



CATENA Q1

Interim Report January-March 2017

- ▶ Rental income rose by 20 percent to SEK 211.5 million (176.8).
- ▶ The operating surplus increased by 24 percent to SEK 156.7 million (126.6).
- ▶ Profit from property management rose by 91 percent to SEK 108.4 million (56.9).
- ▶ Profit for the period rose to SEK 176.3 million (39.9), corresponding to earnings per share of SEK 4.94 (1.30), of which changes in the value of properties were included at SEK 167.4 million (23.4), changes in goodwill at a negative SEK 76.6 million (0) and changes in derivatives at a negative SEK 32.3 million (72.9).
- ▶ Net asset value per share, EPRA NAV, rose to SEK 139.2 (128.8).

Significant events in the first quarter

- ▶ Eight properties, with an underlying property value of SEK 763 million, were acquired and control of these has passed to Catena.
- ▶ Catena has rearranged its interest rate hedging, lowered its borrowing costs and participated in a covered bond via SFF totalling SEK 234 million.
- ▶ The new CEO, Benny Thögensen, and new Deputy CEO, Peter Andersson have been appointed and will start work in these positions on 27 April.
- ▶ Divestments have been made of two properties, one by 50 percent, with an underlying property value of SEK 461 million.

Significant events after the end of the period

- ▶ A new lease has been signed with Svensk Cater and construction will take place in Malmö, with an investment of SEK 106 million.



► The terminal is the first link in an efficient flow of goods

Efficient flows of goods start with major terminals in strategically defined logistics positions where goods from manufacturers and distributors from Sweden and around the world arrive by ship, aircraft, train and truck. Catena operates, develops and acquires such terminals. The terminals are located adjacent to key transport routes, with effective links to ports and railways, but close to population centres, albeit outside urban centres to limit land investments. Some are also container terminals that are especially well equipped to handle and transfer cargo and goods from one mode of transport to another.

Terminals for efficient and immediate distribution

The terminals are designed for the transshipment of large amounts of cargo and goods on the same day. This makes it possible to exploit the advantages offered by mixed-load global container transports of large volumes. They are characterised by their many gates and good transport connections, making it easy to get to and from the property. A terminal is often the first facility in an attractive logistics position. Efficient flows of goods also build on large regional logistics warehouses adjacent to terminals.

Combined, the terminal and the logistics warehouse form the hub of an environmentally and cost-efficient distribution system. This paves the way for hybrids. Such as the volume terminal, which is a combination of a terminal and a logistics warehouse. It has the numerous gates characteristic of the terminal and the space required to receive and dispatch incoming and outgoing goods on the same day. Where

necessary, the volume terminal also has the height characteristic of a logistics warehouse, which is needed to cost-efficiently warehouse goods, even over extended periods. However, an environmentally and cost efficient terminal is not only a matter of the right location, it also requires effective ventilation, heating and lighting.

Terminals for DHL

The operation of a terminal is generally performed by major players in third party logistics. From one and the same terminal, the operator can service several hundred customers, limiting Catena's commercial risk. The picture below shows a modern terminal of 16,940 square meters developed by Catena. Here, DHL, which gained access to the premises in early 2016, is the sole tenant. The facility is located on the Burlöv Sunnanå 12:51 property. Adjacent to the property, which has been fully owned by Catena since the end of the quarter, we also offer more than 208,000 square metres of developable land.

In late 2016, Catena acquired six terminals located in Stockholm, Eskilstuna, Umeå, Sundsvall, Oskarshamn and Uppsala from DHL. These will now be refined and modernised. The terminals have a combined lettable area of approximately 49,000 square metres. All of the properties are leased to DHL.

In the next report, for the second quarter, we will present the next link in an efficient supply chain – the logistics warehouse.

The cover picture shows the container terminal, Terminalen 1 in Hallsberg and the Mosås 4:66 terminal in Orebro



The Group in figures

	2017 Jan-Mar	2016 Jan-Mar	Rolling 12-month	2016 Jan-Dec
Rental income, SEK m	211.5	176.8	821.3	786.6
Net operating surplus, SEK m	156.7	126.6	608.2	578.1
Surplus ratio, %	74.1	71.6	74.1	73.5
Profit from property management, SEK m	108.4	56.9	367.5	316.0
Profit for the period/year, SEK m	176.3	39.9	474.8	338.4
Earnings per share, SEK	4.9	1.3	13.8	10.2
Equity ratio, %	32.1	28.4	32.1	31.6
Economic letting ratio, %	94.0	85.6	94.0	93.0

► Profit from property management doubled and vacancies halved

Catena delivers and we are now seeing the results of the past year's focused efforts with streamlining and leasing. Profit from property management for the first quarter almost doubled and vacancies will soon have been halved compared with a year ago.

In connection with the acquisition of Tribona in early 2016, Catena's property value doubled. We saw the potential and immediately began working to leverage the acquisition. I am glad to say that we have come a long way and are reporting clearly improved profit from property management of SEK 108.4 million, compared with SEK 56.9 million for the first quarter last year. Profit for the period has developed very positively, amounting to SEK 176.3 million (39.9).

A year ago, our vacancies totalled 220,000 square metres. Thanks to strong demand and good leasing work, vacancies now amount to about 140,000 square metres. This is in line with the ambitious target we set at that time of halving vacancies by the summer of 2017. At the end of the quarter, the letting ratio amounted to a high 94 percent, one percentage point higher than at the end of the year. It is also gratifying that there has continued to be a positive trend in the surplus ratio, which was 74.1 percent for the quarter – good for a winter quarter. Last year, we had a surplus ratio of 71.6 percent during the same period.

Another major task since the acquisition of Tribona has been to actively process the balance sheet, which entails refinancing, divesting older out-of-date, low-yielding properties and replacing them with modern energy-efficient units. The result is a balance sheet, where about 20 percent of the property portfolio has been replaced or renovated, and with financing with longer-term interest rate hedging at relatively lower interest rates. When interest rates and yield requirements rise, the likely winners in the property sector should be those who, like Catena, have income statements with sustainably strong cash flow and balance sheets with a modern property portfolio.

Generally, demand for modern logistics facilities is favourable. Seen in this perspective, our considerable land reserve of more than 1.5 million square meters of developable logistics land is a fantastic asset. Our expansion over the next few years will mainly be through new construction on this land.



With the submission of this quarterly report, my 58th in total as the CEO of a listed company, it is with satisfaction and not without pride that I hand over the responsibility as CEO for Catena to Benny Thøgersen. At the same time, it is most inspiring to be entrusted with making a continued contribution to the development of the company, having been proposed to become Chairman of the Board.

Helsingborg, April 2017

Gustaf Hermelin

Income and profit

Rental income

Rental income for the first quarter rose 20 percent to SEK 211.5 million (176.8). The increase is primarily due to the acquisition and leasing of vacant space.

Income from contracts with terms of more than three years accounted for approximately 73 percent of Catena's contracted annual rent, which entails stable income with no appreciable variation between periods, except in connection with acquisitions and sales. The average remaining lease period is approximately 4.8 years.

Property expenses

Property expenses rose 9 percent to SEK 54.8 million (50.2) due to the larger property portfolio. The impact of the increased leasing can also be seen here, since tenants take over the media expenses covered by the landlord when the property is vacant.

There are seasonal variations in the operation and maintenance of properties. Winters with much cold weather and snow entail higher costs for heating and snow removal. A hot summer can mean increased costs for cooling. These variations, which have the greatest impact during the winter and summer months, are, to some extent, offset by a change in billed expenses to tenants.

Financial expenses

Financial expenses amounted to SEK 43.9 million in the first quarter (54.6). Catena has carried out a major reorganisation and extension of SEK 2,266 million of the Group's swap contracts, which represent a total volume of SEK 4,458 million. Existing swaps with a negative fair value, including accrued coupon interest, of SEK 276.6 million have been discontinued as per 23 March 2017. The reorganisation has been made value-neutral, meaning that the expense of discontinuing the old swaps and the accrued coupon interest, does not affect liquidity for the quarter – instead, the bank will be compensated as a supplement to the current swap rate over the maturity of the new swaps. As a non-recurring effect, due to unpaid accrued coupon interest on discontinued swap agreements, the interest expense for the quarter was affected positively by SEK 16.6 million. The corresponding expense is recovered as part of the period's unrealised value changes in derivatives. With assumptions based on the current loan structure, current swap agreements and market interest rates, financial expenses amounted to about SEK 230 million on an annual basis.

Profit

Profit from property management rose by SEK 51.5 million to SEK 108.4 million, compared with the previous year – an increase of 91 percent. The main reason is an improved operating surplus, which is largely attributable to the complete consolidation of the Tribona portfolio as of 26 January 2016. Other significant effects, that can be described as non-recurring in character are, in addition to the aforementioned restructuring of swap agreements, also the deconsolidation effect of Tribona being reported as an associated company. The latter affected the first quarter of 2016 negatively by SEK 12 million.

Profit for the period was SEK 176.3 million, SEK 136.4 million higher than the preceding year, mainly as an effect of changes in the value of investment properties by SEK 167.4 million (23.4). Compared with last year, the change in the value of derivatives contributes to an increase in profit by SEK 40.6 million. This is because the change in value is an effect of long-term market interest rates having fallen, impacting profit negatively by SEK 32.3 million, compared with last year's negative impact of SEK 72.9 million. The positive change in the value of properties and the decreasing expense for changes in the value of derivatives is partly offset by the resolution of goodwill from the Tribona acquisition of a negative SEK 76.6 million (0).

The unrealised changes in value are of an accounting nature and do not affect cash flow.

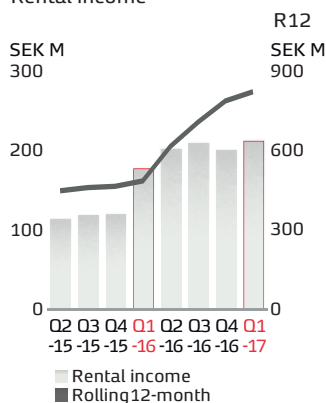
Regions

SEK m	2017 Jan-Mar	2016 Jan-Mar	Rolling 12-month	2016 Jan-Dec
Rental income				
Gothenburg	31.8	31.6	126.5	126.3
Helsingborg	31.6	28.1	119.0	115.5
Jönköping	24.6	20.2	90.9	86.5
Malmö	26.7	21.6	122.6	117.5
Stockholm	96.8	75.3	362.3	340.8
Total	211.5	176.8	821.3	786.6
Net operating surplus				
Gothenburg	27.5	24.7	106.4	103.6
Helsingborg	21.7	21.9	85.5	85.7
Jönköping	16.9	13.9	62.1	59.1
Malmö	15.1	8.7	71.3	64.9
Stockholm	75.5	57.4	282.9	264.8
Total	156.7	126.6	608.2	578.1

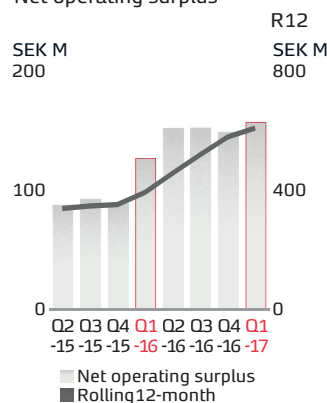
Related parties

Profit for the year includes the smaller related party transactions with Hansa AB and Dina el Midani Architect for consulting services.

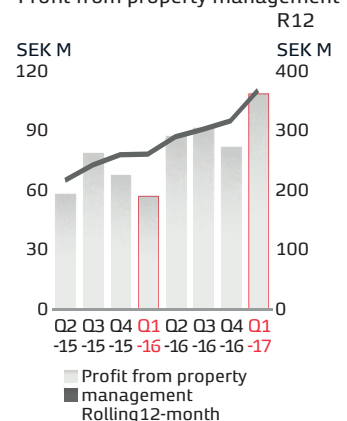
Rental income



Net operating surplus



Profit from property management



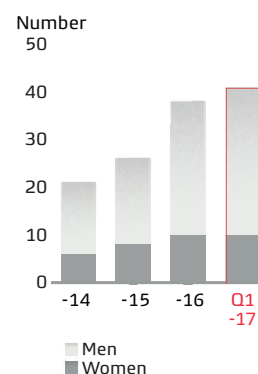
Consolidated Statement of Comprehensive Income

SEK m	2017 Jan-Mar	2016 Jan-Mar	Rolling 12-month	2016 Jan-Dec
Rental income	211.5	176.8	821.3	786.6
Property expenses	-54.8	-50.2	-213.1	-208.5
Net operating surplus	156.7	126.6	608.2	578.1
Central administration	-9.2	-7.1	-35.1	-33.0
Other operating income	0.8	0.5	10.6	10.3
Other operating expenses	-0.4	-0.1	-7.0	-6.7
Interest in profits from associated companies	2.6	-10.8	7.4	-6.0
Financial income	1.8	2.4	17.0	17.6
Financial expenses	-43.9	-54.6	-233.6	-244.3
Profit from property management	108.4	56.9	367.5	316.0
Realised changes in value of investment properties	86.3	-	96.1	9.8
Unrealised changes in value of investment properties	81.1	23.4	196.0	138.3
Change in value of goodwill	-76.6	-	-115.5	-38.9
Changes in values of derivatives	-32.3	-72.9	2.0	-38.6
Profit before tax	166.9	7.4	546.1	386.6
Tax for the period	9.4	32.5	-71.3	-48.2
Profit for the period/year	176.3	39.9	474.8	338.4
Other comprehensive income				
OCI Other Comprehensive Income	-0.4	-	5.0	5.4
Translation difference	-0.2	-0.1	1.8	1.9
Comprehensive income for the period/year	175.7	39.8	481.6	345.7
Comprehensive income for the period/year distributed among the Parent Company's shareholders	176.0	39.8	481.9	345.7
Comprehensive income for the period/year distributed among non-controlling interests	-0.3	-	-0.3	-
Key share data				
Shareholders' equity, SEK per share	114.1	101.4	114.1	109.1
Net asset value per share, EPRA NAV, SEK	139.2	128.8	139.2	135.8
Profit for the period/year, SEK per share	4.9	1.3	13.8	10.2
Number of shares outstanding, millions	35.7	33.2	35.7	35.7

Duration of leases

Duration	Number of contracts	Contractual annual rent, SEK m	Contractual annual rent, %
2017	74	11.9	1
2018	133	136.7	15
2019	47	108.4	12
2020	69	162.8	17
2021	12	119.8	13
2022	14	64.0	7
2023+	53	331.7	35
Total	402	935.3	100

Personnel, Group



Financial position

Cash flow

SEK m	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Profit before tax	166.9	7.4	386.6
Adjustment for items not included in cash flow	-62.9	59.2	-90.7
Tax paid	-	-	-1.6
Cash flow before changes in working capital	104.0	66.6	294.3
Change in operating receivables	0.1	-48.8	-99.0
Change in operating liabilities	-3.7	411.7	94.2
Cash flow from operating activities	100.4	429.5	289.5
Acquisition of assets through subsidiaries	-212.2	-559.9	-827.8
Divestment of operations	172.7	290.3	462.2
Investments in investment properties	-126.1	-61.9	-574.7
Divestment of investment properties	-	-	140.0
Acquisitions of property, plant and equipment	-0.1	-0.2	-0.4
Change in financial assets	105.2	-28.1	222.6
Cash flow from investment operations	-60.5	-359.8	-578.1
New share issue	-	-	323.0
Change in loans	-58.0	-170.9	9.2
Dividend paid	-	-	-99.7
Cash flow from financing operations	-58.0	-170.9	232.5
Cash flow for the period	-18.1	-101.2	-56.1
Opening cash and cash equivalents	145.5	201.5	201.5
Exchange rate difference in cash and cash equivalents	-	-	0.1
Closing cash and cash equivalents	127.4	100.3	145.5

Statement of financial position

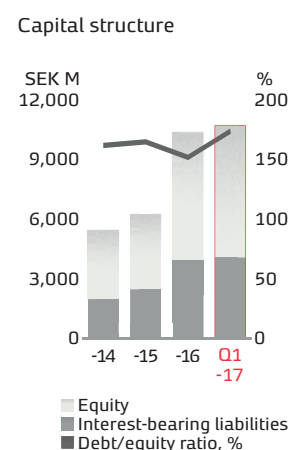
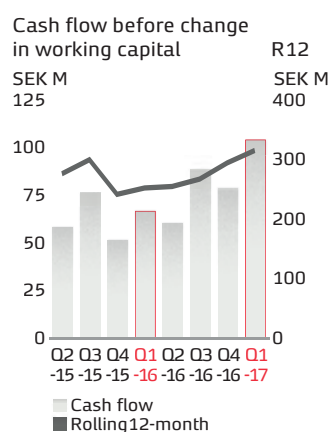
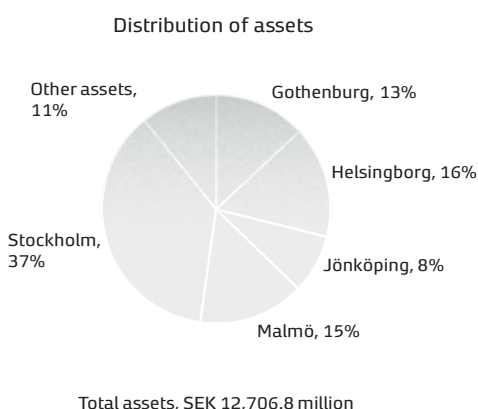
SEK m	2017 31 March	2016 31 March	2016 31 Dec
Assets			
Non-current assets			
Goodwill	503.0	696.6	613.5
Investment properties	11,337.4	10,131.6	10,786.4
Property, plant and equipment	2.2	3.5	2.3
Financial fixed assets	157.6	672.2	88.2
Deferred tax asset	139.3	151.0	135.6
Current assets			
Current receivables	439.9	124.4	573.4
Cash and cash equivalents	127.4	100.3	145.5
Total assets	12,706.8	11,879.6	12,344.9
Equity and liabilities			
Equity attributable to Parent Company shareholders	4,075.9	3,369.0	3,899.9
Equity attributable to non-controlling interests	4.1	4.4	4.4
Non-current liabilities			
Liabilities to credit institutions	4,965.2	4,089.3	2,788.0
Deferred tax liability	1,043.1	1,099.8	1,125.7
Other non-current liabilities	535.9	513.0	517.5
Current liabilities			
Liabilities to credit institutions	1,678.6	2,433.8	3,669.2
Other current liabilities	404.0	370.3	340.2
Total shareholders' equity and liabilities	12,706.8	11,879.6	12,344.9

Cash flow for the period before changes in working capital improved by SEK 37.4 million to SEK 104.0 (66.6). Cash flow was affected by both significant acquisitions and disposals.

The cash outflow for the four former joint venture owned properties and other acquired properties amount to SEK 212.2 million.

The completed sale of the Ädelmetallen 1 property and 50 percent of the Regulatorn 2 property have affected cash flow by SEK 172.7 million.

At the end of the year, cash and cash equivalents amounted to SEK 127.4 million (100.3).



Change in Equity

SEK m	2017 31 March	2016 31 March	2016 31 Dec
Opening balance	3,904.3	2,477.8	2,477.8
Dividend paid to shareholders		-	-99.7
New share issue	-	855.9	1,180.5
Translation difference	-0.6	-0.1	7.3
Change in minority interest	-	-	-
Comprehensive income for the period/year attributable to non-controlling interests	-0.3	-	-
Comprehensive income for the period/year attributable to Parent Company shareholders	176.6	39.8	338.4
Closing balance	4,080.0	3,373.4	3,904.3
Attributable to:			
Parent Company's shareholders	4,075.9	3,369.0	3,899.9
Non-controlling interests	4.1	4.4	4.4

Liabilities to credit institutions

Liabilities to credit institutions amounted to SEK 6,643.8 million (6,523.1) and the loan framework amounted to SEK 7,301.0 million on 31 March 2017.

Fixed interest

Year	SEK m	Interest rate, % ¹⁾	Share, %
2017	1,642.2	3.0	24.7
2018	262.0	1.5	4.0
2020	282.0	1.4	4.3
2021	691.7	4.4	10.4
2022	500.0	3.8	7.5
2023	500.0	3.2	7.5
2024	500.0	2.9	7.5
2025	1,122.0	3.9	16.9
2026	1,143.9	4.2	17.2
Total	6,643.8	3.4	100

¹⁾ Refers to the current average interest rate as per 31 March 2017. Interest rates are adjusted in line with the changes in the general interest rate but are limited by interest-rate caps.

Capital tied-up

Year	Contract volume, SEK m	Utilised, SEK M.	Unutilised, SEK m
2017	1,248.0	1,090.5	157.5
2018	940.8	940.8	-
2019	2,801.5	2,301.8	499.7
2020	2,241.2	2,241.2	-
>2024	69.5	69.5	-
Total	7,301.0	6,643.8	657.2

During the period, Catena renegotiated financing agreements with an overall framework of SEK 3.2 billion, of which SEK 234 million relates to covered bond financing with collateral in properties via SFF (Swedish Property Financing AB).

Derivative instruments

Financial instruments consist of derivative instruments in Category 2 of the valuation hierarchy. The derivatives are marked to market, meaning that the carrying amount agrees with the fair value. The change is recognised in the income statement. The carrying amount was a negative SEK 496.8 million (498.8). The change in the value of the derivatives does not affect cash flow and, on reaching maturity, the value of derivatives is always zero.

The nominal value of the derivatives is equivalent to 71 percent of consolidated liabilities to credit institutions.

Reduction in the rate of interest through interest-rate swaps

Start year	End year	Interest rate, %	SEK m
2011	2021	2.9	500.0
2012	2021	2.7	191.7
2012	2022	2.3	500.0
2014	2023	1.7	500.0
2014	2024	1.4	500.0
2017	2025	2.4	561.0
2017	2025	2.3	561.0
2017	2026	2.7	572.0
2017	2026	2.7	572.0
Total			4,457.6

Reduction in the rate of interest through interest-rate caps

Start year	End year	Interest rate, %	SEK m
2013	2018	2.0	262.0
Total			262.0

Quarterly overview

	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Rental income, SEK m	211.5	199.7	208.9	201.2	176.8	119.1	117.5	113.0
Net operating surplus, SEK m	156.7	148.2	152.0	151.3	126.6	88.4	91.9	87.2
Surplus ratio, %	74.1	74.2	72.8	73.5	71.6	74.2	78.2	77.2
Economic letting ratio, %	94.0	93.0	92.0	91.7	85.6	95.5	96.8	96.0
Profit from property management, SEK m	108.4	81.3	91.0	86.8	56.9	67.2	78.5	57.7
Profit for the period, SEK m	176.3	165.8	69.3	63.4	39.9	145.3	52.3	305.5
Return on equity, %	4.4	4.5	2.1	1.9	1.4	6.0	2.3	14.1
Equity ratio, %	32.1	31.6	28.2	28.0	28.4	35.7	38.0	37.8
Share price at end of the period, SEK	132.00	128.50	142.00	123.00	125.00	115.75	120.00	133.50
Cash flow before change in working capital per share, SEK	2.91	2.22	2.65	1.81	2.15	1.99	2.95	2.24
Earnings per share, SEK	4.9	4.7	2.1	1.9	1.3	5.6	2.0	11.8
Net asset value per share, EPRA NAV, SEK	139.2	135.8	132.8	130.1	128.8	115.0	108.6	103.1

The property portfolio

Properties by region

Regions	Number of properties	Lettable area, thousand sq. m.	Fair value, SEK m	Rental value, SEK m	Economic letting ratio, %	Contractual annual rent, SEK m	Surplus ratio, %
Gothenburg	11	201.6	1,691.7	134.0	96	128.9	87
Helsingborg	24	347.2	1,980.2	181.2	91	164.4	69
Jönköping	12	209.6	1,060.5	113.5	93	105.6	69
Malmö	18	215.7	1,911.1	161.4	97	156.5	58
Stockholm	35	581.5	4,693.9	404.4	94	379.9	78
Total	100	1,555.6	11,337.4	994.5	94	935.3	74

Changes in property stock

During the period, Catena acquired properties with a value of SEK 763.2 million and sold properties for SEK 415.0 million. In addition, ongoing investments have been made in existing properties by SEK 122.7 million. The largest project is Boozt's new, 43,500 square-metre warehouse, which recently opened in our e-commerce cluster, E-City Engelholm. This means that the first two phases of 58,000 square metres have been completed and work on the planning of new stages has begun.

At the Tågarp 16:17 property in Burlöv, the former ICA warehouse is being converted into modern logistics facilities for Espresso House and MatHem.

At the Solsten 1:102 property in Härryda, a high bay warehouse is being extended for pharmaceutical company Oriola. On existing land on this property, an 11,200 square-metre terminal is also being built for Bring.

Work on the Stockholm property Nattskiftet 11, which has been remodelled in stages in recent years, is continuing and we are now working to finalise the premises for Västberga Åkeri.

Property acquisition

Property designation	Transfer date	Region	Municipality	Space, sq. m.	Property Value, SEK m	Rental income/year, SEK m
Sunnanå 5:16	10 Jan 2017	Malmö	Burlöv	Land	9.3	0.1
Vångagärdet 20	1 Feb 2017	Helsingborg	Helsingborg	25,690	101.5	8.0
Kärå 1:23	8 Mar 2017	Helsingborg	Ängelholm	Land	3.5	0.1
Morup 5	29 Mar 2017	Malmö	Malmö	24,931	89.1	15.0
Sunnanå 12:51 ^{*)}	30 Mar 2017	Malmö	Burlöv	16,940	300.0	18.7
Sunnanå 12:52 ^{*)}	30 Mar 2017	Malmö	Burlöv	Land	120.0	0.0
Plantehuset 2 ^{*)}	30 Mar 2017	Helsingborg	Helsingborg	4,694	60.0	3.2
Plantehuset 3 ^{*)}	2017-03-30	Helsingborg	Helsingborg	Land	80.0	0.0
Total				72,255	763.4	45.1

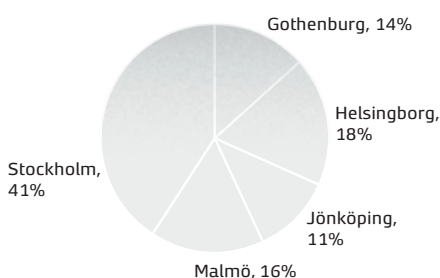
^{*)} During the quarter, Catena acquired the remaining shares in four properties previously owned through a joint venture. On their conversion into wholly owned companies, the Group first conducts a sale of the joint ventures share, generating a capital gain of SEK 68.1 million since the companies had a higher valuation at the time of sale than previously. Two of the properties are project properties, which made them difficult to evaluate.

Property sales

Property designation	Vacated	Region	Municipality	Space, sq. m.	Property Value, SEK m	Earnings, SEK m
Regulatorn 2 ^{*)}	2017-02-23	Stockholm	Huddinge	45,203	365.0	10.0
Ädelmetallen 1	2017-03-15	Jönköping	Jönköping	20,757	96.0	8.2
Total				65,960	461.0	18.2

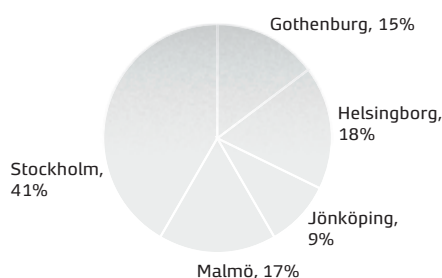
^{*)} During the quarter, Catena divested 50 percent of the property Regulatorn 2. The remaining 50 percent has been converted into a joint venture share. On conversion into a joint venture, the Group first implemented a 100-percent sale, which generated a capital gain of SEK 10 million.

Rental value by region



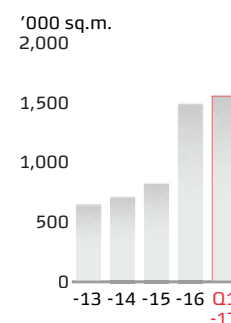
Rental value, SEK 994.5 million

Property portfolio by region



Fair value, SEK 11,337.4 million

Logistics space



Property portfolio

SEK m	Fair value	No. properties
Property portfolio at beginning of year	10,786.4	94
Acquisitions	763.2	8
Investments in existing properties	122.7	
Sales	-415.0	-2
Translation difference	-1.0	
Unrealised changes in value	81.1	
Total investment properties	11,337.4	100

Property valuation

Unrealised changes in value of Catena's properties have arisen as a result of coordination, well-executed projects and good governance work and amounted to SEK 81.1 million in the quarter. At the same time, goodwill of SEK 76.6 million has been dissolved via the income statement with an assessment that the expected synergies from the Tribona acquisition have now materialised in the form of increased property values. The acquisition analysis for Tribona has now been discontinued, with a slightly reduced goodwill and corresponding reduction in the deferred tax effect. With these changes, the remaining goodwill consists only of what is associated with deferred taxes on the properties acquired from the Tribona portfolio as part of the corporate acquisition.

Each quarter, Catena implements internal valuations of all its investment properties and this is used to determine the fair values recognised in the balance sheet. During the 2016/2017 winter SEK 4.2 billion of the portfolio value was assessed externally.

All of the Group's investment properties are assessed as being at level 3 in the valuation hierarchy. A detailed description of the valuation principles is available in Catena's annual report for 2016.

A certain discrepancy is permitted between the internal valuation and the fair value before the fair value is adjusted. The deviation must lie within a range governed by the permitted deviation, $\pm 0.25\%$, from the set yield requirement. Only when the deviation exceeds or falls short of this range is the real value adjusted. This deviation is accepted since there is always some uncertainty in estimated figures.

Other

Market outlook

Over time, the market for logistics properties has been driven by an increase in the flow of goods and a growing retail trade, particularly e-commerce. Demand for Catena's logistics spaces, which are well-situated and well-suited for their purposes and which are environmentally efficient, is expected to remain good in 2017.

The availability of modern, strategically located logistics premises, preferably adjacent to container terminals, is limited. For this reason, we expect the letting ratio at our properties to remain high. The availability of developable land with suitable planning permission is also limited within certain geographical areas, providing opportunities for increased rent levels. Accordingly, this provides good opportunities to move forward with new construction at our existing development sites.

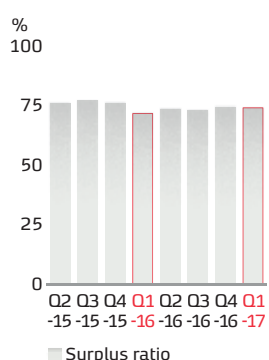
Concluded agreement negotiations also indicate stable rent levels in our existing portfolio. In addition, as a result of increased space efficiency, we expect increased rental income per square metre for our newer holdings of larger buildings and newly-constructed properties.

Combined with favourable access to capital at low interest rates, this means that the transaction market for efficient, energy-smart and suitably located logistics properties remains good. Ongoing tax investigation proposals may, however, have a certain inhibiting effect on transactions in the short term. Through acquisitions and property development, we perceive good opportunities to expand our operations over the coming years.

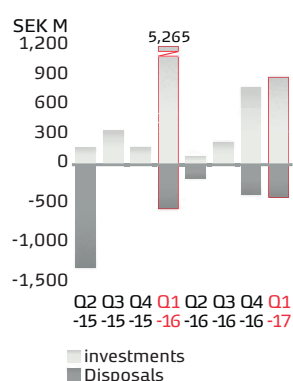
Catena's sustainability activities

Sustainability is one of Catena's four prioritised strategic areas. Our sustainability efforts focus on participating in social progress by establishing the conditions for more sustainable logistics, reducing environmental impact and being an attractive employer. Catena has daily contact with numerous stakeholders, and one example of a contact forum is Catena's annual Logistics Trends conference. Read more about Catena's sustainability work on pages 30-37 of the 2016 Annual Report.

Surplus ratio



Investments and divestments



Slottshagen 2:1, Norrköping

The Catena share

On the balance sheet date, the Catena share was registered on the Nasdaq Stockholm – Nordic Mid Cap list. The closing price on 31 March 2017 was SEK 132.00, against the opening price of SEK 128.50 on 2 January 2017, representing an increase of 2.7 percent over the period. During the period, the highest price noted for the Catena share was SEK 140.75 and the lowest was SEK 124.25.

As of 31 March, Catena had 15,011 shareholders and the number of shares amounted to 35,735,506.

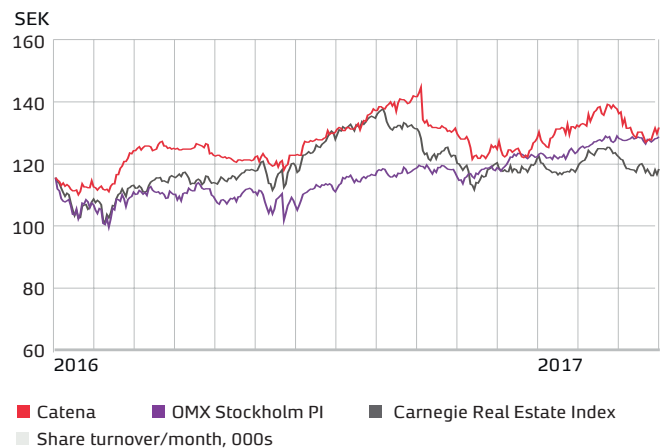
Dividend policy

In the long term, Catena's dividends shall amount to at least 50 percent of profit from property management less standard rate tax.

Ownership structure at 31 March 2017, major shareholders.

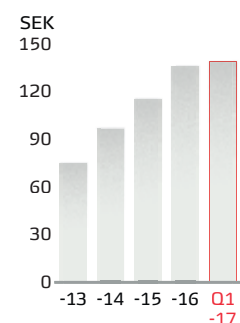
	No. of shares, 000s	Votes, %
Backahill	11,221	31.4
Endicott Sweden AB (CLS Holding plc)	3,971	11.1
Länsförsäkringar fondförvaltning AB	3,539	9.9
SFU Sverige AB	1,847	5.2
Nordea Investment Funds	1,595	4.5
CGML PB Client Acct-Sweden Treaty (Carve Capital)	1,127	3.1
JP Morgan Bank Luxembourg SA	848	2.4
Danske Capital Sverige AB	806	2.3
CRHE Invest AB	770	2.1
Skagen Vekst Verdipapirfond	747	2.1
Swedbank Robur fonder	667	1.9
Verdipapirfond Odin Ejendom	455	1.3
Skagen M2 Verdipapirfond	406	1.1
Other shareholders	7,737	21.6
Total	35,736	100.0

Share price trend 1 January 2016 – 31 March 2017



Postiljonen 1, Växjö

Net asset value, EPRA NAV



► Parent Company's financial statements

Parent Company Income Statement

SEK m	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net turnover	11.5	6.4	47.6
Cost of services performed	-19.6	-12.0	-70.0
Operating profit/loss	-8.1	-5.6	-22.4
Financial income and expenses			
Other interest income and similar income	28.3	9.2	101.0
Profit from participations in Group companies	-	-	226.6
Interest expenses and similar expenses	-97.7	-92.4	-321.8
Profit before appropriations and taxes	-77.5	-88.8	-16.6
Appropriations	-	-	-0.1
Tax on profit for the period	17.0	19.5	-14.3
Comprehensive income for the period	-60.5	-69.3	-31.0

No items in the Parent Company are recognised in other comprehensive income and total comprehensive income is therefore consistent with profit for the period.

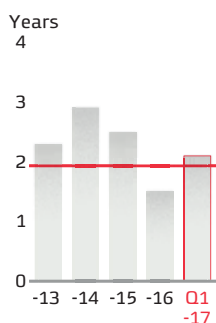
Balance Sheet, Parent Company

SEK m	2017 31 Mar	2016 31 Mar	2016 31 Dec
Assets			
Non-current assets			
Property, plant and equipment	2.2	1.6	2.3
Financial fixed assets	3,252.6	3,303.8	3,252.6
Deferred tax asset	52.4	42.9	39.4
Long-term receivables	5.5	-	4.1
Current assets			
Receivables from Group companies	4,574.6	1,243.8	3,983.1
Receivables from associated companies	1.4	45.2	92.7
Current receivables	5.3	12.1	6.6
Cash and cash equivalents	90.6	-0.2	113.7
Total assets	7,984.6	4,649.2	7,494.5
Equity, provisions and liabilities			
Equity	2,108.4	1,905.7	2,168.9
Untaxed reserves	-	-	0.1
Non-current liabilities			
Liabilities to credit institutions	-	300.0	-
Other non-current liabilities	497.1	177.6	177.9
Current liabilities			
Liabilities to credit institutions	300.0	88.6	316.8
Liabilities to Group companies	5,037.0	2,008.1	4,740.3
Liabilities to associated companies	-	14.9	46.4
Other current liabilities	42.1	154.3	44.1
Total shareholders' equity and liabilities	7,984.6	4,649.2	7,494.5

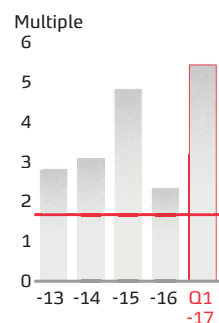


Financial targets

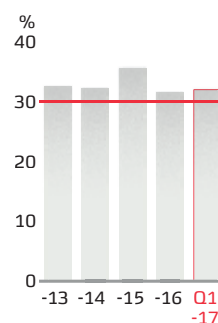
Average capital tied-up



Interest-coverage ratio



Equity ratio





Other significant events during the period

At the beginning of the year, Catena participated in a bond issue by SFF totalling SEK 234 million, secured by property mortgages on the Drivremmen 1 terminal in Stockholm.

SEK 170 million matures on 20 April 2020 with a fixed annual nominal rate of 1.42 percent, and SEK 64 million maturing on 9 March 2020 with a floating interest rate of 3 months Stibor plus 1 percent with an effective margin of 1.1 percent.

In February, Catena signed a contract relinquishing 50 percent of Catena Regulatorn AB, which owns the Regulatorn 2 property in Huddinge, south of Stockholm. Regulatorn 2 has a lettable area of 45,000 square metres with annual rental income of SEK 32 million. The property, which in the long term is unsuitable for logistics operations, will be developed together with the new owner, WA Huddinge AB, which will work to develop a new detailed development plan for the area. The underlying property value for the entire property was SEK 365 million and the purchase consideration for 50 percent of the shares was SEK 77 million.

On 15 March, Catena signed a contract relinquishing the Ädelmetallen 1 property in Jönköping with a lettable area of 21,000 square metres and which was, at the time of sale, about to be vacated. The purchase consideration and underlying property value amounted to about SEK 96 million.

The Nomination Committee has submitted proposals to the 2017 Annual General Meeting to appoint CEO Gustaf Hermelin as the new Chairman of Catena. Due to the proposed change, the Board has appointed the current Deputy CEO, Benny Thögersen, as the new President, and CFO Peter Andersson is appointed as the new Deputy CEO. All of them will take up their new posts in connection with the Annual General Meeting on 27 April.

In March, Catena performed a larger-scale, value-neutral reorganisation and extension of about SEK 2.3 billion of the company's swap agreements, entailing lower interest rates over a longer period. The weighted average interest rate in the swap portfolio is lowered by about 0.3 percent, from 2.6 to 2.3 percent.

The Morup 5 property in Malmö was acquired and taken control of by Catena of the end of March through a corporate transaction with an underlying value of SEK 89 million. The property has a lettable area of 25,000 square metres and an annual rental income of SEK 15 million with Bring being the seller and largest tenant. The purchase consideration amounted to SEK 22 million and was financed through the company's own cash and bank balances.

On 30 March, Catena acquired the remainder of the four partly-owned companies from Peab for a total underlying property value of SEK 560 million. The purchase consideration for the remaining 50 percent of all of the companies and properties totalled SEK 104 million. Read more about the properties included in the transaction on page 8.

Significant events after the period

A decision has been made to invest SEK 106 million in the Sunnanå 12:52 property in Burlöv, outside Malmö, and construction is scheduled to commence in the autumn of 2017. The investment comprises a 8,500 square-metre distribution warehouse, for which a lease has been signed with Svensk Cater AB for ten years, and is expected to generate an operating surplus of about SEK 7 million annually. Occupancy is scheduled for the autumn of 2018.



Köpingegården 1, Helsingborg

► Current properties



Härryda Solsten 1:102, Mölnlycke.

In a strategic location adjacent to both the E6 motorway and route 40, Catena is building a 11,200 square-metre terminal with Bring as the tenant.

We are also extending the high-bay warehouse on the property by 1,350 square metres with a height of about 25 meters for Oriola, which already leases 23,400 square metres of the property.



Norra Varalöv 31:11, Ängelholm.

At E-City Engelholm, Catena has now completed 58,000 square metres of warehouse space for e-commerce. The largest tenant here will be Boozt, renting 43,500 square metres of logistics space.

Accounting and valuation principles

Catena AB draws up its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also with interpretive statements from the International Financial Interpretations Committee (IFRIC), as approved by the European Commission for application in the EU.

The Parent Company applies the same accounting policies as the Group, with due consideration of the recommendations of the Swedish Council for Financial Reporting: RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board.

This interim report was drawn up in accordance with IAS 34, Interim Financial Reporting, for the Group and according to the Swedish Annual Accounts Act for the Parent Company. The accounting principles are unchanged compared with the annual report for the preceding year. None of the other IFRS or IFRIC interpretations that apply effective from 1 January 2017 are deemed to have any significant impact on the Group.

Risks and uncertainty factors

To draw up the accounts according to generally accepted accounting principles, the company management must make assessments and assumptions that affect the asset and liability items, and the income and expense items disclosed in the annual accounts and also other information provided. Actual outcomes may diverge from these assessments. Catena's financial risks are described in Note 20 on pages 90-91 of the 2016 Annual Report. No essential changes have occurred since its publication.

The Board of Directors and the Chief Executive Officer certify that this report gives a true and fair view of the financial position and results and describes significant risks and uncertainties that the Group and the companies included in the Group face.

Solna, 27 April 2017
Catena AB
Board of Directors

*This report has not been subject to special review by
the company auditors.*

Key financial figures for the Group

Key share data ^{1,2)}

Definitions

	2017 Jan-Mar	2016 Jan-Mar	Rolling 12-month	2016 Jan-Dec	
Property-related					
Rental income, SEK m	211.5	176.8	821.3	786.6	Rental income according to Statement of comprehensive income
Net operating surplus, SEK m	156.7	126.6	608.2	578.1	Rental income less operating and maintenance costs, property tax, ground rent and property administration.
Surplus ratio, %	74.1	71.6	74.1	73.5	Net operating surplus as a percentage of income from property.
Rental value, SEK m	994.5	902.9	994.5	925.7	Contractual rents on an annual basis plus a supplement for assessed market rents for vacant space.
Economic letting ratio, %	94.0	85.6	94.0	93.0	Contractual annual rents under leases valid at the end of the period/year end as a percentage of rental value.
Loan-to-value ratio, %	58.6	64.4	58.6	59.9	Interest-bearing liabilities attributable to the properties as a percentage of the carrying amounts of the properties at the end of the period/year.
Lettable area, thousand sq. m.	1,555.6	1,459.8	1,555.6	1,490.9	Total area available for letting.
Financial					
Profit from property management, SEK m	108.4	56.9	367.5	316.0	Pre-tax profit with reversal of changes in value.
Pre-tax profit, SEK m	166.9	7.4	546.1	386.6	Profit before tax in accordance with Statement of comprehensive income
Profit for the period/year, SEK m	176.3	39.9	474.8	338.4	Profit for the period/year in accordance with Statement of comprehensive income
Total assets, SEK m	12,706.8	11,879.6	12,706.8	12,344.9	
Return on equity, %	4.4	1.4	12.7	10.6	Profit for the period/year as a percentage of average equity.
Return on equity, %	1.9	0.7	6.3	6.9	Pre-tax profit plus financial expenses as a percentage of average total assets.
Interest-coverage ratio, multiple	5.4	2.0	3.0	2.3	Pre-tax profit before reversal of financial expenses and unrealised changes in value in relation to financial expenses.
Average interest rate, %	3.4	3.6	3.4	3.6	Average interest on the loan portfolio with derivatives being taken into account.
Fixed interest, years	5.1	3.6	5.1	3.5	Average remaining period of fixed interest on the loan portfolio with derivatives being taken into account.
Capital tied-up, years	2.1	2.3	2.1	1.5	The average remaining period for which capital is tied up in the loan portfolio.
Equity ratio, %	32.1	28.4	32.1	31.6	Equity including non-controlling interests as a percentage of total assets
Equity ratio, excluding goodwill, %	33.4	28.4	33.4	33.3	Equity including non-controlling interests as a percentage of total assets less goodwill.
Share-related					
Share price at end of the period, SEK	132.0	125.00	132.0	128.50	
Cash flow before change in working capital per share, SEK ³⁾	2.91	2.15	9.64	8.87	
Equity per share, SEK	114.06	101.37	114.06	109.13	Equity attributable to Parent Company shareholders in relation to the number of shares outstanding at the end of the period/year.
Profit from property management per share, SEK ³⁾	3.03	1.84	10.68	9.53	Profit from property management in relation to the number of shares outstanding at the end of the period/year.
Earnings per share, SEK ³⁾	4.94	1.29	13.81	10.20	
Net asset value per share, EPRA NAV (including goodwill), SEK	153.30	144.90	125.40	149.80	Shareholders' equity with reversal of the fair value of interest rate derivatives and deferred taxes in the balance sheet and goodwill associated with the deferred tax, calculated per share.
Net asset value per share, EPRA NAV, SEK	139.20	128.80	139.20	135.80	Equity with reversal of the fair value of interest rate derivatives and deferred taxes in the balance sheet, calculated per share.
Number of shares outstanding, millions	35.7	33.2	35.7	35.7	
P/E ratio	10	7	10	13	Share price at the end of the period/year in relation to earnings per share for the year.

¹⁾ For division into categories IFRS, alternative and other key figures, please refer to Catena's Annual Report for 2016, p.128-129.

²⁾ On remaining properties at the end of the period.

³⁾ Key figures have been restated taking into account the bonus element of the new share issue 11 October 2016.

► Catena in brief

Catena is a leading property company in logistics, offering companies and third party operators customised, cost-effective and sustainable logistics facilities in strategic locations adjacent to the country’s cargo flows. In this way, the company generates strong cash flow, enabling stable development of operations and dividends for shareholders.

Vision

Catena links Scandinavia’s cargo flows.

Today, flows of goods to and from Scandinavia make use of maritime and air transport, rail and road, individually or in combination, to collect and store goods at selected logistics points, from which goods can be re-distributed to shops and end users. At these locations, from which the metropolitan regions of Scandinavia can also easily be reached, Catena continues to develop modern and well-suited logistics facilities.

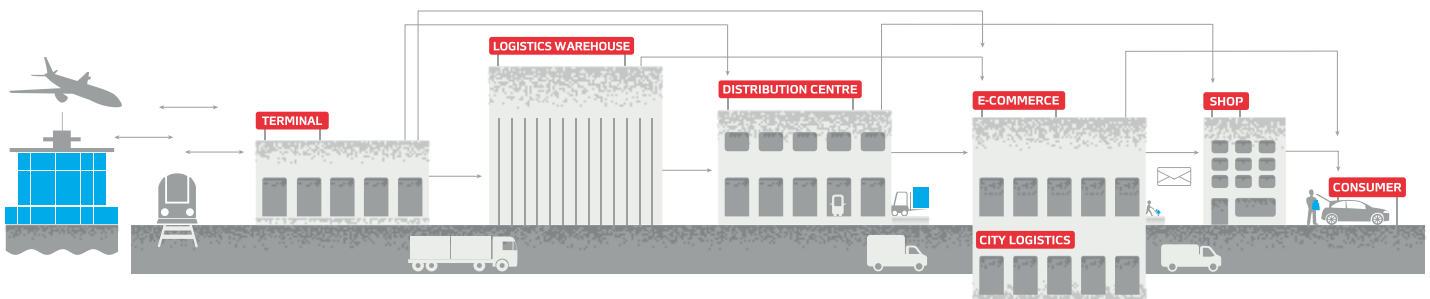
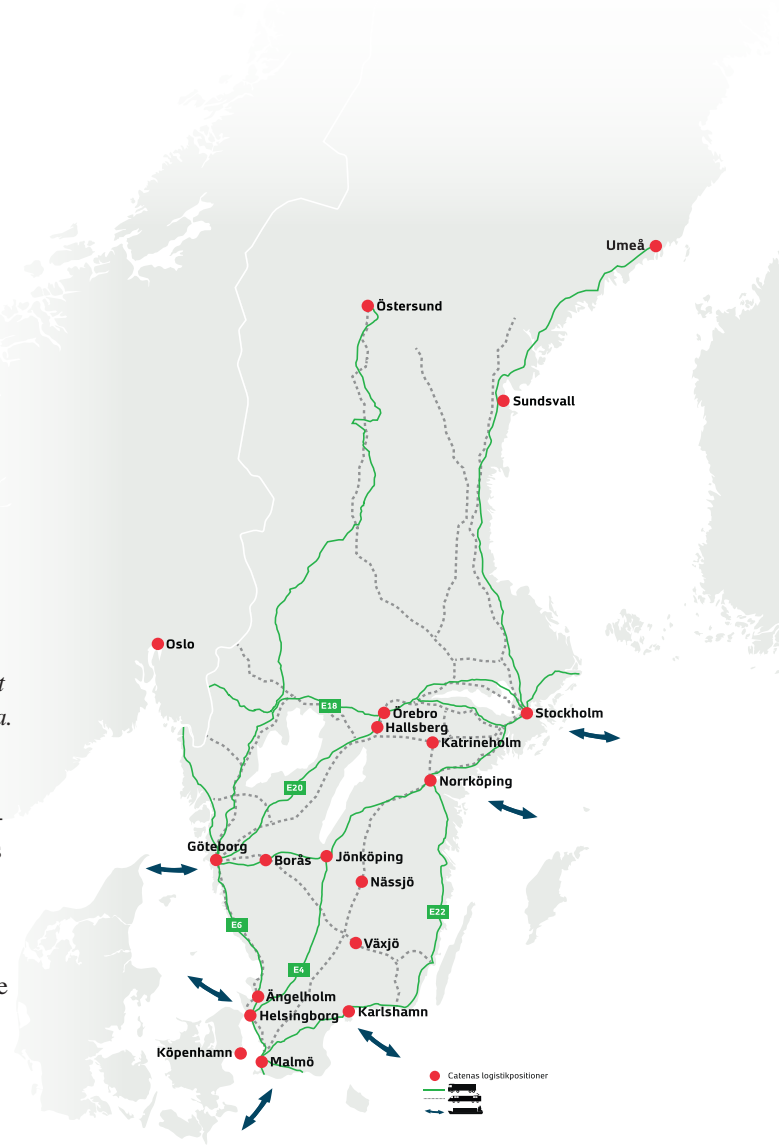
Business concept

Catena shall sustainably and through partnerships develop efficient logistics facilities that serve the metropolitan regions of Scandinavia.

In Sweden, with its substantial distances, transport efficiency is an important factor in companies’ profitability. Catena’s vision is to link Scandinavia’s cargo flows by developing and offering strategically located cost- and environmentally efficient logistics facilities that can supply goods to growing metropolitan regions.

Customer offering

Logistics solutions is a collective term for buildings whose purpose is the collection, storage and distribution of goods. The goods, volumes, timing and, above all, the task impose different requirements on logistics premises. Consequently, Catena provides different types of premises.



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Peter Andersson, Chief Financial Officer
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 Telephone +46 42 449 22 44

Financial reporting

- | | |
|------------------|---|
| 27 April 2017 | 2017 Annual General Meeting. |
| 27 April 2017 | Interim report January – March 2017. |
| 10 July 2017 | Interim report April – June 2017. |
| 27 October 2017 | Interim report July – September 2017. |
| 16 February 2018 | Interim report October – December 2017 and year-end report. |

CATENA

Catena owns, actively develops and manages efficient logistics properties in prime locations. The overriding objective is to show strong cash flow to enable stable development and dividends for shareholders. Catena AB is listed on the Nasdaq Stockholm exchange.

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