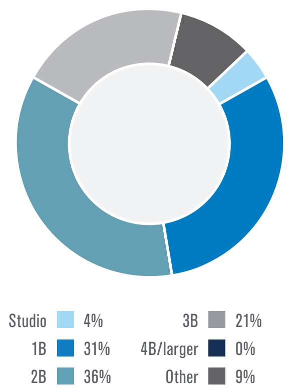

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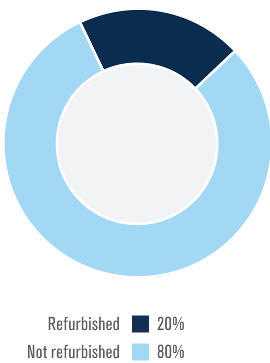

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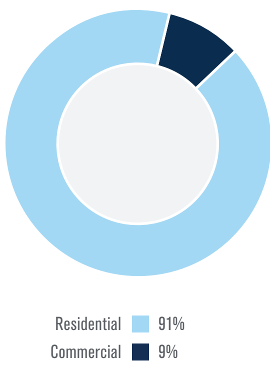


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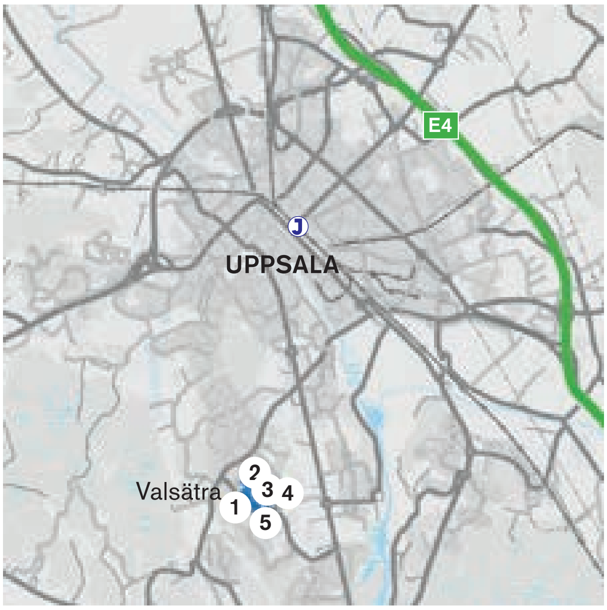
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STRÄNGNÄS

Strängnäs is an urban centre in Södermanland, centrally located in the Mälardal region on the southern shore of lake Mälaren between Eskilstuna and Södertälje. The municipality had approximately 34,600 inhabitants in 2016. The distance to central Stockholm is approximately 110 kilometres and the journey to Stockholm Central Station by train takes just over one hour.

D. Carnegie & Co's property portfolio in Strängnäs accounts for 2.9 percent of the total market value of the Company's property portfolio in the form of 411 apartments and 7,684 sq. m of commercial space. The apartments primarily comprise 2-3 rooms and kitchen and were built in 1966-1986. At the end of 2017 26.5 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Bonden 12-14**	Freehold	1976/77	101	19.8%	6,514	4,776	10,573	92,118	17,000*
2	**Läraren 11**	Freehold	1986	42	9.5%	2,910	513	4,104	29,213	-
3	**Åkern 1, 3, 5**	Freehold	1980	76	42.1%	5,438	433	7,212	59,694	-
4	**Åkern 16**	Freehold	1977	30	23.3%	2,297	332	3,017	24,330	-
5	**Järpen 1, 3, 4**	Freehold	1966/70	162	28.4%	10,717	1 630	24,743	94,556	10,000
6	**Sättra krog 1:3**	Freehold	-	-	-	-	-	38,772	249	-
	TOTAL			**411**	**26.5%**	**27,876**	**7 684**	**88,421**	**300,160**	**27,000**

* 17,000 GFA in total Bonden 12-14 and Läraren 11.

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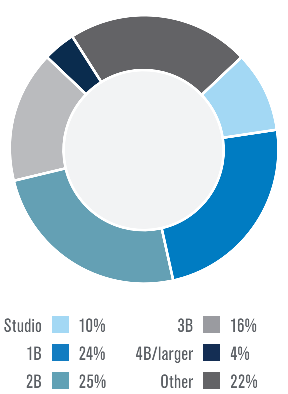

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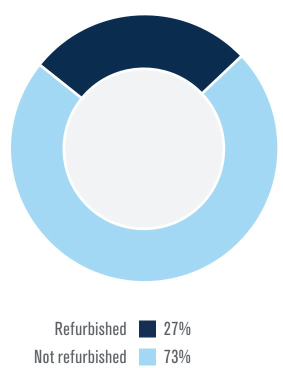

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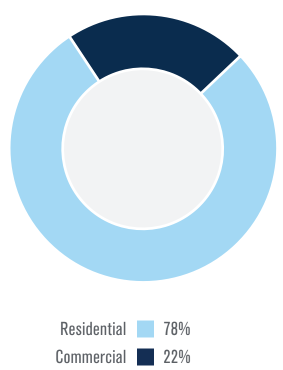

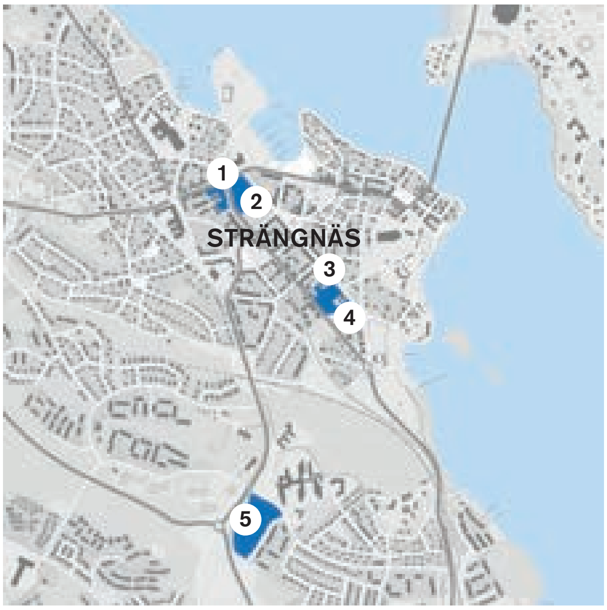

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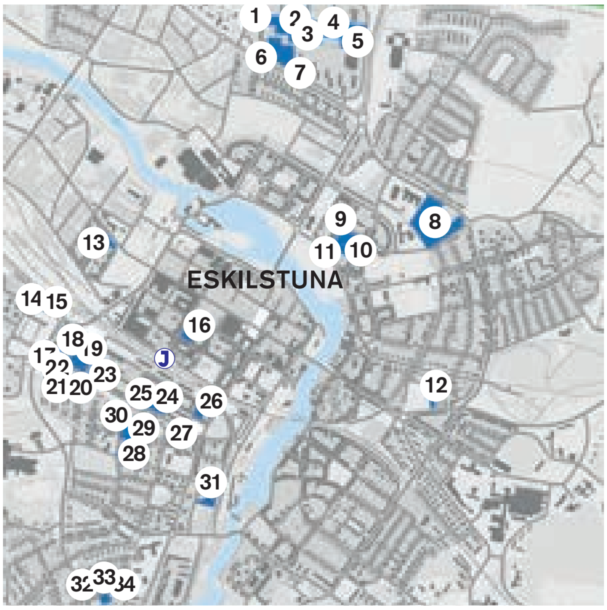
ESKILSTUNA

Eskilstuna is situated in Södermanland, approximately 110 kilometres from Stockholm. In 2016, Eskilstuna was the 15th largest municipality in Sweden in terms of population, with approximately 104,000 inhabitants. The train journey to Stockholm Central Station takes just over one hour.

D. Carnegie & Co's property portfolio in the area accounts for 10.5 percent of the total market value of the Company's property portfolio and is thereby the Company's fourth largest portfolio in terms of market value. In Eskilstuna, the Company primarily owns housing units in the form of 1,966 apartments, the majority of which comprise 2-3 rooms and kitchen built in 1929-1993. As of 31 December 2017 23.0 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Notarien 7**	Leasehold	1965	160	18.1%	12 340	188	10,732	89,329	-
2	**Notarien 8**	Leasehold	1966	56	21.4%	4 924	157	3,459	35,748	-
3	**Notarien 9**	Leasehold	1966	104	23.1%	7 418	90	8,491	52,820	-
4	**Notarien 11**	Leasehold	1966	104	27.9%	7 417	397	11,595	54,664	8,000
5	**Notarien 12**	Leasehold	1966	105	26.7%	8 242	501	8,642	61,001	-
6	**Navigatören 2**	Leasehold	1964	80	17.5%	5 484	172	6,479	39,634	-
7	**Navigatören 3**	Leasehold	1964	80	27.5%	5 503	141	6,503	39,648	-
8	**Nålsögat 3**	Freehold	-	-	-	-	-	22,432	5,000	20,000
9	**Nybyggaren 9**	Freehold	1981	60	13.3%	4 292	265	3,236	37,108	-
10	**Nybyggaren 10**	Freehold	1978	62	19.4%	4 838	531	3,415	42,628	-
11	**Nybyggaren 11**	Freehold	1979	86	19.8%	6 423	481	5,666	56,697	-
12	**Sergeanten 8**	Freehold	1937/87	18	27.8%	1 088	90	1,319	10,132	-
13	**Venus 8-9**	Freehold	1929/82	28	32.1%	1 611	268	1,859	14,412	-
14	**Granaten 2**	Freehold	1937	15	13.3%	1 069	8	1,254	6,521	-
15	**Granaten 3**	Freehold	1937	13	7.7%	1 112	-	1,309	6,708	-
16	**Vaksamheten 8**	Freehold	1987	29	13.8%	2 101	3 338	2,516	48,561	-
17	**Flintan 14**	Freehold	1978	40	22.5%	2 420	80	2,140	20,342	-
18	**Fäktaren 1**	Freehold	1979	25	20.0%	2 074	92	1,223	15,756	-
19	**Fäktaren 3**	Freehold	1961/93	21	33.3%	1 580	1 269	1,077	15,023	-
20	**Fäktaren 4**	Freehold	1955/93	22	4.5%	1 526	103	966	13,931	-
21	**Fäktaren 5**	Freehold	1955/80	15	26.7%	1 064	-	940	9,194	-
22	**Fäktaren 6**	Freehold	1958	30	20.0%	1 633	73	1,106	12,873	-
23	**Fakiren 7**	Freehold	1970	176	29.5%	10 316	296	4,038	82,622	-
24	**Friheten 5**	Freehold	1945/86	25	32.0%	1 686	150	890	14,264	-
25	**Friheten 11**	Freehold	1974	305	26.6%	16 078	1 953	9,020	133,538	-
26	**Favören 1**	Freehold	1975	82	34.1%	4 663	264	2,904	38,199	-
27	**Fuxen 11**	Freehold	1940	80	8.8%	4 162	2 099	7,931	43,721	-
28	**Forsbomsvreten 16 & 20**	Freehold	1963	36	25.0%	2 677	111	3,533	22,052	-
29	**Forsbomsvreten 21**	Freehold	1964	12	25.0%	876	107	1,456	7,249	-
30	**Forsbomsvreten 22**	Freehold	1968	48	25.0%	3 963	467	5,458	33,070	-
31	**Frimuraren 8**	Freehold	1991	21	4.8%	1 630	226	3,230	15,253	2,400
32	**Taggsvampen 15**	Freehold	1944	12	33.3%	516	71	645	3,742	-
33	**Taggsvampen 19**	Freehold	1950	8	0	449	25	561	3,380	-
34	**Taggsvampen 20**	Freehold	1950	8	0	519	35	649	3,870	-
35	**Hällby-Ökna 1:46**	Freehold	-	-	-	-	-	6,820	520	6,000
	TOTAL			**1,966**	**23.0%**	**131,694**	**14,047**	**153,494**	**1,089,210**	**36,400**



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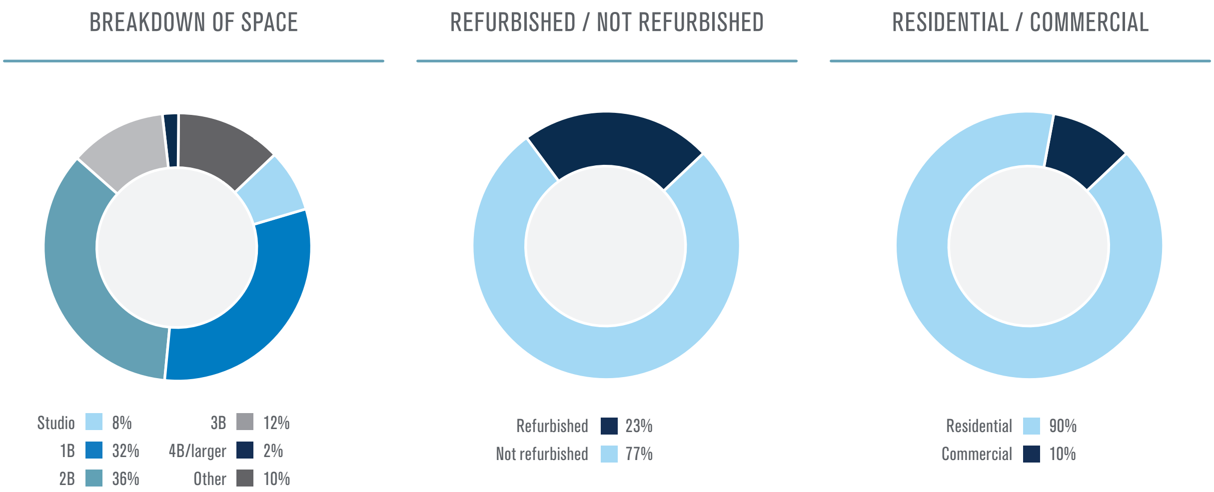


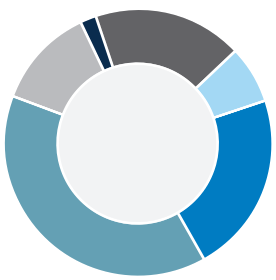
KATRINEHOLM

Katrineholm is situated in Södermanland, approximately 140 kilometres from Stockholm and less than one hour's train journey to central Stockholm and two hours to Gothenburg. Communications are good since the western and southern mainlines intersect here. D. Carnegie & Co's properties are located in the central and southern part of Katrineholm, in proximity to retail trade, a number of different bus routes and within walking distance of the railway station. D. Carnegie & Co's property portfolio in Katrineholm accounts for 4.1 percent of the total market value of the Company's property portfolio and primarily comprises housing units in the form of 718 apartments, mainly comprising 3 rooms and kitchen, but also 10,832 sq. m of commercial space. The properties were constructed in 1920-1977 and, at the end of 2017 18.2 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1.	**Syrenen 8**	Freehold	1961	93	18.3%	5,731	-	6,628	33,396	-
2.	**Vinrankan 4**	Freehold	1952	21	14.3%	1,641	186	3,611	8,828	-
3.	**Vinrankan 8**	Freehold	1955	30	20.0%	1,917	414	3,843	11,351	-
4.	**Linden 22**	Freehold	1962	70	21.4%	4,067	1,216	4,290	29,321	-
5.	**Oliven 3**	Freehold	1976	15	13.3%	1,148	-	1,074	6,778	-
6.	**Hagtornen 11**	Freehold	1964	49	24.5%	3,342	-	2,721	19,499	-
7.	**Apeln 5**	Freehold	1970	54	14.8%	3,501	43	4,207	20,610	-
8.	**Pionen 4**	Freehold	1992	36	11.1%	3,158	1,765	2,182	34,558	-
9.	**Humlen 1**	Freehold	1927	7	14.3%	1,059	877	1,101	8,853	-
10.	**Katrineholm 5:8 & 5:9**	Freehold	1920/75/77	19	36.8%	1,436	2,740	2,243	22,546	-
11.	**Nejlikan 4**	Freehold	1938/45	-	-	-	651	912	2,169	-
12.	**Nejlikan 16&17**	Freehold	1956/59	57	21.1%	3,855	2,650	4,019	30,587	-
13.	**Prästkragen 28**	Freehold	1968	102	11.8%	7,578	-	12,107	45,041	-
14.	**Hämplingen 3**	Freehold	1940	4	25.0%	224	-	754	1,232	-
15.	**Hämplingen 18**	Freehold	1970	77	19.5%	5,806	158	9,122	33,478	-
16	**Sädesärlan 11**	Freehold	-	-	-	-	-	1,055	259	-
17.	**Nålen 5**	Freehold	1966	84	19.0%	5,857	133	11,850	27,153	-

BREAKDOWN OF SPACE



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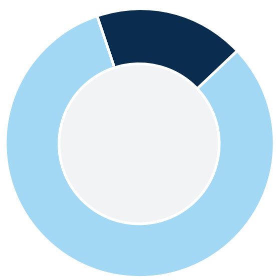

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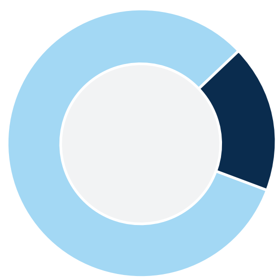

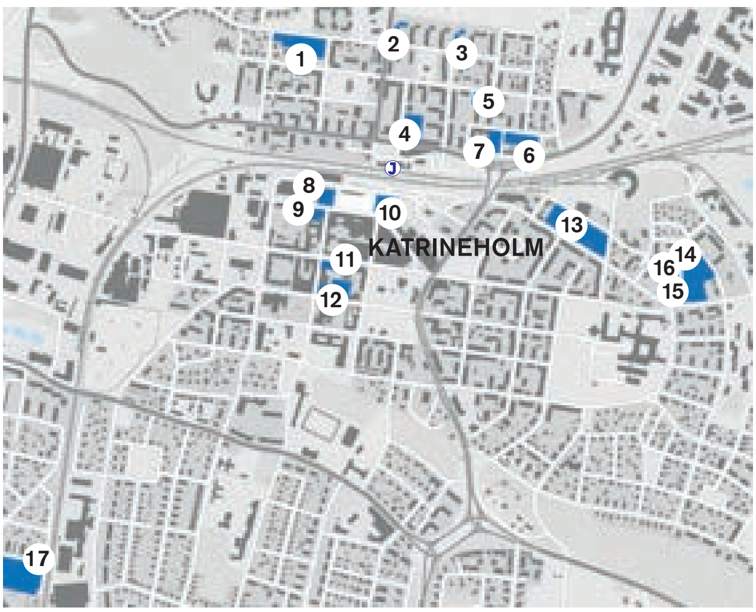

17 Located in south east Katrineholm (out of the picture).

NORRKÖPING

In 2016, Norrköping was Sweden's ninth largest municipality in terms of population, with approximately 139,000 inhabitants. The distance to central Stockholm is approximately 160 kilometres and the journey takes just over one hour by train. D. Carnegie & Co's property portfolio in in the area comprises apartments and a smaller percentage of commercial premises in the Hageby, Innerstaden and Marielund neighbourhoods, which makes the Company one of the largest private landlords in Norrköping.

The market value of the property portfolio in Norrköping corresponds to 12.2 percent of the total market value of D. Carnegie & Co's property portfolio, which makes the area the Company's second largest. The portfolio almost exclusively comprises housing units in the form of 2,302 apartments, the majority of which comprise 2-4 rooms and kitchen. The properties were constructed in 1960-1994 and, as of 31 December 2017, 24.2 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Area (m²) Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Plysaren 13**	Freehold	1968	224	30.8%	18,384	168	20,046	159,108	-
2	**Röken 22**	Freehold	1967	119	43.7%	9,250	1,700	3,262	92,121	-
3	**Porten 10**	Freehold	1968/1996	116	27.6%	8,180	241	6,445	76,443	-
4	**Porten 16**	Freehold	1967/1994	470	21.3%	36,263	817	80,643	339,015	-
5	**Valvet 1**	Freehold	1960	367	24.0%	20,641	19	15,066	188,355	-
6	**Dörren 12 & 14**	Freehold	1963/1968	721	22.5%	46,873	608	86,048	428,249	-
7	**Hambon 1**	Freehold	1971	92	15.2%	9,388	20	29,716	85,074	-
8	**Hambon 2**	Freehold	1971	59	16.9%	6,051	-	20,968	54,800	-
9	**Gavotten 1**	Freehold	1972	18	11.1%	1,944	-	5,135	16,331	-
10	**Kadriljen 1**	Freehold	1972	27	29.6%	2,946	-	7,336	25,649	-
12	**Mazurkan 1**	Freehold	1972	27	22.5%	2,940	-	7,336	25,075	-
13	**Menuetten 1**	Freehold	1972	18	11.1%	1,950	-	7,419	16,944	-
11	**Tangon 1**	Freehold	1971	44	25.0%	4,468	76	15,632	41,770	-
	TOTAL			**2 302**	**24.2%**	**169,278**	**3,649**	**305,070**	**1,548,934**	**-**

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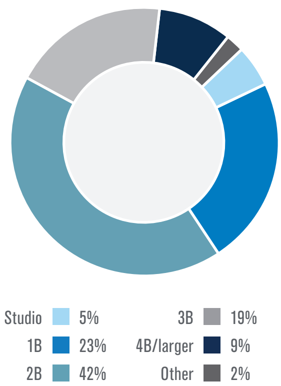

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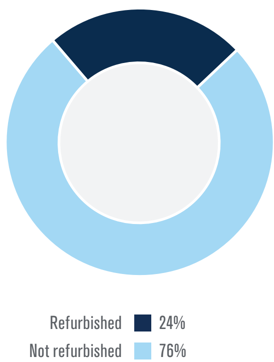

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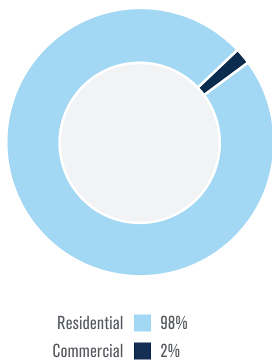

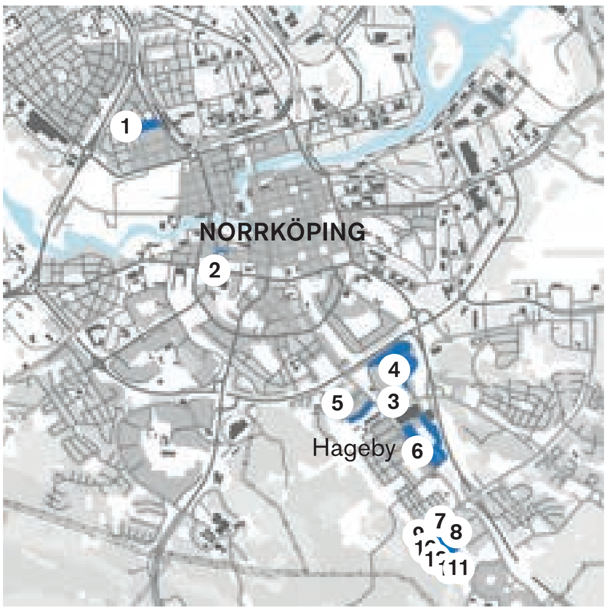

1 Located in central Norrköping (North of the area pictured).

2 Located in central Norrköping (North of the area pictured).

KÖPING

Köping is situated in Västmanland in the western part of Lake Mälaren and had 26,000 inhabitants in 2016. The distance between Stockholm and Köping is approximately 150 kilometres and the journey by train takes approximately one and a half hours. Köping is also located 20 minutes away from Västerås by train.

D. Carnegie & Co's property portfolio in Köping accounts for 1.7 percent of the total market value of the Company's property portfolio. In Köping, the Company owns 373 apartments, primarily comprising 2-3 rooms and kitchen, as well as 8,397 sq. m of commercial space. The properties were constructed in 1929-1973 and, as of 31 December 2017 5.6 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscella-neous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Disa 1**	Freehold	1929	10	0.0%	924	662	1,731	7,008	-
2	**Freja 3**	Freehold	1979	15	20.0%	1,324	416	1,712	8,523	-
3	**Freja 11**	Freehold	1929	19	15.8%	1,612	1,069	2,422	10,966	-
4	**Immanuel 2**	Freehold	1965	147	6.1%	11,131	393	19,178	49,561	-
5	**Inga 1**	Freehold	1947	40	7.5%	2,271	453	4,852	12,150	-
6	**Tunadal 6-9**	Freehold	1971/72 /73	130	1.5%	8,226	1,320	21,756	48,180	-
7	**Fenja 10**	Freehold	1965	12	8.3%	1,169	4,084	2,356	17,390	-
	TOTAL			**373**	**5.6%**	**26,657**	**8,397**	**54,007**	**153,778**	**-**

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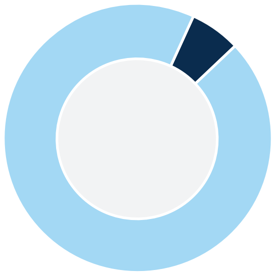

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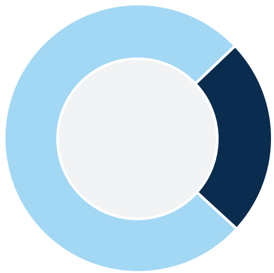


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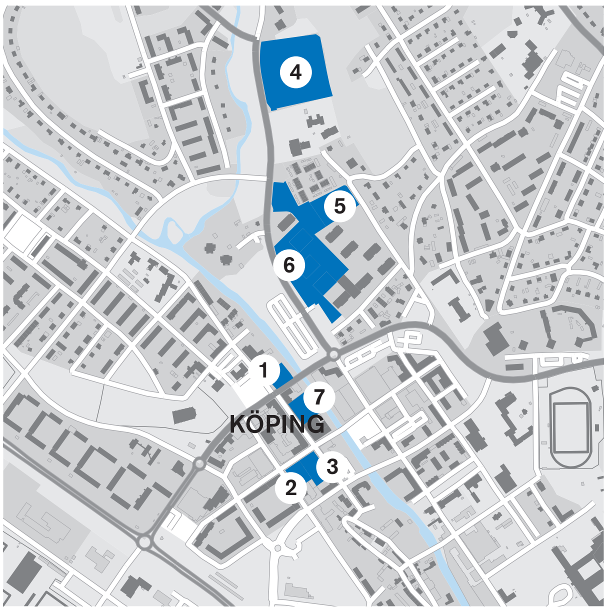
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ARBOGA

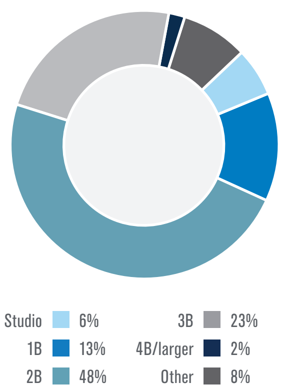
Arboga, which is situated in central Västmanland, had 13,900 inhabitants in 2016. The city is located 150 kilometres from Stockholm, 40 kilometres from Eskilstuna and Örebro, and 60 kilometres from Västerås. The train journey to the Stockholm Central Station takes approximately one and a half hours.

D. Carnegie & Co's property portfolio in the area accounts for 2.2 percent of the total market value of the Company's property portfolio and mainly consists of housing units in the form of 547 apartments, primarily comprising 3 rooms and kitchen. The properties were constructed in 1958-1983 and as of 31 December 2017, 5.9 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscellaneous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Gesällen 15**	Freehold	1958	61	11.5%	5,048	666	5,398	21,641	-
2	**Riskan 1**	Freehold	1963	53	5.7%	3,846	354	6,256	17,538	-
3	**Vilsta 9**	Freehold	1960	108	2.8%	7,439	1,081	10,354	33,483	-
4	**Vilsta 10**	Freehold	1964	113	8.0%	8,264	107	17,107	34,837	-
5	**Vilsta 21**	Freehold	1964	89	0.0%	6,559	40	10,671	26,455	-
6	**Hjulmakaren 25**	Freehold	1977	28	14.3%	3,497	-	3,745	15,891	-
7	**Ringsborg 1**	Freehold	1983	-	0.0%	-	1,488	2,791	5,030	-
8	**Getingen 1**	Freehold	1968	95	6.3%	9,515	20	22,302	34,194	-
	TOTAL			**547**	**5.9%**	**44,168**	**3,756**	**78,624**	**189,069**	**-**

BREAKDOWN OF SPACE



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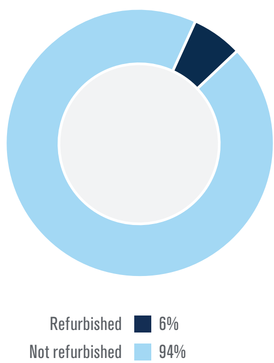
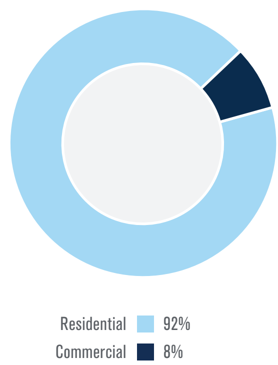


RESIDENTIAL / COMMERCIAL



8 Located in south of Köing (North of the area pictured).

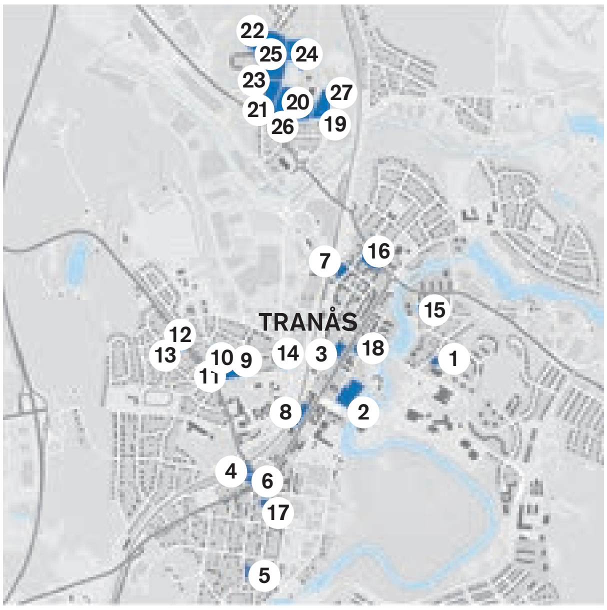
TRANÅS

Tranås is situated by Lake Sommen in northern Småland, approximately 270 kilometres from Stockholm and had 18,800 inhabitants in 2016. By express train, Stockholm is reached within approximately two hours and Linköping is reached in 30 minutes. According to plans for the future, Tranås is part of the Götaland line, a new railway line for high-speed trains which is being studied by the Swedish Transport Administration.

D. Carnegie & Co's property portfolio in the area accounts for 3.3 percent of the total market value of the Company's property portfolio and comprises housing units in the form of 761 apartments, most of which comprise 2-3 rooms and kitchen, as well as commercial premises in the city centre totalling 15,957 sq. m. The properties were constructed in 1949-1992 and, at the end of 2017 2.4 percent of apartments had been renovated.

SUMMARY OF PROPERTY PORTFOLIO

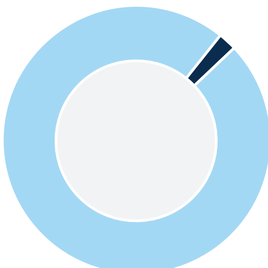
						Area (m²)				
Nr	Property designation	Title	Year built	Number of apartments	Percentage of refurbished apartments	Residential	Miscellaneous	Undeveloped land	Tax value (SEK 000)	Building rights
1	**Kometen 10**	Freehold	1950	12	0.0%	708	-	1,542	3,254	-
2	**Norra Gyllenfors 9**	Freehold	1950	75	4.0%	5 658	5,431	10,603	63,023	-
3	**Oden 12**	Freehold	1992	21	4.8%	1 997	1,690	3,174	21,384	-
4	**Södra Framnäs 20**	Freehold	1984	6	0.0%	402	-	1,578	2,141	-
5	**Tigern 14**	Freehold	1960	11	0.0%	736	-	1,488	3,528	-
6	**Tjädern 23**	Freehold	1983	10	0.0%	684	-	2,009	3,824	-
7	**Tornsvalan 3**	Freehold	1985	31	0.0%	2 073	-	2,844	11,708	-
8	**Västermalm 23**	Freehold	1955	43	0.0%	2 913	3,942	3,651	26,642	-
9	**Lindkullen 11**	Freehold	1962	11	0.0%	814	12	1,704	3,907	-
10	**Lindkullen 12**	Freehold	1979	12	0.0%	943	130	1,687	5,117	-
11	**Lindkullen 13**	Freehold	1950	15	6.7%	999	10	1,364	4,869	-
12	**Bågskytten 4**	Freehold	1949	6	0.0%	478	-	1,041	2,155	-
13	**Bågskytten 5**	Freehold	1991	8	0.0%	500	-	1,343	3,206	-
14	**Kullen 1**	Freehold	1970	14	14.3%	670	34	782	3,763	-
15	**Jupiter 17**	Freehold	1988	6	0.0%	476	-	1,199	2,804	-
16	**Falkberget 24**	Freehold	Tomt	18	0.0%	1,017	70	4,730	120	-
17	**Lejonet 5**	Freehold	1986	21	0.0%	1,279	63	1,486	7,283	-
18	**Nordstjärnan 7**	Freehold	1965	16	0.0%	1,504	1,460	1,571	12,025	-
19	**Gäddan 2**	Freehold	1966	60	0.0%	3,402	-	8,921	14,375	-
20	**Laxen 2**	Freehold	1967	119	1.7%	9,161	679	22,322	41,290	-
21	**Sutaren 2**	Freehold	1978	41	7.3%	2,752	1,047	9,117	-	-
22	**Forellen 3**	Freehold	1972	82	4.9%	5,577	206	18,339	25,044	-
23	**Forellen 5**	Freehold	1969	77	0.0%	6,019	358	15,080	27,407	-
24	**Öringen 1**	Freehold	1971	45	4.4%	3,040	-	12,445	16,060	-
25	**Forellen 4**	Freehold	0	1	0.0%	150	250	4,339	-	-
26	**Laxen 3**	Freehold	1973	-	-	-	575	2,005	862	-
27	**Flundran 2**	Freehold	1966	-	-	-	-	2,680	554	-
	TOTAL			**761**	**2.4%**	**53,952**	**15,957**	**139,044**	**306,345**	**-**



BREAKDOWN OF SPACE

Studio 8%
1B 27%
2B 28%
3B 9%
4B/larger 6%
Other 23%

REFURBISHED / NOT REFURBISHED



Refurbished 2%
Not refurbished 98%

RESIDENTIAL / COMMERCIAL

Residential 77%
Commercial 23%

PROPERTY SPECIFICATION	MUNICIPALITY	BUILDING YEAR / RENOVATION	LETTABLE AREA, SQ. M RESIDENTIAL	MISC.	TOTAL	LEASEHOLD
Vaksamheten 8	Eskilstuna	1987	2,101	3,345	5,446	
Nybyggaren 10	Eskilstuna	1978	4,838	531	5,369	
Sergeanten 8	Eskilstuna	1937/87	1,088	90	1,178	
Nybyggaren 11	Eskilstuna	1979	6,423	481	6,904	
Nybyggaren 9	Eskilstuna	1981	4,292	265	4,557	
Fäktaren 1	Eskilstuna	1979	2,074	92	2,166	
Friheten 5	Eskilstuna	1945/86	1,686	150	1,836	
Flintan 14	Eskilstuna	1978	2,420	80	2,500	
Fäktaren 3	Eskilstuna	1961/93	1,580	1,267	2,847	
Fäktaren 4	Eskilstuna	1955/93	1,526	103	1,629	
Fäktaren 5	Eskilstuna	1955/80	1,064	0	1,064	
Fäktaren 6	Eskilstuna	1958	1,633	73	1,706	
Friheten 11	Eskilstuna	1974	16,078	1,953	18,031	
Fakiren 7	Eskilstuna	1970	10,316	295	10,611	
Favören 1	Eskilstuna	1975	4,663	264	4,927	
Venus 8	Eskilstuna	1929/82	1,074	40	1,114	
Venus 9	Eskilstuna	1929/82	537	228	765	
Navigatören 2	Eskilstuna	1964	5,484	172	5,656	T
Navigatören 3	Eskilstuna	1964	5,503	141	5,644	T
Notarien 7	Eskilstuna	1965	12,340	184	12,524	T
Notarien 8	Eskilstuna	1966	4,924	157	5,081	T
Notarien 9	Eskilstuna	1966	7,418	90	7,508	T
Notarien 11	Eskilstuna	1966	7,417	397	7,814	T
Notarien 12	Eskilstuna	1966	8,242	501	8,743	T
Forsbomsvreten 16	Eskilstuna	1963	1,789	111	1,900	
Forsbomsvreten 20	Eskilstuna	1963	888	0	888	
Forsbomsvreten 21	Eskilstuna	1964	876	107	983	
Forsbomsvreten 22	Eskilstuna	1968	3,963	467	4,430	
Frimuraren 8	Eskilstuna	1991	1,630	226	1,856	
Fuxen 11	Eskilstuna	1940	4,162	2,099	6,261	
Granaten 2	Eskilstuna	1937	1,069	8	1,077	
Granaten 3	Eskilstuna	1937	1,112	0	1,112	
Taggsvampen 15	Eskilstuna	1944	516	71	587	
Taggsvampen 19	Eskilstuna	1950	449	25	474	
Taggsvampen 20	Eskilstuna	1950	519	35	554	
Syrenen 8	Katrineholm	1961	5,731		5,731	
Linden 22	Katrineholm	1962	4,067	1,216	5,283	
Hagtornen 11	Katrineholm	1964	3,341		3,341	
Nålen 5	Katrineholm	1966	5,857	133	5,990	
Prästkragen 28	Katrineholm	1968	7,578		7,578	
Apeln 5	Katrineholm	1970	3,501	43	3,544	
Oliven 3	Katrineholm	1976	1,148		1,148	
Hämplingen 3	Katrineholm	1940	224		224	
Hämplingen 18	Katrineholm	1970	5,806	158	5,964	
Pionen 4	Katrineholm	1992	3,158	1,764	4,922	
Nejlikan 16	Katrineholm	1956/1959	1,956	951	2,907	
Nejlikan 17	Katrineholm	1956/1959	1,899	1,699	3,598	
Nejlikan 4	Katrineholm	1938/1945		651	651	

PROPERTY SPECIFICATION	MUNICIPALITY	BUILDING YEAR / RENOVATION	LETTABLE AREA, SQ. M RESIDENTIAL	MISC.	TOTAL	LEASEHOLD
Sädesärlan 11	Katrineholm				0	
Humlen 1	Katrineholm	1927	1,059	875	1,934	
Katrineholm 5:8	Katrineholm	1920/1975/1977	1,352	1,442	2,794	
Katrineholm 5:9	Katrineholm	1920/1975/1977	84	1,298	1,382	
Vinrankan 4	Katrineholm	1952	1,641	186	1,827	
Vinrankan 8	Katrineholm	1955	1,917	414	2,331	
Gesällen 15	Arboga	1958	5,048	666	5,714	
Riskan 1	Arboga	1963	3,846	354	4,200	
Vilsta 9	Arboga	1960	7,439	1,081	8,520	
Vilsta 10	Arboga	1964	8,264	107	8,371	
Vilsta 21	Arboga	1964	6,559	40	6,599	
Hjulmakaren 25	Arboga	1977	3,497		3,497	
Ringsborg 1	Arboga	1983	0	1,488	1,488	
Getingen 1	Arboga	1968	9,515	20	9,535	
Disa 1	Köping	1929	924	662	1,586	
Freja 3	Köping	1979	1,324	416	1,740	
Freja 11	Köping	1929	1,612	1,069	2,681	
Immanuel 2	Köping	1965	11,131	393	11,524	
Inga 1	Köping	1947	2,271	453	2,724	
Tunadal 6-9	Köping	1971/1972/1973	8,226	1,320	9,546	
Fenja 10	Köping	1965	1,169	4,084	5,253	
Bonden 12	Strängnäs	1976	3,854	274	4,128	
Bonden 13	Strängnäs	1977	911	1,771	2,682	
Bonden 14	Strängnäs	1977	1,749	2,731	4,480	
Åkern 16	Strängnäs	1977	2,297	332	2,629	
Läraren 11	Strängnäs	1986	2,910	512	3,422	
Åkern 1	Strängnäs	1980	1,015	155	1,170	
Åkern 3	Strängnäs	1979	3,116	109	3,225	
Åkern 5	Strängnäs	1979	1,308	169	1,477	
Järpen 1	Strängnäs	1966	3,638	1,248	4,886	
Järpen 3	Strängnäs	1966	3,437	231	3,668	
Järpen 4	Strängnäs	1970	3,642	151	3,793	
Nålsögat 3	Eskilstuna	-	-	-	-	
Hällby-Ökna 1:46	Eskilstuna	-	-	-	-	
Sättra Krog 1:3	Strängnäs	-	-	-	-	
Risevid 1:8	Trosa	-	-	-	-	
Valsätra 33:1	Uppsala	1970	21,489	2,392	23,881	
Valsätra 19:1[1)]	Uppsala	1969	-	-	-	
Valsätra 34:1	Uppsala	1969	12,479	339	12,818	
Valsätra 34:3	Uppsala	1970	11,808	303	12,111	
Valsätra 40:11)	Uppsala	1970	-	-	-	
Valsätra 36:1	Uppsala	1971	18,613	2,927	21,540	
Valsätra 36:2	Uppsala	Leased	-	-	-	
Valsätra 36:4	Uppsala	1971	837	0	837	
Valsätra Galaxen 36:3	Uppsala	1923	3,414	650	4,064	
Valvet 1	Norrköping	1960	20,640	19	20,659	
Dörren 12	Norrköping	1963/1968	42,361	609	42,970	
Dörren 14	Norrköping	1963/1968	4,512	0	4,512	

PROPERTY SPECIFICATION	MUNICIPALITY	BUILDING YEAR / RENOVATION	LETTABLE AREA, SQ. M RESIDENTIAL	MISC.	TOTAL	LEASEHOLD
Röken 22	Norrköping	1967	9,250	1,725	10,975	
Plysaren 13	Norrköping	1968	18,384	168	18,552	
Porten 16	Norrköping	1967/1994	36,263	797	37,060	
Hambon 1	Norrköping	1971	9,388	20	9,408	
Hambon 2	Norrköping	1971	6,051	0	6,051	
Tangon 1	Norrköping	1971	4,468	76	4,544	
Gavotten 1	Norrköping	1972	1,944	0	1,944	
Kadriljen 1	Norrköping	1972	2,946	0	2,946	
Mazurkan 1	Norrköping	1972	2,940	0	2,940	
Menuetten 1	Norrköping	1972	1,950	0	1,950	
Porten 10	Norrköping	1968/1996	8,180	236	8,416	
Kometen 10	Tranås	1950	708		708	
Norra Gyllenfors 9	Tranås	1950	5,658	5,431	11,089	
Oden 12	Tranås	1992	1,997	1,690	3,687	
Södra Framnäs 20	Tranås	1984	402		402	
Tigern 14	Tranås	1960	736		736	
Tjädern 23	Tranås	1983	684		684	
Tornsvalan 3	Tranås	1985	2,073		2,073	
Västermalm 23	Tranås	1955	2,913	3,942	6,855	
Lindkullen 11	Tranås	1962	814	12	826	
Lindkullen 12	Tranås	1979	943	130	1,073	
Lindkullen 13	Tranås	1950	999	10	1,009	
Bågskytten 4	Tranås	1949	478		478	
Bågskytten 5	Tranås	1991	500		500	
Kullen 1	Tranås	1970	670	34	704	
Jupiter 17	Tranås	1988	476		476	
Falkberget 24	Tranås	0	1,017	70	1,087	
Lejonet 5	Tranås	1986	1,279	63	1,342	
Nordstjärnan 7	Tranås	1965	1,504	1,460	2,964	
Gäddan 2	Tranås	1966	3,402		3,402	
Laxen 2	Tranås	1967	9,161	679	9,840	
Sutaren 2	Tranås	1978	2,752	1,047	3,799	
Forellen 3	Tranås	1972	5,577	206	5,783	
Forellen 5	Tranås	1969	6,019	358	6,377	
Öringen 1	Tranås	1971	3,040		3,040	
Forellen 4	Tranås	1930	150	250	400	
Laxen 3	Tranås	1973		575	575	
Flundran 2	Tranås	1966			0	
Märsta 1:167	Sigtuna	1962/1963	23,776	3,913	27,689	
Valsta 3:8	Sigtuna	1977/1967	25,999	4,632	30,631	
Finnsta 1:11	Upplands-Bro	1973	6,532	576	7,108	
Finnsta 1:12	Upplands-Bro	1973	6,816	232	7,048	
Finnsta 1:14	Upplands-Bro	1974/1975	7,038	267	7,305	
Finnsta 1:15	Upplands-Bro	1974/1975	7,890	335	8,225	
Finnsta 1:16	Upplands-Bro	1974/1975	5,198	590	5,788	
Finnsta 1:17	Upplands-Bro	1974/1975	7,038	280	7,318	
Finnsta 1:13	Upplands-Bro	1975	0	993	993	
Åkervenen 3	Södertälje	1968/92	12,823	456	13,279	

PROPERTY SPECIFICATION	MUNICIPALITY	BUILDING YEAR / RENOVATION	LETTABLE AREA, SQ. M RESIDENTIAL	MISC.	TOTAL	LEASEHOLD
Strandrågen 4	Södertälje	1968/92	8,754	94	8,848	
Rödvenen 4	Södertälje	1968/92	12,803	310	13,113	
Svingeln 2	Södertälje	1968/92	7,500	126	7,626	
Vårbrodden 2	Södertälje	-	-	-	-	
Grindstugan 1	Södertälje	1968/92,	8,804	242	9,046	
Topasen 6	Södertälje	1972	16,231	714	16,945	
Bäckgården 1	Huddinge	1973	9,061	1,862	10,923	T
Bäckgården 2	Huddinge	1973	6,940	534	7,474	T
Bäckgården 3	Huddinge	1973	7,990	738	8,728	T
Bäckgården 4	Huddinge	1972	7,851	331	8,182	T
Bäckgården 5	Huddinge	1972	8,488	439	8,927	T
Bäckgården 7	Huddinge	1972	6,885	461	7,346	T
Sjöboden 1	Södertälje	1969,94,96	26,802	576	27,378	
Fäboden 3	Södertälje	1969,94,96	17,135	290	17,425	
Hemmanet 4	Södertälje	1969,94,96	11,700	3,106	14,806	
Gården 2	Södertälje	1970	29,349	2,390	31,739	
Kalvsvik 11:18	Haninge	1970	11,277	246	11,523	
Kalvsvik 11:23	Haninge	1970, 71	16,827	1,537	18,364	
Kalvsvik 11:35	Haninge	1972	23,616	898	24,514	
Kalvsvik 11:1083	Haninge	1973, 88	13,813	212	14,025	
Kalvsvik 11:1084	Haninge	1974, 88	10,582	514	11,096	
Kalvsvik 1:6	Stockholm	1967	34,778	5,032	39,810	
Kalvsvik11:4	Stockholm	1967	36,937	1,591	38,528	
Vedboden 1	Huddinge	-	11,678	147	11,825	
Magasinet 4	Huddinge	-	16,043	2,006	18,049	
Stallet 3	Huddinge	-	10,420	186	10,606	
Duvholmen 1	Huddinge	1968	13,304	1,671	14,975	
Traktören 5	Sollentuna	-	25,670	8,306	33,976	
Bergen 1	Stockholm	1976	20,668	2,177	22,845	T
Halden 3	Stockholm	1976	21,852	716	22,568	T
Holmenkollen 1	Stockholm	1976	10,010	611	10,621	T
Telemark 1	Stockholm	1974	30,410	2,245	32,655	T
Tönsberg 2	Stockholm	1977	20,865	826	21,691	T
Lättinge 1	Stockholm	-	16,919	1,093	18,012	T
Tensta 4:10[2)]	Stockholm	1969	-	-	-	T
Kvarnkammaren 1	Stockholm	-	12,801	2,198	14,999	T
Kvarnrännan 1	Stockholm	1970	6,546	286	6,832	T
Kvarnaxeln 1	Stockholm	-	11,231	430	11,661	T
Kvarnhjulet 1	Stockholm	-	8,784	796	9,580	T
Kvarnskvaltan 1	Stockholm	-	-	-	-	T
Handkvarnen 3	Stockholm	1970	9,428	1,571	10,999	T
Fotkvarnen 1	Stockholm	1970	6,434	196	6,630	T
Fotkvarnen 2[3)]	Stockholm		-	-	-	
Hjulkvarnen 1	Stockholm	1970	5,215	853	6,068	T
Hjulkvarnen 2	Stockholm	1970	5,474	833	6,307	T
Hjulkvarnen 3[3)]	Stockholm		-	-	-	T
Rinkeby 2:14)	Stockholm		-	-	-	T
Rinkeby 2:13[5)]	Stockholm		-	-	-	T

PROPERTY SPECIFICATION	MUNICIPALITY	BUILDING YEAR / RENOVATION	LETTABLE AREA, SQ. M RESIDENTIAL	MISC.	TOTAL	LEASEHOLD
Rinkeby 2:14[6]	Stockholm		-	-	-	T
Skvaltkvarnen 1	Stockholm	1970	8,496	453	8,949	T
Skvaltkvarnen 2	Stockholm	1970	4,557	35	4,592	T
Skvaltkvarnen 3[6]	Stockholm		-	-	-	T
Kvarnen 1	Stockholm	1969	6,183	867	7,050	T
Vattenkvarnen 1	Stockholm	1969	-	-	-	T
TOTAL 198			**1,292,805**	**133,951**	**1,426,756**	

1) Garage and parking.
2) Included in joint taxation/merged with Lättinge 1.
3) Included in joint taxation/merged with Fotkvarnen 1, Hjulkvarnen 1-3, Rinkeby 1:2, 2:13, 2:14, Skvaltkvarnen 1-3.
4) Included in joint taxation/merged with Fotkvarnen 1, Hjulkvarnen 1-3, Rinkeby 1:2, 2:13, 2:14, Skvaltkvarnen 1-4.
5) Included in joint taxation/merged with Fotkvarnen 1, Hjulkvarnen 1-3, Rinkeby 1:2, 2:13, 2:14, Skvaltkvarnen 1-5.
6) Included in joint taxation/merged with Fotkvarnen 1, Hjulkvarnen 1-3, Rinkeby 1:2, 2:13, 2:14, Skvaltkvarnen 1-6.

DEFINITIONS

FINANCE

RETURN ON EQUITY, per cent

Profit for the year in relation to average shareholders' equity.

LOAN-TO-VALUE RATIO (LTV), per cent

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.

LOAN-TO-VALUE RATIO PROPERTIES (LTV), per cent

Interest-bearing liabilities with security in properties in relation to the fair value of the properties at the close of the period.

INTEREST COVERAGE RATIO, times

Income from property management plus financial costs (EBIT) in relation to financial costs.

EQUITY RATIO, per cent

Reported shareholders' equity in relation to reported total assets at the close of the period.

EQUITY RATIO, ADJUSTED, per cent

Reported shareholders' equity adjusted for the value of derivatives, goodwill and deferred tax liabilities.

PROPERTY

DIRECT RETURN, per cent

Net operating income recalculated on an annual basis in relation to the average market value of the management properties during the period.

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. The industry specific key figure, net operating income, is reported as it shows the results from property management.

INCOME FROM PROPERTY MANAGEMENT, SEK '000

Profit before changes in value and taxes. The industry specific key figure, income from property management, is reported as it shows the company's results excluding changes in value.

CHANGES IN VALUE IN MANAGEMENT PROPERTIES, SEK '000

Change in the fair value after deductions for investments made.

TOTAL RETURN, percent

Profit before tax in relation to market value of the property portfolio.

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.

GROSS MARGIN, per cent

Net operating income as a percentage of total income.

SHARES

SHAREHOLDERS' EQUITY PER SHARE, SEK

Shareholders' equity in relation to the number of outstanding ordinary shares on the balance sheet date.

ADJUSTED SHAREHOLDERS' EQUITY (EPRA NAV) PER SHARE, 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.

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 tax in relation to the average number of outstanding ordinary shares, including full coverage and conversion of outstanding option programmes and convertible subordinated loans. The convertible subordinated loans have been repaid 30June 2016. The calculation is performed in accordance with IAS 33.

From market practice regarding key figures, D. Carnegie & Co has selected the above key figures.

CALENDAR 2018–2019

Interim report Q1	27 April, 2018
Annual general meeting	8 May, 2018
Interim report Q2	13 July, 2018
Interim report Q3	26 October, 2018
Year-end report 2018	22 February, 2019

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