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D. CARNEGIE & CO.

**SUPPLEMENT TO THE PROSPECTUS REGARDING
THE INVITATION TO SUBSCRIBE FOR SHARES
IN D. CARNEGIE & CO AB**

The distribution of this Supplement is subject to restrictions in certain jurisdictions (see “*Selling and transfer restrictions*” in the Prospectus).

SUPPLEMENT TO THE PROSPECTUS

This document (the “**Supplement**”) has been prepared by D. Carnegie & Co AB (publ), corporate ID No. 556498-9449, (“**D. Carnegie & Co**” or the “**Company**”) and constitutes a supplement to the prospectus regarding the invitation to subscribe for shares in D. Carnegie & Co, which was approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*, the “**SFSA**”) on 7 March 2018 (SFSA Reg. No. 18-3342) (the “**Prospectus**”). The Supplement forms part of, and must be read together with, the Prospectus. The definitions in the Prospectus apply to the Supplement as well.

The Supplement has been prepared by reason of D. Carnegie & Co on 5 April 2018 having announced through a press release that the Company acquires 1,274 apartments in Stockholm from Byggmästare Anders J Ahlström Fastighets AB (publ) against payment in cash and shares. The press release has been published on the Company’s website, www.dcarnegiegroup.se/en.

The Supplement has been prepared pursuant to Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) and was approved and registered by the SFSA on 9 April 2018 (SFSA Reg. No. 18-6717).

The Prospectus and this Supplement are available on www.dcarnegiegroup.se/en and www.swedbank.se/prospekt. For detailed terms and conditions as well as other information regarding the rights issue, please refer to the Prospectus.

SUPPLEMENT TO THE SUMMARY

The information in this Supplement causes item B.7 in the section entitled “Summary” on p. 5-9 in the Prospectus to be supplemented with a new last paragraph as per below.

<p>B.7</p>	<p><i>Selected historical key financial information</i></p>	<p>[...]</p> <p>On 5 April 2018, D. Carnegie & Co announced that the Company has entered into an agreement with Byggmästare Ahlström to acquire 1,274 apartments in Stockholm for SEK 1,673 million (15,900 SEK/sqm), before deducting deferred tax amounting to approximately SEK 80 million. The acquisition is structured as a share deal. The portfolio’s rentable area amounts to 105,000 sqm. There is, in addition, expected to be considerable upside in the portfolio’s building rights potential. The properties are located in Albyberget, Alby, Botkyrka municipality in Stockholm and are adjacent to other D. Carnegie & Co properties. The transaction will be combined with the issue of new shares to the seller resulting in a combined cash (92 percent of the consideration) and share (8 percent of the consideration) transaction, with closing scheduled during the second quarter 2018. The purchase price of SEK 1,593 million will consist of a cash component in an amount of SEK 1,468 million and a share component valued at SEK 125 million, with an undertaking of the seller to not divest the shares within a period of six months from receipt. Byggmästare Ahlström will thereby subscribe for 1,016,000 B-shares in D. Carnegie & Co, representing 1.1 percent of the shares and 0.9 percent of the votes in D. Carnegie & Co (after completion of the rights issue in D. Carnegie & Co). The transaction remains conditional upon Byggmästare Ahlström’s parent company approving the transaction at its general meeting to be held on or about 23 April 2018. The transaction is furthermore conditional upon Nordic Trustee, as agent for the bond issued by Byggmästare Ahlström, irrevocably agreeing to the transaction, prior to the closing date.</p>
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SUPPLEMENT TO CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The Company's press release on 5 April 2018 causes "Significant changes since 31 December 2017" in the section entitled "Capitalisation, indebtedness and other financial information" on p. 84 of the Prospectus to be replaced with the following information.

Significant changes since 31 December 2017

On 31 January, D. Carnegie & Co announced that the board of directors had decided to convene an extraordinary general meeting to be held on 23 February 2018, with a proposal to authorise the board of directors to decide on a rights issue of up to approximately SEK 1,500m before issuance costs. The extraordinary general meeting of 23 February 2018 decided to authorise the board of directors in accordance with the proposal. On 28 February 2018, the board of directors decided on a new issue pursuant to the said authorisation.

Furthermore, D. Carnegie & Co announced on 21 February 2018 that Svein Erik Lilleland, board member and acting CEO, has been appointed CEO of the Company.

On 5 April 2018, D. Carnegie & Co announced that the Company has entered into an agreement with Byggmästare Anders J Ahlström Fastighets AB (publ) ("**Byggmästare Ahlström**") to acquire 1,274 apartments in Stockholm for SEK 1,673 million (15,900 SEK/sqm), before deducting deferred tax amounting to approximately SEK 80 million. The acquisition is structured as a share deal. The portfolio's rentable area amounts to 105,000 sqm. There is, in addition, expected to be considerable upside in the portfolio's building rights potential. The properties are located in Albyberget, Alby, Botkyrka municipality in Stockholm and are adjacent to other D. Carnegie & Co properties. The transaction will be combined with the issue of new shares to the seller resulting in a combined cash (92 percent of the consideration) and share (8 percent of the consideration) transaction, with closing scheduled during the second quarter 2018.

The purchase price of SEK 1,593 million will consist of a cash component in an amount of SEK 1,468 million and a share component valued at SEK 125 million, with an undertaking of the seller to not divest the shares within a period of six months from receipt. The issue of new shares is the result of a request from Byggmästare Ahlström to become a shareholder in D. Carnegie & Co. Byggmästare Ahlström will thereby subscribe for 1,016,000 B-shares in D. Carnegie & Co, representing 1.1 percent of the shares and 0.9 percent of the votes in D. Carnegie & Co (after completion of the rights issue in D. Carnegie & Co). The shares will be issued at the time of closing of the transaction, at a price per share corresponding to an EPRA NAV¹ of SEK 123 per share as of 31 December 2017, adjusted for the rights issue in D. Carnegie & Co, which the Company considers to be on market terms. The Company views Byggmästare Ahlström's desire to become a shareholder in D. Carnegie & Co positively, showing that the Company's shares represent an attractive investment proposition. The shares will be issued using the board authorization resolved upon by D. Carnegie & Co's annual general meeting.

The properties consist of several buildings located close to each other and comprise 1,274 residential apartments. The 2017 annual rental income amounted to SEK 103 million. The properties have an estimated refurbishment ratio of 5 percent.

The transaction remains conditional upon Byggmästare Ahlström's parent company approving the transaction at its general meeting to be held on or about 23 April 2018. Autus Invest AB and Alesco SA, representing in total 45.31 percent of the shares and 58.68 percent of the votes in Byggmästare Ahlström's parent company, have undertaken to vote in favour of the transaction at the general meeting. The transaction is furthermore conditional upon Nordic Trustee, as agent for the bond issued by Byggmästare Ahlström, irrevocably agreeing to the transaction, prior to the closing date.

Furthermore, the parties have agreed on a conditional purchase price component, if a planned and initiated co-op conversion comprising 124 residential apartments in the area is completed by, at latest, 31 December 2018. The conditional purchase price component will amount to a share of the expected profit from such a co-op conversion and is to be paid in cash.

¹ See "Definitions and reconciliation of alternative performance measures" in the section entitled "Selected historical financial information" on p. 74 in the Prospectus. Through the new share issue D. Carnegie & Co's equity is increased by SEK 995 million (corresponding to the net proceeds) and the number of shares are increased with 11,254,538.



D. CARNEGIE & CO.

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