



# CATENA 2017 Annual Report



PROPERTIES FOR **SMARTER**, **BETTER** AND **FASTER** LOGISTICS SOLUTIONS



## Notification of General Meeting

### *Time and location:*

The Annual General Meeting (AGM) of Catena AB (publ) will be held on Tuesday, 26 April, at 04:00 p.m. at the IVA Conference Centre, Grev Turegatan 16 in Stockholm, Sweden.

### *Entitlement to participate*

To be entitled to participate at the AGM, shareholders must be registered in the share register maintained by Euroclear Sweden AB not later than 20 April. Shareholders having registered their shares with a trustee must, by this date, have had their shares temporarily registered in their own name. Any such registration should be requested in good time ahead of the AGM at the party holding the shares in trust.

### *Registration*

Notification of participation in the AGM must be made not later than 20 April at 02:00 p.m. by e-mail to [ulrika.holmer@catenafastigheter.se](mailto:ulrika.holmer@catenafastigheter.se).

Notification can also be provided by telephone on +46 (0)730 70 22 46 or by letter to Catena AB (publ), General Meeting, Box 5003, SE-250 05 Helsingborg, Sweden. In the notification, shareholders should provide their name, personal identity number/corporate registration number, address, telephone number, any assistants and the number of shares. Any proxies should be submitted in writing no later than at the AGM. Proxy forms are available at [www.catenafastigheter.se](http://www.catenafastigheter.se) and at the head office in Helsingborg. These will also be sent to shareholders on request. It is advantageous for any participant planning to attend with the support of a proxy, certificate of incorporation or other certificates of authorisation to submit such documentation in good time ahead of the AGM to Catena AB.

The cover image shows the automated picking in Boozt's e-commerce terminal and warehouse. E-commerce logistics is an area within which Catena positioned itself early on. Today, the company is the leading property manager in the area. In 2017, the facility was awarded "Logistics Establishment of the Year" by the magazine Intelligent Logistik  
Read more on pages 8–9.



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# Welcome to Catena!

Catena owns, actively develops and efficiently manages strategically located logistics properties that supply cargo to growing Scandinavian metropolitan regions. The facilities are adapted to current and future cargo flows and generate stable cash flows enabling both development of the operations and a good return for the owners.



## A clear vision

*Catena has a clear business model driven by the vision to link Scandinavia's cargo flows.*

The daily operations are conducted through the two basic tasks of the business concept: property development and management. In this way, according to the overall goal, the company creates a strong cash flow that enables both attractive returns to shareholders and stable development towards the vision. To achieve the goals and vision, Catena works with four well-defined strategies: property development, clients and markets, sustainability, and finance.



## A focused business model

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

The efficiency of transports is an important factor for companies' profitability. At the same time, the challenges faced in terms of climate change impose stricter new demands on reducing the environmental impact of transport. Catena offers, along excellent green corridors at the main transport routes and hubs, logistics facilities that provide both economic benefits and environmental benefits.

► Read more on pages 24.



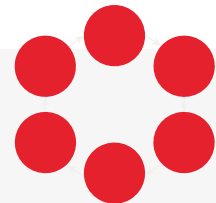
## An attractive investment



### A leading position in a growing market

Since the beginning of the modern Catena, the company has been a leading player in logistics properties that have developed and driven the growing sector forward, including e-commerce. After a number of structural transactions, Catena is also one of the largest property companies in the sector in Sweden. This gives Catena both cost and income synergies – a good base for continued value growth.

► Read more about the sustainability work on pages 18–21.



### A clearly focused business model

Catena's focus on logistics properties provides optimal conditions for developing and managing attractive logistics facilities that can supply cargo and goods to growing metropolitan areas.

► Read more about the sustainability work on pages 46–54.



### Clear objectives and well-defined strategies

To grow, realise the vision, achieve the financial targets and create a continued strong cash flow, Catena works with four well-defined strategies. The company also has organisational and financial capacity to carry out the strategies.

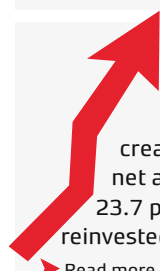
► Read more about the interest and loan maturity on page 30–31.



### Continued improved earnings with strong cash flow

Catena continues to deliver good earnings and was again able to report strong development for 2017. Rental income increased by 13 percent during the year. Profit from property management, which essentially constitutes cash flow, increased by 39 percent. The company's continued development during the year through acquisitions, important newly produced facilities and remaining developable land create potential for continued improved profit from property management.

► Read more about profit for the year on pages 70–71.



### Good total return on Catena's share

Catena's business is based on a growing attractive property portfolio that generates strong cash flows. This gives the company good opportunities to create shareholder value through growth investments, dividends and increased net asset value. In 2017, return on an investment in the Catena share totalled 23.7 percent (14.3), compared with the stock market's total index (including reinvested dividends) of 9.8 percent.

► Read more about the share on pages 66–67.

# Value-generating cargo flows

In Sweden, with its substantial distances, transport efficiency is an important factor in companies' profitability. Catena develops and offers strategically located cost-effective and environmentally efficient logistics facilities adapted to their task and equipped for various products' requirements for manageability, temperature and security.

## ✓ The right location

Through extensive studies and analyses, Catena has a good understanding of where in Scandinavia goods from different parts of the world arrive and how they are redistributed. This knowledge forms the basis of Catena's offerings of both new and existing logistics facilities at Sweden's most strategic transport locations. Terminals and logistics warehouses are located adjacent to key transport routes. For obvious reasons, distribution centres and city logistics facilities are located immediately adjacent to, or in, central locations in specially designed premises. As a company, Catena also works with customer-specific solutions to minimise customers' transport times, costs and environmental impact.

▶ See the locations of the logistics facilities in the fold-out

## ✓ The right premises

As a leading manager of logistics properties, Catena offers a number of different types of cost-effective and environmentally efficient premises, specifically designed for the main defined purpose. Terminals that are designed for same-day transshipment. Warehouses for products awaiting sale. Distribution centres for goods that are stored for a short time awaiting further transport to shops and retailers. Hubs for city logistics and e-commerce warehouses that are equipped to best be able to serve customers with small combined deliveries. The types of premises function independently or together in so-called omni-warehouses.

▶ Read more about different logistics facilities on pages 26–27.

## ✓ The right service

As a customer-oriented logistics partner, Catena, together with its tenants, develops solutions or functions for more rational operations. These include custom security solutions, handling equipment ranging from simple pallet racks to fully automated solutions and IT systems for guidance and control. Having a competent organisation within logistics and property management in place in the prioritised regions ensures close relationships with customers as well as with the local business community and society in general. This also means that the problems that can arise can quickly be resolved. At the same time new needs are identified that can lead to new business. Catena's active management during the year has allowed it to strengthen its customer relationships significantly and to increase the number of customers.



# Continued balanced growth with improved profit from property management

Catena continues to grow, primarily through acquisitions, but also through active project development. The modern portfolio's higher surplus ratio, together with improved financing conditions, had a positive impact on profit from property management and thereby cash flow. Improved cash flow, as well as sales of properties that are better suited for non-logistics use, balanced growth and strengthened Catena's financial position. This allowed for continued growth as well as SEK 4.50 in dividends per share to the owners.

## The year in brief

Rental income increased as a result of an improved letting ratio, renegotiation of contracts, acquisitions and newly-built space occupied during the year.

**+13%**

The property portfolio grew through acquisitions, newly-built premises and, especially later in the year, refined space and changes in value driven by coordination, well-implemented projects and effective property management efforts.

**+22%**

Profit from property management increased as a result of improved net operating surplus and improved financing. Profit from property management mainly consists of the Company's current cash flow before changes in working capital, which, in turn, accounts for 49 percent of rental income.

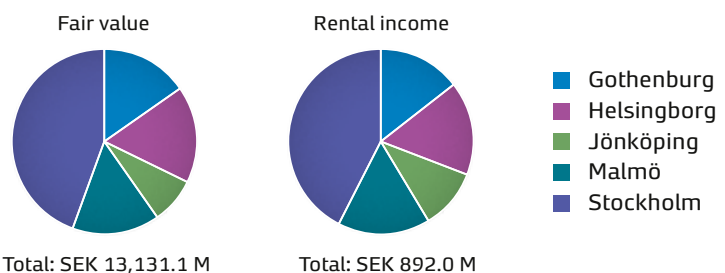
**+39%**

## Key share data

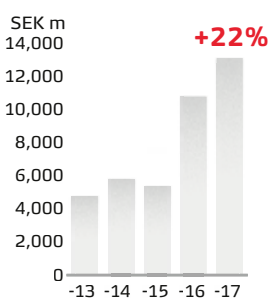
	2017	2016	Change, %
Fair value of the properties, SEK M	13,131.1	10,786.4	21.7
Economic letting ratio, %	94.7	93.0	1.8
Rental income, SEK M	892.0	786.6	13.4
Surplus ratio, %	75.2	73.5	2.3
Profit from property management, SEK M	440.1	316.0	39.3
Cash flow before changes in working capital	418.7	294.3	42.3
Pre-tax profit, SEK M	758.6	386.6	96.2
Equity/assets ratio, %	32.3	31.6	2.2
Equity per share	122.9	109.1	12.6
Net asset value per share, EPRA NAV, SEK	149.85	135.76	10.4
Share price at year-end	155.5	128.5	21.0

► See also the multi-year overview on page 132–133.

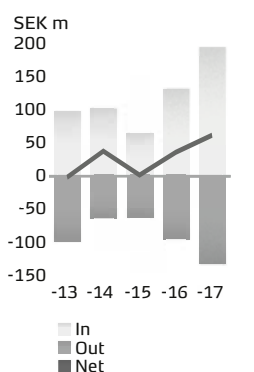
## Regions



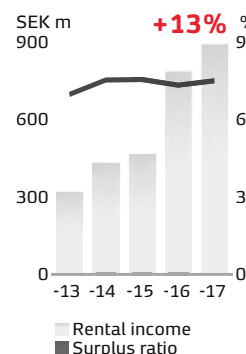
## Property portfolio development



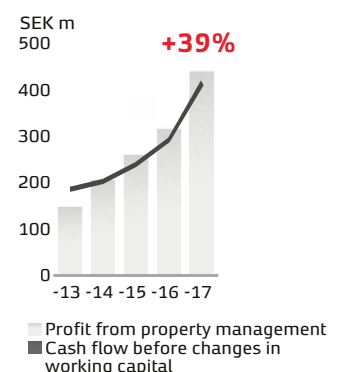
## New tenancies/vacancies



## Rental income and surplus ratio



## Profit from property management and cash flow before changes in working capital



245,000 square metres of new terminal, logistics and distribution centre space

During the year, Catena has built up, through project development and acquisitions, 245,000 square metres of modern efficient logistics space in the form of terminals, logistics as well as distribution centres, city logistics and e-commerce facilities. The total value amounts to SEK 13 billion. The property pictured is Tågarp 16:17 on the outskirts of Malmö. During the year, Catena completed a new distribution centre with cold-storage facilities for, among others, Mathem, on the 48,000 square-metre area where the FMCG cluster was formed.



SEK 502 million was invested in modernised logistics facilities

During the year, Catena also invested to develop and modernise existing logistics facilities to develop customers' cargo flow and reduce property expenses, thus improving the operating surplus. In total, SEK 502 million has been invested in the property portfolio. The image shows part of Solsten 1:102 in Mölndal, where Catena converted and expanded Oriola's distribution centre for pharmaceuticals.



69,500 square metres of logistics facilities sold for conversion

During the year, 69,500 square metres of facilities that did not meet Catena's requirements were divested, or which could better be used for other purposes, such as housing. The total value of the year's divestments amounts to SEK 466 million.

#### Controlled expansion

The net of this year's transactions entails 69,500 square metres of older logistics space being replaced with 245,000 square metres of space adapted to current and future logistics needs. This is part of the continuous process over the last five years, in which a total of 261,000 square metres has been replaced with 1,332,000 square metres of modern efficient logistics facilities to accommodate larger cargo flows per square metre at lower cost.

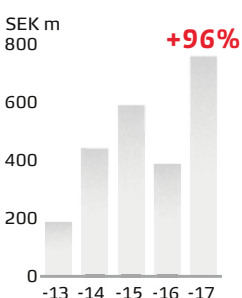
► More significant events on pages 58-59.



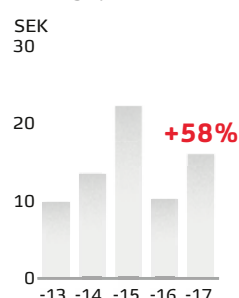
Catena's warehouse and terminal for e-commerce where Boozt operates was during the year awarded "Logistics Establishment of the Year".

► Read more on the cover.

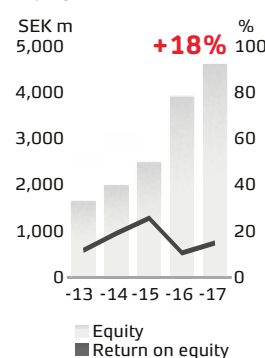
#### Profit before tax



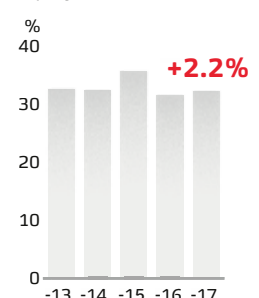
#### Earnings per share



#### Equity and return



#### Equity ratio



# Good conditions for continued growth

## The year in review

When reviewing 2017, I can see that Catena has established itself at a new, higher level. In just two years, we have gone from 0.8 to 1.7 million square metres of logistics area and from SEK 512 million to SEK 1,110 in rental value. Intensive efforts to raise the standard of the properties during 2016 contributed to an increase in rental income of 70 percent and in profit from property management of 22 percent. Conversely, in 2017, rental income increased by 13 percent and profit from property management increased by 39 percent. In addition, the letting ratio increased from 93 percent to 95 percent, we lowered our average interest rate by 0.4 percentage points by actively reviewing the financing, and we are achieving our good profit from property management due to very efficient administration and management. We have managed to deliver on all these points with virtually the same resource base as the previous year. Profit from property manage-

*Cash flow completely in line with our ambition – half the rental income.*

ment is almost equal to cash flow before changes in working capital, and cash flow is completely in line with our ambition – half the rental income. We are proud of the results, but there is always more to accomplish. Strong cash flow is our overall objective and affords us the opportunity to create shareholder value, not least through growth. Therefore, in 2017 we have continued to acquire and build more attractive logistics facilities.

## Well-positioned geographically

By analysing cargo flows to, through and from Scandinavia, we have been able to identify strategic logistics locations early on. Today, we offer modern logistics facilities in Sweden's most important logistics locations. This includes Stockholm and Gothenburg with its surroundings, as well as Malmö and the Öresund region, which are becoming increasingly more attractive. The fixed connection between Denmark and Germany, expected to reach

completion at the end of 2020s, has great potential, and an enormous market in northern Germany will then be reached from Malmö/Helsingborg in just a few hours.

## Well-positioned for new retail and consumption patterns

Active trend monitoring and external environmental analysis give us great insight into new retail and consumption patterns. On this basis, one can understand our early interest in the establishment of distribution centres and facilities for city logistics and e-commerce. E-commerce grew by 16 percent in 2017, thereby accounting for almost all retail growth in 2017. We meet the industry's needs through establishing facilities that we have located and designed to accommodate this development and, for example, support efficient handling of goods through warehouse automation.

## Responsible expansion

Most of what we establish are conversions or newly-built premises. During the year alone, we brought about 70,000 square metres of newly built logistics areas to the market. Although we are one of the leading companies in our sector, we are, of course, not alone in the market and it is easy to be apprehensive of over-establishing logistics premises. We did, however, sell about 70,000 square metres of premises, which, due to the expansion of cities, have often become so centrally located that they can be converted from terminals or distribution centres to attractive housing. In this way, our business contributes to a balanced and sustainable urban development.

## Continued growth initiatives from our leading position

Through asset exchange, we have managed to create a portfolio of well-positioned logistics facilities for the customers of today and tomorrow. We want to build this portfolio further, and we are open to continued acquisitions of more modern properties, similar to those we acquired at Kilenkrysset at the end of the year. It is our priority to grow through our own project development, as this gives us the greatest opportunity to deliver a product that is fully optimised for our customers. In addition, this



usually provides the best return for Catena and thereby for the owners. During the year, we completed Bring's new facility in Mölnlycke. On the same property, we have expanded Oriola's automated distribution centre. We also completed Boozt Fashion's premises in E-City Engelholm, where Boozt developed a state-of-the-art automation facility, and MatHem and Espresso House have moved in to our food cluster in Arlöv outside Malmö. Food logistics, with its special requirements, is a growing area that we are continuing to develop. The latest addition is Svensk Cater, which will move into the premises we are building in Malmö at the logistics location Sunnanå, one of our major development areas together with Tostarp outside Helsingborg.

*Food logistics, with its special requirements, is a growing area that we are continuing to develop.*

In total, we have a land reserve on strategically located logistics positions of approximately 1.7 million square metres of land with associated development rights and options. Development rights and options represent a capital-efficient method for safeguarding a project portfolio that can be activated when the time is right and the customer is in place. Considering the strong cash flow generated by our existing property portfolio, which continually strengthens our already strong financial capacity, we continue to see good prospects for growth. Thanks to our leading position and our unique expertise in property management and logistics, we can also grow wisely. The potential for modern logistics facilities is confirmed by increased interest from the financial markets, and Catena's inclusion in the EPRA index during the year has attracted new international investors.

Overall, Catena's committed employees and I can only look forward to a new and exciting year.

Helsingborg, March 2018  
Benny Thögersen



## Norra Varalöv 31:11 – Located for modern e-commerce

Boozt Fashion AB is a leading Nordic e-commerce fashion company. The company's sites have more than five million visits a month due to a convenient shopping experience with a high service level, fast deliveries and easy returns.

### Boozt's challenge

Boozt sought new premises in which the business could grow. Strategically placed premises giving the company's quick and easily access to its customers throughout the Nordic region. In view of the company's rapid growth, Boozt also needed to be able to expand without continually having to move, which interrupts its operations.

### Catena's solution

Catena built an entirely new logistics facility at the property Norra Varalöv 31:11 located next to the E6 just outside Ångelholm. A well-selected location where all of Sweden, Norway, Denmark, but also northern Germany can be reached within a day. The newly built premises are equipped with electricity, lighting and ventilation for an automated facility with 150 robots that pick and assemble products for packages that are ready to ship to the end customer. This enables capacity to almost double within the existing space. In addition, Boozt has an option for another two buildings at a total of 35,000 square metres. Modern technology has also made the facility cost-effective and environmentally efficient. Energy consumption is estimated to be less than 10 kwh per square metre, and thereby a Green Building classification. In addition, great effort has been made to ensure the design of both the interior and exterior allow the large facility to blend into its surrounding environment.

### Property facts

Space:	43,500 square metre e-commerce warehouse in the first building
Equipment:	Tellus energy system
Investment:	SEK 280 M
Completion:	Spring 2017





Logistics Establishment  
of the Year 2017  
Read more on the cover.



PROPERTIES FOR **SMARTER, BETTER** AND **FASTER** LOGISTICS SOLUTIONS 

# Operations in 2017 in brief

During the year, Catena continued to grow, organically or through acquisitions. At the same time, the Company has further strengthened its leading positions, both technically and commercially. During the year, implementation of the strategies adopted by management and the Board had a clear effect on the development of both operational and financial targets. Shareholders have thereby obtained a stronger company and 23.7 percent total return on their invested capital.

## Share performance

### Price trend and turnover

During 2017, the share price rose about 21 percent (12), from SEK 128.50 to SEK 155.50. The lowest price quoted for the share was SEK 124.25 on 9 January, and the highest price was SEK 158.50 on 29 December. The NASDAQ Stockholm's all share index OMX-SPI rose 6.4 percent (5.8). The Carnegie Real Estate Index (CREX) increased 11.0 percent (5.3).

### Dividend yield

For the financial year 2017, the Board proposes a dividend of SEK 4.50 per share (3.50). This corresponds to a dividend yield of 2.9 percent (2.7).

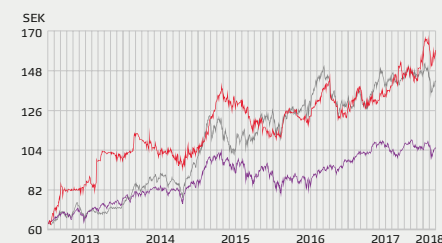
### Total return on the share

The total return on the share was 2017 to 23.7 percent (14.3), which can be compared with the stock market's total index OMX Stockholm GI (including reinvested dividends) during the year, which amounted to 9.8 percent (9.8).

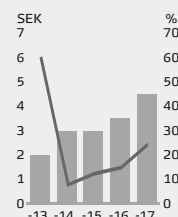
► Read more about the share on pages 66–67.

Share price trend 01 January 2013 – 28 February 2018

■ Catena ■ OMX Stockholm PI ■ Carnegie Real Estate Index



Dividend and total return on the share



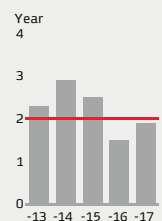
## Financial targets

### Average capital tied-up

The average period during which capital is tied-up should be at least two years. In this way, the Company has secured financing over a period of time that reduces financing risk, while the Company can, at any time, secure optimum credit terms for the continued financing of operations.

### Comments on 2017

The average period during which capital is tied-up just reached the set target as at the balance sheet date, amounting to 1.9 years. The improvement over 2016 is attributable to the renegotiations of several major credits completed in early 2017.

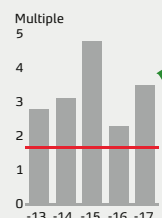


### Interest-coverage ratio

The interest-coverage ratio shall not be less than a multiple of 1.75. This level provides an adequate safety margin, for example, in the event of rising market interest rate.

### Comments on 2017

The interest coverage ratio remained above target. The increase for the year over 2016 (a multiple of 3.5) was primarily due to the Company's increased property portfolio, more efficient management and development of the acquired properties' slightly higher level of vacancy and financing costs, as well as realised changes in value.

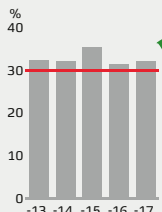


### Equity ratio

The equity ratio shall not be lower than 30 percent, which is considered well-balanced taking the Company's cash flow into account. This provides good opportunities for returns with a balanced level of risk in the operations.

### Comments on 2017

The equity ratio as at the balance sheet date was on a par with the target even after acquisitions were carried out and the dividend paid during the year, in accordance with the Company's dividend policy. This is an effect of a strong cash flow from continuing operations and the targeted share issues that were successfully conducted in connection with the completed acquisitions.



## Strategies and operational objectives

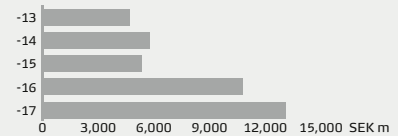
### Property development

Through in-house project development and acquisitions that broaden the customer base, the property portfolio is to grow with modern, cost-effective properties with stable cash flows at strategically located existing or expected logistics hubs. In this way, Catena becomes an even better alternative for customers, investors and employees.

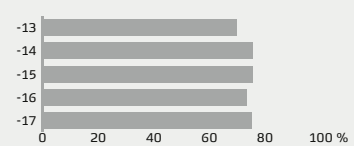
After 18 property acquisitions and several major projects, the property portfolio increased by 22 percent during the year to SEK 13.1 billion. Of the year's increase, SEK 502.2 million amounted to own projects compared with SEK 529.0 million in 2016, the surplus ratio increased from 73.5 to 75.2 percent, approaching the internal target of 80 percent. The improvement was due to the increased portfolio, lower vacancy ratios and significant energy efficiency measures.

► Read more about property acquisitions on pages 28–29.

Property value/growth



Surplus ratio



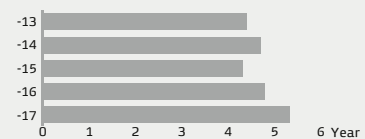
### Clients and markets

Catena strives for flexible agreements and long relationships with innovative, successful and solid customers. Catena works closely with these customers to be able to streamline their operations. The company also proactively monitors trends and new players in the logistics market and strengthens its brand in various ways.

In 2017, the average contract period increased to 5.3 years (4.8). This is again primarily due to a larger number of new properties developed for customers, which traditionally have longer contract periods.

► Read more about Clients and Markets on pages 18–21.

Average contract period



### Sustainability

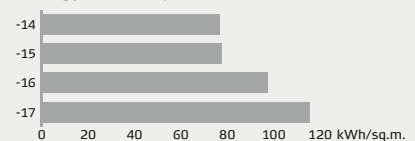
Catena is active in developing society through its commitment in priority logistics areas and contributing to a better environment by developing economic and environmentally-efficient logistics locations and energy-efficient enhancements in its properties. Catena also strives to be an attractive and responsible employer that attracts dedicated and skilled employees, both new and existing ones.

Both total energy consumption and energy per square metre increased during the year, as a result of higher energy consumption in the properties acquired during the year. The company now has several energy efficiency projects underway.

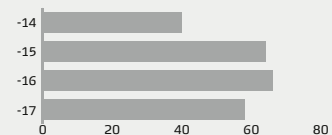
In the employee survey conducted in December 2017, the eNPS result was +58, which is slightly lower than in the previous year, +66, but very high in comparison with other companies both in Sweden and internationally.

► Read more about the sustainability work on pages 34–43.

Energy consumption



eNPS



### Financing

Catena shall ensure long-term stable financing in the form of equity and loan capital in the form of bank loans and covered bonds.

After renegotiation of large parts of the credit portfolio, the average period during which capital is tied-up just reached the set target as at the balance sheet date, amounting to 1.9 years.

After those renegotiations and interest rate hedges, the average interest rate for 2017 decreased to 3.2 percent.

► Read more about financing on pages 64–67.

Average interest rate



## Sunnanå 12:52, Burlöv – Located for food and city logistics

Svensk Cater AB is a nationwide full-range wholesaler for the catering market with approximately 1,000 employees throughout Sweden.

### **Svensk Cater's challenge**

For Svensk Cater, close proximity to customers is key. In order to develop its operations and enable continued growth, the company needed new optimally-located premises with potential for expansion.

### **Catena's solution**

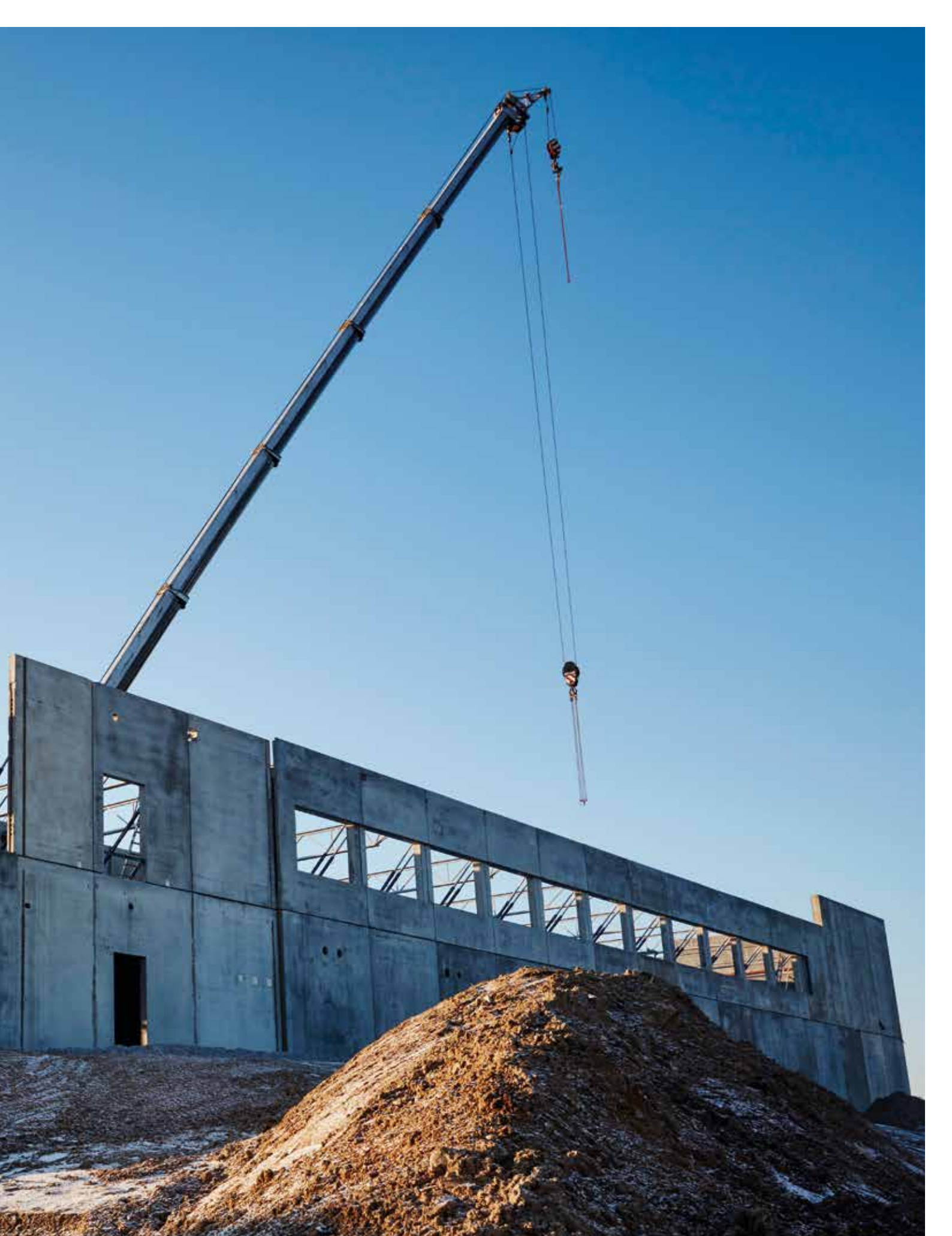
Utilising its expertise in FMCG logistics, Catena is building an entirely new logistics facility at the property Sunnanå 12:52, just outside Malmö. A perfect location for city logistics at the ring road around Malmö, with exits and entrances to both the E6 and the highway 11. The property is also being set up to accommodate major cold storage facilities. The surplus heat from these facilities will be reused in a highly efficient power facility that together with other energy-saving measures will allow energy consumption below 10 kwh per square metre. This will make the facility both cost-effective and environmentally efficient. Svensk Cater is expected to be able to move into the building during autumn 2018.

### **Property facts**

The second building at Logistics location Sunnanå. The building will be GreenBuilding-certified.

Space:	8,500-square-metre distribution centre
Equipment:	Equipped for low-temperature storage. Tellus energy facility
Investment:	SEK 106 M
Completion:	Scheduled for September 2018





PROPERTIES FOR **SMARTER**, **BETTER** AND **FASTER** LOGISTICS SOLUTIONS



# Megatrends drive Faster, Better and Smarter logistics

The development of faster, better and smarter logistics is driven by global currents such as increasing urbanisation with more and more people in our urban areas, new consumption patterns, increased interest in the environment, and technology development that allows for better transparency and efficiency.

An ever-increasing gainfully employed and more globally aware population, which is increasingly residing in metropolitan areas, creates new consumption patterns. This forces retailers to be able to quickly provide an up-to-date and broad assortment with increasingly shorter life cycles at competitive prices. The development is also driven by rapid growth in e-commerce, in turn driven by technological development.

## Faster

Today's consumers do not want to wait, but rather demand their goods immediately. In some major cities, consumers can already receive their goods on the same day they placed their order. Corresponding demands are set by traditional retailing for their deliveries to thereby shorten their "time to market". Shorter delivery times reduce the retailers' expenses for stock, capital and obsolescence.

## Better

With deliveries to both retailers and consumers, it is important to deliver attractive products that can in a controlled manner be delivered flexibly, efficiently, rapidly and precisely. Improved consumption patterns force retailers to broaden and continually update their assortments without needing to increase capital tied-up with increased stock and warehouse space in expensive city locations. Or weigh down their margins with increased expenses associated with this and other items such as increased obsolescence. Technological development and increasing e-commerce also give suppliers great opportunities to improve consumers' purchasing experience in different ways. For example, through conveni-

ence, transparency and design, which in various ways are crucial to the future success of the retail sector.

## Smarter

Smarter means new innovative solutions for the frequent and flexible distribution of goods with continual cost-savings and lower environmental impact. A fundamental aspect throughout the chain is the right mode of transport and full capacity of load carriers. The cost and environmental impact of the distribution of goods to consumers, relative to both the product price and its carbon dioxide emissions, are generally relatively marginal up to the final transport to the final destination. Therefore, the highest margin benefit is derived from what is usually called "Last Mile Logistics". That is, when the goods are to be distributed to the store or directly to the consumer. It is then that the number of traffic movements and hence the cost and environmental impact skyrocket.

## Strategic locations and specialised properties

Faster, better and smarter logistics with frequent and flexible deliveries to quickly get home and, if necessary, return goods as demand changes are based on modern logistics facilities for efficient cargo flows.

Efficient cargo flows are based on large strategically located terminals in connection with the most important transport routes – but outside the urban areas to limit land investments. Terminals are for same-day transshipment of large amounts of cargo and goods, making it possible to utilise the benefits of high volume of global container bulk shipping.

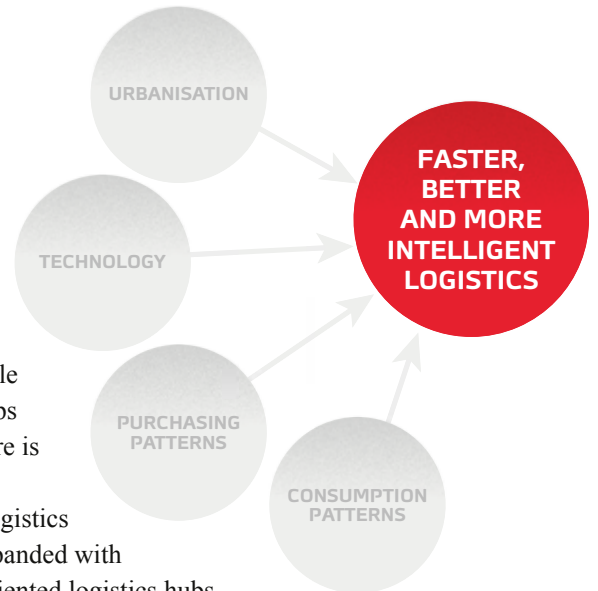
Effective cargo flows are also based on large regional



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logistics warehouses in connection with terminals, or general or customer-specific logistics points. They are the hub of efficient distribution. There, cargo and goods can be handled and stored safely and efficiently for shorter or longer periods before delivery to retailers or distributors.

The distribution centre collects goods in larger shipments from different units or suppliers, breaks these shipments down and compiles packages of smaller volumes of several different products. Delivery takes place at different frequencies, depending on the nature of the product, to the retail level.

Effective cargo flows are increasingly based on city logistics, for the last shipment to often smaller centrally located shops or end customers. “Last Mile Logistics”. City logistics facilities are usually located on the outskirts of urban areas, or centrally in cost-effective locations suited to their function. For example, underground, adjacent to parking facilities. They are equipped for combined immediate deliveries of package freight of different types from different suppliers, so that the goods can quickly

be available in the shops where there is demand.

City logistics can be expanded with service-oriented logistics hubs with the possibility of packing goods before delivery to delivery points or directly to consumers.

Better, faster and smarter logistics also involves automated logistics facilities that improve cargo flow, reduce handling and picking costs, and optimise utilisation of available warehouse space. This provides instant access to inventory status and increased control over product availability at different locations. This, in turn, provides opportunities for frequent and flexible transport with fully loaded load carriers for optimal allocation of goods to the sales points where the current demand is – in both directions.



**Tågarp 16:17, Burlöv.**  
Fast distribution of food to consumers requires adapted premises and systems close to customers.

## Logistik trender 2017

As the leading company in logistics properties, Catena monitors, analyses and debates current logistics trends in various ways. It is an important part of the company's work to drive development and build ever better logistics facilities that can secure society's goods flows.

At the 2017 edition, around 20 inspirational speakers presented. Three of these also comment here on development in some areas.

► Read more at [www.catenafastigheter.se](http://www.catenafastigheter.se)



A panel of inspirational speakers discusses the audience's questions.

### Cargo flows from a urban development perspective

Thomas Sandberg, Analyst and Senior Consultant  
Evidensgruppen AB



Increasing urbanisation with increasing migration to our major cities as well as regional and university cities is significantly increasing the need for housing. The migration along with many of the new residents' improved disposable income is driving up

### Growing e-commerce challenges

Martin Randel, CEO Unifaun AB



We all know that e-commerce is growing significantly every year and accounts for an increasing share of retail growth. But behind the clear growth, there are at least two challenges for our local "ecosystem" kept hidden by industry players. First of all, a large part of

### Coordination is the key to future logistics challenge

Benny Thøgersen, CEO Catena



Today, it is no problem to transport a container from Asia to Sweden. Because there is a well-developed infrastructure. The current and future logistics challenge is instead to supply retailers and consumers with different types of goods in the last stage. These recipients who have increasing demands on faster deliveries with more precise timing are located in growing urban areas, which were planned in another time

housing prices. This entails that central locations in cities, at the expense of industrial premises as well as warehouse and other logistics facilities, tend to be converted into housing that can generate a better return. In only the last 20 years, about half of the cities' industrial and logistics areas have disappeared and moved to strategically located logistics hubs that serve the larger cities. For example, Jordbro and Rosersberg outside Stockholm and Sunnanå outside Malmö. From such hubs, major e-merchants can supply both the nearby cities and the whole country.

Larger logistics facilities are also being established at strategic logistics positions located in connection with the country's most important transport routes, such as Örebro and Jönköping, for example. From there, the facilities can supply larger regions with volume goods of a more sustain-

able nature. Both the logistics hubs, which are close to cities, and the regional logistics locations provide efficient infrastructure, including access and exit routes that facilitate both incoming and outgoing deliveries.

Logistics sites in central locations in or near cities will primarily exist for units serving specialised e-commerce that supplements or even replaces the traditional specialised retail sector. An omni-channel facility facilities access for consumers and other private retailers in a way many of the traditional retail chains cannot. Units that may have the capacity to bear a rent increase in order to compete with housing market development, particularly if the locations, despite being centrally-located, are considered less attractive to residents.

the growth comes from new foreign players, whose volumes, to a large extent, must be handled locally. Secondly, the profitability of e-commerce is structurally weak. The answer to both challenges is enhanced cooperation in expensive consumer-driven logistics with a high level of service. A collaboration that contributes to efficient cargo flows with frequent local transport from well-placed logistics points, from which both goods ordered and returns can be effectively handled. The challenges can also be met with an improved delivery experience throughout the chain from the online shop through packing, picking and shipping to delivery and potential returns of goods. This requires increasingly better service with, beyond hygiene requirements, faster and more accurate delivery. For example, through increased transparency via technological advances, customers can follow their real-time

deliveries in order to, late in the delivery chain, choose how, when and where the ordered product will be delivered. Other initiatives involve coordinating all delivery reports from different distributors or carriers to provide customers with a better overview of their deliveries, thereby simplifying their experience. Clients are certainly willing to pay for such features that create added value in terms of simplicity, transparency and flexibility. Collaboration between all involved players to develop these services not only provides cost benefits. It is equally important that collaboration achieves standards for a truly good customer and delivery experience. Thereby, e-commerce can also strengthen its profitability. This will allow e-commerce to continue to grow, particularly in the Swedish market.

with a limit to the amount and degree of traffic they can handle. A challenge commonly called "Last Mile Distribution". Today's load factor, which can be estimated at about 20 percent, is of course not acceptable. The costs are too high in terms of congestion, money and environmental impact. The key is to coordinate deliveries with smaller vehicles fully loaded with goods from different suppliers that are also of different types. In addition, deliveries in both directions. This is facilitated by centrally located hubs in selected well-defined areas, which can gather and break down larger shipments of goods from different suppliers and distribute the goods in packages for customers composed of products from different suppliers and of different types. Packages in vehicles adapted for city traffic can be delivered to and from the area or city's shops in an environmentally, costly and capital-efficient manner. Or with growing e-commerce – direct to consumers.

In various ways, everything becomes faster and more convenient. Such an initiative has already been established by Urban Services in Arenastaden. A collaborative project between Fabege, Catena, Ragnsells and Servistik. The hub, with its rent-efficient location under the arena, receives all the goods to be delivered to Arenastaden to the greatest extent possible. After the goods have been repacked to the packages for customers, these are delivered to all the offices and residential properties in Arenastaden according to a fixed schedule of frequent departures. At the same time, dry waste can be picked up for delivery to the hub. There are empirical studies indicating a 70 percent reduction of the approximately 400,000 transports estimated to be made annually in Arenastaden. In addition to this are both private and professional benefits from services such as on-demand deliveries that the expanded infrastructure allows.

# Strong economy drives consumption growth

The Swedish economy is getting stronger. According to the National Institute of Economic Research's December forecast, GDP is projected to have grown by 2.9 percent in 2017. Both production and employment have risen rapidly, and most indicators point to a continued economic upturn. According to the National Economic Institute, as strong investment cycle internationally entails that Swedish exports will be an even more important growth engine in 2018. Together with an expansionary fiscal policy, GDP growth is expected to be somewhat higher in 2018 and unemployment to continue to fall, creating the conditions for continued strong consumption in Sweden.

**CONSUMPTION AND INCREASED GOODS FLOWS >** The National Institute of Economic Research's Economic Tendency Survey for households shows levels clearly above their historical averages, indicating continued high consumption in 2018. Other factors, in addition to income trends, will also affect consumption trends in the future. In the latest Economic Tendency Survey, households assess the risk of unemployment as very low. This indication helps us to keep up with consumption trends. In recent years, a sharp increase in asset and housing prices has contributed to the development of wealth. However, during autumn, housing prices fell. The National Institute of Economic Research's assessment

is that the decline in housing prices is moderate and temporary with a lesser restraining effect on future consumption trends. The impact of more stringent amortisation requirements on household consumption is expected to be minor. Therefore, the macroeconomic effects on consumption are assessed to be marginal.

In 2016, Swedish trucks transported 433 million tonnes of goods. The majority of this, 427 million tonnes, was transported within Sweden's borders. For loads of cargo in domestic traffic, the amount increased significantly between 2014 and 2015. By 2016, the amount was at a similar level as in 2015.

In terms of goods leaving or arriving in Sweden,

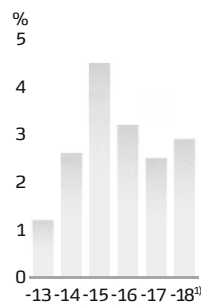
**GROWING RETAIL >** Retail growth followed the previous year's trend and decreased somewhat after the strong year in 2015. However, the long-term trend of positive growth itself continues. Consumption is at a high level, making it difficult to grow in the same way as before. The prominent position in the national economy benefits purchasing power and, therefore, the retail sector. The increased amortisation requirement and speculation in the housing market leads to uncertainty in households' willingness to consume. At the same time, during the year, household

confidence indicators recorded their highest level since the measurements began in 2011. **FMCG** (fast-moving consumer goods) in Sweden, developed by 2.4 percent in 2017, which is a relatively moderate increase. Growth in the FMCG sector increased by 0.1 percent in volume, which, taking the population increase into account, entails a decrease in sales volumes. Over the next two years, the forecast for volume growth is 3 percent for each year, motivated by the budget proposal's contribution to households and population growth.

**INCREASING E-COMMERCE >** E-commerce continues to show stable development without signs of slowdown. In 2017, e-commerce growth was 16 percent, more than five times as much as retail growth. The largest growth in the industry was in building supplies and toy retail, while e-commerce of consumer electronics accounted for 30 percent of total market sales making it the sector with the largest overall sales within e-commerce's durable goods. In comparable terms, online shopping still accounts for a small portion, but the trend of positive growth is

found in all sectors analysed in the retail sector. In 2018, Swedish e-commerce is expected to account for SEK 77 billion with continued stable development of 15 percent growth. Food sales online continue to increase each year. Total food sales on the Internet increased by 19 percent in 2017, a decline in growth compared with the previous year. One reason is that dinner services showed negative growth. This was at the same time as individual grocery items showed positive growth of 38 percent, as the major chains increasingly developed their e-commerce

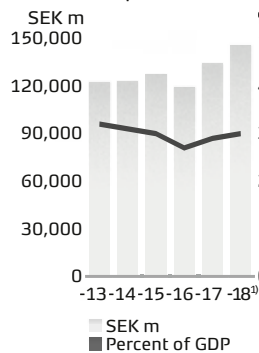
GDP fixed prices, percentage change



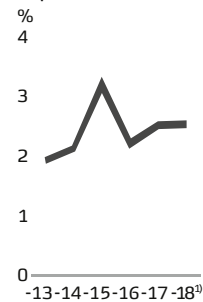
maritime transport is dominant. By 2016, a total of 171 million tonnes of goods were handled in the Swedish ports, from both domestic and foreign traffic. Of this, 93 million tonnes of goods were unloaded, corresponding to a growth of 1 percent.

The total cargo transport by rail increased in 2016 by 4 percent compared with the previous year, to 67.5 million tonnes. Of the amount of goods, 46 percent were transported in international traffic and 54 percent in domestic traffic. Foreign cargo loads and combined goods increased by 3 and 6 percent, respectively. The cargo transported within the country was unchanged at 36.3 million tonnes in 2016 compared with the previous year.

Trade balance goods, current prices

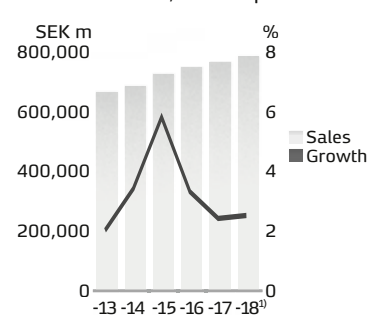


Household consumption expenditure, excl. HIO



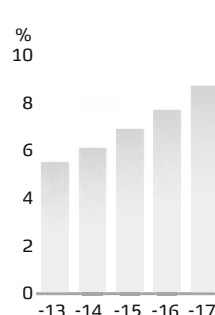
**Durable goods** in 2017 had the same growth as total retail sales. However, growth in the various sectors of the durable goods sector has occurred in different directions. The building supplies and furniture retail categories have been strong. However, the forecast for 2018 in these markets is uncertain as sales of furnishing and building items are affected by the state of the housing market. The electronics and clothing retail categories showed negative growth during the year. The main factors for the development are competition from e-commerce, as well as generally high competition and price pressure. The largest negative development in 2017 was in the toy retail category, in which consumers more often shop online.

Retail trend, current prices

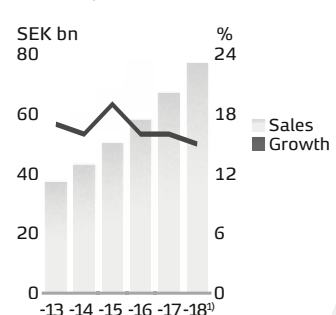


business. Even though the growth is from existing low levels, about 1 percent of the total FMCG sector, the growth indicates potential in both new consumers and in increased food sales from existing e-customers. The development is driven by smoother deliveries, larger supply and increased awareness among e-commerce consumers.

E-commerce share of total retail



E-commerce trend, current prices



1) Forecast.

### Stable rental market

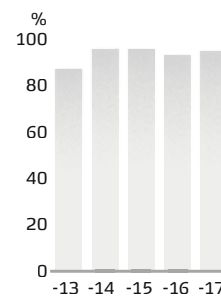
As the cargo flow increases, retailing increases and particularly e-commerce increases, the need for modern well-situated logistics spaces is growing. From an international perspective, Sweden has high rents for warehouse and logistics properties, attributable to higher building costs and limited speculative development. Despite the limited supply of space, development in rent levels has been weak. Even looking ahead, rent hikes are expected to be limited by the considerable supply of developable land and stable production costs. But also by strong competition among contractors and project developers for new assignments in the segment. However, increasing differentiation can be discerned. The rent for well-placed terminals as well as e-commerce warehouses and specialised premises for e.g. food, for which demand is also high, is somewhat higher than for warehouses. In Stockholm, both in and around other major cities, the supply of developable land is decreasing compared with the rest of the country. Labour costs are also generally higher there, driving up rents for newly produced spaces in attractive locations. The tendency is therefore to establish warehouses strategically, but further away from the centre of the major cities. The share of railway transports in the overall logistics mix is also expected to increase, due to increased environmental focus. This places demands on better access to container terminals where cargo can be moved between rail and road, for example. Larger logistics warehouses can be supplemented with local distribution terminals. The trend is towards larger distribution centres that serve increasingly large areas, as European infrastructure improves and transportation times decrease. On the other hand, distribution centres for food and other fast-moving consumer goods that require frequent deliveries are located a little more densely and closer to retailers and consumers. Accordingly, such facilities are decreasing and can be combined with city logistics in omni-facilities. There, located in close proximity to residential areas, e-commerce functions can also be placed for distribution directly to end customers or through delivery points.

### Customers

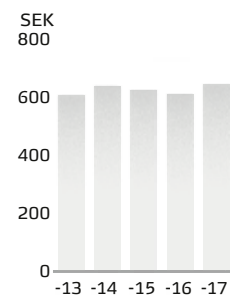
The logistics properties' customers include logistics companies to whom producers and wholesalers outsource their logistics function through so-called third-party logistics.

The largest companies in the area are, to name a few: DHL, which is owned by Deutsche Post; PostNord, the development of the Nordic postal operations; Schenker, DSV, Bring and Green Cargo, which operates primarily rail traffic throughout Sweden. The sector's customers also include producers and suppliers who handle their logistics in-house in their own or leased premises. This is particularly true of heavy industries such as Volvo and Electrolux as well as large retailers like ICA, Axfood and IKEA and new e-commerce companies such as Boozt, Dustin, Mathem and Mat.se.

Economic letting ratio



Average rent levels



### Other managers, logistics properties

Few property companies specialise in logistics properties. In addition to Catena, the larger Swedish listed companies include Sagax and Corem, which also have premises for light industry. Privately owned Kilenkryset and international companies ProLogis and Goodman also operate in Sweden. In addition, there are also property companies with larger warehouse and logistics portfolios, such as Kungsleden and Castellum.

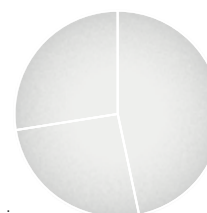
Larger players in warehousing, industry and logistics, space, sq. m.

Corem, 972,600.

Corem is a property company that owns, manages and develops warehouse, logistics, industrial and retailing properties in central and southern Sweden and in Denmark.

Sagax, 909,000.

Sagax is a property company with the business idea of investing in commercial properties, mainly in the warehouse and light industry.



Catena, 1,661,600.

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

Source: Websites, Reports.

## Catena's regions

### Active investment market

There is a clear increase in demand for new warehouse and logistics properties, which is a subsegment of the larger property market. Approximately half a million square metres of warehouse and logistics space was completed in 2016. We estimate that more is expected to have been completed in 2017, and we see no signs of a decline in new production in 2018. The market has been undergoing a structure change since the beginning of the 2000s. Previously, the portfolio was largely owned by the companies using the premises, but a consolidation of ownership is now underway. Warehouse and logistics properties have gradually become a property segment in which institutional players also want to have indirect or direct exposure. The warehousing and logistics market continues to be characterised by a wide spread with respect to such parameters as ownership, size, modernity and efficiency. This means that most institutional investors still have a smaller allotment, particularly of logistics properties, than the segment's portion of the total commercial property stock.

Transaction activity in the segment has increased since the financial crisis in 2008–2009, when the level of activity in the property market was generally low. In 2012 and 2013, total transaction volumes approached the levels noted in the years preceding the financial crisis. In 2016, logistics properties worth about SEK 15 billion were sold. The volume of transactions was also high in 2017 when it reached SEK 24.0 billion. The transactions in 2017 include China Investment Corporation acquiring nine postal terminals for approximately SEK 2.3 billion. Pareto acquired three logistics properties in Nyköping, Norrköping and Jönköping for SEK 1.5 billion. Wilfast and NRP acquired Rusta's central warehouse in Norrköping for SEK 1.4 billion. At the end of the year, Catena acquired three properties in the Gothenburg region for approximately SEK 160 million and by Kilenkrysset five logistics properties in the Stockholm region for SEK 1.1 billion.

## Gothenburg

The country's second largest city Gothenburg is the region's centre, which also includes logistics-intensive locations such as Borås, Kungälv, Kungsbacka and Härryda Municipality. All of which have thriving business communities. The city is also home to Sweden's largest port, making Gothenburg one of the most important locations in the country for incoming and outgoing cargo. In addition to Catena, major property companies in logistics, such as Prologis, Bockasjö and Castellum offer specialised premises. Moreover, some traditional property companies, such as Klöver, Kungsleden and Platzer offer logistics premises. In terms of project development, competition derives primarily from the major building companies.

## Helsingborg

The region comprises southern Halland, eastern and northwestern Skåne with Helsingborg as the central town. The location next to the major European motorways, near national and international airports and not least Sweden's second largest container port has made the main town Helsingborg, with its vibrant business community, a highly ranked and growing logistics city. The region's status within e-commerce is strengthened by both the university programmes in e-commerce provided at Campus Helsingborg and the e-commerce investments being made in Ängelholm. Besides Catena, Corem and Wihlborgs also offer qualified logistics premises within the region. In project development, competition derives primarily from the major construction companies.

## Jönköping

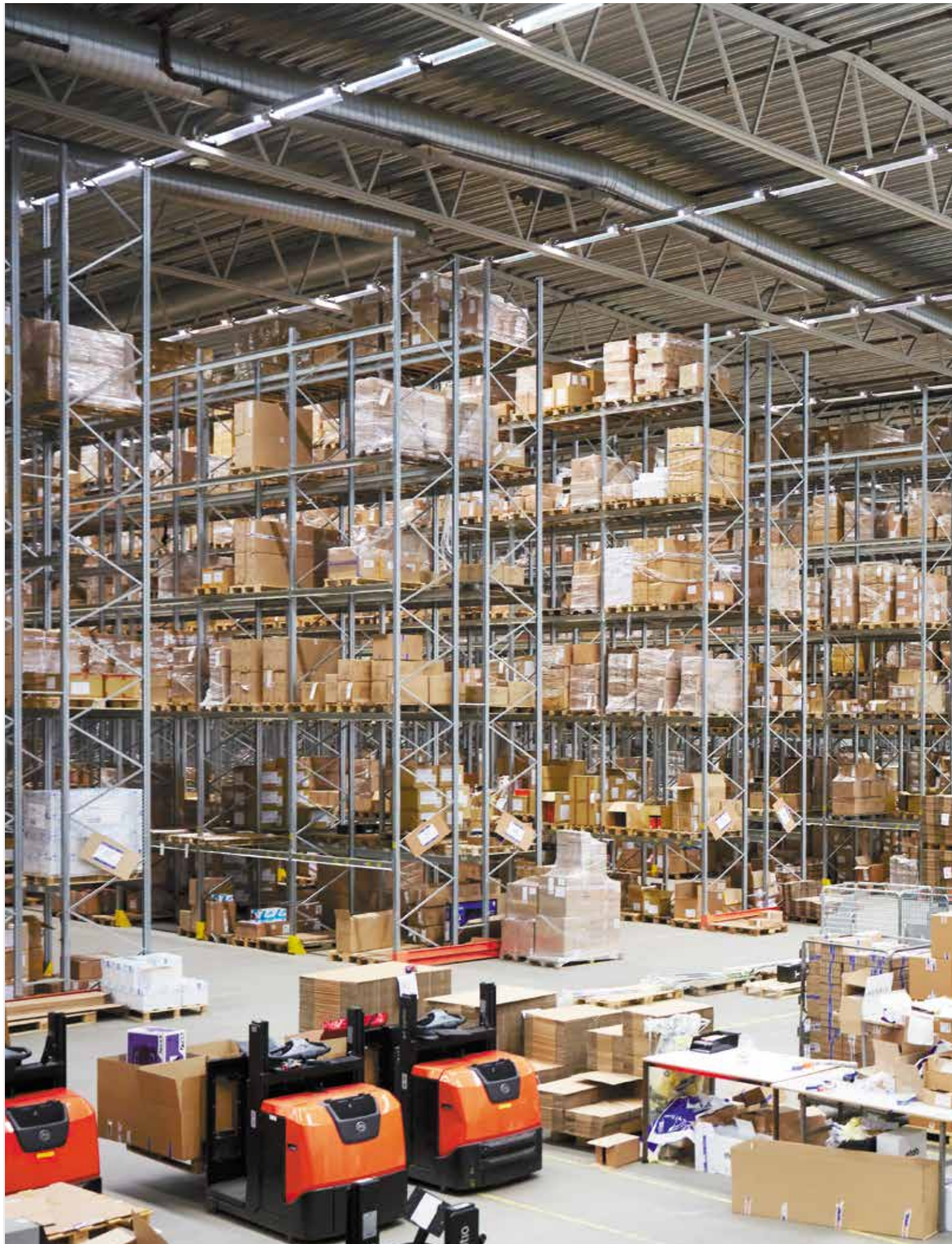
The Jönköping region also includes Värnamo, Oskarshamn, Växjö and Nässjö. The region, which is strategically placed between Scandinavia's capital cities close to Northern Europe and the Baltic countries, is one of Sweden's best logistics locations. Logistics have therefore long had a prominent place in the region. The main town of Jönköping is an expansive city with a strong business community, well-developed logistics areas and a container terminal with daily departures to/from Gothenburg, Stockholm and Oslo. Besides Catena, the less specialised companies Corem, Logcenters, Alecta and Castellum offer logistics properties. The competition in project development comes primarily from local construction companies.

## Malmö

The Öresund region with Malmö as its main city in the Sweden part accounts for 26 percent of Denmark's and Sweden's collective GDP. From Malmö, 3.9 million consumers can easily be reached. Malmö is a modern city ideal for business and investments. One of Malmö's primary areas of business is logistics. Large cargo flows are transported over the Öresund Bridge and from multiple ports in Skåne. Among other companies that offer logistics properties, there are the albeit unlike the specialised Catena, Castellum and Wihlborgs. The competition in project development comes primarily from the larger construction companies.

## Stockholm

The region that comprises central Sweden, including the country's most densely populated area of Mälardalen and southern Norrland, the large area of which requires correctly-situated terminals. It extends from Linköping to Umeå. It is a logistically important area and accounts for a large part of Sweden's effective cargo flows. Locations include Örebro/Hallsberg, Linköping/Norrköping and Stockholm. Apart from Catena, the region's major players in the logistics segment include, for example, Kilenkrysset, NREP and Corem. In terms of project development, competition derives primarily from Kilenkrysset and the major building companies.







## Lagret 1, Nässjö – A centrally located multi-purpose omni-facility

Intersport, one of Sweden's most well-known brands, has a wide retail network with around 150 stores throughout Sweden, with annual income of over SEK 4 billion.

### Intersport's challenge

Intersport had its various operations spread among four different places. Including in Gothenburg and in Catena's premises in Jönköping. In order to streamline its various operations to serve both shops and consumers throughout Sweden, the company sought premises in which the various operations could be gathered, and which would be strategically located to minimise transport.

### Catena's solution

At Catena's facility at Lagret 1, centrally located in Nässjö adjacent to an existing combi terminal, the tenant at the time wished to leave for its own reasons. In addition to accommodating Intersport, Catena assisted the existing tenant with relocation. After adapting the property to include more docks and updated offices, Intersport received a new, efficient and strategically located facility that meets its requirements and needs. The company now has several functions in the facility. This is a terminal for fast transshipment, a logistics warehouse to even out supply and demand, a distribution centre that effectively supply retailers and, particularly, an e-commerce warehouse. In addition, the facility was prepared in various ways for Autostore – an intelligent automatic storage, transport and picking system. Catena has also been able to assist the customer with the automation solution.

### Property facts

Space:	24,400-square-metre logistics facility
Equipment:	Autostore, partially financed
Completion:	Autumn 2017

# A proven business model

Catena has a clear and proven business model based on a carefully selected offering of attractive logistics facilities that can supply growing Scandinavian metropolitan regions with goods. The facilities generate stable cash flow and enable both the development of the operations and a good return for the owners.



## VISION

Catena has a clear business model driven by the vision *to link Scandinavia's cargo flows*. The daily activities are conducted through the two basic tasks of the business concept: property development and management. In this way, according to the overall objective, the Company creates a strong cash flow that enables both attractive returns to shareholders and stable development towards the vision. To achieve the objectives and vision, Catena works with four well-defined strategies: Property development, Clients and Markets, Sustainability, and Finance.

► Read more about the strategies on pages 30–31.

## Capacity to realise the vision and objectives

Catena has the capacity to realise the vision. Catena's Board of Directors, management and employees have extensive experience in logistics, as well as in property development and management. The organisation is effective with quick decision-making and competent staff. Catena also has financial strength that is continuously being improved by strong cash flows.

## BUSINESS CONCEPT

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

The efficiency of transports is an important factor for companies' profitability. At the same time, the challenges faced in terms of climate change impose stricter new demands on reducing the environmental impact of transport. Catena offers, along excellent green corridors at the main transport routes and hubs, logistics facilities that provide both economic benefits and environmental benefits.



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# Active management

Catena develops and offers strategically located cost-effective and environmentally efficient logistics facilities adapted to their task and equipped for various products' requirements for manageability, temperature and security.



## The right location

Through extensive studies and analyses, Catena has a good understanding of where in Scandinavia goods from different parts of the world arrive and how they are redistributed.

This knowledge forms the basis of Catena's investments in both new and existing logistics facilities at Sweden's most strategic transport locations. At some of the Company's logistics locations, customers are offered container terminals, where several modes of transport converge. These are expected to become increasingly important, not least due to cost and environmental reasons. Terminals and logistics warehouses are located adjacent to key transport routes. For obvious reasons, distribution centres and city logistics facilities are located immediately adjacent to, or in, central locations and in special premises. As a company, Catena also works with customer-specific solutions to minimise customers' transport times, expenses and environmental impact.

► Read more about the logistics facilities' locations on pages 56–57 and the fold-out.

## The right premises

As a leading manager of logistics properties, Catena offers a number of different types of cost-effective and environmentally efficient premises, specifically designed for the main defined purpose. Terminals that are designed for same-day transshipment, warehouses for products awaiting sale and distribution centres for goods that are stored for a short time awaiting further transport to the

end consumer and city logistics and e-commerce warehouses that are equipped to best be able to serve customers with small combined deliveries. Catena's properties are continuously improved. Occasionally, particularly when it comes to cost or energy efficiency, Catena initiates improvements itself, and sometimes in coordination with an existing or new tenant.

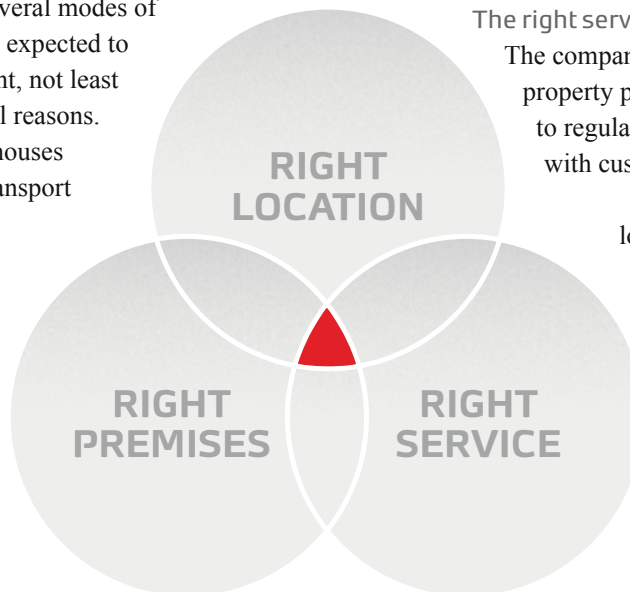
► Read more about different logistics facilities on pages 26–27.

## The right service

The company's extensive and diverse property portfolio also makes it possible to regulate space flexibly and in pace with customer development.

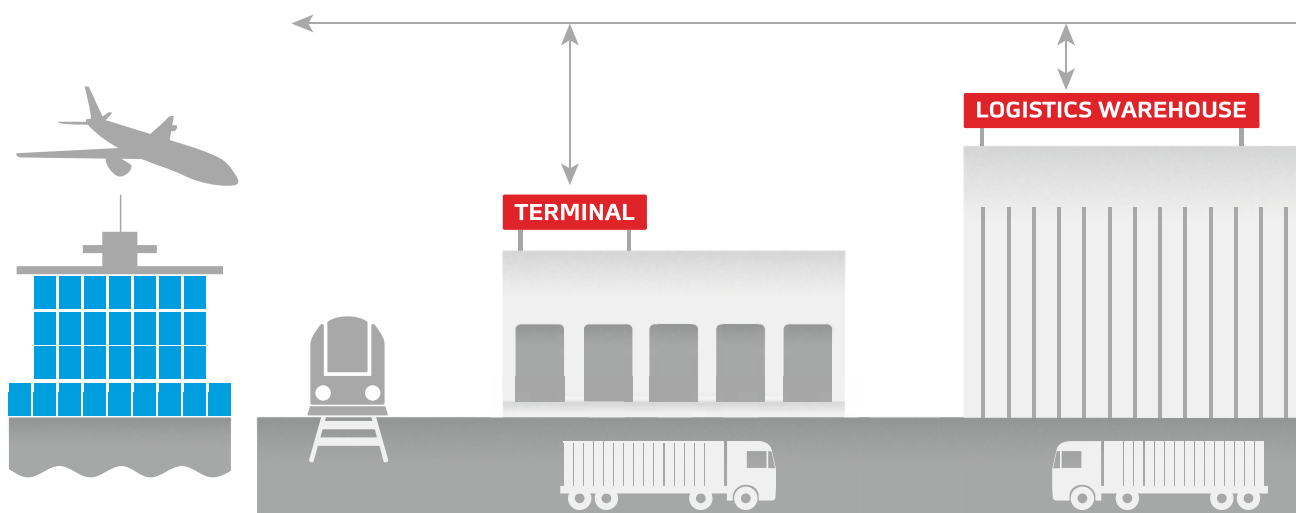
As a customer-oriented logistics partner, Catena develops, together with partners, complete solutions or functions for more rational operations with customised security solutions, handling equipment ranging from pallet racks and IT systems for guidance and control.

Having a competent management organisation in place in the prioritised regions ensures close relationships with customers in particular, but also with the local business community and society in general. This also means that the problems that can arise can quickly be resolved. At the same time, new needs are identified that can lead to new business. Catena's active management during the year has allowed it to strengthen its customer relationships significantly and to increase the number of customers.



## An attractive offering

Catena develops and manages logistics properties. This is a collective term for buildings the purpose of which is the collection, storage and distribution of goods. The goods, volumes, timing and, above all, the task impose different requirements on logistics premises. Therefore, Catena offers various types of facilities including multi-functional composite premises, referred to as omni-warehouses/omni-facilities.



### Terminal for immediate transshipment

A terminal is a logistics facility that is primarily designed for the transshipment of cargo and goods that are received and delivered on the same day. Goods arrive there from manufacturers and distributors in Sweden and elsewhere in the world, by sea, air, rail and road. Some are container terminals that are especially well equipped for transferring cargo from one mode of transport to another. The terminals are strategically located close to population centres. Above all, however, they have efficient connections to ports, railways and major roads, and, in particular, favourable access, making it easy to reach the property and to leave it. An omni-facility is a hybrid between, for example, a terminal and a logistics warehouse. It has the numerous docks 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. Terminals are often the first establishment at a new logistics location or omni-facility.

Operations at the terminal are generally run by one of the major players in third-party logistics. From one

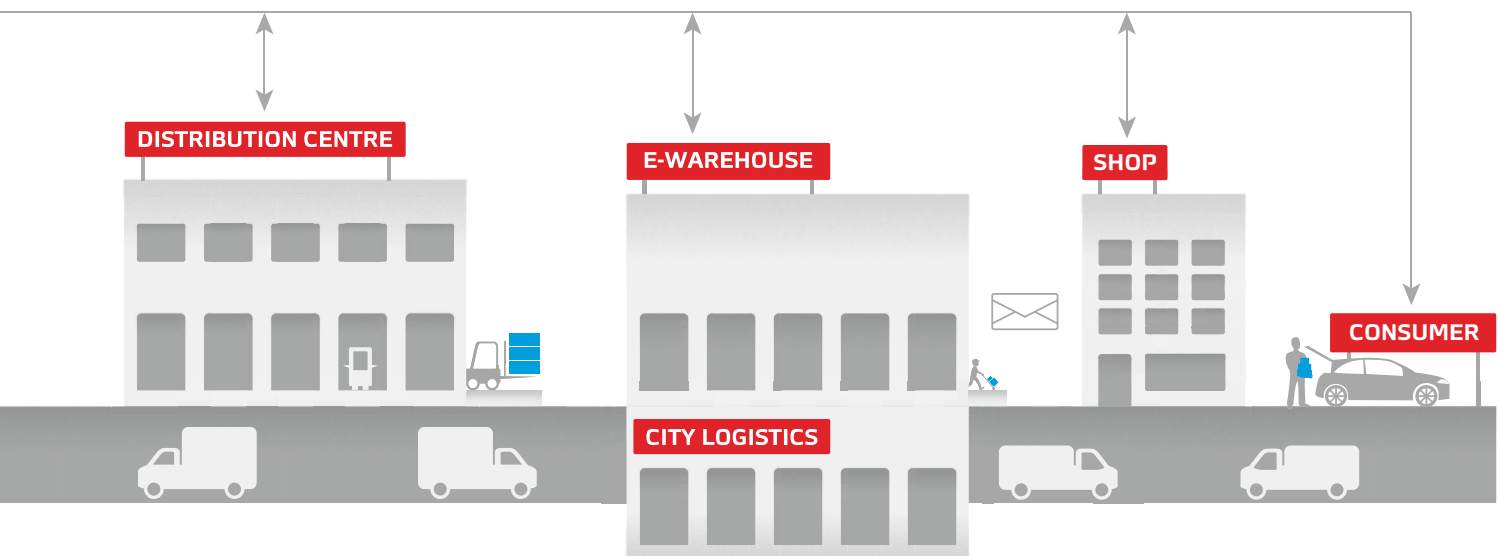
and the same terminal, the operator can service several hundred customers, limiting Catena's commercial risk.

Catena has terminals in, for example, Mölnlycke, Örebro, Eskilstuna, Malmö and Stockholm.

### Logistics warehouses for storage

A logistic warehouse is where goods awaiting sale are placed. The warehouse thus represents a buffer between the customer and the supplier, regardless of whether consumer products or industrial input goods are concerned. They are therefore also equipped differently in terms of, for example, furnishings that can range from pallet racks to full automation often with universal systems suited to a variety of different products. An optimal storage and handling environment improves efficiency as well as control.

Logistics warehouses are often located at the producer's facilities or importer's port, or at collection points for one or more units that are placed so that the stages in the logistics chain can be minimised through centre-of-gravity calculations. The logistics warehouse is also often located adjacent to a terminal. Operations at a logistics warehouse are often conducted by a single tenant or a small number of tenants, who may be a producer, wholesaler, importer or a third-party operator. The risk with a



smaller number of customers for a logistics warehouse is balanced by long-term contracts with stable customers.

Furthermore, a strategically located logistics warehouse, with an underlying cargo flow, is always attractive to multiple operators and thus easily leased.

Catena's logistics warehouse locations include Nässjö, Växjö, Trelleborg and Gothenburg.

#### Distribution centres for goods awaiting sale

A distribution centre is designed to store goods in a central location, defined by the nature of the product, for a short period of time before transport to retailers in the distribution centre's service region. In particular, this requires good loading and unloading opportunities. Distribution centres are often located along ring roads surrounding population centres. Operations are often conducted by third-party logistics companies such as DHL, Schenker, PostNord and others.

#### City logistics for frequent deliveries

Certain distribution centres are specially designed for frequent, fast and short-distance transports of fast-moving consumer goods to retailers. This is referred to as city logistics. The premises, which are centrally located hubs,

are specifically designed to handle different types of goods from multiple suppliers. They are equipped for rational picking because shipments, although small, may consist of several different products from several suppliers. In this way, shops, which are often in expensive locations, can minimise storage space, save costs and tie up less capital. Producers also get their products out to the shops where there is current demand.

#### E-commerce warehouses

An E-commerce warehouse is a variant of city logistics that specialises in serving the growing e-commerce segment. They also often have equipment for packing goods prior to delivery to distribution points where end users can collect their goods. They can also be centrally located in urban areas or otherwise easily accessible to consumers in order to streamline and improve the supplier's distribution in the last stage – reaching consumers. During the year, Catena expanded E-city in Ängelholm as well the facilities for city logistics in locations including Malmö and Helsingborg. Facilities that have been connected to distribution centres in an omni-facility for efficient operation.

# Positioned for continued growth



Catena has established modern logistics properties that improve customers cargo flows in connection with strategic logistics points where cargo from different parts of the world arrives in Scandinavia. The foundation of Catena's attractive project portfolio of existing and new logistics positions are generated cash flows as well as the Company's extensive logistics and property expertise.

## Existing facilities

At defined strategic points, Catena has through acquisition, development and entirely new production 109 attractive logistics facilities located at major transport routes and population centres in primarily southern and central Sweden. Terminals as well as logistics warehouses and distribution centres have been built and equipped based on Catena's unique logistics and property expertise in

order to improve customers' cargo flows. This also improves Catena's cash flow, which is the basis for continued development. New consumption patterns, cargo flows and other developments in society mean that, as time passes, logistics properties become better suited to other purposes. Catena disposes these properties to responsible buyers. Other disposals are driven by individual customers' wishes to own the property in which they operate. In

## Attractive project portfolio

Catena always has great opportunities to offer attractive logistics positions to existing and new tenants. In addition to the existing portfolio, Catena actively invests in the development of both existing and new logistics positions in selected strategic positions. Not infrequently, the first building in a logistics location is a terminal from which a large number of companies can distribute their products to end users via logistics warehouses and distribution centres. Catena usually establishes city logistics locations and distribution centres on the outskirts of population centres when the detailed development plan is complete. In this way, the development process can be focused on solutions to further enhance the tenant's earnings and environmental performance. Today, the Company's pro-

ject portfolio comprises, on its own or via collaborations, land, building rights and options. Development rights and options represent a capital-efficient method for safeguarding a project portfolio that can be activated when the time is right and the customer is in place. The portfolio includes two major objects: one in Malmö that offers a total developable property area of 270,000 square metres and one in Helsingborg, offering an equal area. In addition, the project portfolio includes other well-positioned projects having reached various stages ranging from lease negotiations to detailed development planning, for example in Stockholm, Katrineholm, Örebro, Norrköping, Jönköping, Nässjö, Borås, Gothenburg and Ängelholm. In total, Catena has a land reserve of approximately 1,700,000 square metres. In addition, the Company has

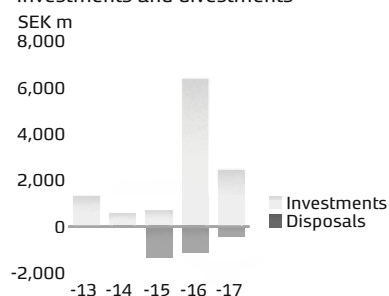
## Strategic acquisitions supplement prioritised project development

During the year, Catena acquired 18 developable modern properties with good cash flows. This way, the company can grow faster, more quickly establish itself in a new position or broaden its customer base. The properties supplement the portfolio of new build projects that Catena

prioritises in the renewal and development of the property portfolio. This generally provides the customer with the best solution from all perspectives and provides the Company with the best return. Acquisitions that are made for amounts where the production cost for equivalent facilities provides the basic benchmark.

► Read more about profit for the year on pages 49–50.

Investments and divestments



total, three properties, which are not purely logistics properties or otherwise deemed to have a limited strategic interest, were sold during the year at a value of SEK 419.9 million. The disposals free up resources for continued development of the operations and ensure that Catena always has an attractive property portfolio that generates strong cash flows.

► Read more about the property portfolio on pages 56–57 + fold-out.

capacity for continued acquisition of attractive development projects when an opportunity arises. On the balance sheet date, there were 40 projects at a total value of SEK 850 million. Despite the intense pace of developing the property portfolio, the Company has the capacity to continue developing the portfolio through new construction, which is prioritised, but also for continued acquisition of modern properties at selected logistics points when those opportunities arise. For this purpose, the Company has a thorough understanding of Scandinavian cargo flows, an organisation with solid competence on how best to manage the flows and a strong financial position.

CURRENT PROJECT DEVELOPMENT



For Boozt Fashion AB Catena completed stage II of the new construction at the property Norra Varalöv 31:11 – E-City Engelholm.



Catena has so far invested approximately SEK 50 million in the property Tågarp 16:17 Burlöv on the outskirts of Malmö. Here, a number of food companies form a food cluster.



Catena is investing SEK 106 million at Logistics location Sunnanå in a new logistics property for Svensk Cater AB, a nationwide full-range wholesaler for the catering market.

Property	Tenant	Region	Type	Space, sq. m.	Rental value, SEK M	Economic letting ratio, %	Total investment, SEK M	Expected finish/completed
<b>Ongoing projects</b>								
Plantehuset 3	Nowaste	Helsingborg	Logistics warehouses	30,400	18	100	220	autumn '18
Sunnanå 12:52	Svensk Cater	Malmö	Logistics warehouses	8,500	7.5	100	106	autumn '18
Björöd	Cramo	Gothenburg	Logistics warehouses	3,400	6	100	82	spring '18
Mappen 4	Bring	Stockholm	Logistics warehouses	6,000	7	40	80	summer '18
Nattskiftet 11	Sorunda Frukt och Grönt & Västberga Åkeri	Stockholm	Logistics warehouses	25,617	10.9*	100	50	spring '18
<b>Completed</b>								
Norra Varalöv 31:11	Dream Logistics	Helsingborg	Logistics warehouses	14,500	8.7	100	99	1 Jan 2017
Norra Varalöv 31:11	Boozt	Helsingborg	Logistics warehouses	43,500	26.1	100	280	1 April 2017
Solsten 1:102	Oriola	Gothenburg	Logistics warehouses	2,250	3.3	100	40	1 May 2017
Solsten 1:102	Bring	Gothenburg	Terminal	11,200	12.3	100	160	1 Dec 2017
Tågarp 16:17	Espresso House & MatHem	Malmö	Distribution	15,100	11.2*	100	50	1 May 2017

\* Refers to the rental value for investment made.

# Clear objectives and implemented strategies

Catena's clear vision – to link Scandinavia's cargo flows – is directed toward the overall objective: a strong cash flow that enables stable business development and attractive returns to shareholders. With this aim, the Board and management drive operations based on three financial targets focusing primarily on profitability and financial stability. Linked to the financial targets are a number of operational strategies, followed by a number of qualitative and quantitative internal operational objectives.

## THE VISION – linking Scandinavia's cargo flows

Cargo flows 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/or 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.

## STRATEGIES to reach the vision and objectives

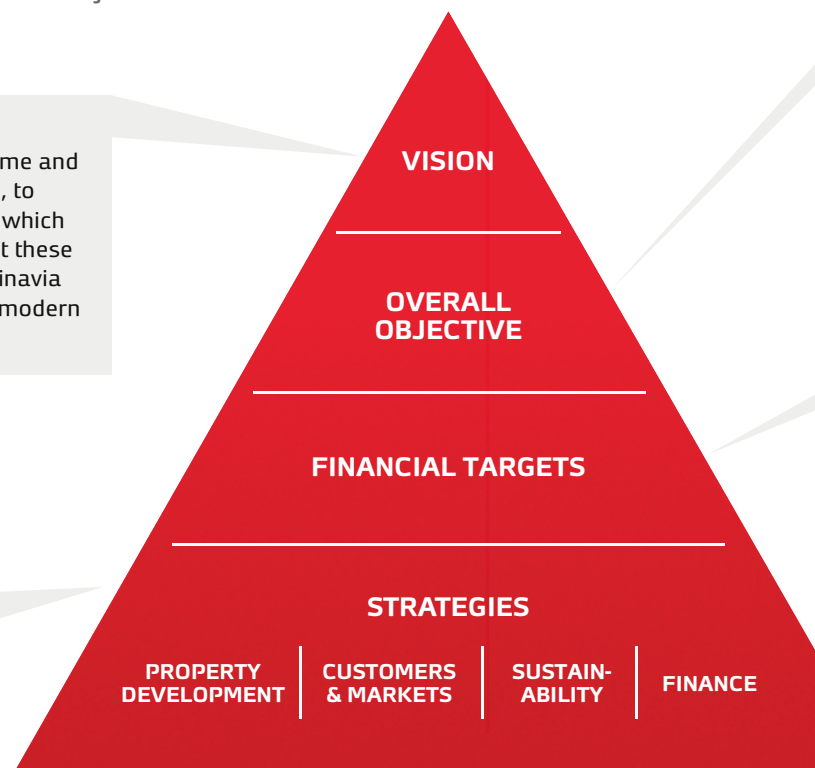
In order to realise the vision and achieve the financial targets, Catena works in four strategic areas with a number of activities, which are regularly monitored from an operational perspective.

**The property portfolio** through in-house project development and acquisitions that broaden the customer base, the property portfolio is to grow with modern, cost-effective properties with stable cash flows at strategically located existing or expected logistics hubs. A number of objectives are linked to the strategy. Among other things, the property value should grow to SEK 15 billion by 2020, of which at least SEK 500 million per year is to be with in-house projects. To be compared with the average growth of the last five years of 42 percent, in addition to a significant replacement of assets in order to concentrate the portfolio into modern logistics facilities. Average project development over the last five years has amounted to SEK 306 million. Among the return and profitability targets, there is a surplus ratio of over 80 percent. The surplus ratio improved to 75.2. The improvements are due to the Company's active project development and management.

► Read more about the property portfolio on pages 56–57 + fold-out.

**Clients and Markets.** Catena strives for flexible agreements and long relationships with innovative, successful and solid customers, with which the Company can maintain flexible situation-specific leases. Catena also works closely with these customers to be able to streamline their operations and create added value. The company also proactively monitors trends and new players in the logistics market and strengthens its brand in various ways. The positive trend for the average contract period continued in 2017, increasing to 5.3 years.

► Read more about Clients and Markets on pages 18–21.





**OVERRIDING OBJECTIVE– strong cash flow**

Catena’s overriding objective is to show strong cash flow, enabling stable development of operations and dividends for shareholders. Compared with other properties, a modern logistics property has a relatively short period of use. This is driven by technological developments and changes over time in cargo flows. Low financing costs combined with the fact that operating costs are often borne directly by the tenant entail that a large part of Catena’s rental income is cash flow. Due in particular to its strong cash flows, Catena has, since its inception in 2013, succeeded in increasing the property volume by 288 percent as at the closing date while maintaining financial stability. At the same time, the Company was able to pay dividends of a combined total of approximately SEK 353 million to the shareholders in the period 2014–2017.

**FINANCIAL TARGETS**

**The average period during which capital is tied-up** should be at least two years. In this way, the Company has secured financing over a period of time that reduces financing risk, while the Company can, at any time, secure optimum credit terms for the continued financing of operations. Over time, the period during which capital is tied-up has always been close to or above the target and reached 1.9 years in 2017.

**The interest-coverage ratio** shall not be less than a multiple of 1.75. This level provides an adequate safety margin, for example, in the event of rising market interest rate. In 2017 it increased to a multiple of 3.5. During the past five years, the level has never been less than a multiple of 2.3.

**The equity ratio** shall not be lower than 30 percent, which is considered well-balanced taking the Company’s cash flow into account. This provides good opportunities for returns with a balanced level of risk in the operations. As at year-end, the company has not reported an equity ratio below 31.6 percent. In 2017, the equity ratio reached 32.3 percent.

**Sustainable development** Catena is active in developing society by creating conditions for more sustainable logistics. The company also works to reducing its properties’ environmental impact and strives to be an attractive and responsible employer. Among the more central operational objectives are energy consumption and employee loyalty. Energy consumption increased during the year per square metre. The increase is due to higher energy consumption per square metre in the acquired properties. Several energy efficiency projects are being carried out so far with successful results. In 2017, Catena has carried out ongoing work with the Company’s values in order to ensure that all employees, the number of which is increasing, work together toward the Company’s objectives. Employee loyalty and the willingness to recommend the Company as an employer, measured as eNPS (Employer Net Promoter Score), remain very high, indicating that employees are pleased and are very good ambassadors for the Company.

► Read more about the sustainability work on pages 34–43.

**Financing** The company secures continuous long-term stable and attractive financing based on equity and foreign capital in the form of bank financing and covered bonds. During recent years, the period during which capital is tied-up has varied between 1.5 and 1.9 years. The latter refers to 2017. The company also has the opportunity to issue green bonds. After renegotiations and interest rate hedges, the average interest rate fell to 3.2 percent. Over the past five years, the quotient has varied between 2.6 and 3.6 percent.

► Read more about financing on pages 64–67.

## Plantehuset 3, Helsingborg – A partner for business development

Nowaste Logistics AB is a third-party logistics provider that provides tailor-made logistics solutions across several industries and segments. Everything from fresh goods to hardware, furniture and clothes. For its customers, the company manages an asset value of goods of more than SEK 8,500 million annually.

### Nowaste's challenge

Nowaste, which is undergoing a major expansion, was in need of flexibility in terms of space as well as its design and arrangement. In other words, a partner who can actively participate in the development of its business.

### Catena's solution

Catena is building a logistics facility in the Catena-owned industrial area of eastern Tostarp industrial area, located next to the E6 outside Helsingborg. An area of around 270,000 square metres. The new building will be in the middle of a logistics cluster in the best signage location. In the area, approximately 105,000 square metres of logistics space can be built, providing Nowaste with significant opportunities for its continued expansion. All the buildings in the logistics cluster will be environmentally adapted and certified by Green Building with an estimated energy use of up to 10 kWh per square metre. By comparison, The National Board of Housing, Building and Planning's requirements are 45 kWh.

### Property facts

Space:	30,400 square metres
Investment:	SEK 220 M
Equipment:	Tellus energy system
Completion:	Scheduled for completion 2018





PROPERTIES FOR **SMARTER, BETTER** AND **FASTER** LOGISTICS SOLUTIONS



Catena's sustainability report has been prepared in accordance with GRI G4, Level Core. See the section GRI notes on pages 134–139 for more information on Catena's priorities and stakeholder dialogue as well as background information and GRI indexes.

# Sustainable operations




The logistics solutions of the future are faster, smarter and lead to increased resource efficiency and lower environmental impact. They are driven by cost savings and demands for more environmentally and socially sustainable transports – and successful implementation requires the right premises in the right location. Catena, through its expertise and understanding of both societal development and customer challenges, is able to become a strategic partner for its customers and create the conditions for more profitable and sustainable logistics flows.

## Strategy and objectives

Sustainability is one of Catena's four prioritised strategic areas. Sustainability efforts are based on responsible and sustainable operations – but are largely focused on enabling more sustainable logistics solutions for the Company's customers.

Clear focus areas and sustainability objectives were defined in conjunction with Catena introducing a new business plan two years ago. On review of the business

plan in 2017 minor adjustments were made to two objectives, but otherwise the business plan is intact and sets a high level of ambition for continued sustainability efforts. The priorities in the sustainability efforts are based on Catena's other strategic objectives and the Company's potential influence and opinions from the continuous dialogue Catena conducts with customers, investors, suppliers and local authorities.

FOCUS AREAS	PRIORITISED SUSTAINABILITY ISSUES	OBJECTIVES	OUTCOME 2017
 <p>SUSTAINABLE LOGISTICS AND SOCIETAL DEVELOPMENT</p>	<ul style="list-style-type: none"> <li>Establish the conditions for logistics flows with a minimal environmental impact.</li> <li>Disseminating knowledge about sustainable logistics.</li> </ul>	Being engaged in networks and holding regular meetings with local government leaders in our market areas.	During the year, Catena participated in Business Arena and Logistik & Transport fair in Gothenburg. In addition, the Company has regularly met with representatives of municipalities and been involved in networking and business sector organisations in priority regions.
 <p>SUSTAINABLE PROPERTIES</p>	<ul style="list-style-type: none"> <li>Focus on energy efficiency and renewable energy.</li> <li>Aiming for a low environmental impact in new construction and conversions.</li> <li>Imposing demands on suppliers with regard to health, safety and the environment.</li> </ul>	<p>Select energy sources from a lifecycle perspective.</p> <p>Always investigating the possibility of installing solar cells in new buildings.</p> <p>Offering green leases to all tenants with an annual rent exceeding SEK 1 million.</p> <p>Environmental classification of all newly produced properties and, to the greatest extent possible, those being converted.</p>	<p>This objective is new for the year and means that the Company will have a long-term perspective in selecting energy sources. For newly built buildings during the year, the Company has chosen air heating and geothermal energy and, in some cases, these solutions have been chosen despite access to district heating in the immediate area. Chargers for electric cars have also been installed on selected properties.</p> <p>This is also a new objective for the year. The company has not completed any solar cell projects in 2017, but the possibility is being evaluated for several projects and a solar cell installation is commissioned for installation in 2018.</p> <p>Green leases have been offered but no agreements have been signed in 2017 due to lack of interest among customers.</p> <p>Buildings newly produced during the year have been built in accordance with Green Building requirements, and several buildings have been certified.</p>
 <p>ATTRACTIVE AND RESPONSIBLE EMPLOYER</p>	<ul style="list-style-type: none"> <li>Offering training and skills development for employees.</li> <li>Striving for diversity in the organisation.</li> <li>Preventing bribery and corruption.</li> </ul>	<p>Participating in job fairs and offer internships and holiday jobs to young people.</p> <p>Maintaining an eNPS of at least 40.</p>	<p>Like the previous year, Catena has had two trainees from the property programme at Malmö University and participated in job fairs in the Stockholm region.</p> <p>In the Catena employee survey conducted at the end of 2017, the result for eNPS 58 was +58. The outcome was thus somewhat lower than in the previous year (+66) but despite significantly exceeding the Company's target.</p>



Contacts

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\*eNPS stands for "Employee Net Promoter Score" and is a measure of employee loyalty. The scale goes from -100 to +100.



## Sustainable logistics and societal development

Future logistics solutions are faster, smarter, and lead to increased resource efficiency and lower environmental impact. Catena shall be a driving force in, together with customers and other players, creating the conditions for more sustainable logistics solutions.

### Potential for more sustainable logistics

Growing consumption and globalised production systems create increasing cargo flows, while the rapid shift towards e-commerce helps to change the nature of logistics chains. This, combined with growing environmental problems and greater demands on fast, smart and cost-effective deliveries – both from companies and end-users, require sustainable logistics chains.

Sustainable logistics is about optimising the flow, in terms of environmental, social and economic parameters. One challenge in logistics planning is to optimise a number of parameters that often point in different directions by means of what is known as a centre of gravity calculation. Examples of common optimisation parameters are a maximal load factor, minimal transport time, the shortest possible route to the goods' final destination, and pre-determined times.

The optimal solution varies for different customers depending on the type of goods, customer requirements, geography and time preferences. For Catena, this requires constantly understanding the customers' different challenges and the possible solutions, both today and in the future. Catena strives for flexibility and speed in the solutions it offers. Catena also strives to always stay one step ahead and to understand emerging trends, challenges and new hubs.

Catena has ongoing discussions with both existing and potential customers to offer premises that can streamline their logistics flows, in terms of economic, social and environmental parameters. Catena also regularly participates in networks and has regular meetings with municipalities, cooperative organisations and associations in priority regions. This affords Catena the opportunity to express its view on logistics challenges and to ensure that logistics issues are included in the planning of new residential areas, for example.



Blending into the external environment is important in the development of Catena's facilities. The image shows Norra Varalöv 31:11 leased by Boozt.

Sustainable logistics solution being built in Mölnlycke  
An example of a more sustainable logistics solution is the terminal that Catena built during the year for Bring in Mölnlycke outside Gothenburg. The solution allows Bring to coordinate its operations for the entire Gothenburg region at a common location, instead of the operations currently spread out among Mölndal, Hisings Backa and the Slakthus area. All of these operations will move to the new terminal in Mölnlycke, which allows for coordination of a large portion of the goods. This results in significantly reduced transport distances, with both cost savings

and reduced environmental impact as a consequence. In addition, the new terminal will be heated and cooled by a geothermal plant and will fulfil some of its electricity needs with solar panels installed on the roof. This is a well-suited choice due to the significant refrigeration requirement during the summer months in the cold-storage terminal located in the building. The surplus energy from the cold-storage units will also be used to load the boreholes for the geothermal plant, which during the winter months provides better opportunities to cover the heating requirements in other parts of the building. The investment is well in line with Bring's sustainability efforts and provides a future-proof logistics solution that creates even better conditions for the company in the Gothenburg area.

#### Smart solutions for city logistics

The biggest environmental impact in a logistics chain often occurs in the last part of the transport to the customer, "the last mile" because the load factor and transport is least optimal at that stage. In many major Swedish cities, the traffic situation is strained, which also creates congestion and inefficient logistics, with both environmental and social impacts as a consequence. Therefore, a priority area for Catena is city logistics - to work for more sustainable transport in a dense city environment, the last stage before reaching the customer.

Many municipalities have successfully established warehouses and terminals just outside the city centre, where goods to be transported further to the municipalities can be re-loaded in a manner suited to the recipients instead of senders. This enables higher load factors, vehicle size flexibility and more accurate route planning. With such terminals in suitable locations, cargo continuing long-distance can be reloaded without first passing through the city centre as is often the case today. All in all, these terminals located close to cities and solutions mean entail more cost- and environmentally-efficient logistics solutions. Catena is currently working with several municipalities and companies to develop this kind of city logistics solutions.

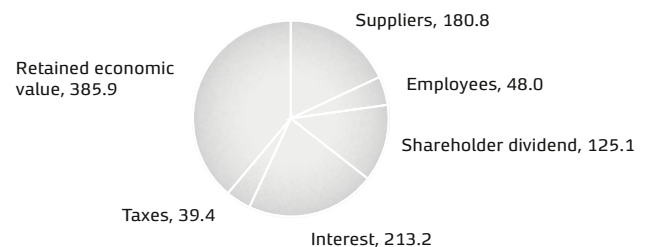
In 2017, Catena initiated a city logistics solution with Fabege, Ragn-Sells and Servistik in Arenastaden

outside Stockholm. The aim is for the jointly owned Urban Services to create shared city logistics for all incoming and outgoing transports in Arenastaden, where there are currently 100,000 residents and 30,000 workplaces with over one million visitors a month. In total, there are an estimated 400,000 deliveries per year in the area, and the aim is to reduce these to 100,000 per year. A common logistics solution is a solution of the future with the potential to create major benefits to customers while simultaneously resulting in cost and environmental savings in several parts of the logistics flow. Yet, it is a completely new type of solution and form of collaboration and, therefore, successful implementation is dependent on cross-border cooperation and exchange of information as well as mutually beneficial business models.

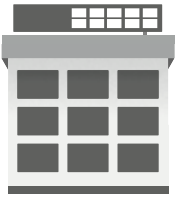
#### Value creation for the Company's stakeholders

Sustainable logistics has great potential for long-term impacts on society, in terms of environmental, social and economic parameters. Like other companies, Catena also has a direct impact on its stakeholders and the economy through the direct economic value created by the Company. One way to quantify companies' direct impact on their stakeholders is to assume how the company's income has been distributed to different stakeholder groups - employees, suppliers, and society through tax payments. The diagram shows how Catena's income in 2017 was distributed among various stakeholder groups.

Created and distributed economic value, SEK M



The diagram shows how Catena's income in 2017 was distributed among various stakeholder groups. The total value created in 2017 amounted to SEK 992.4 million.



## Sustainable properties

In the property portfolio, Catena works to streamline energy use, obtain environmental certification for properties and to convert to renewable energy – both in existing buildings and in new production. The company also places demands on suppliers and contractors to ensure a high level of working conditions and environmental performance.

### Managing environmental efforts

Catena's environmental management system is certified according to ISO 14001, and the Company has identified five areas in which the operations have a significant environmental impact; electricity consumption, heat usage, choice of building materials in new construction and remodelling, waste management and reduced transport through efficient logistics locations. For relevant risks and environmental aspects, there are action plans as well as overall environmental objectives and operational objectives that are monitored and evaluated on an annual basis. In 2017, Catena has also employed a person with overall responsibility who will actively work on environmental issues to allow further development of the efforts.

### Purchases and supplier follow-up

Catena has a small but effective organisation comprised of individuals with substantial industry experience and strategic competence. The company uses external suppliers and partners for, among other things, property management and large parts of the construction process for new construction and conversion, which entails that an important part of sustainability management takes place in cooperation with suppliers and partners.

Subcontractors are initially checked so that any financial discrepancies are discovered as soon as possible. The collaboration is then evaluated continuously, and the suppliers who violate the company's requirements are terminated, regardless of whether they concern economic, quality, environmental or social conditions.

Risks regarding, for example, environmental, social and human rights may exist in the supply chain in the implementation of construction projects. Risks are handled by setting requirements and following up on the contractors and suppliers the company employs. Major contracts will require plans for quality, environment and work environment and adherence to, for example, ID-06. Catena primarily requires that suppliers have environmental management systems certified in accordance with ISO 14001. For smaller local companies that do not have the resources to develop and certify their management



The power facility in the Norra Varalöv property 31:11, leased by Boozt, enables energy consumption of low 10 kWh/sqm. The image shows a part of the energy system.

systems, Catena also approves simpler environmental management systems. The requirement is that they work with guidelines, objectives and training in a similar manner to ISO 14001.

For larger projects, the requirements are written in the general regulations and for smaller projects, requirements for order forms are written by both parties. During the course of the projects, Catena works to be in place and ensure compliance with the requirements.

Subcontractors are also encouraged to check that their suppliers also adhere to Catena's values. The slightest suspicion of any deviation from the values is investigated promptly. If the supplier does not adhere to Catena's values, the Company may terminate the cooperation immediately.



### Environmental certification of properties

Catena is a member of the Swedish Green Building Council network. Catena's objective is to certify all major new productions at least in accordance with

GreenBuilding. As the Company's properties are often newly produced on behalf of a customer, the choice of environmental certification is often a common decision with the prospective tenant, and for logistics buildings it has previously been difficult to motivate environmental certification. However, in 2017, the number of environmentally certified properties has increased, and of three completed newly produced properties, two have met the requirements for GreenBuilding. This entails that the property consumes at least 25 percent less energy than the requirements of the National Board of Housing, Building and Planning's requirements building regulations (BBR) for new buildings. The more comprehensive environmental certifications used in many cases for other types of commercial properties; For example, BREEAM, LEED and Miljöbyggnad have not been applied for Catena's customers in logistics properties.



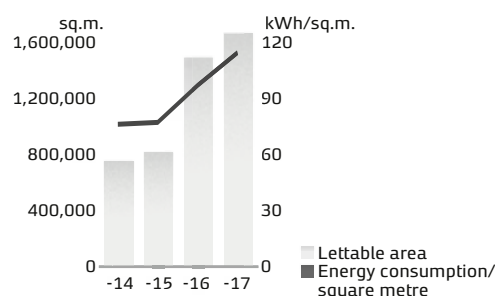
Lagret 4, Nässjö, one of Catena's GreenBuilding-certified properties.

### Energy use

Energy efficiency has continued to be a priority area in 2017. In existing properties, the focus has been on optimisation and refinement of systems. The energy-tracking system, which has been implemented gradually since 2015, provides great opportunities for identifying problems, as well as savings potential. Heating and electricity are the single largest operating cost item for properties, meaning that optimised use of energy leads to both improved environmental performance and positive financial effects for both Catena and its tenants.

Catena's objective is to monitor the energy consumption in all properties, regardless of whether the landlord or tenant is responsible for the subscriptions. Catena sees added value in helping tenants with follow-up and suggests measures for optimising consumption even when the tenants themselves are responsible for the subscriptions. Sometimes it is difficult to get tenants on board with energy-saving projects, as the payback time for larger investments often extends beyond their rental agreement. Another challenge is to ensure that those working in the properties are aware of how use affects energy performance. An example of this is docks in some cases open even though they are not being used.

### Property portfolio development and purchased energy per square metre



The diagram shows the development of the property portfolio's size and energy consumption per square metre. The energy consumption is significantly higher in the property portfolio acquired from Tribona in 2016, mainly due to the large element of food handling.

### Purchased energy

	2017	2016	2015
Electricity, MWh	52,813	45,907	14,699
Natural gas, MWh	6,376	2,169	0
Heating oil, MWh	0	250	822
District heating, MWh	28,002	28,716	13,397
<b>Total:</b>	<b>87,191</b>	<b>77,042</b>	<b>28,918</b>
Energy consumption per sq.m., kWh/sq.m.	115	97	78

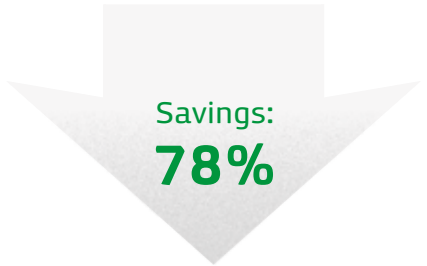
The table shows the energy Catena has purchased divided by the respective type of energy and energy consumption per square metre.



Examples of energy saving projects implemented in 2017



**E-city, Ängelholm.**  
 In the three most recent new construction projects, Catena has chosen low-temperature underfloor heating systems that consume 10 kWh per m<sup>2</sup>, which is 78 percent lower than The National Board of Housing, Building and Planning's requirements of 45 kWh per m<sup>2</sup>.



**Fröträdet 1, Växjö.**  
 In the property, district heating has decreased by approximately 30 percent after updating and adjusting control and regulation system. Electricity consumption also decreased (by about 10 percent) after installation of frequency converters on the ventilation fans.



**Mätaren 6, Umeå.**  
 In the property, replacement of control and regulation equipment in the district heating substation led to a savings of 1,100 MWh compared with the previous year, which corresponds to a savings of 37.6 percent of a normal year's adjusted consumption.





New modern logistics facilities, such as **Sothönan 3 in Katrineholm**, improves the property portfolio's energy performance.

### Greenhouse gas emissions

Catena monitors greenhouse gas emissions from its operations annually in accordance with the Greenhouse Gas Protocol (GHG Protocol).

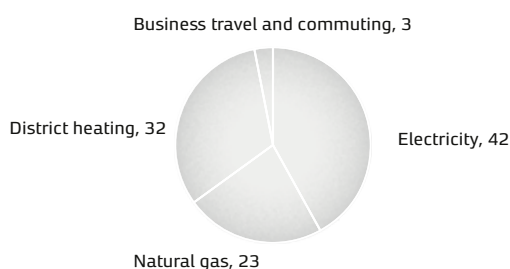
In 2017, the Company's total greenhouse gas emissions amounted to 5,562 (4,763) tonnes of CO<sub>2</sub>e of which 97 (97) percent comes from purchased energy to the Company's properties.

Most of Catena's properties receive electricity from renewable sources through a framework agreement with Vattenfall, which reduces total emissions. A large part of the Company's emissions come from a number of individual properties that are heated with natural gas or which still have electricity contracts with a larger proportion of fossil energy. The increase in emissions compared with the previous year is largely attributable to the consumption of natural gas by single newly acquired properties. Catena mainly seeks to reduce emissions by enhancing energy efficiency but also by replacing oil-fired boilers with district heating or geothermal heating and by continuously evaluating opportunities to install solar panels adjacent to its properties.

### Choice of materials for new builds and conversions

Careful selection of materials is important to ensure healthy and safe premises, but choice of material choice

Distribution of greenhouse gas emissions 2017, %



The diagram shows Catena's total greenhouse gas emissions in 2017 by respective activity.

### Greenhouse gas emissions per activity

	2017	2016	2015
Electricity, tonnes CO <sub>2</sub> e	2,343	2,476	5
Natural gas, tonnes CO <sub>2</sub> e	1,288	438	0
Heating oil, tonnes CO <sub>2</sub> e	0	70	230
District heating, tonnes CO <sub>2</sub> e	1,778	1,650	660
Business travel and commuting, tonnes CO <sub>2</sub> e	153	130	83
<b>Total:</b>	<b>5,562</b>	<b>4,763</b>	<b>978</b>
Greenhouse gas emissions per sq.m., kg CO <sub>2</sub> e/sqm	5.8	2.2	3.0

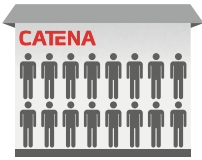
The table shows Catena's total greenhouse gas emissions and emissions per square metre.

also has a major impact on the buildings' energy performance during operation. In addition to standard supplier requirements, for any construction project exceeding SEK 5 million, Catena requires the preparation of an environmental plan. For contracts exceeding SEK 250,000, Catena requires systems for assessing and following up the construction materials used. Suppliers must use one of the three most common systems for assessing construction materials – Byggvarubedömningen (BVB), SundaHus Miljödata or BASTA. For simpler projects carried out by local contractors, Folksam's green construction guide can be used.

### Waste

In most cases, Catena's tenants are responsible for their own waste management. For those tenants where Catena is responsible for waste management, the objective is for waste to be sorted into the fractions applicable for each municipality. Sorting should be performed in a manner that is easy and natural for the tenants.

Hazardous waste generated by Catena's own operations is primarily handled by the property maintenance contractors. Catena requires that contractors have environmental management systems in accordance with ISO 14001, with their own procedures for waste management or that they apply Catena's procedures for the management of hazardous waste.



# Attractive employer

In order to understand the needs of customers and create business, it is crucial that Catena can attract and retain skilled employees. Therefore, being an attractive employer is a strategic objective for Catena and part of its business plan. The work is based on shared values.

**+58**

Catena's eNPS result for 2017 shows that employees are satisfied and are very good ambassadors for the Company.

Creating a truly successful company, requires a team of employees working together to achieve set objectives. An important component of that work are shared values that all executives and employees respect and follow and can use as the starting point for all decisions big and small. In 2017, Catena has worked with the Company's values and discussed what they mean in practice, both in the management team and in the organisation as a whole. The work for a value-driven organisation continues in 2018 and becomes increasingly important as Catena grows geographically to ensure that everyone works together toward the company's objectives.

**Values**

Catena's actions should always be pervaded by professionalism and good business ethics. The basis of Catena's position on this matter are the Company's four core values that shall permeate the actions of all employees:

- Openness, dialogue and straightforward communication, which will make us efficient, prompt and reliable.
- Simplicity, which means that our work approach is straightforward and avoids bureaucratic red tape.
- Proximity, which permits us to create good relations and gain an insight into problems and opportunities.
- Genuine commitment, which permits us to go further in identifying superior solutions.

**Business ethics**

Catena's actions should always be characterised by sound business ethics and the company's employees, partners and suppliers shall always follow current legislation, agreements and Catena's own ethical guidelines. In real estate properties there are risks of corruption within, among other things, letting and purchases, and Catena works to have clear guidelines, procedures and follow-up to minimise the risk of violations. Catena has an ethics policy that describes the company's fundamental values

and guidelines for employees and Board members. The policy includes guidelines in accordance with the ethical rules on contact and relation promoting benefits in business activities that were developed by the Swedish Anti-Corruption Institute (IMM).

It is management's responsibility to ensure that managers and employees have the knowledge required to follow the Company's policies and guidelines. All major purchases and agreements are controlled centrally and assessed to determine whether they are correct and reasonable. Employees who discover circumstances that feel contrary to the law and Catena's guidelines shall point this out to their immediate manager, the CEO or the Board.

**Satisfied employees**

Catena conducts an annual online survey in which all employees are given the opportunity to comment on the Company's role as an employer and ongoing sustainability efforts. One measure of an organisation's attractiveness as an employer is to measure employee loyalty through eNPS, Employee Net Promotor Score. The rating is a



The image is from Catena's education and planning conference.

## Employee mobility (count)

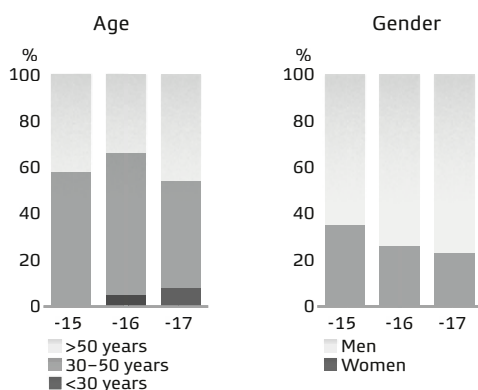
	2017		2016		2015	
	Number	Proportion women	Number	Proportion women	Number	Proportion women
New employees	7	29%	15	20%	6	50%
Share of total number of employees at year-end	18%		39%		23%	
Employees who left	6	50%	3	67%	1	100%
Share of total number of employees at year-end	15%		8%		4%	

## Total number of employees (count)

	2017		2016		2015	
	Number	Proportion women	Number	Proportion women	Number	Proportion women
No. of employees	39	23%	38	26%	26	35%
Employees on permanent contracts	37	22%	37	27%	26	35%
– Of which full time	37	22%	37	27%	25	36%
– Of which part-time	0	0%	0	0%	1	0%
Employees on temporary contracts	2	50%	1	0%	0	0%

The table shows the number of employees and the proportion of women at Catena, divided into different types of employment.

## Employee distribution 2017



The diagram shows the percentage of employees in various age categories. There were a total of 39 employees as at 31 December 2017.

The diagram shows the percentage of men and women among Catena's employees.

## Absence due to illness

	2017	2016	2015
Average, all employees, %	0.7	0.6	1.6
Women, %	1.0	1.2	1.9
Men, %	0.7	0.4	1.5

The table shows sickness absence as a proportion of the planned number of working hours. No work-related injuries, accidents or illnesses were reported.

measure of how many of the employees are prepared to recommend the company as a workplace using on a scale of -100 to +100. A positive rating means that the organisation has more active ambassadors than critics.

Catena's latest employee survey was conducted in December 2017, with 97 percent of all employees responding. The eNPS score was +58, which is slightly lower than the previous year's +66 but very high in comparison with both Swedish and international companies. The results of eNPS and the employee survey in general show that Catena's employees are very satisfied and are good ambassadors for the Company.

## Organisation

As a result of the growth of recent years, Catena's organisation has grown, both organically and through acquisitions. Property Management is adapted to the properties' geographic location in five regions: Stockholm, Gothenburg, Jönköping, Helsingborg and Malmö. Added to these are the Group's Economy/Finance and Communications functions. Catena works with internal asset managers and hires external maintenance contractors for the practical work on the properties.

## Health and safety

Catena works to create a healthy and pleasant working environment for its employees, which involves work with risks associated with the physical and psychosocial aspects of the working environment. Important elements

Summary Board and employees

	2017		2016		2015	
	Number	Proportion women	Number	Proportion women	Number	Proportion women
<b>Board</b>	<b>7</b>	<b>43%</b>	<b>6</b>	<b>33%</b>	<b>6</b>	<b>33%</b>
Under 30 years	0	0%	0	0%	0	0%
30–50 years	2	100%	1	100%	1	100%
Over 50 years	5	20%	5	20%	5	20%
<b>Management</b>	<b>7</b>	<b>14%</b>	<b>9</b>	<b>22%</b>	<b>8</b>	<b>25%</b>
Under 30 years	0	0%	0	0%	0	0%
30–50 years	3	33%	6	33%	4	50%
Over 50 years	4	0%	3	0%	4	0%
<b>Other Employees</b>	<b>32</b>	<b>25%</b>	<b>29</b>	<b>28%</b>	<b>18</b>	<b>39%</b>
Under 30 years	3	33%	2	50%	0	0%
30–50 years	15	33%	17	29%	11	45%
Over 50 years	14	14%	10	20%	7	29%

The table shows the composition of the company by gender and age category.

of this work are to create the conditions for balance between work and leisure and ensure that employees have the opportunity to manage their own time and influence their work situation. Catena also has collective bargaining agreements and allows employees to decide which tools they need to facilitate their work. Management also works to follow up and ensure a healthy work situation for all employees.

Equal opportunities for all

Upon new employment, promotions and continuous evaluation, Catena assesses expertise, experience and personal characteristics. We do not discriminate individuals, favourably or unfavourably, based on aspects unrelated to how well the individual performs his/her work. In 2017, another woman was elected to the Board, which resulted in the Board at the beginning of the year consisting of 3 women and 4 men. However, women are currently underrepresented in the management team and generally throughout the organisation, with the exception of the finance functions. Catena is therefore working actively to identify suitable female candidates in recruitment and promotion.

Skills development

Continual skills development is crucial for Catena to continue to understand and be able to resolve the current and future challenges of its customers. Personal development plans are prepared in conjunction with the annual

Training hours

	2017	2016	2015
Average for all employees	21	10	15
Women	12	16	33
Men	23	7	6

The table shows the average number of training hours per employee.

employee dialogues carried out with all employees. All employees are given a wide range of possibilities for choosing training, courses and seminars they wish to participate in on the Company’s account. Central and prioritised training areas are management issues, finance, the environment and law. In 2017, training initiatives have been carried out in areas such as finance and management.

Attracting new talent

One of Catena’s strategic objectives is to attract new employees by participating in job fairs and offering placement and holiday jobs to young people. In 2017, Catena participated in, among other things, job fairs in Stockholm and was given the opportunity to lecture in connection with this. These initiatives make the Company more visible to students in priority education areas and increase opportunities for attracting new talent. In 2017, during the year, the company also hosted several placement students at various times and students who are working as well as studying.

## Solsten 1:102 i Härryda – Versatile facility for faster, better and smarter logistics

Bring Sweden provides everyday logistics for small and large businesses across the Nordic region. The company's 6,000 employees handle packages, direct deliveries, post and goods, and are also experienced in temperature-controlled food logistics.

### Bring's challenge

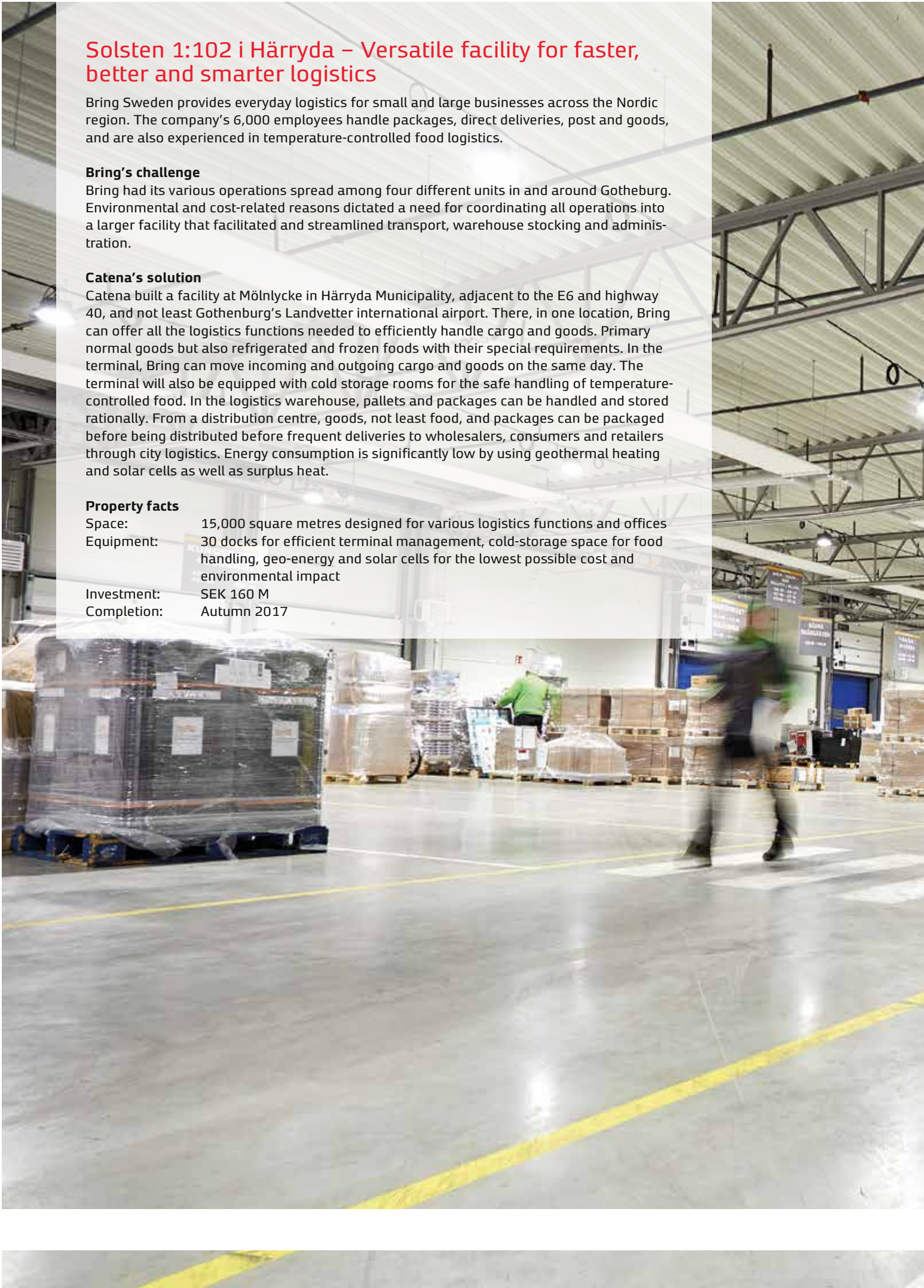
Bring had its various operations spread among four different units in and around Gotheburg. Environmental and cost-related reasons dictated a need for coordinating all operations into a larger facility that facilitated and streamlined transport, warehouse stocking and administration.

### Catena's solution

Catena built a facility at Mölnlycke in Härryda Municipality, adjacent to the E6 and highway 40, and not least Gothenburg's Landvetter international airport. There, in one location, Bring can offer all the logistics functions needed to efficiently handle cargo and goods. Primary normal goods but also refrigerated and frozen foods with their special requirements. In the terminal, Bring can move incoming and outgoing cargo and goods on the same day. The terminal will also be equipped with cold storage rooms for the safe handling of temperature-controlled food. In the logistics warehouse, pallets and packages can be handled and stored rationally. From a distribution centre, goods, not least food, and packages can be packaged before being distributed before frequent deliveries to wholesalers, consumers and retailers through city logistics. Energy consumption is significantly low by using geothermal heating and solar cells as well as surplus heat.

### Property facts

Space:	15,000 square metres designed for various logistics functions and offices
Equipment:	30 docks for efficient terminal management, cold-storage space for food handling, geo-energy and solar cells for the lowest possible cost and environmental impact
Investment:	SEK 160 M
Completion:	Autumn 2017





PROPERTIES FOR **SMARTER**, **BETTER** AND **FASTER** LOGISTICS SOLUTIONS 

# Central key figures restored after last year's expansion

After intensive efforts to integrate last year's acquisitions, which almost doubled the Company's property portfolio, key parameters such as letting ratio, surplus ratio, equity ratio and financing terms have been restored. Together with the Company's strong cash flow, this provides good opportunities for continued growth, primarily driven by project development.

## The property portfolio

On 31 December 2017, Catena's property portfolio comprised 109 logistics properties (94) located along important transport routes and population centres mainly in southern and central Sweden. The total lettable area is approximately 1,661,600 square metres (1,490,900). The total rental value amounted to SEK 1,109.9 million (925.7) and contractual annual rental income totalled SEK 1,051.4 million (860.7). The economic letting ratio, after active letting work, not least for newly acquired properties, amounted to 94.7 percent (93.0).



Contacts

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## Project development

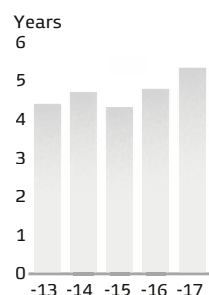
Catena has the stated ambition to grow, primarily through new construction. Accordingly, the Company has a portfolio of developable projects. On the Company's own books, these include the Norra Varalöv 31:11, Sothönan 3, Sunnanå 12:52, Plantehuset 3 and the joint estate Törsjö 2:49 properties, as well as significant expansion opportunities at many of the Company's other properties. The project portfolio also includes acquisition options for strategically located projects that have reached different stages, ranging from rent negotiations to detailed planning, in all of the regions where the Company operates. In total, the land reserve amounts to 1.7 million square metres.

During the year, Boozt's e-commerce facility was completed, as well as Bring's facility and Oriola's distribution centre in Mölnlycke, just outside Gothenburg. The

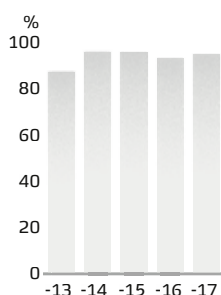
## Property portfolio by region

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	15	224.9	2,035.2	165.4	98	162.0	85
Helsingborg	24	347.8	2,216.4	187.2	92	171.6	69
Jönköping	12	209.6	1,071.8	114.2	88	100.6	72
Malmö	18	211.0	1,993.2	166.6	98	162.6	64
Stockholm	40	668.3	5,814.5	476.5	95	454.6	79
<b>Total</b>	<b>109</b>	<b>1,661.6</b>	<b>13,131.1</b>	<b>1,109.9</b>	<b>95</b>	<b>1,051.4</b>	<b>75</b>

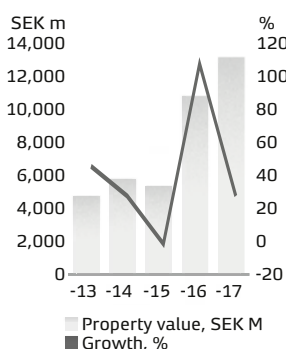
Average contract period



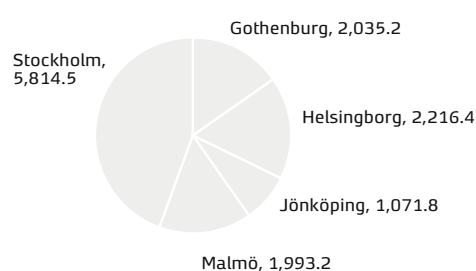
Economic letting ratio



Development of property portfolio



The property portfolio per region, SEK M





company's significant conversion work in Tågarp was also completed, strengthening the food cluster in Malmö. During the year, a number of newly constructed projects commenced after lease agreements were signed with substantial customers. On the Company's development area Sunnanå outside Malmö, construction has begun on a new distribution centre for food logistics. In the second major development area Tostarp outside Helsingborg, the Company began construction of a new logistics warehouse. During the year, Catena acquired the remaining shares in the companies to which both the development areas Sunnanå and Tostarp belong, thereby making them wholly owned by Catena. In total, Catena invested SEK 502.2 million in development of new projects during the year, which is in line with the Company's ambition of an annual investment of approximately SEK 500 million in new construction.

- ▶ Read more about Catena's projects on pages 28–29.
- ▶ A complete list of properties is given on pages 56-57 + fold-out.

### Income and rent

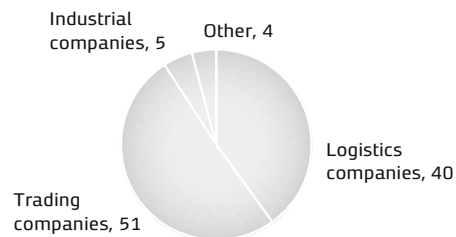
Rental income increased by 13 percent to SEK 892.0 million (786.6), mainly as a result of the acquisition and lease of vacant areas, but also newly built areas primarily during the end of the year. Despite the newly acquired spaces, at 95 percent (93), the letting ratio remained high, as a result of strategically located logistics facilities and focused leasing efforts. Income from contracts with terms of more than three years accounted for approximately 68 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 five years.

### Letting and occupancy

During the year, 105 tenants entered into new contracts with a total area of 303,918 square metres. The contract value for new tenancies was SEK 194.5 million (131.2), while that for discontinued tenancies remained at SEK 133.1 million (95.6) for 85 terminated contracts with a

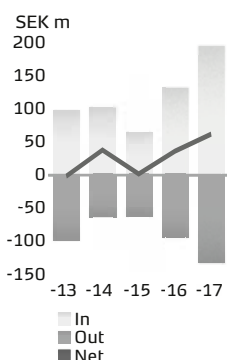
Client categories, %



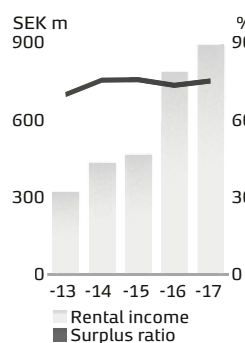
Catena's ten largest shareholders as at 31 December 2017

1. DHL
2. ICA Fastigheter Sverige AB
3. PostNord
4. Grönsakshallen Sorunda AB/Servera R & S AB
5. Intervare A/S
6. Menigo Food Service AB
7. Boozt Fashion AB
8. TD Tech Data AB
9. AB Volvo
10. Oriola AB

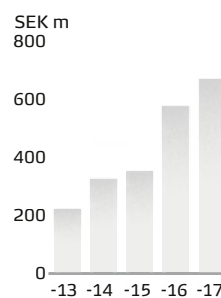
New tenancies/vacancies



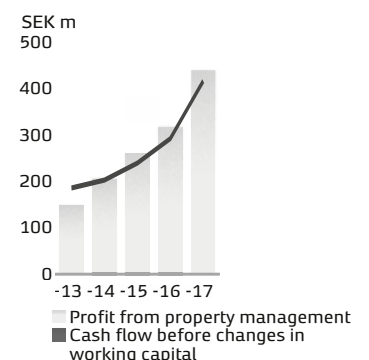
Rental income and surplus ratio



Net operating surplus



Profit from property management and cash flow before changes in working capital



total area of 212,612 square metres. This entails a net increase in new tenancies at a value of SEK 61.4 million (35.6).

#### Lease structure

The contract portfolio is long-term and tenants consist primarily of large, secure and well-established logistics, industrial and commercial companies. This lessens the risk of losses driven by customers' insolvency. As at 31 December 2017, Catena's ten largest tenants accounted for 44.2 percent (50.2) of the Group's contractual rental income. The leases for these ten tenants expire within one to 15 years. As at the closing date, the average remaining lease period remained stable at 5.3 years (4.8). The table on the previous page shows Catena's largest customers. However, it is worth noting that many of the companies are represented by a number of local decision-making units.

► A table showing the maturity structure of the leases is presented on page 71.

#### Net operating surplus and surplus ratio

The net operating surplus, that is, rental income less property expenses and property administration, increased by 16 percent during the year to SEK 671.2 million (578.1). This is primarily a result of the increased space, the continued strong letting ratio and efficiency improvements, not least in the area of energy. Among other things, Catena has continued to invest in energy-saving technology, more sustainable heating and better lighting and ventilation systems. The increased letting ratio has also led to reduced media costs for the properties as tenants take them over, which for vacant premises are paid by the property owner. Therefore, total property expenses only increased by 5.9 percent to SEK 220.8 million (208.5), largely due to the larger property portfolio.

In summary, the surplus ratio increased from 73.5 to 75.2 percent.

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

#### Profit from property management

Profit from property management, meaning the carrying amount with reversals of changes in value and tax, increased compared with the previous year by SEK 124.1 million, or 39 percent, to SEK 440.1 million (316.0).

The main reasons for the improved profit from property management are an increase in the portfolio and a higher letting ratio.

Profit from property management was also positively affected by a decrease in financial expenses during the year to SEK 213.2 million (244.3). The decrease in expenses was due to, after renegotiations and interest rate hedges, a decline in the average interest rate to 3.2 percent (3.6).

Significant effects on the comparison, which can be described as non-recurring, are the deconsolidation effect of Tribona, recognised as an associated company. The latter affected the corresponding period in 2016 negatively by SEK 12 million.

As a non-recurring effect, due to unpaid accrued coupon interest on discontinued swap agreements, the interest expense for the first quarter was affected positively by SEK 16.6 million. The corresponding expense is recovered as part of the year's unrealised change in value of derivatives.

The profit from property management essentially constitutes the Company's cash flow before changes in working capital, which amounted to SEK 418.7 million (294.3).

► Read more about financing on pages 64–67.

#### Profit for the year

Profit for the year increased by SEK 296.3 million, or 88 percent, to SEK 634.7 million. The higher profit is largely due to changes in value of investment properties of SEK 377.4 million (148.1) and that changes in value of derivatives have affected earnings positively by SEK 25.8 million (negative 38.6). The year's positive change in value of properties and derivatives is partly offset by the impairment of goodwill from the Tribona acquisition of a negative SEK 76.6 million (38.9). On 18 May 2017, arbitration was announced in dispute proceedings regarding the redemption for shares in Tribona AB. The arbitration entails an increased purchase consideration for the shares totalling SEK 8.1 million including remuneration. As the purchase price allocation for Tribona is finalised, this additional purchase consideration is recognised as cost under Value change goodwill and more in the consolidated income statement.

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

► Read more about profit for the year on pages 70–71.

Acquisition of Stockholm properties by Kilenkrysset  
Catena conducts continual acquisitions. A major acquisition during the year was that made during the second half

of December 2017. Then, Catena signed an agreement with Kilkrysset for an acquisition of five properties in the Stockholm region at an underlying property value of SEK 1,104 million. The lettable area of approximately 91,500 square metres has a rental value of SEK 65 million. The properties include additional developable land of approximately 150,000 square metres. The properties are being acquired through corporate transactions with the purchase consideration for the shares amounting to a preliminary sum of SEK 608 million, of which SEK 250 million is to be paid in the form of promissory notes which, according to the agreement, are transferred by the seller as payment for newly issued shares in Catena. In other regards, the acquisition will initially be financed by means of Catena's own funds.

The acquisition at the end of the year resulted in a very marginal profit from property management for the year. However, the properties are included in Company's

property portfolio at the balance sheet date, which affected Catena's profitability target.

► Read more the new share issue on page 66.

#### Development of property portfolio

During the past year, the property portfolio has gradually been replaced in favour of modern, sustainable logistics and developable land with increased potential for improved profit from property management.

#### Acquisitions

In order to increase the business volume, strengthen the Company's positions in the different regions, broaden the customer base and develop the concepts within e-commerce and food logistics, Catena acquired 18 properties and property companies with a total area of 173,458 square metres during the year at a total fair value of SEK 1,960.6 million (5,875.5).

#### Investments

Continual investments in existing properties have been made for SEK 502.2 million. The largest investment in existing properties is on the property Solsten 1:102 in Härryda, where Catena built a 11,200-square-metre terminal for Bring. An extension of Oriola's high-bay storage facility has also been recently completed on the property. At the property Tågarp 16:17 in Burlöv, a former ICA warehouse was converted to modern logistics facilities for Espresso House and MatHem – a project that is

SEK M	Fair value	No. properties
Property portfolio at beginning of year	10,786.4	94
Acquisitions	1,960.6	18
Investments in existing properties	502.2	
Sales	-419.9	-3
Translation differences, etc.	10.7	
Unrealised changes in value	291.1	
<b>Total investment properties</b>	<b>13,131.1</b>	<b>109</b>



**Roserberg 11:81, leased by Samdistribution.**  
One of the properties acquired by Kilenkrysset in mid-December 2017.

now completed. The E-City Engelholm project, of which 58,000 square metres is completed, is continuing and project development of new stages has begun. Work on the Stockholm property Nattskiftet 11, which has been remodelled in stages in recent years, is continuing, most recently to finalise the premises for Västberga Åkeri and Grönsakshallen Sorunda.

#### Disposals

During the year, three properties with a total area of 69,506 square metres, which Catena no longer considered strategic, were divested for the purpose of streamlining operations and creating an attractive portfolio of logistics properties in the regions in which Catena has chosen to operate. The total value amounts to SEK 419.9 million (1,105.6).

#### Unrealised changes in value

The unrealised changes in value during the period amounted to SEK 291.1 million. An effect of coordination, well-implemented projects and good management work. At the same time, goodwill of SEK 76.6 million has been derecognised 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.

#### Related party transactions

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

#### Property acquisition

Property	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 <sup>)</sup>	30 Mar 2017	Malmö	Burlöv	16,940	300.0	18.7
Sunnanå 12:52 <sup>)</sup>	30 Mar 2017	Malmö	Burlöv	Land	120.0	0.0
Plantehuset 2 <sup>)</sup>	30 Mar 2017	Helsingborg	Helsingborg	4,694	60.0	3.2
Plantehuset 3 <sup>)</sup>	30 Mar 2017	Helsingborg	Helsingborg	Land	80.0	0.0
Part of Björrod 1:3 mfl	31 July 2017	Gothenburg	Härryda	Land	15.3	0.0
Mappen 4	16 Aug 2017	Stockholm	Linköping	Land	6.7	0.0
Backa 23:2	1 Dec 2017	Gothenburg	Gothenburg	3,984	71.5	5.3
Generatoren 11	1 Dec 2017	Gothenburg	Möndal	1,995	29.0	2.8
Klarinetten 1	1 Dec 2017	Gothenburg	Möndal	3,667	58.0	5.3
Källstälöt 1:6 & 1:7	15 Dec 2017	Stockholm	Eskilstuna	32,200	309.2	17.9
Stenvreten 8:33	15 Dec 2017	Stockholm	Enköping	10,873	269.2	15.4
Rosersberg 11:81	15 Dec 2017	Stockholm	Sigtuna	22,605	255.3	15.4
Rosersberg 11:116	15 Dec 2017	Stockholm	Sigtuna	10,171	177.7	9.7
Statorn 31	15 Dec 2017	Stockholm	Norrköping	15,708	92.6	7.0
<b>Total:</b>				<b>173,458</b>	<b>2,047.9</b>	<b>123.9</b>

<sup>)</sup> During the first 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 venture shares, generating a capital gain of SEK 68.1 million because 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 value.

#### Property sales

Property	Vacated	Region	Municipality	Space, sq. m.	Property value, SEK M	Earnings, SEK M
Regulatorn 2 <sup>)</sup>	23 Feb 2017	Stockholm	Huddinge	45,203	365.0	10.0
Ädelmetallen 1	15 Mar 2017	Jönköping	Jönköping	20,757	96.0	8.2
Boländerna 22:9	1 July 2017	Stockholm	Uppsala	3,546	5.0	0.0
<b>Total:</b>				<b>69,506</b>	<b>466.0</b>	<b>18.2</b>

<sup>)</sup> During the first quarter, Catena divested 50 percent of the property Regulatorn 2. The remaining 50 percent has been converted into a joint venture interest. On conversion into a joint venture, the Group first implemented a 100-percent sale, generating a capital gain of SEK 10 million.

## Market outlook

Over time, the market for logistics properties is driven by increased cargo flows and growing retail sector, particularly e-commerce. Therefore, demand for Catena's logistics spaces, which are well-situated and well-suited for their purposes as well as environmentally efficient, is expected to remain good in the beginning of 2018.

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 developed 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.



Project development is a priority for Catena to grow. The image shows the final phase of one of the expansion stages in Norra Varalöv outside Ängelholm.

## Summary of the regions

Catena's organisation is based on a customer-oriented management organisation that proactively develops both customer relationships and the market. The management units are supported by staff with qualified expertise in key functions such as transactions and property management.

Catena's organisation primarily constitutes the Management and Business Development functions. Added to these are the Group's Economy/Finance and Communications functions. Group management has the overall responsibility for development, financial management, earnings follow-up and communication with all of the Company's stakeholders. Economy/Finance is responsible for the continuous reporting that is based on international standards and the Group's financing. The function is also responsible, together with the CEO, for the Group's profiling and the communication with finance markets and society.

Business Development and Property Management are conducted in the regions the Business Development function is responsible for the Group's transactions and property and project development. The Property Management

function is responsible for service and contact with the tenants to thereby identify and resolve problems with also evaluating the possibilities of developing both customer relationships and premises. The regions are also responsible for the development of Catena's business regionally through contacts with the local business community and the local authorities. As of early 2016, the Property Management function is organised into five regions according to the properties' geographic position: Gothenburg, Helsingborg, Jönköping, Malmö and Stockholm. The regional property-management organisations were also reinforced with several employees with various skills adapted to the task. This gives Catena extensive possibilities of managing the larger portfolio and developing the activity on both the long and short terms.

### Gothenburg

#### Contacts

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Key share data	2017	2016	Change, %
Rental income, SEK M	130.3	126.3	3.2
Net operating surplus, SEK M	111.2	103.6	7.3
Surplus ratio, %	85.3	82.0	4.0
Contractual annual rent, SEK M	162.0	128.5	26.1
Rental value, SEK M	165.4	132.8	24.5
Economic letting ratio, %	97.9	96.8	1.1
Profit from property management, SEK M	115.4	99.4	16.1
Fair value, SEK M	2,035.2	1,642.8	23.9
Lettable area, thousand sq. m.	224.9	201.6	11.6
No. of properties	15	11	36.4
No. of contracts	43	33	30.3

#### Your comments for the year?

We have been able to increase our rental income by three percent even though our new space could only generate results in the latter part of the year. Active letting work has enabled us to fill our existing premises and report a better letting ratio of 97.9 percent. This, like renegotiated contracts, has, apart from rental income, also positively affected our net operating surplus. Letted premises cost us less and our efficient management with continual energy efficiency measures shows results.

#### Significant events and activities in the region?

Among the more important events of the year, I want to highlight our newly built multiterminal for Bring, around 15,000 square metres, and the extension of Oriola's high-bay storage facility (27 metres high) in Mölnlycke just outside Gothenburg. In addition to satisfying the needs of two key customers, the project provided us with a great deal of interesting and useful experience. Oriola's high-bay storage facility posed some interesting challenges. Another development project during the year in Härryda is the 3,400-square-metre storage facility we are building for Cramo AB, scheduled for occupancy in spring 2018. At the end of the year, we also acquired three modern properties. A 4,000-square-metre property in Hisings Backa, adjacent to our existing properties in the area, as well as two facilities, with a total lettable area of approximately 8,000 square metres in Mölnådal, which is a new but prioritised area for us.

#### Priorities in 2018?

We will expand our management organisation and continue our efficiency measures, primarily in terms of energy. So far, we have been working on continuous improvements. Now we will take this further and carry out some investments to create visible results. With our growth ambitions and our high letting ratio, we also need to expand our property portfolio, so more acquisitions are urgent, preferably of land because in-house project development is prioritised. But we also would like to acquire strategically located modern facilities that generate strong cash flows.

## Helsingborg

### Contacts

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Key share data	2017	2016	Change, %
Rental income, SEK M	146.1	115.5	26.5
Net operating surplus, SEK M	100.9	85.7	17.7
Surplus ratio, %	69.1	74.2	-6.9
Contractual annual rent, SEK M	171.6	116.5	47.3
Rental value, SEK M	187.2	127.1	47.3
Economic letting ratio, %	91.7	91.7	0.0
Profit from property management, SEK M	87.6	82.1	6.7
Fair value, SEK M	2,216.4	1,713.4	29.4
Lettable area, thousand sq. m.	347.8	258.8	34.4
Number of properties	24	20	20.0
Number of contracts	160	106	50.9

### Your comments for the year?

We were able to report significant growth of 26 percent for the year, driven mainly by the development of E-city Engelholm, but also Freja's expansion in our development area Tostarp. The Vångagärdet 20 property in Helsingborg that was acquired during the year also contributed. The latter is, however, to be regarded as a development property. Vångagärdet 20 is therefore also the main reason for the lower surplus ratio for the

year. The surplus ratio has been positively affected by better energy conservation in, particularly in our newer plants.

### Significant events and activities in the region?

During the year, we completed Boozt's large facility in E-city Engelholm. An area owned by a company of which we acquired the remaining shares outstanding during the year. As a result, we became the sole owners of the company. We have also begun building a new large facility for Nowaste. This is, after Freja, for which we built a facility during the year, the second establishment in our large development area Tostarp. Even Tostarp, located next to the E6 outside Helsingborg, is held by a company that we acquired in full during the year.

### Priorities in 2018?

In future, we will continue our active marketing efforts. We have approximately 150,000 square metres of land in Tostarp left for our priority activity project development. The same goes for E-city Engelholm located in Norra Varalöv, where we can build more. We will also work with the development of Vångagärdet 20, where Catena has its head office. Like the development of the premises in Helsingborg, which were released in connection with the relocation of our headquarters. Our work with the vacancy ratio and the surplus ratio with associated energy efficiency measures are also always a priority.

## Jönköping

### Contacts

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Key share data	2017	2016	Change, %
Rental income, SEK M	93.9	86.5	8.6
Net operating surplus, SEK M	67.4	59.1	14.0
Surplus ratio, %	71.8	68.3	5.1
Contractual annual rent, SEK m	100.6	108.1	-6.9
Rental value, SEK M	114.2	120.0	-4.8
Economic letting ratio, %	88.1	90.1	-2.2
Profit from property management, SEK M	64.9	56.3	15.3
Fair value, SEK M	1,071.8	1,120.0	-4.3
Lettable area, thousand sq. m.	209.6	230.3	-9.0
Number of properties	12	13	-7.7
Number of contracts	42	29	44.8

### Your comments for the year?

Following the sale of Ädelmetallen 1, this year has been one of consolidation in the region. There have been intensive marketing efforts that led to significant new or extended leases and higher rental income as well as net operating surplus for remaining properties. Our continual improvement in the energy performance of our properties has also affected our surplus ratio as well as our environmental measurements.

### Significant events and activities in the region?

The most prominent activity in the region this year would be the creativity shown by the management when an existing tenant, for its own reasons, chose to leave a facility in Nässjö prematurely. Following an adaptation, including more docks and updated offices, a new customer received an efficient and strategically located facility. In addition, Autostore was installed – an intelligent automatic logistics system, which provided us with a great deal of new experience. But above all, we were able to provide two customers with a perfect solution. This demonstrates our flexibility. We have also continued to streamline our portfolio by selling a 21,000-square-metre property in Jönköping at a location that is better suited for retail than logistics.

### Priorities in 2018?

We have some space left to let, so we will continue working on the remaining vacancies. We hope to be able to soon successfully complete the negotiations we have begun. Jönköping is interesting as a logistics centre, and we will try to increase our presence there as well as in other central areas. We are thus interested in the acquisition of land and, for that matter, even though new construction is a priority, modern well-located facilities that generate good cash flows. As always, improvements in the operating surplus remain a priority primarily through improved energy conservation.

## Malmö

### Contacts

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Key share data	2017	2016	Change, %
Rental income, SEK M	145.0	117.5	23.4
Net operating surplus, SEK M	93.0	64.9	43.3
Surplus ratio, %	64.1	55.2	16.1
Contractual annual rent, SEK M	162.6	111.9	45.3
Rental value, SEK M	166.6	121.4	37.2
Economic letting ratio, %	97.6	92.2	5.9
Profit from property management, SEK M	76.5	46.6	67.6
Fair value, SEK M	1,993.2	1,351.0	47.5
Lettable area, thousand sq. m.	211.0	173.5	21.6
Number of properties	18	14	28.6
Number of contracts	50	42	19.0

### Your comments for the year?

We were able to report significant growth during the 2017 financial year. This was due to some major acquisitions carried out in December 2016 and the beginning of 2017. In addition, Espresso House and MatHem moved into newly converted premises in our food cluster Tågarp 16:17 outside Malmö. I would also like to highlight our local presence and our intensive management work, which enabled us to increase rent levels somewhat, but above all let out vacant space.

The main reasons for our improved surplus ratio are our higher letting ratio, together with the energy savings on the properties where our efforts have yielded the best results.

### Significant events and activities in the region?

During the year, we continued to develop solutions for food logistics for restaurants, shops and consumers. Especially in Burlöv outside Malmö. For a major contract, we have also begun building a food logistics facility in Sunnanå adjacent to the E20. All are facilities requiring special premises close to consumers. For this reason, our interest in city logistics can be seen in the acquisition during the year of a terminal located about a kilometre from the very centre of Malmö. A location that will be even more central as Malmö grows toward Nyhamnen and the East Harbor.

### Priorities in 2018?

We will continue to improve our surplus ratio. First in some good, but older, buildings. There, we will make some investments we expect will provide good results in terms of both cost-savings and environmental impact. Continued growth is also a priority. We have a large area, Sunnanå, which we will continue to develop. In addition, we have some areas for which we are continuing detailed development plan work. We will also continue to acquire land and, even if new construction is a priority, modern well-located facilities.

## Stockholm

### Contacts

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Key share data	2017	2016	Change, %
Rental income, SEK M	376.7	340.8	10.5
Net operating surplus, SEK M	298.7	264.8	12.8
Surplus ratio, %	79.3	77.8	1.9
Contractual annual rent, SEK M	454.6	395.7	14.9
Rental value, SEK M	476.5	424.4	12.3
Economic letting ratio, %	95.4	93.2	2.4
Profit from property management, SEK M	293.7	245.6	19.6
Fair value, SEK M	5,814.5	4,959.2	17.2
Lettable area, thousand sq. m.	668.3	626.7	6.6
Number of properties	40	36	11.1
Number of contracts	140	158	-11.4

### Your comments for the year?

We have increased our rental income thanks to the five properties we acquired from DHL in December 2016 as well as active letting work, which lowered the vacancy ratio. The improved letting ratio, increased market rent and efficiency measures implemented in the management have also positively affected our surplus rate. Particularly, the continued energy savings efforts.

### Significant events and activities in the region?

In the Mappen 4 district in Linköping, we have begun the construction of a new terminal facility comprising 6,000

square metres for refrigerated, frozen and dry goods for Bring, Pågen and a new customer. During the year we also continued our energy efficiency efforts. We have focused these efforts on our properties with the highest energy consumption. We have managed to reduce consumption by up to 40 percent. As a result, we have been able to reduce the region's average consumption by about 3 percent. We have also, in one property, upgraded to a full-scale solar cell facility that produces approximately 250 MWh. In addition, we have options to run another four facilities on selected properties. During the year, we expanded and put in place a complete own management organisation. Last but not least, was the major acquisition at the end of the year of five properties from Kilenkrysset.

### Priorities in 2018?

For 2018, we are focusing on taking over the five new properties acquired in December 2017 and start developing the developable land that was part of the acquisition. Furthermore, we will continue the work on the new detailed development plan for the land we hold in our associated company TörsjöLogistik AB and prepare it for new logistics establishments. In Norrland, we will update our properties and leases, let out remaining vacancies and fully implement our energy-savings objectives. We also have a pronounced desire to grow, primarily through project development, for which we have land, but we are also seeking new investment objects in our logistics areas.



# Property valuation

Combined with effective procedures, clear guidelines and a thorough approach create the right conditions for an accurate valuation of assets, as well as for stable earnings and financing.

## Valuation model

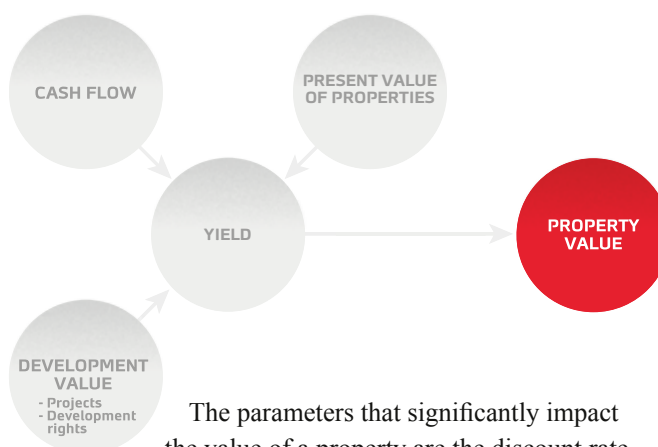
Like most listed property companies, Catena has opted to recognise its investment properties at fair value, in accordance with IAS 40. Catena performs quarterly internal valuations of all of its investment properties. The internal valuation is used to determine the fair values recognised in the balance sheet. The valuation is based on a six-year cash-flow model for each individual property. The model is based on actual income and expenses, adjusted for a normalised future earnings capacity in terms of both income and expenses. When assessing the future earnings capacity, factors taken into account include the expected changes in the rent level based on the current rent of the individual lease compared with the market rent for each date of maturity, and changes in letting ratio and property costs. The yield value has then been calculated in a cash-flow statement per property.

The yield value includes the value of the assessed future payment flows over the next five years and the present value of the assessed value of the property in five years' time. The yield value has then been adjusted for the value of on-going projects and land with unutilised development rights.

## Significant variables

Compilation of outcomes for significant variables and the normalised amounts used in the internal valuation model:

	Actual outcome, SEK M	Normalised values, total
Rental value, SEK M	1,109.9	1,128.3
Economic letting ratio, %	95.1	91.7
Contractual annual rent, SEK m	1,051.4	1,034.3
Operating surplus before property administration, SEK M	671.2	921.8
Property yield before property administration costs, %	5.1	7.0
Surplus ratio before property admin. %	75.2	89.1
Discount rate		9.0
Assumed annual rent development, %		2.0



The parameters that significantly impact the value of a property are the discount rate and the rental value. Assumptions including interest rates, debt/equity ratio, inflation assumptions, the required return on paid-in capital, property location, tenant structure, etc. are included in the discount rate.

Rental value reflects the market's view of what tenants are willing to pay for property space. A change of +/- 1 percent in these parameters impacts the estimated fair value:

Change	Impact	
	+1%	-1%
Discount rate, SEK M	-610	363
Assumed annual rent development, SEK M	503	-740

Other corrective parameters are the property's development potential in the form of, for example, development rights.

## Changes in value of investment properties

To verify the internal valuations, external valuations of a selection of the company's properties are also carried out. During the year, Newsec and Cushman & Wakefield valued approximately 32 percent of the portfolio, representing a value of SEK 4.2 million.

A certain discrepancy is permitted between the internal valuation and the fair value before the fair value is adjusted. The discrepancy should be within a range controlled by a permitted discrepancy from the established direct yield requirement of +/-0.25 percent. Only when the deviation exceeds or falls short of this range is the real value adjusted. This discrepancy is accepted since there is always an element of uncertainty in the estimated value.



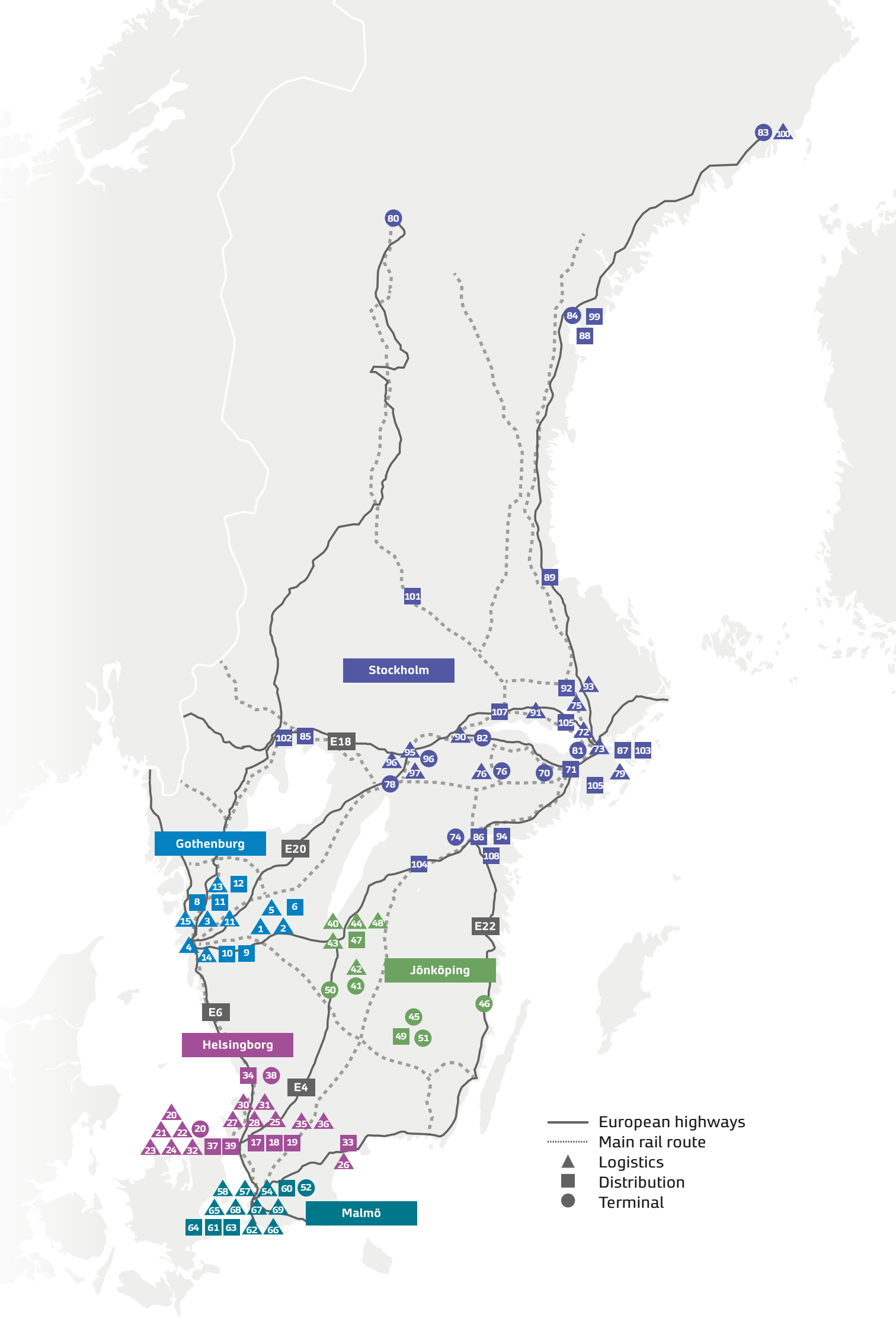
Drivremmen 1 and Nattskiftet 11.

# List of properties by region

Property	Postal address	Address	Value year	Tax-value, SEK T	Rental value, SEK T	Contracted rent, SEK T	Type, square metres				Total
							Logistics warehouses	Distribution	Terminal	Other	
<b>Gothenburg</b>											
1. Tappen 1	Borås	Lamellgatan 1	1984	15,568	2,722	2,603	5,700	0	0	0	5,700
2. Vindtunneln 1	Borås	Vevgatan 18	2002	69,011	10,522	10,522	16,897	0	0	0	16,897
3. Backa 97:10	Hisings Backa	Exportgatan 43	1979	48,873	9,753	9,753	13,983	0	0	0	13,983
4. Varla 6:15	Kungsbacka	Kabelgatan 5	1980	69,164	14,837	12,686	25,006	0	0	0	25,006
5. Vindtunneln 2	Borås	Segloravägen 6	2006	72,000	8,107	7,996	16,391	0	0	0	16,391
6. Källbäckstryd 1:408	Brämhult	Tvinnargatan 17	1990	4,580	548	548	0	1,247	0	0	1,247
7. Del av Björröd 1:3,1:12,1:191	Mölnlycke		Land	0	0	0	0	0	0	0	0
8. Backa 23:2	Hisings Backa	Exportgatan 20 A	2006	33,000	5,314	5,314	0	3,984	0	0	3,984
9. Generatoren 11	Mölnadal	Aminogatan 32 C	2006	12,148	2,779	2,779	0	1,995	0	0	1,995
10. Klarinetten 1	Mölnadal	Arnegårdsgatan 12	2007	23,000	5,324	5,324	0	3,667	0	0	3,667
11. Backa 23:5	Hisings Backa	Exportgatan 14-16	1992	702	16,698	16,698	7,300	7,659	0	0	14,959
12. Fördelaren 1	Kungälv	Truckgatan 15	1979	154,812	39,378	39,378	0	54,000	0	0	54,000
13. Bulten 1	Kungälv	Bultgatan 27	1997	56,187	15,800	15,479	23,090	0	0	0	23,090
14. Solsten 1:102	Mölnlycke	Fibervägen 2-8	1992	126,029	30,991	30,260	42,185	0	0	0	42,185
15. Backa 23:9	Hisings Backa	Exportgatan 20	2009	14,251	2,664	2,664	1,824	0	0	0	1,824
<b>Total Gothenburg Region</b>				<b>699,325</b>	<b>165,437</b>	<b>162,005</b>	<b>152,376</b>	<b>72,552</b>	<b>0</b>	<b>0</b>	<b>224,928</b>
<b>Helsingborg</b>											
16. Plantehuset 3	Helsingborg	Mineralgatan 11	Land	14,200	0	0	0	0	0	0	0
17. Remmen 1	Åstorp	Ji-Te gatan 9/Persbogatån 1-3	1985	11,519	3,658	3,658	0	6,782	0	0	6,782
18. Lejonet 6	Åstorp	Bangatan 7	1973	2,401	918	918	0	1,785	0	0	1,785
19. Lejonet 7	Åstorp	Bangatan 9A	1995	8,232	1,748	1,748	0	3,624	0	0	3,624
20. Köpingegården 1	Helsingborg	Trintegatan 10, 13, 15	2004	120,849	25,268	24,138	14,403	0	24,522	0	38,925
21. Kopparverket 11	Helsingborg	Stormgatan 11	2007	96,000	6,955	6,955	26,600	0	0	0	26,600
22. Plantehuset 2	Helsingborg	Mineralgatan 11	2011	12,271	4,067	4,067	4,694	0	0	0	4,694
23. Hästhagen 4	Helsingborg	Landskronav. 5, 7 A-E	2005	69,689	20,632	16,851	38,481	0	0	0	38,481
24. Kroksabeln 17	Helsingborg	Muskötgatan 11	1971	18,776	2,997	1,550	7,416	0	0	0	7,416
25. Förmannen 4	Ängelholm	Transportgatan 13	1993	58,150	11,701	11,701	22,241	0	0	0	22,241
26. Misteln 1	Åhus	Täppetleden 1	2011	9,428	1,465	1,465	1,900	0	0	0	1,900
27. Rebbelberga 26:37	Ängelholm	Framtidsgatan 3	1999	57,270	8,258	8,258	15,785	0	0	0	15,785
28. Norra Varalöv 31:11	Ängelholm	Produktionsvägen 10 m.fl.	2017	113,000	35,428	35,428	58,472	0	0	0	58,472
29. Kärra 1:23	Ängelholm	Helsingborgsvägen 528	1929	1,109	120	120	0	0	0	200	200
30. Norra Varalöv 31:5	Ängelholm	Produktionsvägen 11	2011	7,988	1,820	1,820	4,056	0	0	0	4,056
31. Rebbelberga 26:38	Ängelholm	Framtidsgatan 5	1998	3,088	653	653	975	0	0	0	975
32. Vångagärdet 20	Helsingborg	Landskronavägen 23, 25 A o B	1974	86,569	20,667	12,927	25,690	0	0	0	25,690
33. Arnulf Öfverland 1	Kristianstad	Estrids väg 2	1992	6,102	941	941	0	2,236	0	0	2,236
34. Konen 5	Halmstad	Kristinehedsvägen 10	2011	4,586	1,058	1,058	0	727	0	0	727
35. Hammaren 1	Klippan	Stackarpsvägen 8	1977	19,795	5,676	5,131	18,456	0	0	0	18,456
36. Hammaren 2	Klippan	Stackarpsvägen 10	2002	57,389	15,955	15,955	32,550	0	0	0	32,550
37. Bunkagården Mellersta 2	Helsingborg	Bunkagårdsgatan 5	Spec.	0	12,279	12,279	0	28,250	0	0	28,250
38. Fräsaren 12	Halmstad	Fräsaregatan 6	Spec.	0	3,847	3,847	0	0	5,435	0	5,435
39. Bunkagården Mellersta 1	Helsingborg	Bunkagårdsgatan 1	1985	10,540	1,085	100	0	2,463	0	0	2,463
<b>Total Helsingborg Region</b>				<b>788,951</b>	<b>187,196</b>	<b>171,567</b>	<b>271,719</b>	<b>45,867</b>	<b>29,957</b>	<b>200</b>	<b>347,743</b>

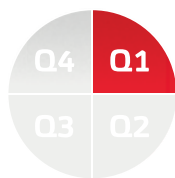
Property	Postal address	Address	Value year	Tax-value, SEK T	Rental value, SEK T	Type, square metres					Total:
						Con-tracted rent, SEK T	Logistics ware-houses	Distri-bution	Terminal	Other	
<b>Jönköping</b>											
40. Barnarps-Kråkebo 1:44	Jönköping	Möbelvägen 39	1991	50,383	16,207	12,887	34,126	0	0	0	34,126
41. Lagret 1	Nässjö	Terminalgatan 6	2004	52,158	22,685	22,685	0	0	24,404	0	24,404
42. Lagret 4	Nässjö	Logistikgatan	Land	0	5,064	5,064	9,252	0	0	0	9,252
43. Tahe 1:64	Taberg	Målövågen 2	1980	69,112	10,373	4,531	29,209	0	0	0	29,209
44. Barnarps-Kråkebo 1:56	Jönköping	Stolsvägen 2	2001	15,988	2,733	2,733	4,030	0	0	0	4,030
45. Postiljonen 1	Växjö	Nylandavägen 2	Spec.	0	6,310	6,309	0	0	6,702	0	6,702
46. Däcket 1	Oskarshamn	Lövgrensvägen 4	Spec.	0	1,314	1,314	0	0	2,908	0	2,908
47. Älghunden 3	Jönköping	Mutternvägen 3	1983	13,030	1,815	1,815	0	3,738	0	0	3,738
48. Ätthögen 2	Jönköping	Herkulesvägen 56	1987	24,825	5,408	5,010	8,709	0	0	0	8,709
49. Fröträdet 1	Växjö	Högsbyvägen 3	1990	156,980	32,007	28,007	0	68,580	0	0	68,580
50. Rockan 2	Värnamo	Torpvägen 2	Spec.	0	5,017	5,017	0	0	9,729	0	9,729
51. Smeden 1	Växjö	Ljungadalsgatan 10	Spec.	0	5,209	5,209	0	0	8,210	0	8,210
<b>Total Jönköping Region</b>				<b>382,476</b>	<b>114,142</b>	<b>100,580</b>	<b>85,326</b>	<b>72,318</b>	<b>51,953</b>	<b>0</b>	<b>209,597</b>
<b>Malmö</b>											
52. Sunnanå 12:51	Arlöv	Flansbjersvägen 10 och 12	Land	0	18,680	18,680	0	0	16,940	0	16,940
53. Sunnanå 12:52	Arlöv	Flansbjersvägen	Land	12,000	0	0	0	0	0	0	0
54. Sockret 4	Malmö	Lodgatan 11	1979	10,582	462	0	4,618	0	0	0	4,618
55. Sockret 1	Malmö	Lodgatan 13 B	Spec.	0	101	101	0	0	0	0	0
56. Sockret 2	Malmö	Lodgatan 13 A	Land	4,017	133	133	0	0	0	0	0
57. Sockret 6	Malmö	Lodgatan 9 A/ Tånggatan 4	1959	30,121	3,270	3,270	10,178	0	0	0	10,178
58. Tågarp 16:22	Arlöv	Företagsvägen 14	1974	28,200	7,619	7,587	9,862	0	0	0	9,862
59. Sunnanå 5:16	Arlöv		Land	1,581	46	46	0	0	0	0	0
60. Morup 5	Malmö	Kosterögatan 12-14	Spec.	0	18,784	17,949	0	24,931	0	0	24,931
61. Bronsringen 1, 3	Oxie	Bronsgjutaregatan 4	2008	45,159	8,212	8,212	0	5,510	0	0	5,510
62. Terminalen 1	Trelleborg	Terminalsgatan 2	1971	56,400	10,990	10,641	24,292	0	0	0	24,292
63. Tågarp 16:17	Arlöv	Lagervägen 4	1978	143,280	38,125	36,137	0	47,682	0	0	47,682
64. Kornmarksvej 1	Bröndby	Kornmarksvej 1	0	0	44,677	44,677	0	47,121	0	0	47,121
65. Slätthög 6	Malmö	Olsgårdsgatan 8 B	2014	22,683	2,735	2,735	3,158	0	0	0	3,158
66. Tankbilen 9	Trelleborg	Godsvägen 9	2008	29,053	5,337	5,337	8,700	0	0	0	8,700
67. Olsgård 4	Malmö	Olsgårdsgatan 11	Land	2,201	1,674	1,674	1,409	0	0	0	1,409
68. Slätthög 4	Malmö	Olsgårdsgatan 8 A	2015	17,263	2,206	2,206	2,123	0	0	0	2,123
69. Slätthög 1	Malmö	Olsgårdsgatan 6	2015	23,834	3,536	3,211	4,486	0	0	0	4,486
<b>Total Malmö Region</b>				<b>426,374</b>	<b>166,584</b>	<b>162,595</b>	<b>68,826</b>	<b>125,244</b>	<b>16,940</b>	<b>0</b>	<b>211,010</b>

Property	Postal address	Address	Value year	Tax-value, SEK T	Rental value, SEK T	Type, square metres					Total
						Con-tracted rent, SEK T	Logistics ware-houses	Distri-bution	Terminal	Other	
<b>Stockholm</b>											
70. Mörby 5:28	Nykvarn	Mörbyvägen 21	2009	33,000	10,988	10,988	0	0	186	0	186
71. Tuvängen 1	Södertälje	Morabergsvägen 25	2000	19,587	2,395	2,395	0	2,640	0	0	2,640
72. Dikartorp 3:12	Järfälla	Passadvägen 8.10	2002	139,701	22,291	21,920	29,755	0	0	0	29,755
73. Nattskiftet 11	Stockholm	Elektrav. 15 / Drivhjulsv. 42	1996	13,689	36,056	36,041	0	25,617	0	0	25,617
74. Slottshagen 2:1	Norrköping	Kommendantvägen 5	Spec.	0	10,014	8,461	0	0	15,126	0	15,126
75. Vanda 1	Kista	Vandagatan 3	1990	168,200	21,834	16,160	23,240	0	0	0	23,240
76. Sothönan 3	Katrineholm	Industrigatan 7	1986	10,974	10,126	7,527	10,000	0	12,755	0	22,755
77. Sothönan 19	Katrineholm	Terminalgatan 8	Land	864	0	0	0	0	0	0	0
78. Terminalen 1	Hallsberg	Hallsbergsterminalen 12, 14, 19	Spec.	0	12,049	12,049	0	0	25,850	0	25,850
79. Jordbromalm 4:33	Haninge	Lillsjövägen 19	2005	157,267	17,989	17,989	23,547	0	0	0	23,547
80. Skogskojan 1	Östersund	Grindvägen 3	Spec.	0	3,858	3,858	0	0	3,466	0	3,466
81. Drivremmen 1	Hägersten	Drivhjulsv 17/ Västberga Allé 41	Spec.	0	25,575	25,575	0	0	33,123	0	33,123
82. Ekeby 2: 2	Eskilstuna	Folkestaleden 3	Spec.	6,709	3,436	3,436	0	0	7,976	0	7,976
83. Batteriet 7 & 8	Umeå	Spårvägen 26 B	Spec.	0	1,841	1,841	0	0	4,376	0	4,376
84. Målås 4:4	Sundsvall	Förmanslänken 9 A	Spec.	0	3,598	3,598	0	0	8,120	0	8,120
85. Östanvinden 5	Karlstad	Östanvindsgatan 4	1983	2,585	733	733	0	1,330	0	0	1,330
86. Basfiolen 7	Norrköping	Moa Martinsons gata 10 A	1983	4,196	528	528	0	1,318	0	0	1,318
87. Vasslan 1	Årsta	Sockengränd 2	1986	42,510	6,212	6,212	0	5,433	0	0	5,433
88. Vårdshuset 3	Sundsvall	Vårdshusvägen 5	1985	3,114	771	771	0	1,512	0	0	1,512
89. Sörby Urfjäll 38:2	Gävle	Elektrikergatan 4	1990	4,427	772	772	0	1,427	0	0	1,427
90. Källstalöt 1:6 & 1:7	Eskilstuna	Brunnsta 19	1975	82,992	17,932	17,932	32,200	0	0	0	32,200
91. Stenvreten 8:33	Enköping	Varggatan 17	2010	41,600	15,353	15,353	0	10,873	0	0	10,873
92. Rosersberg 11:81	Rosersberg	Metallvägen 31	2006	153,800	15,416	15,416	0	22,605	0	0	22,605
93. Rosersberg 11:116	Rosersberg	Metallvägen 60	2013	94,800	9,669	9,669	10,171	0	0	0	10,171
94. Stratorn 31	Norrköping	Malmgatan 14	1972	55,697	6,976	6,976	0	15,708	0	0	15,708
95. Törsjö 2:49	Örebro	Paketvägen 1, 3	2004	172,620	30,662	30,662	55,255	0	0	0	55,255
96. Mosås 4:66	Örebro	Paketvägen 10	Spec.	0	7,251	7,251	0	0	8,885	0	8,885
97. Mosås 4:57	Örebro	Paketvägen 6	1970	31,199	4,233	4,203	12,089	0	0	0	12,089
98. Godsvagnen 6	Örebro	Terminalgatan 2	1992	65,916	9,766	9,766	19,600	0	0	0	19,600
99. Sköns Prästbord 2:4	Sundsvall	Timmervägen 4	1973	29,899	17,735	14,871	0	24,600	0	0	24,600
100. Mätaren 6	Umeå	Mätarvägen 3	1977	56,852	13,366	10,925	24,484	0	0	0	24,484
101. Planeraren 2	Borlänge	Planerargatan 3	1,979	64,122	25,172	25,172	0	32,758	0	0	32,758
102. Bleket 2	Karlstad	Brisgatan 4	1973	35,774	11,766	8,739	0	22,605	0	0	22,605
103. Frukthallen 3	Årsta	Frukthandlarvägen 3-9	1968	108,200	20,204	19,014	0	21,696	0	504	22,200
104. Mappen 3	Linköping	Köpetorpsgatan 8	1977	76,790	18,501	16,371	0	28,500	0	0	28,500
105. Jordbromalm 4:41	Jordbro	Lillsjövägen 52	Spec.	0	21,663	21,663	0	32,898	0	0	32,898
106. Slammertorp 3:3	Järfälla	Mejerivägen 5	2000	119,532	15,560	15,560	0	17,545	0	0	17,545
107. Korsberga 1	Västerås	Saltängsvägen 50	2011	51,802	7,714	7,714	0	10,100	0	0	10,100
108. Adaptern 1	Norrköping	Blygatan 25	1975	111,277	16,531	16,531	0	28,429	0	0	28,429
109. Mappen 4	Linköping	Köpetorpsgatan 6	Land	5,600	0	0	0	0	0	0	0
<b>Total Stockholm Region</b>				<b>1,965,295</b>	<b>476,537</b>	<b>454,643</b>	<b>240,341</b>	<b>307,594</b>	<b>119,863</b>	<b>504</b>	<b>668,302</b>
<b>TOTAL</b>				<b>4,262,421</b>	<b>1,109 896</b>	<b>1,051,389</b>	<b>818,588</b>	<b>623,575</b>	<b>218,713</b>	<b>704</b>	<b>1,661,580</b>





# Significant Events



## First quarter

At the beginning of the year, Catena participated in a secured, through property mortgages, bond through SFF totalling SEK 234 million, with 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.

Catena signed a contract relinquishing 50 percent of Catena Regulatorn AB, which owns the Regulatorn 2 property in Huddinge, south of Stockholm. The property has a lettable area of 45,000 square metres with annual rental income of SEK 32 million.

The property is not suitable in the long-term for logistics operations. 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.

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

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 at 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. The seller was Bring, also the largest tenant. The purchase consideration amounted to SEK 22 million and was financed through the company's own funds.

Catena acquired the remainder of the four jointly 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.



## Second quarter

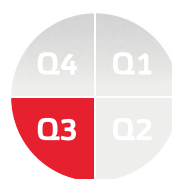
Catena resolved to invest SEK 106 million in the Sunnanå 12:52 property in Burlöv, outside Malmö, with construction scheduled to commence in autumn 2017. The in-

vestment comprises a 8,500-square-metre distribution centre, for which a lease has been signed with Svensk Cater AB for ten years, and is expected to generate a net operating surplus of approximately SEK 7 million annually. The agreement is expected to generate a net operating surplus of approximately SEK 7 million annually. Occupancy is scheduled for autumn 2018.

At the Annual General Meeting on 27 April 2017, former CEO Gustaf Hermelin was appointed as the new Chairman of the Board of Directors of Catena. At the same time, then Deputy CEO Benny Thøgersen was appointed as new CEO. CFO Peter Andersson was appointed as new Deputy CEO. All of them took up their new posts in connection with the AGM. At the meeting, new auditor Mats Åkerlund was also appointed.

In May, Catena entered into a collaboration as one of four owners of the newly formed company Urban Services in Solna, with the aim of offering logistics and services primarily to property owners, tenants and construction contractors in the expansive Arenastaden in Solna.

Catena, via SFF, participated in a covered, through property mortgages, bond totalling SEK 244 million with the terminals Burlöv Sunnanå 12:52 and Eskilstuna Ekeby 2:2. The increase has been made in SFF's loan No. 105, with a coupon of three months STIBOR plus 1.00 percent. The issue has been issued at an effective interest rate of three-months Stibor plus 0.94 percent. The loan matures on 9 March 2020.



## Third quarter

Catena has signed an agreement with Falvir AB to acquire the remaining 40 percent of Queenswall AB, with 1 October as the transfer date. The purchase consideration amounts to just over SEK 70 million. Underlying property value for completed buildings and remaining developable land amounts to SEK 498 million. Catena acquired 60 percent of the company in July 2015. The company currently owns 205,000 square metres of land along the E6 motorway south of Ängelholm, where 58,000 square metres of logistics area adapted for e-commerce has been completed.

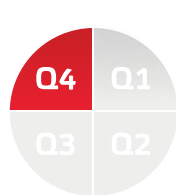
Catena acquired Mappen 4 in Linköping from Linköping Municipality. On the 22,000-square-metre piece of land, Catena will build an approximately 6,000 square metre distribution centre with both cold storage warehouses and offices. The investment amounts to SEK 80 million. Bring will be the first tenant with 2,400 square metres, and occupancy scheduled for summer 2018. Fully leased, the rental value amounts to approximately SEK 7 million annually.



Catena signed a seven year lease agreement with Nowaste Logistics AB for 30,400 square metres in new construction. The investment amounts to SEK 220 million. Nowaste is expected to be able to make the property operational on 1 September 2018. The annual rent amounts to approximately SEK 18 million.

Catena has signed a ten-year lease agreement with Cramo AB for 3,400 square metres. Catena will invest SEK 82 million in a completely new facility that will be built in the Björrod industrial area in Härryda Municipality. The property is expected to be operational during spring 2018 and comprises warehouse space, offices and workshop space as well as a 34,000-square-metre site for Cramo's operations. The annual rent amounts to approximately SEK 6 million.

In September, Erik Paulsson, member of Catena's Board of Directors since 2013, informed the Chairman of the Board that he will be leaving his Board position at the Annual General Meeting on 26 April 2018. The Nomination Committee customarily proposed in October the election of a potential replacement for the 2018 Annual General Meeting.



#### Fourth quarter

Catena has submitted an offer to the shareholders of Klockarbäcken Property Investment AB (publ) to acquire all shares in Klockarbäcken. Catena offered shareholders 15 newly issued shares in Catena for every 20 existing shares in Klockarbäcken. The relationship between shares in Catena and shares in Klockarbäcken resulted in a bid value of approximately SEK 110 per share in Klockarbäcken, based on the average weighted trading price for the Catena share during the ten days immediately preceding 2 October 2017.

Catena's e-commerce cluster initiative in Ängelholm was one of three logistics facilities nominated for "Logistics Establishment of the Year 2017" in the magazine *Intelligent Logistik*. During the quarter, Catena's logistics property with Boozt Fashion as a tenant became the winning contribution.

Catena decided to withdraw the offer to acquire all shares in Klockarbäcken, as all completion criteria stipulated by Catena for the offer were not met at the end of the extended acceptance period.

Catena acquired three properties in Gothenburg. The property Backa 23:2, adjacent to Catena's other properties in Hisings Backa, located near E6, has a lettable area of approximately 4,000 square metres. The Generatorm 11 and Klarinetten 1 properties are located in Mölndal and have a combined lettable area of 12,000 square metres. The total rental value of the three properties amounts to just over SEK 13 million. The properties are fully leased with contracts, with the remaining average lease term of 5.3 years. The transaction is being conducted as a corporate acquisition at an underlying property value of SEK 158.5 million.

Catena acquired five properties from Kilenkrysset in the Stockholm region. The total lettable area amounts to slightly more than 91,500 square metres. The rental value amounts to approximately SEK 65 million. The properties had a remaining average lease term of 9.6 years. The properties include additional developable land of approximately 150,000 square metres. The properties are acquired through corporate transactions at an underlying property value of SEK 1,104 million. The purchase consideration for the shares amounted to approximately SEK 608 million, of which SEK 250 million was paid in the form of promissory notes, which, in accordance with the agreement, were sold as payment for 1,678,017 newly issued Catena shares. In other regards, the acquisition will initially be financed by means of Catena's own funds. Thereby, Kilenkrysset became one of the five largest shareholders in Catena. Through the acquisition, Kilenkrysset and Catena also started a collaboration in the logistics sector. Read more on pages 66–67.

According to previously published information, as a result of a completed directed new issue, the number of shares and votes in Catena increased by 1,678,017 shares and votes. On 29 December 2017, Catena's registered share capital amounted to SEK 164,619,501.20 distributed between 37,413,523 shares.

#### Significant events after the end of the year

At Sunnanå 12:52 just outside Malmö, at Logistics location Sunnanå, Catena will commence construction in spring 2018 of a 7,600 square metre distribution centre for Chefs Culinar, which has signed a seven-year lease. The facility, scheduled for completion in spring 2019, is expected to provide an annual net operating surplus of approximately SEK 8 million.

Catena acquired the property Mappen 1 in Linköping with an almost fully leased area of 22,000 square metres. The annual rent amounts to approximately SEK 9 million. The property has development rights of more than 30,000 square metres. The location adjacent to Catena's other two properties in the area offers opportunities for expansion. The acquisition is being conducted as a property transaction at a value of SEK 68.1 million.

Catena, in collaboration with Foodhills AB and Backahill AB, started a jointly owned company, Foodhills Fastighet AB, which on 1 March acquired the properties Bjuv 23:1, part of Selleberga 17:1 and Lunnahus 4:2 in Bjuv Municipality. The seller was Findus. The property at Bjuv 23:1 consists of a number of different buildings with a lettable area of more than 100,000 square metres. Part of the Selleberga 17:1 property is agricultural land and the Lunnahus 4:2 property consists of a major water treatment plant. The estimated rental value is approximately SEK 35 million. The acquisition is being conducted as a property transaction at a value of SEK 85 million.

# Current earnings capacity

## Earnings capacity

<b>SEK M</b>	<b>31 Dec 2017</b>
Rental income	1,042.6
Property expenses	-260.6
<b>Net operating surplus</b>	<b>782.0</b>
Central administration	-32.0
Interest in profits from associated companies	8.0
Net financial items	-230.5
<b>Profit from property management</b>	<b>527.5</b>
Tax for the period	-116.0
<b>Profit for the period</b>	<b>411.5</b>
<b>Key share data</b>	
Profit for the period/year, SEK per share	11.00
Number of shares outstanding, millions	37.40

In the table, Catena presents its earnings capacity on a 12-month basis. As the table is not equivalent to a forecast, but is intended to reflect a normal year, actual outcomes may differ because of decisions that affect the outcome positively as well as negatively in relation to normal years, like unforeseen events. The presented earnings capacity does not include any assessment of changes in rent, vacancy or interest rate. Catena's income statement is also affected by changes in value and changes in the property portfolio as well as changes in the value of derivative instruments. None of this has been taken into account in the current earnings capacity. The net operating surplus is based, at the balance sheet date, on contracted leases and normalised property expenses for the current portfolio. Financial expenses are based on Catena's average interest rate level including hedges for current loan debt less capitalized interest in normal project volume. The tax is calculated on a conventional basis according to the tax rate at any given time.

## Direct return

<b>%</b>	<b>31 Dec 2017</b>
EPRA NIY (initial yield)	6.3
EPRA "topped-up" NIY (normalised yield)	6.7

Catena presents a direct yield here in the form of "Net Initial Yield (NIY)" and "topped-up" Net Initial Yield in accordance with EPRA's definitions. Both key figures are calculated on the basis of Investment properties according to the consolidated balance sheet plus addition of ownership of investment properties in joint ventures and after deductions for development land and projects not yet

completed. Net initial yield (NIY) is based on contracted annual rent for properties in Catena's own portfolio as well as our share of contracted annual rent in properties owned by joint ventures after deduction of initial discounts. From these annual rents, deductions are made for expected operating and maintenance expenses, property tax, ground rent and property administration. The net operating surplus calculated in this way differs from current earnings capacity mainly because contracted annual rent and expenses for projects not yet completed are not included. In the calculation of EPRA "topped-up" NIY, contracted annual rent is used without deduction of initial discounts.

# Appropriation of earnings

The Board assesses that the financial status of the Company and the Group is sufficiently sound to both develop the operations and propose a cash dividend in accordance with the Company's dividend policy.

## Appropriation of earnings

The Board of Directors' statement pursuant to Chapter 18, Section 4 of the Companies Act.

### *Proposed appropriation of accumulated profit*

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

	<b>SEK</b>
Profit brought forward	2,119,145,214.87
Profit for the year	-164,847,327.72
<b>Total</b>	<b>1,954,297,887.15</b>

The Board of Directors and CEO propose that the available profit be distributed in the following manner:

	<b>SEK</b>
To be distributed to shareholders:	
SEK 4.50 per share	168,360,853.50
To be carried forward	1,785,937,033.65
<b>Total</b>	<b>1,954,297,887.15</b>

### *The Board of Directors' proposal*

In the proposed appropriation of earnings, the Board of Directors proposes to the 2018 Annual General Meeting that Catena pay a dividend of SEK 4.50 per share for the 2017 financial year, which entails a total dividend payment of SEK 168,360,853.50 (125,074,271). The Annual

Report shows a Catena's equity ratio amounting to 32.3 percent. After deduction of the proposed dividend, the Group's equity ratio amounts to approximately 31.5 percent. One of Catena's financial targets is that the consolidated equity ratio should be a minimum of 30 percent.

### *Explanatory statement by the Board*

In light of the aforementioned, the Board believes that the proposed dividend to shareholders is warranted considering the stipulations in Chapter 17, Section 3, Paragraph 2 and 3 of the Swedish Companies Act. The Board is of the opinion that there is full cover for the Company's restricted equity following the proposed dividend. After the proposed dividend, the Board believes that the Company's and Group's equity and liquidity will be sufficient considering the nature, scope and risk of the operations. The Board is of the opinion that the proposed dividend will not affect Catena's capacity to meet its short or long-term commitments. Moreover, the Board believes that the investments required for the Company's operations will not be adversely impacted. As regards the Company's earnings and overall financial position in other regards, please refer to the financial statements further on in this report and the notes to the financial statements on pages 70–75.



Sunnanå 12:51, Burlöv.

DHL's combined terminal and distribution centre located at Logistics position Sunnanå just outside Malmö.

## Arenastaden, Urban Services – A new full-service offer for handling goods and services for those who work, live and spend time in the modern city.

In Arenastaden, one of northern Europe's most modern districts is emerging – a brand new area full of life from morning to evening. Combining good public transport, modern and flexible offices, housing, shopping, hotel experiences, sports and music events creates a district that is above and beyond the usual.

### Arenastaden's Challenge

In Arenastaden, there will soon be 100,000 square metres of shops, 4,000 residents and 30,000 workplaces as well as over one million visitors a month. All this requires delivery of products, packages, e-commerce goods, letters and more. Studies indicate that, when expansion is complete, the district will require approximately 400,000 shipments annually for delivery of cargo and goods to residences, offices, service and entertainment locations as well as transport for removal of all the waste generated by those working in the district. A burden that is difficult to handle from both cost and environmental perspectives.

### Catena's solution

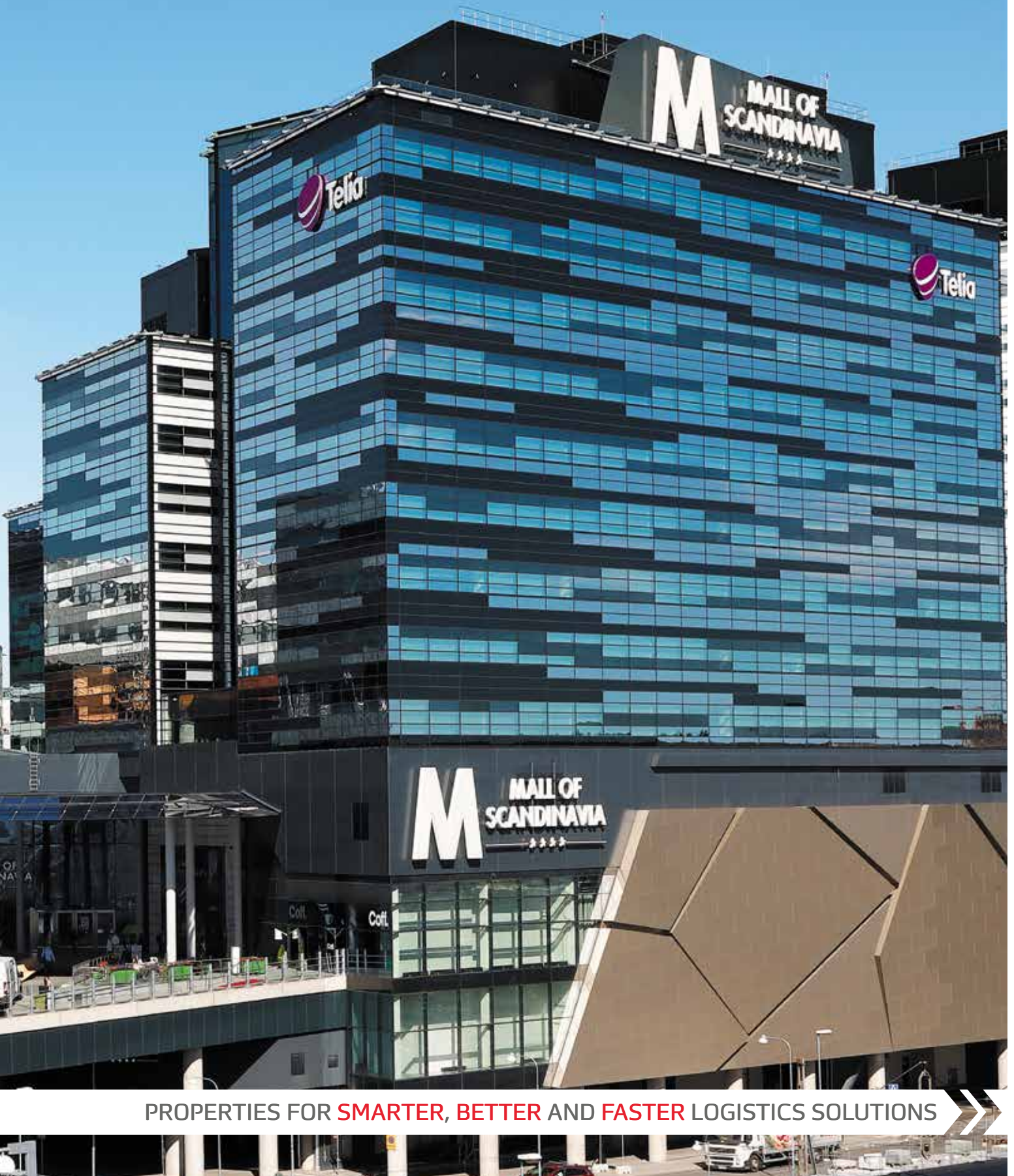
Catena is applying its logistics expertise in its partnership with Fabege, Ragn-Sells and Servistik in a new company under development – Urban Services in Solna AB. The company's task is to receive all cargo and goods that Arenastaden residents have ordered from different suppliers. The shipments from suppliers are then broken down to the packages for customers consisting of products ordered to Urban Services before delivering the goods to all the offices and residential areas in Arenastaden. At the same time, dry waste is collected. In this way, the transports are optimised. The logistics facility – "Hubben" where the operations are centrally located under Arenan. Previous studies indicate a 70 percent reduction in the transports estimated to be made annually in Arenastaden. This creates opportunities for converting environments from today's often traffic-intensive areas to districts with more active areas, squares and communal spaces for the urban resident. The project is run by a CEO dedicated to the project.





Contacts

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jacob.enwall@fabege.se



PROPERTIES FOR **SMARTER, BETTER** AND **FASTER** LOGISTICS SOLUTIONS

# Interest-bearing liabilities

Catena's indebtedness is at all times well-balanced to provide an adequate safety margin with an attractive return.

## Policy and exposure

The Group's treasury management, which is carried out by the Parent Company, Catena AB, ensures that financing and liquidity are secured, that payment systems are appropriate and that the Group's risk exposure is kept within the framework of the policy.

Catena has a policy that borrowing should mainly have a loan term of at most ten years. All borrowing shall take place in SEK except that pertaining to the property in Denmark. The policy also states that, to the extent this is possible, the fixed-interest term structure is to be adapted to the duration of leases signed. Consideration is also given to the current business plan for each property. To manage interest-rate risks, Catena uses financial instruments such as interest-rate swaps and interest-rate caps, as mandated by the Board.

## Capital structure

The Group, at the balance sheet date, is financed partly through equity, which amounted to SEK 4,596.5 million (3,904.3) and through liabilities to credit institutions amounting to SEK 7,568.2 million (6,457.2), which represents a total equity ratio of 32.3 percent (31.6). Catena sets its long-term equity ratio target at not exceeding 30 percent.



Contacts

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peter.andersson@catenafastigheter.se

## Working capital and cash flow

Cash flow for the year before changes in working capital improved by SEK 124.4 million to SEK 418.7 million (294.3).

Cash flow for the year's 18 acquired subsidiaries, including the four former joint venture-owned companies, amounted to SEK 632.0 million.

The completed sales of the properties Regulator 2, Ädelmetallen 1 and Boländerna 22:9 have had a positive impact on cash flow of SEK 174.3 million.

At year-end, cash and cash equivalents amounted to SEK 94.8 million (145.5).

## Liabilities to credit institutions

Liabilities to credit institutions amounted to SEK 7,568.2 million (6,457.2) and the loan framework amounted to SEK 7,996.3 million as at 31 December 2017.

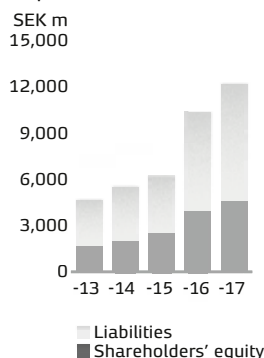
During the year, Catena has renegotiated financing agreements with a total framework of approximately SEK 5.5 billion. The acquisition credit for Tribona, SEK 300 million, was resolved during the year, while Catena received the final part of the disbursement of SEK 300 million for the sale of the Haga Norra project in Solna.

As at the balance sheet date, the average period during which capital is tied-up increased compared with 2016 to, after renegotiation of credits, 1.9 years (1.5).

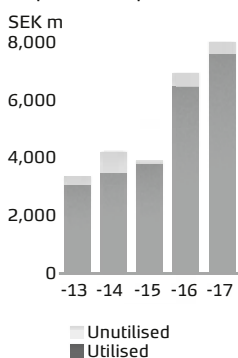
The loan-to-value ratio declined in 2017 compared with 2016, from 59.9 to 57.6 percent.

► Read more about Catena's financing risks on pages 127–128.

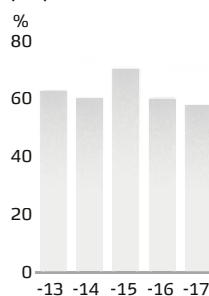
### Capital structure



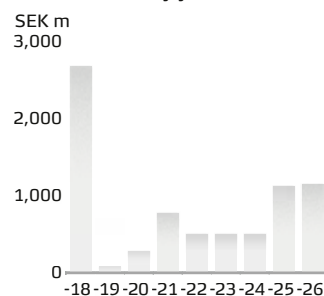
### Capital tied-up



### Loan-to-value ratio – properties



### Interest maturity year



### Bond financing

Catena is part-owner of the finance company Svensk Fastighets-Finansiering AB (SFF), a finance company with a guaranteed MTN programme of SEK 12,000 million. By doing so, Catena has broadened its base for its borrowing with an instrument that is attractive to all parties. SFF, is owned, in addition to Catena AB by Diös Fastigheter AB, Fabega AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB – each with a holding of 20 percent.

During the year, Catena signed new financing agreements for SEK 555 million via SFF. Catena's outstanding covered bond financing amounting to SEK 878 million is fully financed through SFF. This corresponds to approximately 12 percent of Catena's loan volumes.

Through SFF, Catena has the opportunity to issue Green bonds to finance climate-friendly and sustainable properties. The bonds are based on a Green Framework that has also been verified by the independent CICERO research institute, which is linked to the University of Oslo. This strengthens the Company's long-term efforts for greener operations, focused on mitigating negative environmental impact, increasing energy efficiency and environmentally certifying buildings.

► Read more about the interest and loan maturity on page 71–73.

### Interest risks

Catena holds interest-rate swap agreements of SEK 4 535.6 million (4,457.6) and interest caps of SEK 248.3 million (262.0) as at the closing date. The nominal value of the derivatives is equivalent to 63 percent of consolidated liabilities to credit institutions. The average interest rate, including the cost of unused credit frameworks and derivatives, amounted to 3.2 percent for the year (3.6).

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 445.5 million (464.5). The change in value of the derivatives does not affect cash flow and, on reaching maturity, the value of derivatives is always zero.

► Read more about the Company's financial risks and derivatives on pages 127-128 and in note 19, Group.



**Nattskiftet 11, Stockholm.**  
One of the properties financed through bonds.

# Equity, share and ownership

Catena works to give the shareholders a long-term sustainable and competitive total return on their investment with a balanced risk. The share's total return during the year was 23.7 percent. Accurate, clear, current and transparent information facilitates the market valuation of the Company.

## Equity

The Group's equity amounts to SEK 4,596.5 million (3,904.3) and the Parent Company's unrestricted equity amounts to SEK 1,954.3 million, with share capital and restricted equity of SEK 174.6 million.

## The share

Catena's shares were listed on the Stockholm Stock Exchange on 26 April 2006. The shares are traded on the Nasdaq Stockholm exchange, Nordic list, Mid Cap in the Real Estate sector, under the ticker CATE. During 2017, the share price rose about 21.0 percent (11.7), from SEK 128.50 to SEK 155.50. The lowest price quoted for the share was SEK 124.25 on 9 January, and the highest price was SEK 158.50 on 29 December. The total return on the share in 2017 amounted to 23.7 percent (14.8).

During the year, 8,067,818 shares (5,144,520) were traded on Nasdaq Stockholm, corresponding to a turnover rate of 22.5 percent (15.5) based on the average number of shares.

## Dividend policy and dividends

In the long-term, Catena's dividends to shareholders should amount to 50 percent of profit from property management less standard tax. For the 2017 financial year, the Board of Directors and the CEO propose a total dividend of SEK 168.4 million (125.1), corresponding to 98 percent of total profit from property management after standard tax. Taking the increased number of shares after the rights issue into account, that amounts to SEK 4.50 per share (3.00). This corresponds to a yield of 2.9 percent (2.7).

► Read more about the share and dividend on page 10.

## EPRA

During the year, Catena was listed in the EPRA Global Real Estate Index on the London Stock Exchange, which has been important for attracting both existing and new investors.

## Liquidity guarantee

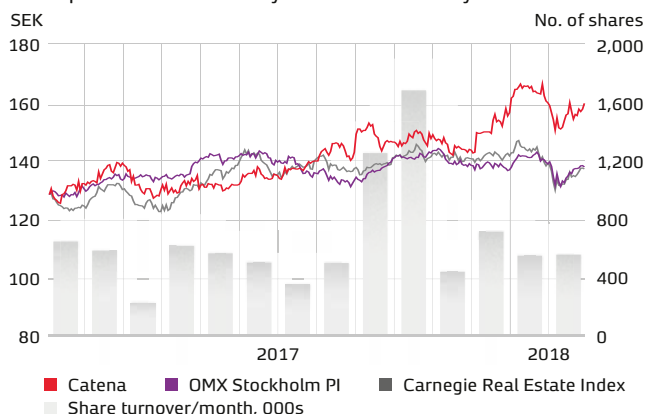
Since April 2015, Erik Penser Bankaktiebolag is the liquidity guarantor for the Company's share. Erik Penser Bankaktiebolag commits, as the liquidity guarantor, to continuously provide buy and sell prices in Catena's share. The aim is to reduce the price difference between the buy and sell price and to increase the volume in the share's order book. The liquidity guarantee gives Catena a higher liquidity in the share, which provides a more accurate valuation and a lower risk premium for investors.

## Shares and share capital

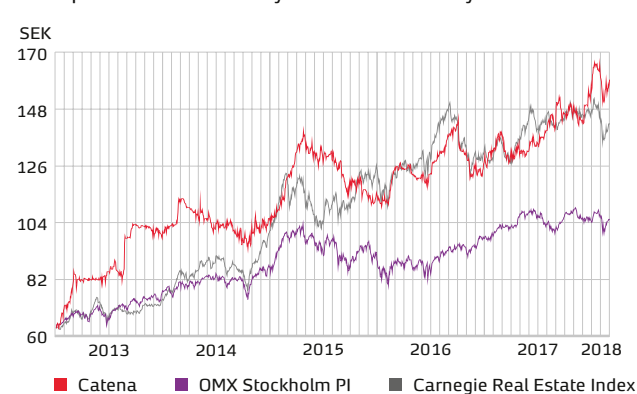
The share capital of Catena AB is to be no less than SEK 50,000,000 and no more than SEK 200,000,000. The total number of shares is not permitted to be less than 10,000,000 and more than 40,000,000.

The share capital in Catena AB after the share issue conducted during the year, referred to below, amounted to SEK 164,619,501.20 as at 31 December 2017 distributed among 37,413,523 ordinary shares. The quotient value per share is SEK 4.40. Each share confers one vote and each person entitled to vote at the General Meeting of shareholders may vote for the full number of shares held and represented. All shares confer equal rights to participate in the Company's assets and earnings. The shares are not subject to any limitations as regards the right to transfer of ownership. The development of share capital is described in note 18 on page 91.

Share price trend 01 January 2017 – 28 February 2018



Share price trend 01 January 2013 – 28 February 2018





### New share issue

In order to partially finance five properties in the Stockholm region, acquired by Kilenkryssset's wholly owned subsidiary Rödfalken Invest AB and Mino 425 AB, under name change to Kilen 128 Strängnäs AB, Catena, with approval of the authorised board at the Company's Annual General Meeting 2017, issued 1,678,017 new shares in Catena to the seller. In accordance with the above, the share issue represents a capital contribution of SEK 250 million. The price of SEK 149 per share was based on the average share price of the ten trading days preceding the acquisition. Following the issue, Kilkryssset, through its subsidiary, owns 4.49 percent of all shares in Catena.

### Net asset value

The net asset value is the Company's total capital that the Company has to manage to thereby create both a value development and direct yield for the owners. With assets and liabilities taken up at fair value, the net asset value can be calculated based on the Company's equity. However, consideration should be taken to tax effects. The long-term net asset value (EPRA NAV) can be calculated at SEK 149.85 /share (135.76). This corresponds to 96 percent of Catena's share price at year-end.

	SEK M	SEK/share
Equity as per balance sheet	4,596.5	
Reversal		
Goodwill	-503.0	
Interest-rate derivative as per balance sheet	445.5	
Deferred tax as per balance sheet	1,067.3	
<b>Long-term net asset value, EPRA NAV</b>	<b>5,606.3</b>	<b>149.85</b>

### Owners

As at 28 February 2018, Catena AB had 14,782 shareholders (15,149). The largest shareholder is the Backahill Group with 30.0 percent (31.4) of the capital and EndicottSweden AB with 10.6 percent (11.1). No other shareholder held 10 percent or more of the shares outstanding. Owners outside

of Sweden accounted for 33.3 percent (20.0) of the capital. Owners in Sweden accounted for 66.7 percent (80.0) of the capital and votes, of which legal entities accounted for 59.8 percentage points (71.7) and private individuals for 6.9 percentage points (8.3) of the share capital and votes. On 28 February 2018, Catena AB held no treasury shares.

► Read about Catena's ownership structure and the largest owners on page 120.

### Incentive programmes

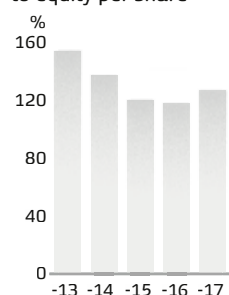
Catena has no share-based incentive programmes, options or convertible securities issued. Nor are there any authorisations to issue any such financial instruments. Accordingly, none of the Board members or any of the senior executives in Catena hold any warrants in Catena.

### Data per share

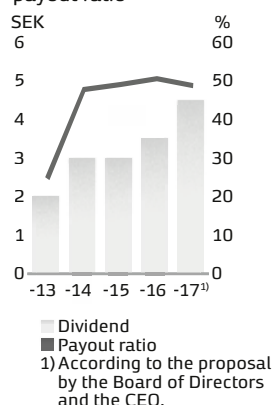
	2017	2016
Share price at year-end, SEK	155.50	128.50
Price trend during the year, %	21.0	11.7
Beta value	0.170	0.339
Standard deviation, %	1.08	0.96
Highest price paid during the year, SEK	158.50	145.00
Lowest price paid during the year, SEK	124.25	109.25
Profit from property management per share, SEK	12.30	9.53
Earnings per share, SEK	16.08	10.20
Dividend per share, SEK	4.50 <sup>1)</sup>	3.50
Dividend yield, %	2.9	2.7
Total return on the share, %	23.7	14.3
P/E ratio	10	13
Cash flow before change in working capital per share, SEK	11.70	8.87
Equity per share, SEK	122.86	109.13
Net asset value per share, EPRA NAV, SEK	149.85	135.76
Turnover rate, %	22.5	15.5
No. of shares at year-end, 000s	37,414	35,736
Average number of shares, 000s	35,787	33,167

1) According to the proposal by the Board of Directors and the CEO.

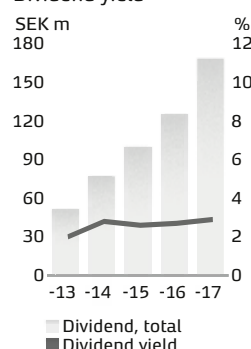
Market price relative to equity per share



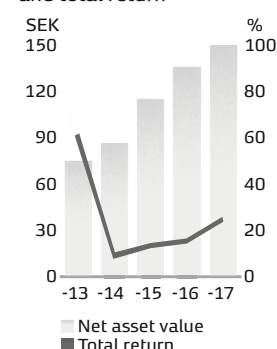
Dividend and payout ratio



Dividend yield



Net asset value, EPRA NAV and total return





**Källstalöt 1:6 and 1:7, Eskilstuna.**  
One of the properties acquired in December 2017.

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# Consolidated financial statements

## Consolidated Statement of Comprehensive Income

SEK M	Note	1 Jan 2017 31 Dec 2017	1 Jan 2016 31 Dec 2016
Rental income	4	892.0	786.6
Property expenses	5	-220.8	-208.5
<b>Net operating surplus</b>		<b>671.2</b>	<b>578.1</b>
Central administration	5,6,7,8	-30.9	-33.0
Other operating income		1.7	10.3
Other operating expenses		-1.1	-6.7
Participations in profit of associated companies	14	8.3	-6.0
Financial income	9	4.1	17.6
Financial expenses	9	-213.2	-244.3
<b>Profit from property management</b>		<b>440.1</b>	<b>316.0</b>
Realised changes in value of investment properties	12	86.3	9.8
Unrealised changes in value of investment properties	12	291.1	138.3
Changes in value of goodwill, etc.	11	-84.7	-38.9
Changes in values of derivatives	20	25.8	-38.6
<b>Profit before tax</b>		<b>758.6</b>	<b>386.6</b>
Current tax	10	-15.4	-5.5
Deferred tax	10	-108.5	-42.7
<b>Profit for the year</b>	<b>18</b>	<b>634.7</b>	<b>338.4</b>
<b>Other comprehensive income</b>			
Translation difference		4.2	7.3
<b>Comprehensive income for the year</b>		<b>638.9</b>	<b>345.7</b>
<b>Attributable to:</b>			
Parent Company's shareholders	18	579.5	345.7
Non-controlling interests		59.4	-
<b>Earnings per share</b>			
Earning per share, SEK	18	16.08	10.20
Dividend per share, SEK		4.50 <sup>1)</sup>	3.50

1) The Board's proposed dividend.

## Consolidated quarterly earnings

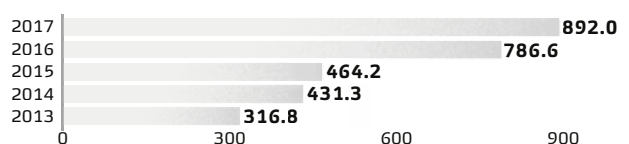
SEK M	2017				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Rental income	211.5	222.1	225.0	233.4	176.8	201.2	208.9	199.7
Net operating surplus	156.7	173.6	170.6	170.3	126.6	151.3	152.0	148.2
Profit from property management	108.4	110.9	113.7	107.1	56.9	86.8	91.0	81.3
Profit before tax	166.9	206.5	254.9	130.3	7.4	90.4	88.4	200.4
Profit after tax	176.3	159.9	194.8	103.7	39.9	63.4	69.3	165.8

### RENTAL INCOME

Rental income increased by 13.4 percent to SEK 892.0 million (786.6), mainly thanks to 2017's acquisitions and completed projects. The fact that last year's acquisition of Tribona did not have a complete full-year effect also played its part.

➤ See list of acquisitions and divestments on page 50.

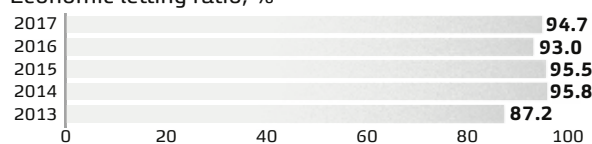
### Rental income, SEK M



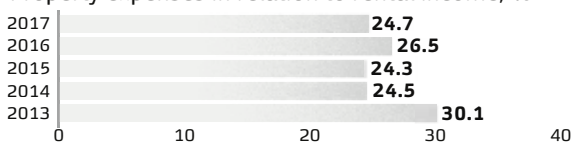
**Duration of leases as per 31 December 2017**

Year of maturity	Number of contracts	Contractual annual rent, SEK m	Contractual annual rent, %
2018	174	106.7	10.1
2019	79	100.0	9.5
2020	73	135.3	12.9
2021	33	164.6	15.7
2022	17	73.9	7.0
2023	20	112.4	10.7
2024+	47	358.5	34.1
<b>Total</b>	<b>443</b>	<b>1,051.4</b>	<b>100.0</b>

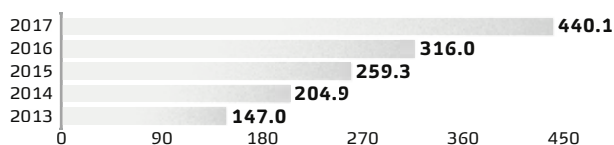
Income from contracts with terms of more than three years accounted for approximately 68 percent of Catena's contracted annual rent. The average remaining lease term increased from 4.8 years to 5.3 years due to properties newly developed on clients' behalf, which usually entails longer contractual periods. A large proportion of the year's acquisitions entailed agreements with longer maturities.

**Economic letting ratio, %**


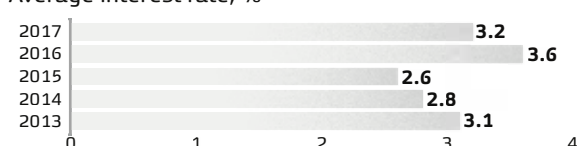
The letting ratio increased in 2017 as a result of active leasing efforts and properties newly developed on customers' behalf.

**NET OPERATING SURPLUS**
**Property expenses in relation to rental income, %**


The net operating surplus increased by 16 percent in 2017, and the surplus ratio reached 75.2 percent. Property expenses rose by only 5.9 percent, despite the property portfolio having increased by 22 percent. The background to the relatively lower property expenses is the lower vacancy rate, meaning that a smaller proportion of media costs burden the landlord, as well as a more modern property portfolio and the investments made in energy savings.

**PROFIT FROM PROPERTY MANAGEMENT**
**Profit from property management, SEK M**


Profit from property management increased by 39 percent. The comparison is affected by a reassessment of the opening holding in Tribona in 2016, which, in connection with the preparation of the acquisition analysis for the now wholly owned holding, resulted in an expense of SEK 12 million being recognised under Participations in profit of associated companies. Underlying the improvement is the improved surplus, slightly lower administration expenses, improved earnings from associated companies and, above all, lower interest expenses.

**Average interest rate, %**


Catena's average interest rate during the year was 3.2 percent (3.6), primarily attributable to the renegotiation of loans linked to the properties acquired by Tribona, which were funded at a higher interest rate than Catena's other holdings.

**Fixed interest**

Year	SEK M	Interest rate, % <sup>1)</sup>	Share, %
2018	2,673.6	2.4	35.3
2019	77.0	0.4	1.1
2020	282.0	1.4	3.7
2021	769.7	4.4	10.2
2022	500.0	3.8	6.6
2023	500.0	3.2	6.6
2024	500.0	2.9	6.6
2025	1,122.0	3.9	14.8
2026	1,143.9	4.2	15.1
<b>Total</b>	<b>7,568.2</b>	<b>3.2</b>	<b>100.0</b>

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

**Interest rate hedges through interest-rate swaps**

Start year	End year	Interest rate, %	SEK M
2011	2021	2.9	500.0
2012	2021	2.7	191.7
2013	2021	2.8	56.0
2013	2021	2.8	22.0
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
<b>Total</b>			<b>4,535.6</b>

**Interest rate hedges through interest-rate caps**

Start year	End year	Interest rate, %	SEK M
2013	2018	2.0	248.3
<b>Total</b>			<b>248.3</b>

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 445.5 million (464.5). 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 63 percent of consolidated liabilities to credit institutions.

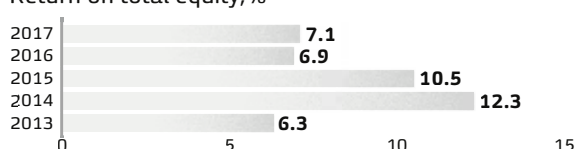
**PROFIT**

The profit for the year is SEK 296.3 million higher than in the previous year. It is an effect of the improved profit from property management. Improved gains on the year's property sales and unrealised changes in property values have affected earnings.

Changes in values of derivatives are positive because long-term market rates have tended to rise. The unrealised changes in value are of an accounting nature and do not affect cash flow.

**RETURN ON TOTAL EQUITY**

The return on total capital increased from 6.9 to 7.1 percent. This is predominantly attributable to the improved profit with changes in property values also increasing total assets. A number of projects were also in progress during the year, which increased the capital employed without generating any decisive income.

**Return on total equity, %**


## Consolidated Statement of Financial Position

SEK M	Note	31 Dec 2017	31 Dec 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	11	503.0	613.5
Investment properties	12	13,131.1	10,786.4
Property plant and equipment	13	2.0	2.3
Participations in associated companies	14	194.2	82.4
Deferred tax asset	10	136.2	135.6
Other non-current receivables	19,20	47.4	5.8
<b>Total non-current assets</b>		<b>14,013.9</b>	<b>11,626.0</b>
<b>Current assets</b>			
Accounts receivable	15	9.4	28.3
Other receivables	16	67.7	477.2
Prepaid expenses and accrued income	17	60.8	67.9
Cash and cash equivalents	19	94.8	145.5
<b>Total current assets</b>		<b>232.7</b>	<b>718.9</b>
<b>TOTAL ASSETS</b>	<b>20</b>	<b>14,246.6</b>	<b>12,344.9</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		164.6	157.2
Other capital contributions		2,112.6	1,870.0
Profit brought forward		2,319.3	1,872.7
Shareholders' equity attributable to			
Parent Company shareholders		4,596.5	3,899.9
Non-controlling interests		-	4.4
<b>Total equity</b>	<b>18</b>	<b>4,596.5</b>	<b>3,904.3</b>
Liabilities to credit institutions	19, 20, 21	6,251.5	2,788.0
Deferred tax liability	10	1,203.5	1,125.7
Liabilities to associated companies	19	59.4	23.7
Other non-current liabilities	19	476.5	493.8
<b>Total non-current liabilities</b>	<b>20</b>	<b>7,990.9</b>	<b>4,431.2</b>
Liabilities to credit institutions	19, 20, 21	1,316.7	3,669.2
Accounts payable		76.2	85.6
Current tax liabilities		27.1	11.2
Liabilities to associated companies		6.1	46.4
Other liabilities		47.5	20.2
Accrued expenses and deferred income	22	185.6	176.8
<b>Total current liabilities</b>	<b>20</b>	<b>1,659.2</b>	<b>4,009.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,246.6</b>	<b>12,344.9</b>

### CAPITAL STRUCTURE

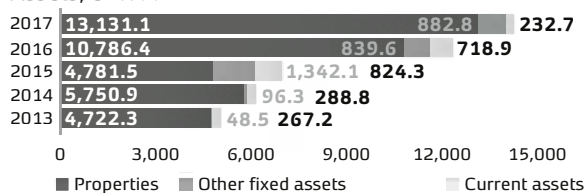
Catena manages its capital to generate a return to its owners. A well-considered balance between equity, debt and capital employed is pursued so that capital is sufficient considering the operations being conducted. Over the year, the equity ratio rose to 32.3 percent (31.6), following the financial target set by the Board.

## ASSETS

### Properties

Catena's capital employed is primarily placed in 109 logistics properties at strategic locations next to transport routes and hubs and in locations close to cities or nearby. The lettable area has increased by 11.5 percent over the year, following acquisitions and divestments. In recent years, including 2016, the bulk of assets have been gradually replaced from out-dated warehouse and industrial properties to modern logistics facilities and developable land, which gradually improves the asset portfolio's possibilities of generating returns.

### Assets, SEK M



► A list of the properties is provided on pages 56-57 and the fold out.

### Investment properties

Property portfolio development, SEK m	Fair value	No. properties
Property portfolio at beginning of year	10,786.4	94
Acquisitions*	1,960.6	18
Investments in existing properties	502.2	
Sales	-419.9	-3
Translation difference, etc.	10.7	
Unrealised changes in value	291.1	
<b>Total investment properties</b>	<b>13,131.1</b>	<b>109</b>

\* Property value after deduction of deferred tax and transaction expenses.

### Acquisitions

During the year, the net property value increased by 22 percent. Among others, five properties were acquired in the Stockholm region towards the end of the year and three in the Gothenburg region. In total, Catena acquired 18 properties or property companies including the acquisition of the remaining shares outstanding in the companies associated with Catena's development areas, Tostarp and Sunnanå.

► The acquisitions are presented on page 50.

### Disposals

During the year, three fully developed properties were divested that lacked a clear logistics profile and that were no longer deemed to be strategic holdings.

► The divestments are reported on page 50.

### Investments

In addition to acquisitions, ongoing investments have been made in existing properties. The largest ongoing project is at the Solsten 1:102 property. At the Tågarp 16:17 property in Burlöv, the former ICA warehouse has been transformed into a modern logistics facility. The E-City Engelholm project, of which 58,000 square metres is completed, is continuing and project development of new stages has begun. Work on the Nattskiftet 11 property in Stockholm is also ongoing – being totally rebuilt in stages over recent years.

### Unrealised changes in value

Reassessments of fair value over the course of the year take place through an internal valuation, which is described in more detail in Note 12. The valuation model entails a present value estimate of assessed future payment flows.

### Return on capital employed, %

	2017	2016
Gothenburg	10.61	12.92
Helsingborg	16.92	7.47
Jönköping	7.81	8.66
Malmö	12.93	25.01
Stockholm	10.23	11.41
Central administration	-3.65	-8.55
<b>Total:</b>	<b>15.98</b>	<b>7.59</b>

### Goodwill

Goodwill is mainly an effect of reported deferred tax liabilities. Since the acquisition of Tribona, both goodwill from synergies and goodwill linked to deferred tax have been realised through divestment of properties included in the stocks. In addition to this realised goodwill, impairment totalling SEK 115.5 million (of which 76.6 in 2017) was recognised following impairment testing, when it was found that the expected synergies had been realised in the forecast cash flows underlying the valuation of the investment properties. The remaining reported goodwill of SEK 503.0 million on the balance sheet date is, in full, an effect of the reporting in full of nominally deferred tax relating to temporary differences between fair value and taxation value. For more information, see Note 26.

### Current assets

A large part of Catena's income is charged in advance, while interest and other expenses are charged in arrears, limiting the need for working capital. That and good liquidity mean that Catena is well equipped for continued acquisitions and investments.

## LIABILITIES

### Credit institutions

Liabilities to credit institutions totalled SEK 7,568.2 million (6,457.2). The average period during which capital was tied up amounted to 1.9 years (1.5) as per the balance sheet date. On the same date, the loan framework amounted to SEK 7,996.3 million (6,906.3).

### Capital tied-up

Year	Contract volume, SEK M	Utilised, SEK M	Unutilised, SEK M
2018	1,361.9	1,261.9	100.0
2019	2,857.4	2,529.3	328.1
2020	3,098.3	3,098.3	-
2021	612.7	612.7	-
>2022	66.0	66.0	-
<b>Total</b>	<b>7,996.3</b>	<b>7,568.2</b>	<b>428.1</b>

### Bonds via SFF

In 2017, within the scope of SFF, Catena issued new financing agreements for SEK 555 million through SFF. As of the balance sheet date, Catena had issued bonds for a total value of SEK 878 million. This constitutes 12 percent of the property portfolio's financing.

## EQUITY

In addition to the 2017 profit less dividends, equity increased during the year through a new share issue for a total of SEK 250 million.

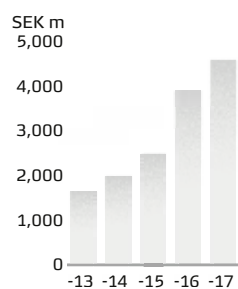
► Changes in equity are presented on page 74.

## Consolidated Statement of Changes in Equity

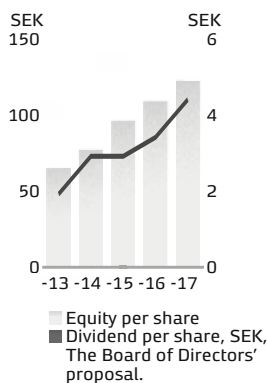
SEK M	Share capital	Other capital contributions	Profit brought forward	Parent Company shareholders	Total Non-controlling interests	Total equity
<b>Equity brought forward 1 Jan 2016</b>	<b>112.8</b>	<b>733.9</b>	<b>1,626.7</b>	<b>2,473.4</b>	<b>4.4</b>	<b>2,477.8</b>
New share issue	44.4	1,141.6	-	1,186.0	-	1,186.0
Issue expenses	-	-7.0	-	-7.0	-	-7.0
Issue expenses, tax	-	1.5	-	1.5	-	1.5
Comprehensive income for the year	-	-	345.7	345.7	-	345.7
Dividend	-	-	-99.7	-99.7	-	-99.7
<b>Equity carried forward 31 Dec 2016</b>	<b>157.2</b>	<b>1,870.0</b>	<b>1,872.7</b>	<b>3,899.9</b>	<b>4.4</b>	<b>3,904.3</b>

SEK M	Share capital	Other capital contributions	Profit brought forward	Parent Company shareholders	Total Non-controlling interests	Total equity
<b>Equity brought forward 01 Jan 2017</b>	<b>157.2</b>	<b>1,870.0</b>	<b>1,872.7</b>	<b>3,899.9</b>	<b>4.4</b>	<b>3,904.3</b>
New share issue	7.4	242.6	-	250.0	-	250.0
Comprehensive income for the year	-	-	579.5	579.5	59.4	638.9
Dividend	-	-	-125.1	-125.1	-	-125.1
Acquisition of minority interest	-	-	-	-	-63.8	-63.8
Transactions with minority owners	-	-	-7.8	-7.8	-	-7.8
<b>Equity carried forward 31 Dec 2017</b>	<b>164.6</b>	<b>2,112.6</b>	<b>2,319.3</b>	<b>4,596.5</b>	<b>-</b>	<b>4,596.5</b>

Equity, SEK M



Equity and dividend per share, SEK



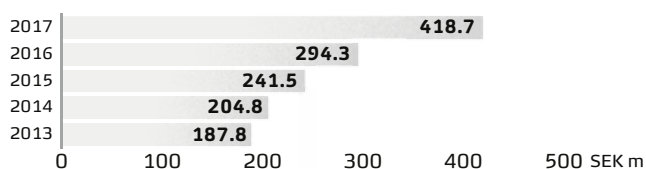


## Consolidated Cash-Flow Statement

SEK M	Note 25	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
<b>Operating activities</b>			
Profit before tax		758.6	386.6
Adjustments for non-cash items		-337.0	-90.7
Tax paid		-2.9	-1.6
<b>Cash flow before changes in working capital</b>		<b>418.7</b>	<b>294.3</b>
<b>Changes in working capital</b>			
Change in operating receivables		26.2	-99.0
Change in operating liabilities		-41.0	94.2
<b>Cash flow from operating activities</b>		<b>403.9</b>	<b>289.5</b>
<b>Investing activities</b>			
Acquisition of assets via subsidiaries		-632.0	-827.8
Divestment of assets via subsidiaries		174.3	462.2
Acquisition of minority share		-71.6	-
Investments in investment properties		-520.3	-574.7
Divestment of investment properties		-	140.0
Investments in property, plant and equipment		-0.6	-0.4
Acquisitions of other financial assets		-101.3	-
Divestments of financial assets		340.0	222.6
<b>Cash flow from investing activities</b>		<b>-811.5</b>	<b>-578.1</b>
<b>Financing activities</b>			
New share issue		-	323.0
Borrowings		5,531.4	1,936.5
Amortisation of loans		-5,049.6	-1,927.3
Dividend paid		-125.1	-99.7
<b>Cash flow from financing activities</b>		<b>356.7</b>	<b>232.5</b>
<b>Cash flow for the year</b>		<b>-50.9</b>	<b>-56.1</b>
<b>Opening cash and cash equivalents</b>		<b>145.5</b>	<b>201.5</b>
Exchange rate difference in cash and cash equivalents		0.2	0.1
<b>Closing cash and cash equivalents</b>		<b>94.8</b>	<b>145.5</b>

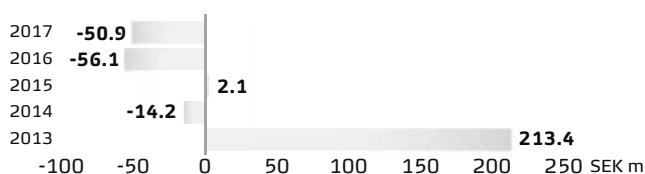
### CASH FLOW BEFORE CHANGES IN WORKING CAPITAL

Cash flow for the year before changes in working capital was primarily due to the improved profit from property management having increased by SEK 124.4 million to SEK 418.7 million.



### CASH FLOW

Cash flow was affected by both significant acquisitions and disposals. Cash flow for the year's 18 acquired subsidiaries, including the four former joint venture-owned companies, amounted to SEK 632.0 million. Part of the acquisition was financed through new share issues for a total SEK 250 million, which did not affect cash flow. The completed sales of the properties Regulatorn 2, Ädelmetallen 1 and Boländerna 22:9 have had a positive impact on cash flow of SEK 174.3 million. At the end of the year, cash and cash equivalents amounted to SEK 94.8 million (145.5).



# Notes – Group

## Note 1. General information

Catena AB (publ), corporate registration number 556294-1715, has its registered office in Solna, in the County of Stockholm, Sweden. The company is the Parent Company of a Group of companies including subsidiaries. The address of the company's headquarters is PO Box 5003, SE-250 05 Helsingborg, Sweden and the visiting address is Landskronavägen 23 in Helsingborg.

Catena's shall actively manage, enhance and pro-actively develop its property portfolio by identifying and conducting value-enhancing programs that raise the attractiveness of the properties and their yield, with due consideration of risk. Catena also sells properties when the opportunity to create further growth is deemed to be limited.

Operations in the Parent Company Catena AB are comprised exclusively of inter-Group activities and the assets mainly consist of shares and participations in subsidiaries which, in their turn, own properties or shares in property companies.

The Parent Company is listed on NASDAQ Stockholm, Mid Cap. The Annual Report and the consolidated accounts were approved for publication by the Board of Directors and the CEO on 20 March 2018 and will be presented to the Annual General Meeting on 26 April 2018.

## Note 2. Accounting and valuation principles

*Amounts in SEK million unless otherwise specified.*

### Compliance with standards and legal requirements

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application in the EU. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

The Parent Company applies the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities), which entails the same accounting policies as for the Group except in the cases provided for in Note 1 to the Parent Company's accounts. Those deviations that occur between the Parent Company's and the Group's policies are caused by limitations in the possibilities for applying IFRS in the Parent Company as a consequence of the Swedish Annual Accounts Act and, in some cases, for tax reasons.

### Preconditions for the preparation of the Parent Company's and the Group's financial statements

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are stated in SEK million. Assets and liabilities are recognised at historical cost, except for investment properties and certain financial assets and liabilities, which are recognised at fair value. Financial assets and liabilities recognised at fair value comprise derivative instruments.

Preparing the financial statements in accordance with IFRS requires that senior management makes assessments, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. The estimates and the assumptions are based on historical experience and on a number of other factors that seem reasonable under the prevailing circumstances. The result of these estimates and assumptions is then used to assess the carrying amounts for assets and liabilities that are

otherwise not clearly specified from other sources. The actual outcome may deviate from these estimates and assessments.

Those assessments made by the senior management on application of IFRS that have a material impact on the financial statements and estimates made that can entail material adjustment of ensuing years' financial statements are described in the note for the item that could be subject to such adjustment. This applies in particular to the note regarding investment properties.

The accounting principles presented below for the Group have been applied consistently for all periods presented in the consolidated financial statements, unless otherwise stated below. The Group's accounting principles have been applied consistently in the reporting and consolidation of the Parent Company, subsidiaries and associated companies.

### New and amended standards applied by the Group

The following standards are applied for the first time by the Group for financial years commencing 1 January 2017 or later:

Income taxes – Amendments and additions to IAS 12

Cash-flow statement – Amendments and additions to IAS 7

The application of these changes has not had a material impact on the Group's accounting policies or disclosures for the financial year at hand or the preceding financial year, nor is it expected to have any impact on future periods.

### New standards and interpretations yet to be adopted by the Group

A number of new standards and interpretations will come into effect for financial years commencing after 1 January 2017 and have not been applied in the preparation of this financial report. None of these are expected to have a material impact on the consolidated financial statements except for the following:

IFRS 9 – Financial Instruments, addresses classification, measurement and accounting for financial assets and liabilities. The full version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 that address the classification and measurement of financial instruments. The standard shall be applied for financial years commencing 1 January 2018. The Group's financial assets affected by this recommendation consist of loans, leases and accounts receivable. These assets meet the requirements for valuation at amortised cost in accordance with IFRS9. The Group expects no material impact on the classification, valuation or accounting of the Group's financial assets. Nor will the Group's accounting of financial liabilities be affected. According to IFRS9, derivative instruments for which hedge accounting is not applied shall be reported at fair value through profit or loss as is already the case under IAS39. Other financial liabilities will continue to be valued at amortised cost. IFRS9 introduces a new model for calculating credit loss provisions based on anticipated losses rather than incurred losses. The model shall be applied to financial assets recognised at amortised cost, debt instruments valued at fair value through other comprehensive income, contractual assets under IFRS 15, lease payments, loans and certain financial guarantees. The nature of the risk in the Group's receivables, combined with the fact that the Group has historically only experienced marginal credit losses, means that the new model is not expected to produce any significant effects. The transition to IFRS9 will be effectuated through a forward-looking retrospective transition method, meaning that comparative figures for 2017 will not be recalculated.

IFRS 15 "Revenue from Contracts with Customers" is the new standard for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is based on the principle that income is reported when customers gain control of the sold item or service – a principle that supersedes the former principle whereby income was recognised when the material risks and benefits had passed to the buyer. Management has assessed the effects of the new standard and arrived at the following: The Group's income consists predominantly of rental income. Rental income is currently covered by IAS 17, which will be replaced by IFRS 16 in 2019. Income fall-

ing under this standard pertains to income such as sales of investment properties, management services, re-invoicing and similar expenses. Even today, the Group reports income from property sales from the date on which control of the property is relinquished, so the effects of IFRS 15 will not affect the accounting. For re-invoicing of expenses, including property tax, electricity, heat and water, the standard requires identifying the performance commitment of the principal versus the agent. The distinction between principal and agent can affect the accounting of income in connection with re-invoicing to tenants. Where the company is the principal, income and expenses shall, as is the case today, be reported gross, but they should be reported net if it is made clear that the company is an agent. Accordingly, the final position may affect the classification and accounting, although it is not expected to have any effect on earnings or the date on which the income is recognised. The Group has performed an analysis of all re-invoiced expenses and concluded that it is essentially the principal actor for these. Re-invoiced expenses currently represent approximately 10 percent of sales. Taking the above into account, the assessment is that this standard will not entail any significant changes in accounting or valuation. The Group intends to apply the standard prospectively with disclosures, meaning that comparative figures are not recalculated.

In January 2016 the IASB published a new leasing standard, IFRS 16 "Leases" that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. Implementation of the standard will entail almost all leases being reported in the balance sheet, since no distinction is made between operational and financial leases. According to the new standard, an asset (the right to use a leased asset) shall be reported, as well as a financial liability to pay lease payments. Short-term contracts and contracts of smaller value are excluded. The accounts of the lessor will essentially be unchanged. The standard is applicable to fiscal years beginning on 1 January 2019 or later. At present, the Group does not intend to apply the standard prospectively. The standard is deemed to have no significant effects for the Group as a lessor. Indirect effects of the introduction of IFRS 16 cannot be ruled out, however, as it may cause some customers to request shorter leases to reduce the impact on their balance sheets. In the Group's capacity as a lessee, the impact is deemed to primarily consist of the value of ground rents being booked up in the balance sheet. The Group is currently studying how leases are to be reported in accordance with IFRS 16 and therefore the impact on earnings and position cannot yet be estimated. An indication of the magnitude is discernible from the Group's Note 7 Leasing fees pertaining to operational leasing.

None of the other IFRS or IFRIC interpretations that have yet to come into force, including the amended IAS 40, are expected to have a significant impact on the Group.

### Segment reporting

Operating segments are recognised in a manner that corresponds to the internal reporting submitted to the Chief Operating Decision Maker (CODM). The CODM is the function that is responsible for allocating resources and assessing the performance of the operating segments. In Catena, this function is identified as the CEO and senior management, that is, the unit at Catena that makes strategic decisions.

### Classification

Non-current assets and non-current liabilities, essentially, consist of amounts expected to be recovered or paid after more than 12 months of the balance-sheet date. Current assets and current liabilities, essentially, consist only of amounts expected to be recovered or paid within 12 months of the balance-sheet date.

### Consolidation principles

#### *Subsidiary*

Subsidiaries are all companies (including structured companies) over which the Group has decisive control. The Group controls a company when it is exposed to, or is entitled to, variable returns from its holdings in that company and has the opportunity to affect the return through its influence over the company. A controlling influence implies directly or indirectly a right to determine a company's financial and operational strat-

egies in order to gain financial benefits, which is the general rule with a shareholding of 50 percent or more of the voting rights. In assessing the existence of a controlling influence, potential voting shares that can be utilised or converted promptly are taken into consideration.

Subsidiaries are recognised in accordance with the acquisition method if the acquisition of a subsidiary meant the acquisition of a business and not solely of assets and liabilities. This method entails that the acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is established through an acquisition analysis in conjunction with the acquisition of operations. The analysis establishes the cost of the participation rights or the business, the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed. The acquisition value of the shares in the subsidiary or business comprises the fair values as of the day of transfer for assets, liabilities arising or assumed and issued equity instruments paid in consideration for the net assets acquired. The acquisition value includes the fair value of all assets and liabilities resulting from an agreed conditional purchase price. Acquisition related costs are expensed as incurred. Identifiable assets and liabilities assumed in a business combination are initially measured at fair value on the acquisition date. For each acquisition, the Group determines if the non-controlling interest in the acquired company should be recognised at fair value or at the holding's proportional share of the acquired company's net assets.

If the cost exceeds the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed, this difference is recognised as goodwill. If the cost is less than the fair value of the identifiable net assets acquired and the contingent liabilities, this difference is recognised in profit or loss.

When the acquisition of subsidiaries means the acquisition of investment properties that are not part of a business, the cost is allocated over the individually identifiable assets and liabilities based on their relative fair values at the acquisition date. With the exception of the acquisition of Tribona AB in 2016, all acquisitions of subsidiaries in 2016 and 2017 have been reported as acquisitions of assets.

The financial statements of subsidiaries are incorporated in the consolidated financial statements from the moment controlling influence arises until the date the controlling influence ceases.

#### *Associated companies*

Associated companies are those in which the Group has a significant, but not controlling, influence over operational and financial control. From the point at which a significant influence is obtained, and until it ceases, holdings in associated companies are reported in the consolidated accounts in accordance with the equity method. The equity method means that the Group's carrying amounts for shares in associated companies correspond to the Group's share of the associated companies' equity as well as consolidated goodwill and any other remaining values of consolidated surplus and deficit values. In the consolidated income statement the Group's share of associated companies' net earnings after taxes adjusted for any depreciation, amortisation, impairment losses or reversals of acquired surplus and deficit values is reported as participations in the earnings of associated companies. Dividends received from associated companies reduce the carrying amounts of the investment. "Participations in the earnings of associated companies" are reported as part of profit from property management

Where the Group's share of losses reported by the associated company exceeds the reported value of the Group's holdings, the value of the holdings is reduced to zero. The equity method is applied until the time the significant influence ceases.

#### *Joint venture*

For accounting purposes, a joint venture is an associated company for which the Group, through partnership agreements with one or more parties, has shared control over the

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operational and financial management. Participations in joint ventures are recognised according to the equity method. For a description of the equity method, see above under Associated companies. The equity method is applied from the moment that shared controlling influence arises and until the time when the shared influence ceases.

#### *Transactions that are eliminated on consolidation*

Intragroup receivables and liabilities, income and expenses and unrealised gains or losses arising from intragroup transactions between Group companies are eliminated in full when preparing the consolidated accounts.

Unrealised gains that arise from transactions with associated companies and jointly controlled companies are eliminated to an extent that corresponds with the Group's participation in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that no indication of a need for impairment exists.

#### **Transactions with holdings without controlling influence**

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. In the case of acquisitions from non-controlling interests, the difference between the price paid and the actual share acquired of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

#### **Divestment of a controlling influence, significant influence and shared influence, respectively**

When the Group no longer exercises a controlling influence, significant influence or shared influence, each remaining holding is re-measured at fair value and the change recognised in profit or loss. The fair value is used as the first carrying amount and comprises the basis for continued reporting of the remaining holding in the associated company, joint venture or financial asset. All amounts pertaining to the divested operations that were previously recognised in other comprehensive income are recognised as if the Group had directly divested the attributable assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### **Translation of foreign currencies**

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the respective company is primarily active (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is used, which is the Parent Company's functional currency and the Group's reporting currency.

#### *Transactions and balance sheet items in foreign currencies*

Transactions in foreign currencies are translated into the functional currency at the exchange rate in force on the transaction date or the date that the items were revalued. Exchange gains and losses that arise in the payment of such transactions and in the translation of monetary assets and liabilities in foreign currencies at the closing day rate are recognised in the income statement.

Transactions with countries outside of Sweden only arise in exceptional cases.

#### *Group companies*

Earnings and financial position for Group companies (Catena Bröndby A/S and Catena Holding NO AS), which have a different functional currency than the reporting currency are translated to the reporting currency according to the following:

- assets and liabilities for each of the balance sheets are translated at the closing day rate,
- revenues and expenses for each of the income statements are translated at the average exchange rate, and
- all exchange differences that arise are recognised in other comprehensive income.

Goodwill and fair value adjustments that arise on acquisition of a foreign business are treated as assets and liabilities of this business and translated at the closing day rate.

#### **Operating income**

Income is recognised in profit or loss when material risks and benefits have been transferred to the counterparty. If any material uncertainty exists regarding payment, attached costs or risk and if seller retains an involvement in the day-to-day management such as would usually be associated with ownership, the payment is not taken up as income. Income is recognised at the fair value of what has been received or is expected to be received after deductions for any discounts given.

#### *Rental income*

Income from property and rental discounts are recognised on a straight-line basis in profit or loss, based on the terms and conditions of the lease. Advance rents are recognised as prepaid rental revenue. Income from early redemption of leases is recognised as income in the period when the payment is received unless any additional performance is required from Catena. Invoiced property tax and utilities costs are recognised as income in the period in which they are invoiced by Catena.

#### *Income from property sales*

Catena recognises income and costs from the acquisition and sale of property at the date risks and benefits are transferred to the purchaser, which normally coincides with the occupancy date.

Any agreement between the parties pertaining to risks and benefits, and involvement in the day-to-day operations is taken into account when assessing the moment in time for recognising income. Furthermore, any circumstances that could impact the outcome of the transaction which are outside the seller's and/or the buyer's control are taken into account.

Criteria for income recognition are applied individually for each transaction.

#### **Operating expenses and financial income and expenses**

##### *Central administration*

This includes the cost at overall Group level for items including Group management, personnel administration, IT, investor relations, audits, financial statements and listing costs.

##### *Expenses for operational leases*

Expenses relating to operational leases are recognised in profit or loss on a straight-line basis over the term of the lease. Benefits received in connection with the signing of an agreement are recognised in profit or loss on a straight-line basis over the term of the lease.

##### *Financial income and expenses*

Financial income and expenses comprise interest income on bank account funds and receivables, interest expenses on loans, dividend income and exchange gains and losses.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. Effective interest is the interest-rate at which the present value of all future incoming and outgoing payments during the fixed-interest term is equal to the carrying amount of the receivable or liability.

Interest income and interest expense respectively include amounts distributed over time for transaction expenses and any discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the amount settled when the item falls due for payment.

Dividend income is recognised when the right to receive payment has been established.

#### **Profit from property management**

Catena's operations focus on growth in cash flow from on-going property management operations. Catena has elected to present a single performance measure called "profit from property management", which reflects the cash flow generated from its on-going property management operations. Changes in the value of investment properties and derivative instruments are not included in cash flow from on-going property management operations and are therefore not included in this performance measure.

**Tax**

Income taxes consist of current tax and deferred tax. Income taxes are recognised in the income statement unless the underlying transaction is recognised directly in equity, whereby the associated tax effect is recognised in equity. Current tax is the tax payable or receivable for the current year, which includes adjustment of current tax attributable to preceding periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between the accounting and tax values of assets and liabilities. The following temporary differences are not taken into consideration: temporary differences arising on initial recognition of goodwill, the initial reporting of assets and liabilities that are not business combinations and that, at the transaction date, do not impact the carrying amount or the taxable earnings. Nor are temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future taken into account. The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled.

Deferred tax assets pertaining to deductible temporary differences and loss carry-forwards are recognised only insofar as they are likely to result in lower tax payments in the future.

Deferred tax is calculated by applying the tax rates and tax rules that have been decided or were, for all practical purposes, decided at the balance-sheet date.

In legal entities, untaxed reserves are recognised including the deferred tax liability. However, in the consolidated financial statements untaxed reserves are divided into deferred tax liabilities and equity.

**Financial instruments**

Financial instruments recognised in the balance sheet include assets such as cash and cash equivalents, accounts receivable, loan receivables and derivatives. Equity and liabilities include financial instruments in the form of accounts payable, borrowings and derivatives.

A financial asset or liability is recognised in the balance sheet when the company becomes a party to the commercial terms and conditions of the instrument. Accounts receivable including rent claims, termed accounts receivable in the Annual Report, are recognised when the invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when invoices are received. A financial asset is removed from the balance sheet when the rights inherent in the agreement are realised or expire or if the company loses control over them. This applies equally for part of a financial asset. A financial liability is removed from the balance sheet when the obligation arising from the agreement has been met or has otherwise been extinguished. This applies equally for part of a financial liability.

Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date on which the company agrees to acquire or dispose of the asset.

Financial instruments are classified at initial recognition based on the purpose for which the instrument was acquired. Financial instruments are initially recognised at a cost corresponding to the instrument's fair value with an addition for transaction expenses. Exceptions are those categorised as financial assets recognised at fair value through profit or loss, which are recognised at fair value excluding transaction expenses. Subsequent reporting depends on how the financial instruments are classified in accordance with what is outlined below.

In conjunction with every report, the company makes an assessment of whether there are objective indications that a group of financial assets requires impairment. For further information, please refer to the Impairment section below.

*Financial assets measured at fair value via profit or loss*

This category includes financial assets held for sale and other financial assets that the company has chosen to place in this category. In this category, Catena reports derivatives for which hedge accounting is not applied.

*Loan receivables and accounts receivable*

Loan receivables and accounts receivable are financial assets that are not derivatives with fixed payments or payments that can be determined, and are not listed on an active market. The receivables arise on cash lending and when Catena provides services directly to the credit recipient without intending to trade in the receivables. This category also includes acquired receivables. Receivables are measured at amortised cost. Amortised cost is determined on the basis of the effective interest rate calculated at the time of acquisition. This means that surplus and deficit values and direct transaction expenses are accrued over the term of the instrument. Accounts receivable are recognised in the amount expected to be received after deduction of doubtful receivables, which are assessed on a case-by-case basis. The expected maturity of accounts receivable is short and, accordingly, amounts are recognised at the nominal amount without discounting. A provision for impairment of accounts receivable is made when objective evidence exists that the Group will not be able to receive all the amounts due in line with the original terms of the receivable. Significant financial difficulties for debtors, the likelihood that the debtor will go into receivership or undergo financial reconstruction and default or late payment (more than 30 days overdue) are considered indicators that there may be a need for impairment of an account receivable. The size of the provision comprises the difference between the asset's carrying amount and the present value of future cash flows. An impairment of accounts receivable is recognised in profit or loss as a reduction in operating income and impairment of a loan receivable is recognised under the item, financial expenses.

*Financial liabilities measured at fair value via profit or loss*

This category consists of derivatives for which hedge accounting is not applied. Liabilities in this category are measured at fair value on an on-going basis and any value changes are recognised in profit or loss.

*Financial liabilities measured at amortised cost*

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities are initially valued at fair value, net after transaction expenses. Thereafter, financial liabilities are measured at amortised cost and any difference between amounts received (net after transaction expenses) and the repayment amount is recognised in profit or loss allocated over the term of the loan using the effective interest method. Early repayment charges on early redemption of loans are recognised in profit or loss at the redemption date. Non-current liabilities have an expected maturity exceeding one year, while current liabilities have a maturity of less than one year. Accounts payable and other operating liabilities with short expected maturities are therefore normally recognised at nominal value. Dividends paid are recognised as a liability from the moment the AGM adopts the dividend.

*Derivative and hedge accounting*

Catena does not apply hedge accounting. All derivatives are reported in the categories: "Financial assets measured at fair value via profit or loss" and "Financial liabilities measured at fair value via profit or loss."

*Fair value of financial instruments*

The fair value of loans and interest-rate hedge agreements is determined by discounting future cash flows by the quoted market interest rate for each maturity. Values of interest-rate cap agreements are determined using the option pricing model. In all cases level 2 is applied under IFRS 13. The company's own credit risk is taken into account in the fair value valuation of the loans.

*Set-off of financial assets and liabilities*

Financial assets and liabilities are offset and the net amounts recognised in the statement of financial position only when the following criteria are met:

There is a legal right to offset the recognised amounts and the company intends to settle the items with a net amount or to realise the assets and liabilities at the same time.

Financial income and expenses are offset in profit or loss

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when they are connected to the offset financial assets and liabilities.

More information is available about accounting policies and financial risk management in Note 19, Financial instruments and financial risk management.

### Cash and cash equivalents

Cash and cash equivalents include liquid funds and immediately available balances at banks and equivalent institutions as well as current liquid investments with maturities of less than three months from the acquisition date that are exposed to only insignificant risk of changes in value.

### Property, plant and equipment

Property, plant and equipment is recognised as an asset in the balance sheet if it is likely that future economic benefit will accrue to the company, and the cost of the assets can be reliably determined.

Property, plant and equipment are recognised in the Group at cost after the deduction of accumulated depreciation and any impairment. The cost includes the purchase price and expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Where property, plant and equipment comprise components with significant differences in useful life, these are treated as separate components of property, plant and equipment.

The recognised amount of an item of property, plant and equipment is derecognised from the balance sheet on disposal or sale or when no future economic benefits can be expected from its use. Gains or losses from the disposal or scrapping of an asset consist of the difference between the selling price of the asset and its carrying amount less direct selling expenses. Gains or losses are recognised as other operating income/expenses.

#### Additional expenses

Additional expenses are added to the cost only if it is likely that the future economic benefits associated with the asset will accrue to the company, and that the cost can be reliably determined. All other additional expenses are recognised as a cost in the period they arise. Any undepreciated carrying amounts for exchanged components or parts of components are scrapped and expensed in conjunction with the exchange. Repairs are expensed on an on-going basis.

#### Depreciation methods for property, plant and equipment

Depreciation is performed on a straight-line basis over the estimated useful life of the asset. Equipment, fixtures and fittings are depreciated over 5–20 years. The applied depreciation methods and the residual value and useful lives of the assets are reassessed at the end of each year.

### Investment properties

Investment properties are those held with the purpose of generating rental income, value appreciation or a combination of the two. Investment properties are initially recognised at cost in the balance sheet, which includes expenses directly attributable to the acquisition. Investment properties are subsequently recognised at fair value in the balance sheet. If the Group begins refurbishing an existing investment property for continued use as an investment property, during the renovation, the property is recognised as an investment property. Reassessments of fair value over the course of the year take place through an internal valuation, which is described in more detail in Note 12. The valuation model entails a present value estimate of assessed future payment flows. If, during the current year, any significant value changes exist for individual properties, revaluation is carried out in conjunction with the quarterly reports. Quality assurance is carried out of any internal valuations performed on a sample of properties, which are then valued externally each year, after which a reconciliation of the internal and external valuations is performed. Investment properties are at level 3 in the valuation hierarchy.

Both unrealised and realised value changes are recognised in profit or loss. Realised value changes pertain to changes

in value over the past quarterly reporting period for properties sold. Unrealised changes in value pertain to other value changes. On the acquisition of properties or companies, the transaction is usually recorded as of the occupancy date, since the risks and benefits of ownership typically accrue as of that date. Rental income and income from property sales are recognised in accordance with the principles described in the section on operating income.

#### Additional expenses

Additional expenses are added to carrying amounts. Additional expenses are added to the carrying amounts only if it is likely that the future financial benefits associated with the asset will accrue to the company and the cost can be estimated in a reliable manner. All other subsequent expenses are expensed in the period they arise. Repairs are expensed as expenditures are incurred.

Borrowing costs that are directly attributable to purchases, construction or production for larger new builds, extensions and conversions of assets that take considerable time to complete for the intended use or sale are included in the cost of the asset. Capitalisation of borrowing costs is carried out on the condition that it is likely that these will lead to future financial benefits and that the costs can be reliably measured.

#### Assets held for sale

Non-current assets are classified as held for sale when their carrying amounts will mainly be recovered through a sale transaction and a sale is considered highly likely. They are recognised at the carrying amount or at fair value less selling expenses, whichever is lower.

### Impairment

The carrying amounts for the Group's assets are reviewed on each balance-sheet date to ascertain whether any need for impairment exists. IAS 36 is applied for testing the need for impairment of assets other than financial assets, which are tested under IAS 39, investment properties carried at fair value, which are tested under IAS 40 and deferred tax assets. The valuation of the excepted assets as noted above is tested in accordance with the applicable standard.

#### Impairment testing of tangible assets and participations in subsidiaries, associated companies, joint ventures, etc.

If an indication of a need for impairment exists, the recoverable amount of the asset is estimated under IAS 36 as the higher of the asset's value in use and fair value less selling expenses. When calculating the value in use, future cash flows are discounted at an interest rate before tax that takes into account the market's assessment of the risk-free interest rate and the risk associated with the specific asset. If it is not possible to establish substantially independent cash flows to individual assets, the assets are grouped for impairment testing at the lowest level where substantially independent cash flows can be identified (known as a cash-generating unit). Impairments are recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are expensed in profit or loss.

#### Impairment testing of non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use, are not amortised, but rather impairment tested annually or upon an indication of a value decrease. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use. When assessing impairment requirements, assets are grouped at the lowest level at which there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that were previously impaired, a test for reversal is done every closing date.

#### Impairment tests for financial assets

In conjunction with every report, the company makes an assessment of whether there is objective evidence that a group

of financial assets requires impairment. Objective evidence consists partly of observable conditions which have occurred and which have a negative impact on the ability to recover the cost, as well as from significant or prolonged decline in the fair value of a financial investment classified as an available-for-sale financial asset.

Any impairment of loan or lease receivables and accounts receivable that is recognised at amortised cost, is calculated as the present value of future cash flows discounted at the effective interest rate applicable when the asset was initially recognised. Assets with short maturities are not discounted. Impairment losses are expensed in profit or loss.

#### *Reversal of impairments*

Impairments are reversed if indications exist that the impairment need no longer exists and a change has occurred in the underlying assumptions for the calculation of the recoverable amount. A reversal is only carried out to the extent that the asset's carrying amount does not exceed the carrying amount that would have been reported after any applicable deduction for depreciation, if no impairment had been carried out.

Impairment of loan receivables and accounts receivable that are recognised at amortised cost are reversed if a subsequent increase in amortised cost can objectively be attributed to an event occurring after the impairment was made.

#### **Cash-flow statement**

The cash-flow statement is prepared in accordance with the indirect method. The recognised cash flow only comprises transactions that entail payments in or out. Cash and cash equivalents in the cash-flow statement correspond to the definition of cash and cash equivalents in the balance sheet.

#### **Share capital**

##### *Buyback of Catena shares*

Holdings of treasury shares and other equity instruments are recognised as a reduction in equity. The acquisition of such instruments is reported as a deduction from equity. Proceeds from disposals of equity instruments are recognised as an increase in equity. Transaction expenses directly attributable to the issue of new shares or warrants are recognised, net of tax, in equity as a deduction from the issue proceeds.

#### **Earnings per share**

Calculation of earnings per share is based on consolidated profit for the year attributable to the Parent Company's shareholders and the number of shares outstanding at year-end.

#### **Employee benefits**

Short-term employee benefits in the form of salaries, holiday pay, paid sick leave, etc. as well as social security contributions are recognised as these are earned.

##### *Pensions*

Catena has various pension plans. Generally, the pension plans are funded through payments to insurance companies or nominee registered funds, where payments are determined by periodic actuarial calculations. Agreements regarding pensions and other compensation paid after termination of employment are classified as defined-contribution or defined-benefit pension plans. A defined-contribution pension plan is a pension plan, whereby Catena pays defined premiums to a separate legal entity. Catena has no legal or informal obligations to make further payments if the legal entity has insufficient assets to discharge all payments of employee benefits relating to employee service in current or prior periods. A defined-benefit pension plan is a pension plan without defined contributions. Instead, defined-benefit plans specify an amount that the employee will receive as a pension benefit following retirement. This is normally based on several factors including age, length of service and salary. Catena has defined-contribution pension plans and commitments for pensions under the so-called ITP plan which, according to a statement issued by the Swedish Financial Reporting Board RFR 6, is a multi-employer defined-benefit plan.

The company has not been provided with information for the 2004-2017 financial years that would allow the reporting of its commitments under the ITP plan as a defined-benefit plan. Accordingly, commitments under the ITP plan, which are secured through insurance with Alecta, are reported as a defined-contribution plan. The year's fees for pension insurance contracted with Alecta amounted to SEK 2.9 million (2.7). For 2018, the company is expected to pay about SEK 3.0 million to Alecta. Alecta's surplus can be distributed to the policy owners and/or insured parties. At the end of 2017, Alecta's surplus in the form of the collective consolidation level was 154 percent (149). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligation calculated in line with Alecta's actuarial assumptions, which do not comply with IAS 19. The company's share of the total savings premiums for ITP 2 in Alecta amount to 0.01302 percent and the company's share of the total number of active insured parties amounts to 0.00537 percent.

Commitments as regards fees for defined-contribution plans are recognised as an expense in profit or loss as they arise.

##### *Termination benefits*

Termination benefits are payable when employment is terminated by Catena in advance of the normal retirement date or if an employee accepts leaving service voluntarily to receive such benefits. Catena recognises termination benefits when the Group is demonstrably required to terminate employees according to a detailed formal plan without possibility of withdrawal. Benefits that fall due more than 12 months after the balance-sheet date are discounted to present value.

#### **Provisions**

A provision is recognised in the balance sheet when the Group has an existing legal or informal commitment due to an event that has occurred and it is likely that an out-flow of resources will be required to settle the commitment, and a reliable estimate of the amount can be made. A present value calculation is made to take into account significant time values for future payments.

#### **Contingent liability**

A contingency is recognised when there is a potential commitment that stems from events that have occurred and whose existence is confirmed only if one or more uncertain future events, which are outside of the company's control, occur or do not occur, or when there is a commitment that stems from events that have occurred, but which is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the commitment or because the amount cannot be reliably calculated.

#### **Leasing – lessee**

Leases are classified in the consolidated financial statements either as financial or operational leasing. Financial leasing exists when the economic risks and benefits associated with ownership are, essentially, transferred to the lessee, and where this is not the case the lease is defined as operational leasing. Operational leasing means that the leasing fee is recognised as a cost in profit or loss, and allocated over the term, starting from initial utilisation, which may differ from what has actually been paid in the form of leasing fees during the year.

#### **Leasing – lessor**

The Group enters into operational leases with customers in its capacity as landlord, see Note 4. Accounting policies for the recognition of rental income are stated above. Catena is also a lessor of automation equipment to a limited extent. These leases are reported in the consolidated financial statements as financial receivables with the income as interest income in net financial items.

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Central administration and eliminations		Total	
2017	2016	2017	2016
-	-	892.0	786.6
-	-	-220.8	-208.5
-	-	<b>671.2</b>	<b>578.1</b>
-30.9	-33.0	-30.9	-33.0
1.7	10.3	1.7	10.3
-1.1	-6.7	-1.1	-6.7
8.3	-6.0	8.3	-6.0
-63.8	-26.4	4.1	17.6
-105.5	-152.2	-213.2	-244.3
<b>-191.3</b>	<b>-214.0</b>	<b>440.1</b>	<b>316.0</b>
68.0	-33.3	86.3	9.8
-	-	291.1	138.3
-84.7	-	-84.7	-38.9
25.5	-38.6	25.8	-38.6
<b>-182.5</b>	<b>-285.9</b>	<b>758.6</b>	<b>386.6</b>
		-123.9	-48.2
		<b>634.7</b>	<b>338.4</b>

Central administration and eliminations		Total	
2017	2016	2017	2016
-	-	503.0	613.5
-	-	13,131.1	10,786.4
2.0	2.3	2.0	2.3
36.9	-	36.9	-
194.2	82.4	194.2	82.4
-	-	-	-
-2,148.2	-900.4	379.4	860.3
<b>-1,915.1</b>	<b>-815.7</b>	<b>14,246.6</b>	<b>12,344.9</b>
<b>-122.6</b>	<b>333.3</b>	<b>4,596.5</b>	<b>3,904.3</b>
1,512.4	2,499.3	7,568.2	6,457.2
-3,304.9	-3,648.3	2,081.9	1,983.4
<b>-1,915.1</b>	<b>-815.7</b>	<b>14,246.6</b>	<b>12,344.9</b>
0.5	0.3	502.7	529.0
-0.9	-0.8	-0.9	-0.8

#### Operating segments

Catena's operating segments, which consist of regions, have been established based on information, which Catena's Board (the CODM at Catena) has gathered to evaluate and make strategic decisions.

The Group's segments comprise the following regions:

Stockholm – comprised of 40 properties.

Gothenburg – comprised of 15 properties.

Helsingborg – comprised of 24 properties.

Jönköping – comprised of 12 properties.

Malmö – comprised of 18 properties.

For more information on the regions' properties, see the property list in the Administration Report.

Internal prices between the Group's various segments are calculated according to market terms and consist mainly of invoiced administrative expenses.

Directly attributable items and items that can be allocated to segments on a reasonable basis are included in the earnings, assets and liabilities for each segment. The allocation of property administration costs was primarily based on the area. The segments' investments in property, plant and equipment and investment properties include all investments apart from investments in current inventories and inventories of minor value.

The Parent Company's earnings, after allocation of the results of sales of participations in Group companies, are included in the unallocated amount. Following elimination of participations in Group companies and intra-Group settlement as well as redistribution of participations in associated companies, the Parent Company's assets and liabilities are included in the unallocated amount.

All operations are conducted in Sweden, except for one property that is in Denmark and this property belongs to the Malmö region.

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## Note 4. Rental income

### Duration of leases as per 31 December 2017

Information on operating leases – the Group as lessor.

Year of maturity	Number of contracts	Contractual annual rent, SEK m	Contractual annual rent, %
2018	174	106.7	10.1
2019	79	100.0	9.5
2020	73	135.3	12.9
2021	33	164.6	15.7
2022	17	73.9	7.0
2023	20	112.4	10.7
2024+	47	358.5	34.1
<b>Total</b>	<b>443</b>	<b>1,051.4</b>	<b>100.0</b>

### Contracted rental income by contract size, SEK M

	Number of contracts	Contractual rental income, %
>10.0	26	47.3
5.0 – 10.0	36	26.3
3.0 – 5.0	27	10.2
2.0 – 3.0	26	6.3
1.0 – 2.0	28	4.0
0.5 – 1.0	45	3.3
<0.5	255	2.6
<b>Total</b>	<b>443</b>	<b>100.0</b>

## Note 5. Property expenses and central administration

Property expenses	2017	2016
Operating expenses	71.7	69.4
Repair and maintenance	40.3	27.2
Property maintenance and technical inspection	22.6	20.4
Property tax and ground rent	33.5	33.3
Other external expenses	20.4	13.0
Property administration	32.3	45.2
<b>Total</b>	<b>220.8</b>	<b>208.5</b>

Central administration	2017	2016
Personnel expenses	16.3	20.5
Services purchased	13.7	11.7
Depreciation of property, plant and equipment	0.9	0.8
<b>Total</b>	<b>30.9</b>	<b>33.0</b>

Within the Group, part of the Parent Company's costs are invoiced on to subsidiaries and classified at subsidiaries and the Group respectively as property expenses.

## Note 6. Fees and expenses to auditors

	2017	2016
Audit engagement	1.6	1.9
Audit activities in addition to the audit engagement	–	0.5
Tax consultancy	0.2	0.1
<b>Total</b>	<b>1.8</b>	<b>2.5</b>

Of the fees indicated in the table above, all, except for SEK 0.1 m for the audit engagement in 2017, has been invoiced by Pricewaterhouse Coopers AB.

Fees for audit engagements pertain to fees for the statutory audit, that is, all work necessary to prepare the auditors' report, as well as audit advice provided in conjunction with the audit engagement.

Audit activities in addition to the audit engagement pertain to fees for various types of quality assurance services.

Other services pertain to activities not included in the audit engagement, audit activities or tax consultancy services.

## Note 7. Leasing fees pertaining to operational leasing

	2017	2016
Minimum lease fees <sup>1)</sup>	10.9	10.6
<b>Total</b>	<b>10.9</b>	<b>10.6</b>

1) There were no variable fees.

### Contractual future minimum leasing fees pertaining to non-cancellable leases fall due:

	2017	2016
Within one year	11.6	11.8
Between one and five years	42.9	42.6
Longer than five years	370.5	380.9
<b>Total</b>	<b>425.0</b>	<b>435.3</b>

Consolidated operating leases consist primarily of leasehold agreements and an insignificant portion consists of operating car leases.

## Note 8. Employee and personnel expenses

Average number employees	of whom 2017	of whom men	of whom 2016	of whom men
Employees in Sweden	38	76%	33	70%

Gender distribution	2017		2016	
	Men	Women	Men	Women
Board of Directors	57%	43%	67%	33%
Management	86%	14%	75%	25%

Salaries, fees, benefits and other remuneration	2017	2016
Chairman of the Board (Henry Klotz Jan-Apr)	0.1	0.2
Chairman of the Board (Gustaf Hermelin May-Dec)	0.2	–
Chairman of the Board (special fee May-Dec)	1.2	–
Other Board Members	0.8	0.4
Chief Executive Officer (Gustaf Hermelin Jan-Apr)		
Base salary	1.0	2.8
Other remuneration	0.1	1.5
Chief Executive Officer (Benny Thöggersen May-Dec)		
Base salary	1.2	–
Other remuneration	0.2	–
Other senior executives (6* and 9 individuals respectively)		
Base salary	7.5	7.8
Other remuneration	1.5	1.9
Other employees	17.3	18.7
<b>Total</b>	<b>31.1</b>	<b>33.3</b>

Pension expenses	2017	2016
Chief Executive Officer (Gustaf Hermelin Jan-Apr)	0.5	1.6
Chief Executive Officer (Benny Thögersen May-Dec)	0.4	-
Other senior executives (6* and 9 individuals respectively)	2.7	3.3
Other employees	3.5	4.5
<b>Total</b>	<b>7.1</b>	<b>9.4</b>

Statutory social security contributions incl. payroll tax	2017	2016
Chairman of the Board (Henry Klotz Jan-Apr)	-	0.1
Chairman of the Board (Gustaf Hermelin May-Dec)	0.1	-
Chairman of the Board (special fee May-Dec)	0.4	-
Other Board Members	0.2	0.1
Chief Executive Officer (Gustaf Hermelin Jan-Apr)	0.3	1.7
Chief Executive Officer (Benny Thögersen May-Dec)	0.5	-
Other senior executives (6* and 9 individuals respectively)	3.4	3.7
Other employees	6.3	6.7
<b>Total</b>	<b>11.2</b>	<b>12.3</b>
<b>Total</b>	<b>49.4</b>	<b>55.0</b>

Remuneration to the Board and CEO pertains to the Board and CEO of the Parent Company. At the 2017 Annual General Meeting, it was decided that compensation for participation in the Remuneration Committee should be paid in the amount of SEK 20,000 to the chairman of the Remuneration Committee and SEK 10,000 each to the other two members. Fees are also paid to the chairman of the Audit Committee in the amount of SEK 50,000 and of SEK 25,000 each to the other two members. In 2016, no remuneration was paid to Board Members for participation in the Remuneration Committee or other committees.

\*) During the year there has been a change in the management team, with one person resigning from the management team in May 2017.

Fees, Board Member, SEK T (annual Board fee determined by AGM)	2017		2016	
	Board fee	of which, for committee work	Board fee	of which, for committee work
Henry Klotz (Chairman 27 Apr 2016-27 Apr 2017)	-	-	250	-
Gustaf Hermelin (Chairman 27 Apr 2017-26 Apr 2018)	250	-	-	-
Gustaf Hermelin (special fee 27 Apr 2017-26 Apr 2018)	1,800	-	-	-
Henry Klotz	185	60	-	-
Bo Forsén	145	20	125	-
Erik Paulsson	125	-	125	-
Hélène Briggert	150	25	-	-
Catharina Elmsäter-Svärd	150	25	125	-
Katarina Wallin	135	10	125	-
<b>Total</b>	<b>2,940</b>	<b>140</b>	<b>750</b>	<b>-</b>

Directors' fees and terms of employment and dismissal for senior executives

#### Policies

Remuneration paid to the CEO and other senior executives comprises base salary, other remuneration (which comprises bonus and mileage allowance) and pension. The term senior executives refers to the six individuals at Catena (nine) who, together with the Chief Executive Officer, comprise the senior management. For the composition of management, see page 130-131.

Pension benefits and other remuneration paid to the CEO and other senior executives are paid as part of total remuneration.

Fees are paid to the Board members in accordance with a decision by the Annual General Meeting. For 2017, fees totalled SEK 2.9 million (0.8), of which the Chairman received SEK 0.3 million. The amount also includes a special fee of SEK 1.8 million to Chairman of the Board Gustaf Hermelin who, during the year, served as Executive Chairman as an additional support to management.

Market-based remuneration of SEK 0.3 million (0.1) and 0.2 million (0.1) for services rendered in, operational control, financing and property advice was paid to companies owned by Board Member Erik Paulsson and Board Member Catharina Elmsäter-Svärd. The amounts are not included in the above table. Board fees to Board Members Katarina Wallin and Catharina Elmsäter-Svärd have been paid to their own companies.

#### Bonus

The CEO and senior executives can receive a bonus in addition to their fixed salaries. Bonuses can be paid to the CEO and senior executives up to a maximum of two months' salary. Bonus decisions are made on an annual basis and do not imply any entitlement to bonuses in coming years. Effective from 2015, the bonus is pensionable.

The main principle in the Group is fixed monthly salary. For other company employees, when extraordinary work has been performed or extraordinary results have been achieved, a bonus may be paid corresponding to a maximum of one month's salary. This bonus is also within the framework of the remuneration policy. In some cases the target is not measurable. This type of bonus is only permitted to amount to 20 percent of the total bonus.

The Remuneration Committee considers the matter of the company's obligations and provisions have been made for bonus of SEK 4.0 million (5.0) for 2017, including social security contributions.

The bonus system only comprises one year at a time, currently only 2017. The Remuneration Committee is responsible for evaluation of the system and the outcome.

#### Pensions

The pension age of the Chief Executive Officer is 65. Pension contributions are made equal to 35 percent of pensionable pay. Contractual ITP is utilised first and, thereafter, the

remainder is allocated to other pension insurances. Pensionable salary is calculated according to the ITP plan's rules. The pension age for the Deputy CEO and other senior executives, 6 individuals in total (8), is 65. Their pensions are secured through insurances. The pension agreements stipulate pension premiums of 15-35 percent of pensionable salary. In addition, other senior executives are also covered by the ITP agreement.

The pension expense corresponds to expenses for defined-benefit plans under IAS19.

#### Terms of severance

Upon termination by the company, the CEO shall be paid during a 12 months notice period. No severance pay is paid. Should the CEO secure other employment or start his own operations, his salary during the termination period is offset by income from the new employer. In the event of notice being provided by the CEO, the notice period is six months.

The employment contracts with the Deputy CEO and other senior executives can be terminated by Catena with a notice period of four to twelve months. In addition to salary during the notice period, severance pay corresponds to three to six months' salary and is paid at the end of the notice period. Should Catena release the executives from the obligation to work during the notice period, any income from new employment or own operations is offset against salary from Catena. In the event of termination by a senior executive, a notice period of two to six months applies and additional remuneration shall be paid equivalent to zero to six months' salary.

No severance payment was made to senior executives whose employment ended.

#### Preparation and decision-making process

During the year the Remuneration Committee provided the Board with recommendations for policies for remuneration to senior executives. The recommendations included the proportions between fixed and variable remuneration and the amount of any pay increases. The Remuneration Committee appointed by the Board prepares, negotiates and submits proposals to the Board regarding the terms for the CEO. Following proposals from the CEO, the Remuneration Committee determines remuneration to other senior executives. The Remuneration Committee also decides whether any bonus is payable and then evaluates the system and the outcome.

All decisions taken by the Remuneration Committee are reported back to the Board.

The Remuneration Committee has met at one point in 2017.

## Note 9. Financial income and expenses

Financial income	2017	2016
Interest income	4.1	8.6
Exchange gains	-	9.0
<b>Total</b>	<b>4.1</b>	<b>17.6</b>
Financial expenses	2017	2016
Interest expenses	-203.2	-220.8
Exchange losses	-0.1	-10.0
Other financial expenses	-9.9	-13.5
<b>Total</b>	<b>-213.2</b>	<b>-244.3</b>
<b>Net financial items</b>	<b>-209.1</b>	<b>-226.7</b>

## Note 10. Tax

Recognised in the statement of comprehensive income	2017	2016
<i>Current tax</i>		
Tax for the year	-14.8	-7.9
Tax attributable to amended tax assessment	-0.6	2.4
<b>Total</b>	<b>-15.4</b>	<b>-5.5</b>
<i>Deferred tax</i>		
Investment properties	-89.6	-23.0
Derivatives	-5.9	7.5
Tax loss carry-forwards	5.8	-10.4
Untaxed reserves	-20.2	-14.5
Other deferred taxes	1.4	-2.3
<b>Total</b>	<b>-108.5</b>	<b>-42.7</b>
<b>Total recognised tax</b>	<b>-123.9</b>	<b>-48.2</b>
Reconciliation of effective tax	2017	2016
Profit before tax	758.6	386.6
Tax according to current rate: 22%	-166.9	-85.1
Non-deductible expenses	-0.9	-0.4
Tax attributable to preceding years	-0.6	3.0
Non-taxable sales of companies	62.8	41.4
Other non-taxable income	1.5	3.3
Tax on participations in profit of associated companies	1.8	-1.3
Impairment of goodwill	-18.6	-8.6
Other	-3.0	-0.5
<b>Recognised effective tax</b>	<b>-123.9</b>	<b>-48.2</b>

The recognised effective tax rate in percent totalled 16.3 (12.5).

Tax recognised in the financial statements						2016		2017			
	OB 2016	Recognised in profit or loss	Recognised in equity	Acquisitions/divestments of companies	CB 2016	Recognised in profit or loss	Change in Equity	Acquisition/disposal of company	CB 2017		
<b>Deferred tax asset</b>											
Investment properties	14.2	3.8	0.2	-	18.2	-0.2	-0.9	0.1	17.2		
Tax loss carry-forwards	17.3	-10.4	-	8.0	14.9	5.8	-	0.3	21.0		
Derivatives	25.5	7.5	-	69.5	102.5	-5.9	-	1.4	98.0		
Losses on sales of shares	0.8	-0.8	-	-	-	-	-	-	-		
<b>Total deferred tax assets</b>	<b>57.8</b>	<b>0.1</b>	<b>0.2</b>	<b>77.5</b>	<b>135.6</b>	<b>-0.3</b>	<b>-0.9</b>	<b>1.8</b>	<b>136.2</b>		
<b>Deferred tax liability</b>											
Investment properties	416.2	26.8	-	655.7	1,098.7	88.0	-0.2	-33.9	1,152.6		
Liabilities available for sale	-22.0	-	-	22.0	-	-	-	-	-		
Untaxed reserves	1.5	14.5	-	11.0	27.0	20.2	-	3.7	50.9		
Issue expenses	-	1.5	-1.5	-	-	-	-	-	-		
<b>Total deferred tax liabilities</b>	<b>395.7</b>	<b>42.8</b>	<b>-1.5</b>	<b>688.7</b>	<b>1,125.7</b>	<b>108.2</b>	<b>-0.2</b>	<b>-30.2</b>	<b>1,203.5</b>		

In addition to the above tax loss carry-forwards, there are no unused tax losses for which deferred tax assets have not been recognised. Adjustment of the acquisition analysis regarding Tribona is reported as acquisition of companies.

## Note 11. Goodwill

Goodwill	2017	2016
Opening cost	613.5	-
Acquisitions	-	696.6
Adjustment of acquisition analysis	-33.9	-
Sales and disposals	-	-44.2
Impairment	-76.6	-38.9
<b>Closing cost</b>	<b>503.0</b>	<b>613.5</b>

The acquisition of Tribona constitutes a business combination and is recognised in accordance with IFRS 3 Business Combinations. Unlike in the case of an acquisition of assets, this entails that deferred tax should be taken into account in all temporary differences. Acquired goodwill is mainly an effect of reported deferred tax liabilities. Since the acquisition, both goodwill from synergies as well as goodwill associated with deferred tax has been realised through divestments of properties that belonged to the Tribona stocks. In addition to this realised goodwill, impairment totalling SEK 115.5 million (of which 76.6 in 2017) was recognised following impairment testing, when it was found that the expected synergies had been realised in the forecast cash flows underlying the valuation of the investment properties. The remaining reported goodwill of SEK 503.0 million on the balance sheet date is, in full, an effect of the reporting in full of nominally deferred tax relating to temporary differences between fair value and taxation value. The item will change as properties including goodwill are sold or revalued at less than cost. For additional information, see Note 26.

## Note 12. Investment properties

Investment properties are recognised at fair value.		
Change for the year	2017	2016
Opening balance	10,786.4	5,340.3
Acquisitions	1,960.6	5,875.5
New builds, extensions and conversions <sup>1)</sup>	502.2	529.0
Sales	-419.9	-1,105.6
Translation differences, etc.	10.7	8.9
Unrealised changes in value	291.1	138.3
<b>Carrying amount</b>	<b>13,131.1</b>	<b>10,786.4</b>

Taxable values	2017	2016
Taxable values, buildings	2,962.8	2,704.2
Taxable value, land (of which leaseholds, SEK 102.7 M)	1,289.0	1,007.2
<b>Total</b>	<b>4,251.8</b>	<b>3,711.4</b>

Impact on profit for the year	31 Dec 2017	31 Dec 2016
Rental income	892.0	786.6
Property expenses before property management for investment properties that do not generate rental income	188.5	163.3

1) Borrowing costs are expensed to earnings in the period to which they pertain except for the interest expense under the production time pertaining to larger new builds, extensions and conversions that take considerable time to complete. These are organised as their own companies where all borrowing pertains to these new builds, extensions and conversions, which means that interest expense attributable loans in these companies is capitalised. The capitalised interest expense was SEK 7.0 million (5.1).

Investment properties by region	Number of Properties	Lettable Area, m <sup>2</sup> 000s	Fair value, SEK M
Gothenburg	15	224.9	2,035.2
Helsingborg	24	347.8	2,216.4
Jönköping	12	209.6	1,071.8
Malmö	18	211.0	1,993.2
Stockholm	40	668.3	5,814.5
<b>Total</b>	<b>109</b>	<b>1,661.6</b>	<b>13,131.1</b>

#### Fair value

Fair value is established based on an internal valuation model that is updated every quarter. The calculation of fair value for each individual property is performed using a six-year cash flow model.

#### Valuation categories for investment properties

All of the Group's properties are assessed as being at level 3 in the valuation hierarchy. The Group's properties comprise primarily logistics properties, which have similar risk profiles and valuation methods. The Group also has significant component of project properties. Since the risk profile and valuation method differ to some extent between project and logistics properties, the Group has made the assessment that disclosures should be provided for these two classes of properties. The assessed value of a project property is based on the value of the development rights where the flow in progress is also taken into account.

#### Yield and real growth

The most significant variables in the model, which are decisive for assessed fair value, are the yield requirement and the estimated real growth, i.e. the inflation assumption. Other key variables are long-term operating surpluses, rent levels, vacancy levels and geographic location.

Among other items, the applicable market risk-related interest rate for property investments is used to establish the yield requirement. This is based on a number of factors including market interest rates, debt/equity ratio, inflation forecasts and the required return on paid-in capital. However, property-specific conditions also affect the yield requirement. The yield requirement is the property's net operating surplus in relation to its fair value.

The approved yield is used as the discount rate with a supplement for annual inflation. The level of annual future inflation is assessed as being 2 percent.

#### Net operating surplus and vacancy rate

Net operating surplus is the difference between income from property and operating and maintenance costs (property expenses before property administration costs).

The starting point is the current forecast for net operating surplus based on the previous year's outcome. However, income and operating and maintenance costs for an individual year can be impacted by factors that are not regularly recur-

ring under the long life of the property. If this should prove to be the case for the actual forecast values, the amounts for the individual year are normalised.

Income can be normalised if the estimated rent trend over the six-year period is assessed as deviating from the initial forecast. In which case, this is performed based on expected changes in rental income based on the individual contract's current rent versus the assessed market rent at the contract maturity date and changes in long-term vacancy rates.

In addition, operation and maintenance costs can be the subject of normalisation, based on an analysis of historical as well as current costs with respect to the tenant's and the landlord's obligations under the lease.

#### Development rights

The fair value recognised in the balance sheet with regard to development rights represents the estimated values of planned development rights on each property. The valuation method applied for the development rights is based on the location price method whereby the value has been assessed relative to each location. Following an assessment whereby the locations of Catena's development rights have been weighed in, deductions are made for estimated costs for demolition, planning, etc. Deductions have also been made for waiting times and assessed risk associated with development rights.

#### Calculation

When all variables have been established based on the above description, a calculation of the present value is carried out for the next five years' net operating surplus in the cash-flow model. In addition, the present value of the residual value is based on the net operating surplus from year six in this model. Thereafter, any adjustment for the value of on-going projects and land with unutilised development rights is carried out.

The total of these values comprises the estimated fair value. A certain discrepancy is, however, permitted between the calculated value and the carrying amount prior to adjustment of the carrying amount. The discrepancy should be within a range controlled by a permitted discrepancy from the established direct yield requirement of +/-0.25 percent. Only when the discrepancy exceeds or falls below this range is the carrying amount adjusted. This discrepancy is accepted since there is always an element of uncertainty in the estimated value.

### Compilation of outcomes for significant variables and the normalised amounts used in the internal valuation model:

For definitions, see page 133.	Actual outcome						Normalised values <sup>1)</sup>
	Gothenburg	Helsingborg	Jönköping	Malmö	Stockholm	Total	Total
Rental value, SEK M	165.4	187.2	114.2	166.6	476.5	1,109.9	1,128.3
Economic letting ratio, %	97.9	91.7	88.1	97.6	95.4	94.7	91.7
Contractual annual rent, SEK m	162.0	171.6	100.6	162.6	454.6	1,051.4	1,034.3
Net operating surplus before property administration costs, SEK M	111.2	100.9	67.3	93.0	298.8	671.2	921.8
Property yield before property administration costs, %	5.5	4.6	6.3	4.7	5.1	5.1	7.0
Surplus ratio before property admin. %	85.3	69.1	71.8	64.1	79.3	75.2	89.1
Discount rate							9.0
Assumed annual rent development, %							2.0

1) Based on the property portfolio at the end of the year. The normalised surplus ratio is based on the contractual annual rent.

The discrepancy between the actual outcome for the net operating surplus before property administration and the normalised value depends largely on projects that, during parts of 2017, only generated costs but that, in the normalised values, have been calculated on the annualised values of the net operating surplus generated when the project is completed.

The fair market value can first be established when it is sold. The fair value calculations under the above model in-

clude various assessment factors that contain an element of uncertainty.

To ensure the accuracy of the internal valuation, external valuations are conducted of a selection of the portfolio, with Newsec and Cushman&Wakefield valuing about 56.8 percent of the portfolio, corresponding to a value of SEK 7.6 billion, during 2017.

Number of properties valued	2017	2016
Number of properties	44	83
External valuation, SEK M	7,569.0	10,380.7
Corresponding internal valuation, SEK M	7,452.0	10,321.3
Deviation, SEK M	117.0	59.4
Deviation, %	1.6	0.6
Carrying amount	13,131.1	10,786.4
Proportion valued externally, %	56.8	95.7

#### Valuation

Since all property valuations contain assessment factors with varying degrees of uncertainty, normally, a specific uncertainty interval is stated for the estimated values. Accordingly, on comparison of the internally calculated values and the external valuations, a deviation interval of +/-10 percent between these values is accepted before the internal values are subjected to any retesting. Comparison is made at the total level for the externally valued portfolio.

#### Sensitivity analysis

The parameters that significantly impact the value of a property are the discount rate and the rental value. Assumptions including interest rates, debt/equity ratio, inflation assumptions, the required return on paid-in capital, property location, tenant structure, etc. are included in the discount rate. Rental value reflects the market's view of what tenants are willing to pay for property space.

To illustrate how a change of +/-1 percent in these parameters impacts the estimated fair value, the following sensitivity analysis can be carried out:

Change	Impact	
	+1%	-1%
Discount rate, SEK M	-610	363
Rental value, SEK M	503	-740

## Note 13. Property plant and equipment

Equipment	2017	2016
Opening cost	4.1	2.6
Acquisitions	0.7	1.6
Sales and disposals	-0.2	-0.1
<b>Closing cost</b>	<b>4.6</b>	<b>4.1</b>
Opening depreciation	-1.8	-1.0
Sales and disposals	0.1	-
Depreciation for the year	-0.9	-0.8
<b>Closing depreciation</b>	<b>-2.6</b>	<b>-1.8</b>
<b>Carrying amount</b>	<b>2.0</b>	<b>2.3</b>

#### Depreciation is distributed over the following items in profit or loss.

	2017	2016
Central administration	0.9	0.8

## Note 14. Participations in associated companies

Joint Venture	2017	2016
<i>Accumulated cost</i>		
Opening balance	34.2	27.7
Acquisitions	75.7	-
Sales	-35.7	-
The year's participation in profit after tax	8.3	6.5
<b>Carrying amount at year end</b>	<b>82.5</b>	<b>34.2</b>

Associated companies	2017	2016
<i>Accumulated cost</i>		
Opening balance	48.2	638.0
Acquisitions	1.5	33.0
Reclassification	-	-610.2
Shareholder contributions	62.0	-
The year's participation in profit after tax	-	-12.6
<b>Carrying amount at year end</b>	<b>111.7</b>	<b>48.2</b>
<b>Total value associated companies at year-end</b>	<b>194.2</b>	<b>82.4</b>

Pertains to the percentage of share capital, which corresponds to the proportion of voting rights.

Associated company Törsjö Logistik AB owns land and is developing a logistics position in Örebro. Catena owns 34 percent of the company together with Örebroporten Förvaltning AB with 33 percent and AB Lokarhusman i Örebro 2 with 33 percent.

In 2017, Catena Logistik AB sold 50 percent of its former wholly-owned subsidiary, Catena Regulatorn AB, renamed as Huddinge Regulator 2 AB, to WA Huddinge AB. The now jointly owned company owns and manages the Regulatorn 2 property in Huddinge and will develop the property.

Urban Services in Solna AB is owned by Catena as an associated company together with Fabege, Ragnsells and Servistik, with 25 percent each. The company will develop and coordinate logistics for the transport of products and goods into and out of Arenastaden in Solna.

Foodhills Fastighet AB will own and manage properties in Bjuv. The company is owned by Catena and Backahill AB, with 45 percent each, and by Foodhills AB with a holding of 10 percent.

During the first quarter of 2017, Catena acquired from Peab the remaining portion of the four former joint venture companies, Log.Sunnanå AB, Log. Tostarp AB, Log. Sunnanå Två AB and Log. Tostarp Två AB. On conversion into consolidated wholly owned companies, the joint venture portion is first sold.

PeBri Projektutveckling AB was liquidated during the year.

Catena's associated company, SFF Holding AB, will through the subsidiary Svensk FastighetsFinansiering AB (publ) engage in financing activities in the form of raising loans on the capital market through the issuance of bonds (MTN-Medium Term Notes) and lending operations, by providing cash loans the partners: Catena, Diös, Fabege, Platzter and Wihlborg.

SFF's operations differ from the other joint ventures and associated companies Catena owns. SFF's operations are based on a financial structure and are not comparable with Catena's operations. The tables below include the associated companies that conduct property-related operations. Feel free to read more about SFF at [www.svenskfastighetsfinansiering.se](http://www.svenskfastighetsfinansiering.se).

The difference between the equity value using the equity method in the consolidated financial statements compared with the value of the participation if recognised under the acquisition cost method amounts to SEK 163.9 million (50.8).

In addition to the proportion of ownership and the consolidated recognised values, the following table displays the associated companies' income statements and balance sheets, SEK million (100 percent).

## 2017

Joint ventures/ Associated companies	Corp. Reg. No.	Reg. office	Ownership share	Assets	Liabilities	Income	Earnings	Carrying amount
PeBri Projektutveckling AB	556752-1108	Helsingborg	0.00%	-	-	-	-0.1	-
Log. Sunnanå AB	556699-7788	Helsingborg	0.00%	-	-	-	1.6	-
Log. Tostarp AB	556667-8784	Helsingborg	0.00%	-	-	-	0.1	-
Log. Sunnanå Två AB	559023-3911	Helsingborg	0.00%	-	-	-	-	-
Log. Tostarp Två AB	559025-2259	Helsingborg	0.00%	-	-	-	-	-
Törsjö Logistik AB	559014-0272	Örebro	34.00%	23.5	14.2	-	-	9.4
Huddinge Regulatorn 2 AB	556584-0005	Stockholm	50.00%	198.6	116.1	14.2	6.7	82.5
Urban Services i Solna AB	559108-8397	Solna	25.00%	1.1	0.1	0.1	-	1.0
Foodhills Fastighet AB	559122-6617	Bjuv	45.00%	-	-	-	-	-
<b>Total property companies</b>				<b>223.2</b>	<b>130.4</b>	<b>14.3</b>	<b>8.3</b>	<b>92.9</b>
SFF Holding AB (financing)	556958-5606	Stockholm	20.00%	-	-	-	-	101.3
<b>Total</b>				<b>223.2</b>	<b>130.4</b>	<b>14.3</b>	<b>8.3</b>	<b>194.2</b>

## 2016

Joint ventures/ Associated companies	Corp. Reg. No.	Reg. office	Ownership share	Assets	Liabilities	Income	Earnings	Carrying value
PeBri Projektutveckling AB	556752-1108	Helsingborg	50.00%	0.4	0.0	-	-	0.4
Log. Sunnanå AB	556699-7788	Helsingborg	50.00%	156.5	147.9	9.4	6.0	8.6
Log. Tostarp AB	556667-8784	Helsingborg	50.00%	60.1	35.1	1.2	0.4	25.0
Log. Sunnanå Två AB	559023-3911	Helsingborg	50.00%	32.0	31.9	-	-	0.1
Log. Tostarp Två AB	559025-2259	Helsingborg	50.00%	14.5	14.4	-	-	0.1
Tribona AB (publ)	559014-0272	Örebro	34.00%	19.1	10.1	-	-	8.9
<b>Total property companies</b>				<b>282.6</b>	<b>239.4</b>	<b>10.6</b>	<b>6.4</b>	<b>43.1</b>
SFF Holding AB (financing)	556958-5606	Stockholm	20.00%	-	-	-	-0.3	39.3
<b>Total</b>				<b>282.6</b>	<b>239.4</b>	<b>10.6</b>	<b>6.1</b>	<b>82.4</b>

## Other associated companies' income statements and balance sheet statements, SEK m (100 %)

	31 Dec 2017	31 Dec 2016
<b>Income statement</b>		
Rental income	28.9	21.3
Net operating surplus	21.1	20.1
Profit for the year	7.3	1.9
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
<b>Balance Sheet</b>		
Non-current assets	274.4	396.3
Current assets	11.7	100.6
Total assets	<b>286.1</b>	<b>496.9</b>
Equity	13.2	10.8
Provisions	4.5	9.8
Other liabilities	268.4	476.3
<b>Total shareholders' equity and liabilities</b>	<b>286.1</b>	<b>496.9</b>

The above table does not include the income statement and balance sheet for SFF. Read more about SFF on page 65.

## Note 15. Accounts receivable

Time analysis of accounts receivable that are past due but not impaired	31 Dec 2017	31 Dec 2016
< 30 days	0.1	1.3
31-60 days	1.9	0.5
61-90 days	0.8	0.6
>91 days	-1.1	0.9
<b>Total</b>	<b>1.7</b>	<b>3.3</b>
Not yet due	8.3	25.1
<b>Total</b>	<b>10.0</b>	<b>28.4</b>
<b>Impaired receivables</b>		
Opening provision	-0.1	-0.1
Provision for probable losses	-0.5	-0.1
Previous probable losses, paid	0.0	0.0
Acquired provisions	0.0	0.0
Confirmed losses	0.0	0.1
<b>Closing provision</b>	<b>-0.6</b>	<b>-0.1</b>
<b>Total accounts receivable</b>	<b>9.4</b>	<b>28.3</b>

A provision is made for accounts receivable in excess of 30 days unless the assessment is that the customer's payment problems are of short-term transient nature.



## Note 16. Other receivables

	31 Dec 2017	31 Dec 2016
Receivable, associated companies	0.2	92.7
VAT and other tax receivables	50.4	44.2
Other receivables	17.1	340.3
<b>Total</b>	<b>67.7</b>	<b>477.2</b>

## Note 17. Prepaid expenses and accrued income

	31 Dec 2017	31 Dec 2016
Administration and property expenses	13.1	10.1
Prepaid fee for credit facility	5.7	8.0
Prepaid project expenses	4.9	3.2
Prepaid ground rent	3.3	2.2
Prepaid insurance premiums	0.0	1.4
Periodised rent discounts	25.3	35.5
Accrued income	8.5	7.5
<b>Total</b>	<b>60.8</b>	<b>67.9</b>

## Note 18. Equity and earnings per share

Number of registered shares	Number shares	Total number of shares
New share issue	17 May 1999	490,754
Bonus issue	9 March 2006	8,838
Private placement	18 Oct 2013	13,630,952
Private placement	10 March 2014	446,469
Private placement	22 Jan 2016	7,246,971
Private placement	15 Feb 2016	346,614
Private placement	11 Oct 2016	2,500,000
Private placement	19 Dec 2017	1,678,017
<b>Number of reg. shares</b>		<b>37,413,523</b>

Earnings per share, calculated on earnings attributable to the Parent Company's shareholders during the year, (expressed in SEK per share)	2017	2016
<i>Earnings per share</i>		
Profit for the year	575.3	338.4
Ordinary shares outstanding	37,413,523	35,735,506
Weighted average of ordinary shares outstanding	35,786,779	33,166,546
<b>Earnings per share, SEK</b>	<b>16.08</b>	<b>10.20</b>

### Capital

Catena's goal with asset management is to ensure that funding and liquidity is secured, that financial risk exposure is kept within the mandate decided by the Board and that payment systems are appropriate.

Catena defines capital as total equity as recognised in the statement of financial position.

Financial targets	Target 2017	Outcome 2017
In the long-term, dividends should amount to 50% of profit from property management less standard rate tax.	>SEK 171.6 million	168.4
Interest-coverage ratio	>1.75 multiple	3.5 multiple
Average capital tied-up	>2 years	1.9 years <sup>1)</sup>
Equity ratio	>30%	32.3%

<sup>1)</sup> Following the end of the year, Catena has dissolved the short-term acquisition credit for the acquisition of properties from Kilenkryset and placed SEK 0.6 billion in long-term financing.

### Financial policy

Catena has prepared a financial policy that regulates which financial instruments that may be used, which investments that may be made, how lending is to be carried out as well as the management of interest rate exposure on borrowings.

### External capital requirements

The main external capital requirements that Catena is subject to as regards property loans are an interest-coverage ratio of 1.5-1.75, a loan-to-value ratio of less than 60-75 percent and an equity ratio in excess of 25 percent. Catena has met all external requirements on Group companies.

## Note 19. Financial instruments and financial risk management

### Financial policy

The Group's assumption of financial risk is governed by the risk mandate set by Catena's Board. The Group's treasury management is carried out by Catena AB, which is tasked with ensuring that funding and liquidity is secured, that financial risk exposure is kept within the mandate decided by the Board and that payment systems are appropriate.

Catena's policy is that net debt (interest-bearing liabilities less cash and cash equivalents) will be mainly covered by borrowing with a loan term between nought and ten years. All borrowing, except for the property in Denmark, shall be made in Swedish currency. Catena's aim is, where possible, that loan terms should be adapted to the duration of leases signed. The loan portfolio has been adapted to the risk strategy through the use of fixed-rate loans, interest-rate swaps and interest-rate cap agreements to adjust fixed-interest terms.

### Financing and financing risks

Interest-bearing liabilities at Catena comprise mainly liabilities to credit institutions and liabilities to associated companies. On 31 December 2017, liabilities to credit institutions amounted to SEK 7,568.2 million (6,457.2).

Financing consists of property loans with mortgages as collateral, in some cases, the subsidiaries' shares are also pledged and guarantees are provided by the Parent Company. Property loans are subject to the following covenants: the interest-coverage ratio must exceed a multiple of 1.5-1.75, the loan-to-value ratio may not exceed 60-75 percent of market value and the equity ratio must exceed 25 percent. See Note 18 for more information about target fulfilment.

The aim of Catena's liquidity planning is to ensure that liquidity is always available to meet payment obligations at a given time. Catena makes overall liquidity forecasts each quarter, which then form the basis for on-going work. To minimise the cost of Catena's borrowing and to ensure that financing can be obtained, the company has committed credit facilities in place that cover the need for operating loans. Furthermore, Catena endeavours to distribute loan maturities evenly over time and to diversify sources of capital. At 31 December 2017, lines of credit totalling SEK 7,996.3 million (6,906.3) were available, of which SEK 428.1 million (449.1) was unutilised.

The table below shows when the financial assets and liabilities fall due for renegotiation or amortisation.

### Maturity structure of financial assets and liabilities, 31 December 2017

	Financial assets	Financial liabilities			Accrued	Payment flows		
		Loans	Supplier	Associated company		Unutilised lines of credit	Interest on loans <sup>1)</sup>	Interest on derivatives <sup>1)</sup>
0-3 months	124.7	439.0	76.2	6.1	93.8	-	24.4	32.8
3-12 months	15.5	822.9	-	14.0	-	100.0	69.5	98.5
1-2 years	24.4	2,529.3	-	5.3	-	328.1	67.4	131.4
2-5 years	-	3,711.0	-	40.1	-	-	25.8	350.4
More than 5 year	-	66.0	-	-	-	-	10.6	219.6
<b>Total</b>	<b>164.6</b>	<b>7,568.2</b>	<b>76.2</b>	<b>65.5</b>	<b>93.8</b>	<b>428.1</b>	<b>197.7</b>	<b>832.7</b>

1) At current interest rates.

### Maturity structure of financial assets and liabilities, 31 December 2016

	Financial assets	Financial liabilities			Accrued	Payment flows		
		Loans	Supplier	Associated company		Unutilised lines of credit	Interest on loans <sup>1)</sup>	Interest on derivatives <sup>1)</sup>
0-3 months	181.3	1,339.7	85.6	46.4	90.2	-	19.2	35.6
3-12 months	477.2	2,295.5	-	-	-	449.1	39.4	106.8
1-2 years	-	381.3	-	14.0	-	-	42.1	136.7
2-5 years	-	2,362.5	-	9.7	-	-	33.4	318.8
More than 5 year	-	78.2	-	-	-	-	17.0	95.9
<b>Total</b>	<b>658.5</b>	<b>6,457.2</b>	<b>85.6</b>	<b>70.1</b>	<b>90.2</b>	<b>449.1</b>	<b>151.1</b>	<b>693.8</b>

1) At current interest rates.

The properties owned by Catena are financed by a combination of loans and equity. The majority of financing comprises loans from banks and other credit institutions. Financing risk is the risk that future financing in the form of new loans has a negative impact on Catena's earnings due to increased borrowing costs. Catena manages this risk by allocating borrowing to various maturity dates.

#### Loan maturity structure

Year of maturity	2017	2016
2017	-	3,635.2
2018	1,261.9	381.3
2019	2,529.3	1,378.9
2020	3,098.3	983.6
2021	612.7	-
>2022	66.0	78.2
<b>Total</b>	<b>7,568.2</b>	<b>6,457.2</b>

#### Maturity structure for recognised liabilities to credit institutions

	31 Dec 2017	31 Dec 2016
Maturity, 1-5 years from balance-sheet date	6,190.3	2,709.8
Maturity later than five years from balance-sheet date	61.2	78.2
<b>Total</b>	<b>6,251.5</b>	<b>2,788.0</b>

#### Loan terms and conditions, effective interest rate and maturity structure

	Nominal amount in original currency		Average effective interest rate	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
<b>Liabilities to credit institutions</b>	<b>7,568.2</b>	<b>6,457.2</b>	<b>3.2%</b>	<b>3.6%</b>

The average interest rate takes in to consideration interest-rate swap contracts and interest-rate caps.

The total volume outstanding was SEK 4,535.6 million (4,457.6) for interest-rate swap agreements and SEK 248.3 million (262.0) for interest-rate caps.

#### Interest-rate risk

The interest-rate risk is the risk of changes in market interest rates negatively impacting cash flow or the fair value of financial assets and liabilities. Catena's financial policy stipulates a framework for how work with managing interest-rate risk should be carried out. One overriding goal is that the maturity structure of leases should be taken into consideration when determining the fixed-interest term. This is performed mainly through adapting the loan portfolio to the risk strategy through the use of derivatives, interest-rate swaps and interest-rate cap agreements.

At 31 December 2017, total interest-bearing liabilities were SEK 7,568.2 million (6,457.2), of which SEK 58.9 million (132.2) will be amortised in 2018. At the same time, the average effective interest rate was 1.4 percent (1.4) and the average fixed-interest term was about 0.2 years (0.3), without taking derivatives into consideration. Taking derivatives into account, the average effective interest rate was 3.2 percent (3.6) and the average fixed-interest term was 4.1 years (3.5). The Group's earnings can be impacted by the continuous changes to these factors. The majority of the Group's interest-bearing liabilities have a fixed-interest term of less than one year with a floating interest rate. Interest rates on variable loans are based on the 3-month STIBOR with the addition of a margin. To limit the interest-rate risk of floating-rate loans, interest-rate swaps are held in an amount of SEK 4,535.6 million (4,457.6) and interest-rate cap agreements are held in an amount of SEK 248.3 million (262.0).

Of Catena's loan facilities, an amount of SEK 1,197.8 million was affected by the negative Stibor rate in that the marginal rate was reduced in those cases. Derivatives are affected when Catena must also pay the variable interest component since this is now negative. The net effect of the negative Stibor rate in 2017 is SEK -19.4 million. Other borrowing facilities are not affected by the negative Stibor rate as these include an interest rate floor that means the interest rate can never fall below 0 percent.

Interest rate maturity structure, years	SEK M	Effective interest rate, % <sup>1)</sup>	Share in %
2018	2,673.6	2.4	35.3
2019	77.0	0.4	1.0
2020	282.0	1.4	3.7
2021	769.7	4.4	10.2
2022	500.0	3.8	6.6
2023	500.0	3.2	6.6
2024	500.0	2.9	6.6
2025	1,122.0	3.9	14.8
2026	1,143.9	4.2	15.1
<b>Total</b>	<b>7,568.2</b>	<b>3.2</b>	<b>100.0</b>

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

	Nominal value		Fair value (excl. accrued interest)		Carrying amount	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Interest-rate swap contracts (receive floating, pay fixed interest)	4,535.6	4,457.6	-445.5	-464.5	-445.5	-464.5
Interest-rate cap agreements	248.3	262.0	-	-	-	-

Of the carrying value of interest rate swap agreements, the full amount, SEK -445.5 million (-464.5), pertains to the non-current portion.

The above table shows that the fair value and book value of the Group's derivatives do not differ. Also in the case of other contracted financial assets and liabilities in the Group and the Parent Company, fair values correspond to the carrying amounts as of 31 December 2017.

#### Net profit/loss on financial instruments recognised in profit or loss

Net profit/loss comprises earnings attributable to financial instruments excluding interest. For information about interest income and interest expense, refer to Note 9 Financial income and expenses.

	Net profit/loss via profit or loss
<b>2017</b>	
Loan receivables and accounts receivable	-0.5
Financial assets and liabilities measured at fair value via profit or loss	25.8
<b>2016</b>	
Loan receivables and accounts receivable	-0.1
Financial assets and liabilities measured at fair value via profit or loss	-38.6

A one percentage-point rise in the interest rate for interest-bearing liabilities, assuming unchanged loan volumes and fixed-interest terms in line with valid derivative agreements, would have a positive impact on earnings of SEK 1.5 million (negative 18.5).

#### Credit risks

Credit risk is defined as the risk of making a loss as a result of the failure of a counterparty to discharge its obligations. Credit risk can primarily be attributed to accounts receivable outstanding. Losses on accounts receivable arise when customers are put in receivership or for other reasons are unable to meet their payment obligations. Credit risk from financial activities is minimal since Catena's customers have high credit ratings. A credit check is made in respect of the customers' creditworthiness and, where any uncertainty exists, Catena requires bank guarantees or guarantee commitments. All rents are invoiced in advance. In 2017, Catena was not impacted by any financial loan losses nor were there any significant loan losses in operations.

For a time analysis of overdue accounts receivable, and information on bad debt losses, refer to Note 15.

#### Concentration risk

Concentration risk means, for example, the risk of substantial dependence on a few customers. As of 31 December 2017, Catena's ten (10) largest tenants accounted for 47 per cent (52) of the Group's contracted income from property.

Credit risk exposure	31 Dec 2017	31 Dec 2016
Cash and cash equivalents	94.8	145.5
Accounts receivable	9.4	28.3
Other current receivables	67.7	477.2
Other non-current receivables	47.4	5.8
<b>Total</b>	<b>219.3</b>	<b>656.8</b>

## Note 20. Classification of financial instruments

2017	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loan, lease and accounts receivable	Carrying amount
<b>Financial assets</b>				
Other non-current receivables	-	-	44.9	44.9
Accounts receivable	-	-	9.4	9.4
Other current receivables	-	-	15.5	15.5
Cash and cash equivalents	-	-	94.8	94.8
<b>Total</b>	-	-	<b>164.6</b>	<b>164.6</b>
Non-financial assets				14,082.0
<b>Total</b>				<b>14,246.6</b>
<b>Financial liabilities</b>				
Non-current liabilities to credit institutions	-	-6,251.5	-	-6,251.5
Non-current liabilities to associated companies	-	-59.4	-	-59.4
Other non-current liabilities	-	-29.8	-	-29.8
Interest-rate derivatives	-445.5	-	-	-445.5
Current liabilities to credit institutions	-	-1,316.7	-	-1,316.7
Accounts payable	-	-76.2	-	-76.2
Current liabilities to associated companies	-	-6.1	-	-6.1
Other current liabilities	-	-11.7	-	-11.7
Accrued expenses	-	-93.8	-	-93.8
<b>Total</b>	<b>-445.5</b>	<b>-7,845.2</b>	<b>-</b>	<b>-8,290.7</b>
Non-financial liabilities				-1,359.4
<b>Total</b>				<b>-9,650.1</b>

Carrying amounts correspond, to all intents and purposes, to fair values for all balance-sheet items.

During the year, Catena has renegotiated financing agreements with a total framework of approximately SEK 5.5 billion.

2016	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loan, lease and accounts receivable	Carrying amount
<b>Financial assets</b>				
Other non-current receivables	-	-	3.3	3.3
Accounts receivable	-	-	28.3	28.3
Other current receivables	-	-	430.8	430.8
Cash and cash equivalents	-	-	145.5	145.5
<b>Total</b>	-	-	<b>607.9</b>	<b>607.9</b>
Non-financial assets				11,737.0
<b>Total</b>				<b>12,344.9</b>
<b>Financial liabilities</b>				
Non-current liabilities to credit institutions	-	-2,788.0	-	-2,788.0
Non-current liabilities to associated companies	-	-23.7	-	-23.7
Interest-rate derivatives	-464.5	-	-	-464.5
Current liabilities to credit institutions	-	-3,669.2	-	-3,669.2
Accounts payable	-	-85.6	-	-85.6
Current liabilities to associated companies	-	-46.4	-	-46.4
Accrued expenses	-	-90.2	-	-90.2
<b>Total</b>	<b>-464.5</b>	<b>-6,703.1</b>	<b>-</b>	<b>-7,167.6</b>
Non-financial liabilities				-1,273.0
<b>Total</b>				<b>-8,440.6</b>

Carrying amounts correspond, to all intents and purposes, to fair values for all balance-sheet items.

## Note 21. Pledged assets and contingent liabilities

Pledged assets	31 Dec 2017	31 Dec 2016
Property mortgages for liabilities to credit institutions	7,476.6	6,513.3
Shares for liabilities to credit * institutions <sup>1)</sup>	2,908.8	2,069.5
Guarantee obligations	-	-
<b>Total</b>	<b>10,385.4</b>	<b>8,582.8</b>

### Contingent liabilities

Responsibility for Group companies' liabilities (HB/KB)	358.1	372.7
Guarantees given for Group companies	7,097.2	5,896.4
Guarantee obligations for the benefit of associated companies	200.5	97.7
Other contingent liabilities	-	0.1
<b>Total</b>	<b>7,655.8</b>	<b>6,366.9</b>

1) Pertains to shares in Group companies.

## Note 22. Accrued expenses and prepaid income

	31 Dec 2017	31 Dec 2016
Advance payment of rents	91.8	86.0
Accrued operating expenses	13.7	10.5
Prepaid media expenses	1.3	0.6
Accrued interest expenses	31.4	36.8
Accrued salary-related expenses	14.1	15.7
Accrued selling expenses	26.2	21.4
Other items	7.1	5.8
<b>Total</b>	<b>185.6</b>	<b>176.8</b>

## Note 23. Related parties

### Related-party transactions

The Group is under a significant influence from Erik Paulsson, with his family and companies. At 31 December 2017, his holding amounted to 30 percent (31.4) of the voting rights in the Group's Parent Company. Erik Paulsson is a Board Member of Catena. Erik Paulsson's influence means that the Group has related-party transactions with Hansan AB. Related-party transactions have also been conducted with the company AB Elmsätters i Enhörna, owned by Board Member Catharina Elmsäter-Svärd, for consultancy services, and with a related party to Gustaf Hermelin – Dina el Architect – for consultancy services.

In addition to the above related-party transactions Catena has holdings, through Group companies, in the following associated companies, Huddinge Regulatörn 2 AB, Törsjö Logistik AB, Foodhills Fastighet AB and SFF Holding AB. See Note 14 Participations in associated companies.

In 2017, no Board Member or senior executives in Catena AB or its subsidiaries have themselves, via companies or related parties, had any direct involvement in business transactions carried out by Catena that were or are unusual in their nature or their terms and conditions. See Note 8 Employee and personnel expenses.

In one case, Catena has given guarantees for Group companies' associated companies, see Note 21 Pledged assets and contingent liabilities.

	2017	2016
<b>Transactions with the Group's associated companies</b>		
Sales	0.7	8.5
Interest income	0.5	1.5
Current receivables	0.2	92.7
Long-term receivables	4.7	0.7
Interest-bearing liabilities	-	46.4
Current liabilities	6.1	-
Guarantees given	200.5	97.7
<b>Transactions with other related parties</b>		
Purchases	0.7	0.2
Sales	-	-
Long-term receivables	-	-

### Other information

Liabilities and receivables with related parties pertain to the settlement account, to which interest is charged.

Transactions with related parties are priced at market rates.

## Note 24. Significant events after the end of the financial year

During the spring of 2018, construction of the 7,600 square metre distribution warehouse will commence on the Sunnanå 12:52 property at Logistikposition Sunnanå in the Municipality of Burlöv, just outside Malmö. The building will include warehouse section for both imported specialties, and chilled and frozen foods. The future tenant, Chefs Culinar, is a one-stop supplier for restaurants, cafés and industrial kitchens with both Swedish and international producers and sub-suppliers. Chefs Culinar is signing a seven-year lease with Catena and the investment is expected to generate an operating surplus of approximately SEK 8 million annually. Chefs Culinar is expected to be able to move into the property by the spring of 2019.

On 28 February, Catena acquired the Mappen 1 property in Linköping. The acquisition is being conducted as a property transaction at a value of SEK 68.1 million. The lettable area comprises more than 22,600 square metres. Site area is 110,000 square metres. The lease value of the property is slightly more than SEK 9 million with a remaining lease term of approximately two years and the property is almost fully leased. The development rights for the land are estimated at slightly more than 30,000 square metres, and the location, adjacent to Catena's other two properties in the area, Mappen 3 and Mappen 4, provide opportunities for expansion. The acquisition is being made using the company's own cash and bank balances.

In cooperation with Foodhills AB and Backahill AB, Catena has started a jointly owned company, Foodhills Fastighet AB. Catena has a 45 percent holding, Backahill 45 percent, and Foodhills AB owns the remaining 10 percent of the property company. The appointed CEO of the company is Mikael Halling, who was previously Executive Vice President and Senior Advisor at Catena for many years.

On 1 March, Foodhills Fastighet acquired the Bjuv 23:1 property, part of the Selleberga 17:1 property and the Lunnahus 4:2 property in the Municipality of Bjuv. The seller is Findus, which used the site for many years and had both its headquarters and production there. The transaction takes the form of a property transaction for a value of SEK 85 million. The Bjuv 23:1 property comprises several different buildings built between 1940 and 1998 with a lettable area of more than 100,000 square metres. Part of the Selleberga 17:1 property is agricultural land and the Lunnahus 4:2 property consists of a major water treatment plant. There are currently no tenants on the properties and the leasing process will commence immediately. The estimated rental value is approximately SEK 35 million.

Otherwise, no significant events have taken place since the balance-sheet date that impact the assessment of the Group's financial position.

## Note 25. Cash-Flow Statement

	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
<b>Supplementary disclosures to the cash-flow statement</b>		
<b>Interest paid and dividends received</b>		
Interest received	4.1	1.8
Interest paid	-215.7	-203.1
<b>Adjustments for non-cash items</b>		
Amortisation, depreciation and impairment of assets	0.9	0.8
Change in value of investment properties	-291.1	-138.3
Impairment of goodwill	76.6	38.9
Change in value of derivatives	-25.8	38.5
Participations in the profits/losses of associated companies	-8.3	6.0
Net capital loss from the divestment of non-current assets	-68.0	-11.6
Net capital loss from the divestment of operations	-19.3	1.8
Other non-cash profit/loss items	-2.0	-26.8
	<b>-337.0</b>	<b>-90.7</b>
<b>Acquisition of assets via subsidiaries</b>		
All acquisitions during the year have been classified as asset acquisitions. The acquisition of Tribona in 2016 constituted a business combinations in accordance with IFRS3, while other acquisitions of shares in subsidiaries have been classified as asset acquisitions, with the net liquidity consisting of the following items:		
<i>Assets acquired and liabilities assumed:</i>		
Goodwill	-	696.6
Investment properties	1,942.5	5,829.8
Property, plant and equipment	-	1.3
Financial fixed assets	-92.7	-
Deferred tax asset	-	77.3
Operating receivables	28.6	25.3
Cash and cash equivalents	34.4	32.9
Provisions	-11.0	-310.0
Deferred tax liabilities	-	-704.1
Non-current liabilities	-820.7	-3,240.0
Current operating liabilities	-61.2	-82.2
<b>Total net assets</b>	<b>1,019.9</b>	<b>2,326.9</b>
Purchase consideration paid	1,019.9	2,326.9
Payment for redemption of the company's debt to the Parent Company	-	-
Non-cash issue and new share issue through settlement of pre-acquisition liabilities	-353.5	-1,466.2
<b>Total</b>	<b>666.4</b>	<b>860.7</b>
Less: Cash and cash equivalents in the acquisition	-34.4	-32.9
<b>Impact on cash and cash equivalents</b>	<b>632.0</b>	<b>827.8</b>
<b>Divestment of operations</b>		
<i>Divested assets and liabilities:</i>		
Goodwill	-	44.2
Investment properties	419.9	976.1
Financial assets	-	6.7
Deferred tax asset	-	0.4
Operating receivables	0.9	7.4
Cash and cash equivalents	-	-
Provisions	-0.1	-0.9
Deferred tax liabilities	-	-37.5
Non-current liabilities	-202.0	-222.9
Current liabilities	-11.0	-269.5
Capital gain	41.3	-1.8
<b>Total</b>	<b>249.0</b>	<b>502.2</b>
Purchase consideration received	249.0	502.2
Conversion to proportion of equity in joint venture holdings	-74.7	-
Vendor's lien	-	-40.0
<b>Total</b>	<b>174.3</b>	<b>462.2</b>
Less: Cash and cash equivalents in the acquisition	-	-
<b>Impact on cash and cash equivalents</b>	<b>174.3</b>	<b>462.2</b>
<b>Acquisitions of other financial assets</b>		
Investments in associated companies	-62.3	-
Changes in interest-bearing items	-39.0	-
<b>Total investments in financial assets</b>	<b>-101.3</b>	<b>-</b>
<b>Divestment of financial assets</b>		
Settlement of financial receivables	340.0	222.6
<b>Total divestment of financial assets</b>	<b>340.0</b>	<b>222.6</b>

Reconciliation of net debt	Cash and cash equivalents	Liability to associated companies	Property loans	Total
<b>Net debt as at 1 January 2017</b>	<b>145.5</b>	<b>-74.6</b>	<b>-6,457.2</b>	<b>-6,386.3</b>
Cash flow	-50.9	9.1	-490.8	-532.6
Acquisitions			-820.7	-820.7
Disposals			202.0	202.0
Exchange rate differences	0.2		-1.5	-1.3
<b>Net debt as at 31 December 2017</b>	<b>94.8</b>	<b>-65.5</b>	<b>-7,568.2</b>	<b>-7,538.9</b>

## Note 26. Corporate acquisition of Tribona AB (2016)

In 2017, purchase price and acquisition analysis regarding Tribona acquisition have been subject to some minor adjustments, so information is presented below. There were no business combinations in 2017.

### About the transaction

In October 2015, Catena acquired Klöver AB's shares, representing 14,377,428 percent of the share capital in Tribona AB, for a cash consideration of SEK 42 per share. At the same time, Catena submitted a public takeover bid to the other shareholders in Tribona to acquire all of the company's remaining shares. As payment for the shares in Tribona AB, Catena offered three newly issued shares in Catena for every eight shares in Tribona AB. That corresponded to an offer value of SEK 45 per share, based on the closing price for the Catena share on 19 October 2015. As an alternative Catena offered Tribona's shareholders a cash consideration of SEK 42 per share in Tribona AB. That entailed a market value for Tribona of approximately SEK 2.1 billion.

When the acceptance period expired on 5 February 2016, 94.5 percent of Tribona's shareholders had accepted Catena's bid. Among Tribona's shareholders, 41.6 percent chose the exchange option. As a result, 7,593,585 Catena shares were issued, with the total number of Catena shares amounting to 33,235,506. Compulsory redemption was requested of the approximately 5.5 percent of the shares outstanding in Tribona. Tribona was consolidated on 26 January (acquisition date) with advance vesting of the shares under compulsory redemption. The Board of Directors Tribona resolved to delist that company's shares on Nasdaq Stockholm, and the last day of trading in Tribona's shares was 22 February 2016.

### Tribona in brief

The property company Tribona, based in Lund and headquartered in Arlöv, conducted management and development of properties with a focus on warehousing and logistics. The company owns 37 properties, of which 36 are in Sweden and one in Denmark. The total lettable area amounts to slightly more than 700,000 square metres.

### Reasons for the acquisition

The acquisition of Tribona made Catena Sweden's leading property company in logistics with a total of 92 properties values at a total of about SEK 10,000 million. Tribona's property portfolio complements Catena's well and strengthens the company's position in the locations that the company has defined as strategically significant, such as Stockholm, Gothenburg and Malmö. Catena also gains several important new customers and customer segments. Particularly in the food sector, which traditionally has a well-developed logistics function. Customers include ICA, Netto and other large supermarket chains of interest to Catena.

The larger combined property portfolio also improves opportunities for rational management, resulting in cost synergies, as well as revenue synergies. The increased number

of shareholders is also expected to improve conditions for attracting new investors, which can improve the liquidity of Catena's shares, adding value for shareholders. Details of purchase price, acquired net assets and goodwill are shown below:

<i>Purchase consideration (SEK million):</i>	<b>Final acquisition analysis 31 December 2017</b>	<b>Preliminary acquisition analysis 31 December 2016</b>
Cash and cash equivalents	599.9	591.8
Fair value of participations acquired in 2015	610.2 <sup>1)</sup>	610.2 <sup>1)</sup>
Non-cash issue	856.0	856.0
<b>Total purchase consideration</b>	<b>2,066.1</b>	<b>2,058.0<sup>2)</sup></b>

1) Revaluation of the 29.55 percent shareholding acquired in 2015 resulted in an expense of SEK 12 million in 2016 and was reported under Participations in the earnings of associated companies.

2) The purchase consideration includes acquisition expenses of SEK 6.4 million.

On 18 May 2017, arbitration was announced in dispute proceedings regarding the redemption of shares in Tribona AB. The arbitration entails an increased purchase consideration for the shares totalling SEK 8.1 million including fees. As the acquisition analysis for Tribona has been finalised at this time, this additional purchase consideration is recognised as an expense under "Change in value of goodwill etc." in the consolidated income statement.

<i>SEK M</i>	<b>Final 31 December 2017</b>	<b>Preliminary 31 December 2016</b>
<i>Assets acquired and liabilities assumed:</i>		
Investment properties	5264.5	5264.5
Property, plant and equipment	1.3	1.3
Deferred tax asset	77.3	77.3
Operating receivables	24.4	24.4
Cash and cash equivalents	32.1	32.1
Derivative instruments and provisions	-310.0	-310.0
Deferred tax liabilities	-670.2	-704.1
Non-current liabilities	-2944.0	-2944.0
Current operating liabilities	-80.1	-80.1
<b>Acquired identifiable net assets</b>	<b>1395.3</b>	<b>1361.4</b>
Goodwill	662.7	696.6
<b>Acquired net assets</b>	<b>2058.0</b>	<b>2058.0</b>

	<b>Final 31 December 2017</b>
<i>Distribution of goodwill in the acquisition:</i>	
In terms of anticipated synergies	127.8
Goodwill attributable to the difference between nominal tax and the calculation of tax applied in connection with the acquisition	534.9
<b>Total goodwill in the acquisition</b>	<b>662.7</b>

No portion of the goodwill in the acquisition is tax deductible.

In connection with the preparation of the acquisition analysis, mainly the accounting of anticipated synergies was taken into consideration. Since the synergies, which consisted of anticipated cost reductions, as well as income gains from both the acquired stocks and Catena's existing stocks, it was chosen to report this value as goodwill. One possible option would be to have assigned additional value to Investment properties relative to the valuation made separately for the properties – a kind of portfolio value, which we understand is sometimes used. The smallest cash-generating unit for the testing of the recoverable amount for goodwill from synergies would thus be all of the properties in the combined Catena portfolio.

Since the acquisition date, goodwill from synergies has been realised through the sale of properties that belonged to the Tribona stocks. These amount to SEK 12.3 million and have been reported as part of the capital gains from property sales. Goodwill relating to deferred tax has also been realised in connection with sales. In addition to this realised goodwill, impairment totalling SEK 115.5 million (of which 76.6 in 2017) was recognised following impairment testing, when it was found that the expected synergies had been realised in the forecast cash flows underlying the valuation of the invest-

ment properties. The remaining reported goodwill of SEK 503.0 million on the balance sheet date is, in full, an effect of the reporting in full of nominally deferred tax relating to temporary differences between fair value and taxation value. The item will change as properties including goodwill are sold or revalued at less than cost.

After the fact, we can now note that both the income statement during the holding period and the closing position agree with how the accounts would have appeared if the synergies has initially been allocated as a portfolio value under Investment properties.

#### Income and profit in acquired operations

Since the acquisition of Tribona, eight properties were divested that were not purely logistics properties or that were otherwise deemed not to be of strategic importance. All properties and personnel have been successfully integrated into Catena's operations, which at the same time changed their operational segmentation. For this reason, it is not possible to accurately report income and profit for the acquired company, neither for the duration of the holding nor pro forma for the entire 2016 financial year.

For 2015 (pro forma), the relationships between the acquiring party and the acquired party, in terms of size, was as follows:

<i>SEK M</i>	<b>Catena</b>	<b>Tribona</b>
Rental income	464	402
Property expenses	-113	-88
<b>Operating surplus</b>	<b>351</b>	<b>314</b>
Administration and other	-5	-33
Net financial items	-87	-152
<b>Profit from property management</b>	<b>259</b>	<b>129</b>



## Note 27. Reconciliation of alternative performance measures

			31 Dec 2017	31 Dec 2016
	Reference	Formula reference		
<i>Property-related</i>				
<b>Surplus ratio, %</b>				
Net operating surplus	IS	A	671.2	578.1
Rental income	IS	B	892.0	786.6
Surplus ratio = A/B			75.2%	73.5%
<b>Loan-to-value ratio, %</b>				
Non-current liabilities to credit institutions	BS	A	6,251.5	2,788.0
Current liabilities to credit institutions	BS	B	1,316.7	3,669.2
Investment properties	BS	C	13,131.1	10,786.4
Loan-to-value ratio = (A+B)/C			57.6%	59.9%
<i>Financial</i>				
<b>Return on equity, %</b>				
Profit for the year	IS	A	634.7	338.4
Total equity at beginning of the year	BS	B	3,904.3	2,477.8
Total equity at end of the year	BS	C	4,596.5	3,904.3
Return on equity = A/((B+C)/2)			14.9%	10.6%
<b>Return on total capital, %</b>				
Profit before tax	IS	A	758.6	386.6
Reversal of financial expenses	IS	B	213.2	244.3
Reversal of unrealised changes in value of derivatives	IS	C	-25.8	38.6
Total assets at beginning of year	BS	D	12,344.9	6,947.9
Total assets at end of year	BS	E	14,246.6	12,344.9
Return on total capital = A+B+C/((D+E)/2)			7.1%	6.9%
<b>Interest-coverage ratio, multiple</b>				
Profit before tax	IS	A	758.6	386.6
Reversal of financial expenses	IS	B	213.2	244.3
Reversal of unrealised changes in value of investment properties	IS	C	-291.1	-138.3
Reversal of changes in value of goodwill	IS	D	84.7	38.9
Reversal of changes in value of derivatives	IS	E	-25.8	38.6
Interest coverage ratio = (A+B+C+D+E)/B			3.5	2.3
<b>Average interest rate, %</b>				
See Interest rate maturity structure in	Note 19		3.2	3.6
<b>Fixed interest, years</b>				
See Interest rate maturity structure in	Note 19		4.1	3.5
<b>Interest-bearing liabilities concerning properties, SEK M</b>				
Non-current liabilities to credit institutions	BS	A	6,251.5	2,788.0
Current liabilities to credit institutions	BS	B	1,316.7	3,669.2
Interest-bearing liabilities concerning properties = A+B			7,568.2	6,457.2
<b>Capital tied-up, years</b>				
See loan agreement maturity structure in	Note 19		1.9	1.5
<b>Debt/equity ratio, multiple</b>				
Interest-bearing liabilities concerning properties, SEK M		A	7,568.2	6,457.2
Total equity at end of the year	BS	B	4,596.5	3,904.3
Debt/equity ratio = A/B			1.6	1.7
<b>Equity ratio, %</b>				
Total equity at end of the year	BS	A	4,596.5	3,904.3
Total assets at end of year	BS	B	14,246.6	12,344.9
Equity ratio = A/B			32.3%	31.6%
<b>Equity ratio, excluding goodwill, %</b>				
Total equity at end of the year	BS	A	4,596.5	3,904.3
Total assets at end of year	BS	B	14,246.6	12,344.9
Deductions, goodwill	BS	C	503.0	613.5
Equity ratio excl. goodwill = A/(B-C)			33.4%	33.3%

			31 Dec 2017	31 Dec 2016
	Refer- ence	Formula reference		
<i>Share-related</i>				
<b>Dividend yield, %</b>				
Dividend per share, SEK		A	4.50	3.50
Share price at year-end		B	155.50	128.50
Dividend yield = A/B			2.89%	2.72%
<b>Total return on the share, %</b>				
Dividend per share, SEK		A	3.50	3.00
Property portfolio at beginning of year		B	128.50	115.00
Share price at year-end		C	155.50	128.50
Total return on the share = (C-B+A)/B			23.7%	14.3%
<b>Equity per share, SEK</b>				
Equity attributable to Parent Company shareholders, SEK M	BS	A	4,596.5	3,899.9
Number of shares outstanding at year-end		B	37,413,523	35,735,506
Equity per share = A/B			122.86	109.13
<b>Profit from property management per share, SEK</b>				
Profit from property management, SEK M	IS	A	440.1	316.0
Total No. of shares outstanding		B	35,786,779	33,166,546
Profit from property management per share = A/B			12.30	9.53
<b>P/E ratio</b>				
Earnings per share, SEK		A	16.08	10.20
Share price at year-end		B	155.50	128.50
P/E ratio = B/A			10	13
<b>Cash flow before change in working capital per share, SEK</b>				
Cash flow before change in working capital, SEK M	CFS	A	418.7	294.3
Total No. of shares outstanding		B	35,786,779	33,166,546
Cash flow before change in working capital per share, SEK			11.70	8.87
<b>Net asset value per share, EPRA NAV(including goodwill), SEK</b>				
Equity attributable to Parent Company shareholders	BS	A	4,596.5	3,899.9
Deferred tax assets, SEK M	BS	B	-136.2	-135.6
Fair value of interest-rate derivatives, SEK M	Note 19	C	445.5	464.5
Deferred tax liability, SEK M	BS	D	1,203.5	1,125.7
Number of shares outstanding at year-end		E	37,413,523	35,735,506
Non-current net asset value per share, EPRA NAV (including goodwill) = (A+B+C+D)/E			163.29	149.84
<b>Long-term net asset value per share, EPRA NAV</b>				
Equity attributable to Parent Company shareholders	BS	A	4,596.5	3,899.9
Goodwill as an effect of deferred tax		B	-503.0	-503.0
Deferred tax assets, SEK M	BS	C	-136.2	-135.6
Fair value of interest-rate derivatives, SEK M	Note 19	D	445.5	464.5
Deferred tax liability, SEK M	BS	E	1,203.5	1,125.7
Number of shares outstanding at year-end		F	37,413,523	35,735,506
Non-current net asset value per share, EPRA NAV = (A+B+C+D+E)/F			149.85	135.76

BS=Consolidated Statement of Financial Position.  
CFS=Consolidated Cash-flow Statement.  
IS=Consolidated Statement of Comprehensive Income.

# Financial statements – Parent Company

## Parent Company Income Statement

SEK M	Note	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
Net sales	4	44.0	47.7
Cost of services performed	5,6,7,8	-73.8	-70.0
<b>Operating profit/loss</b>		<b>-29.8</b>	<b>-22.3</b>
<b>Financial income and expenses</b>	9		
Interest income and similar profit/loss items		137.6	101.1
Profit from participations in Group companies		49.4	146.2
Interest expense and similar profit/loss items		-259.7	-241.6
<b>Profit before tax</b>		<b>-102.5</b>	<b>-16.6</b>
Appropriations		-17.1	-0.1
Tax on profit for the year	10	-45.2	-14.3
<b>Comprehensive income for the year</b>		<b>-164.8</b>	<b>-31.0</b>

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

## Parent Company Balance Sheet

SEK M	Note	31 Dec 2017	31 Dec 2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Equipment	11	2.0	2.3
<b>Financial fixed assets</b>			
Participations in Group companies	12	3,259.8	3,252.6
Participations in associated companies	13	1.0	-
Deferred tax asset	10	96.8	39.4
Other non-current receivables		4.8	4.1
<b>Total financial assets</b>		<b>3,362.4</b>	<b>3,296.1</b>
<b>Total non-current assets</b>		<b>3,364.4</b>	<b>3,298.4</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	14	1.2	0.3
Receivables from Group companies	15	5,201.9	3,983.1
Receivables from associated companies		0.2	92.7
Other receivables		0.6	2.4
Prepaid expenses and accrued income	16	4.1	3.9
<b>Total current receivables</b>		<b>5,208.0</b>	<b>4,082.4</b>
<b>Cash and bank balances</b>		<b>38.7</b>	<b>113.7</b>
<b>Total current assets</b>		<b>5,246.7</b>	<b>4,196.1</b>
<b>Total ASSETS</b>	<b>22</b>	<b>8,611.1</b>	<b>7,494.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted shareholders' equity</b>			
Share capital		164.6	157.2
Statutory reserve		10.0	10.0
<b>Total restricted equity</b>		<b>174.6</b>	<b>167.2</b>
<b>Unrestricted equity</b>			
Share premium reserve		2,116.2	1,998.8
Profit brought forward		2.9	33.9
Comprehensive income for the year		-164.8	-31.0
<b>Total unrestricted equity</b>		<b>1,954.3</b>	<b>2,001.7</b>
<b>Total equity</b>		<b>2,128.9</b>	<b>2,168.9</b>
<b>Untaxed reserves</b>			
Excess depreciation		0.2	0.1
Tax allocation reserve		17.0	-
<b>Total untaxed reserves</b>		<b>17.2</b>	<b>0.1</b>
<b>Provisions</b>			
Other provisions	18	0.2	0.4
<b>Total provisions</b>		<b>0.2</b>	<b>0.4</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Liabilities to credit institutions	15.20	-	-
Deferred tax liability	10	-	-
Interest-rate derivatives	15	439.0	177.5
<b>Total non-current liabilities</b>		<b>439.0</b>	<b>177.5</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	15.20	439.0	316.8
Accounts payable		3.6	6.8
Liabilities to Group companies	15	5,536.4	4,740.3
Liabilities to associated companies		6.1	46.4
Other liabilities		1.0	6.6
Tax liability		8.5	0.1
Accrued expenses and deferred income	19	31.2	30.6
<b>Total current liabilities</b>		<b>6,025.8</b>	<b>5,147.6</b>
<b>Total liabilities</b>	<b>22</b>	<b>6,464.8</b>	<b>5,325.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,611.1</b>	<b>7,494.5</b>

## Parent Company Statement of Changes in Equity

SEK M	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Accumulated profit	Comprehensive income for the year	
<b>Equity brought forward 1 Jan 2016</b>	<b>112.8</b>	<b>10.0</b>	<b>962.4</b>	<b>-</b>	<b>33.9</b>	<b>1,119.1</b>
Transfer comprehensive income	-	-	-	33.9	-33.9	-
New share issue	44.4	-	1,141.6	-	-	1,186.0
Issue expenses	-	-	-7.0	-	-	-7.0
Issue expenses, tax	-	-	1.5	-	-	1.5
Comprehensive income for the year	-	-	-	-	-31.0	-31.0
Dividend	-	-	-99.7	-	-	-99.7
<b>Equity carried forward 31 Dec 2016</b>	<b>157.2</b>	<b>10.0</b>	<b>1,998.8</b>	<b>33.9</b>	<b>-31.0</b>	<b>2,168.9</b>
<b>Equity brought forward 1 Jan 2017</b>	<b>157.2</b>	<b>10.0</b>	<b>1,998.8</b>	<b>33.9</b>	<b>-31.0</b>	<b>2,199.9</b>
Transfer comprehensive income	-	-	-	-31.0	31.0	-
New share issue	7.4	-	242.6	-	-	250.0
Comprehensive income for the year	-	-	-	-	-164.8	-164.8
Dividend	-	-	-125.1	-	-	-
<b>Equity carried forward 31 Dec 2017</b>	<b>164.6</b>	<b>10.0</b>	<b>2,116.2</b>	<b>2.9</b>	<b>-164.8</b>	<b>2,128.9</b>

## Parent Company Cash-Flow Statement

SEK M	Note 21	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
<b>Operating activities</b>			
Profit before tax		-102.5	-16.6
Adjustments for non-cash items		2.3	62.3
Cash flow before changes in working capital		<b>-100.2</b>	<b>45.7</b>
<b>Changes in working capital</b>			
Change in operating receivables		-	-2.5
Change in operating liabilities		-9.6	-14.9
<b>Cash flow from operating activities</b>		<b>-109.8</b>	<b>28.3</b>
<b>Investing activities</b>			
Acquisitions of subsidiaries		-7.2	-589.3
Sales of subsidiaries		-	47.9
Acquisitions of property, plant and equipment		-	-1.5
Sales of property, plant and equipment		-0.6	-
Acquisitions of financial assets		-1.0	-
Sales and net amortisation of financial assets		46.5	271.0
<b>Cash flow from investing activities</b>		<b>37.7</b>	<b>-271.9</b>
<b>Financing activities</b>			
New share issue <sup>*)</sup>		-	323.0
Borrowings		439.0	-
Amortisation of loans		-316.8	-67.2
Dividend		-125.1	-99.7
<b>Cash flow from financing activities</b>		<b>-2.9</b>	<b>156.1</b>
<b>Cash flow for the year</b>		<b>-75.0</b>	<b>-87.5</b>
<b>Opening cash and cash equivalents</b>		<b>113.7</b>	<b>201.2</b>
<b>Closing cash and cash equivalents</b>		<b>38.7</b>	<b>113.7</b>

\*) The year's new share issue for SEK 250.0 million has been offset against acquisition liabilities.

# Notes – Parent Company

## Note 1. Accounting policies

### Amounts in SEK M unless otherwise specified.

Catena AB (publ), 556294-1715, is the Parent Company of a Group comprising companies that own and operate properties or run property-related projects. All inter-Group functions are centralised to the Parent Company.

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation no. RFR 2 Accounting for legal entities, which entails that the Parent Company in its Annual Report for the legal entity applies all of the EU-approved IFRS and statements, to the fullest extent possible, within the framework of the Annual Accounts Act, and taking into consideration the connection between accounting and taxation. Recommendations indicate the exceptions and the supplements to be made to the IFRS.

The Parent Company applies the same accounting policies as the Group, detailed in Note 2 for the Group, except in the cases stated below.

### Differences between the Group's and the Parent Company's accounting policies

The following accounting policies for the Parent Company have been applied consistently for all periods presented in the Parent Company's financial reports, unless specifically stated otherwise.

#### Subsidiaries, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are recognised in the Parent Company under the cost method.

#### Shareholder contributions and Group contributions

Shareholder contributions are recognised directly in equity by the recipient and capitalised in shares and participations by the payer. Group contributions paid to subsidiaries are recognised as an increase in the shares in the subsidiary and, thereafter, tested to identify whether any impairment need exists. The tax effect is recognised in profit or loss. Group contributions received from subsidiaries are treated as dividends and are recognised as financial income in profit or loss. The tax effect is recognised in profit or loss.

#### Presentation of income statement and balance sheet

The Parent Company follows the presentation format in the Swedish Annual Accounts Act for the income statement and balance sheet, which means that a different presentation format for equity and that other provisions are reported as a separate item in the balance sheet.

## Note 2. Financial risk management

The Group applies common risk management for all units. Consequently, the description included in Note 19 is, to all intents and purposes, also applicable to the Parent Company.

## Note 3. Significant estimates and assumptions for accounting purposes

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For accounting purposes, the Group's descriptions of key estimates and assessments are also applicable to the Parent Company.

## Note 4. Net sales

Turnover primarily comprises intra-Group administration fees.

## Note 5. Cost of services performed

	2017	2016
Personnel expenses	48.0	47.4
Other external expenses	24.9	21.8
Depreciation of property, plant and equipment	0.9	0.8
<b>Total</b>	<b>73.8</b>	<b>70.0</b>

## Note 6. Employee and personnel expenses

Average number of employees	of whom		of whom	
	2017	men	2016	men
Employees in Sweden	37	76%	32	65%

Gender balance of senior management	2017		2016	
	Board	Senior executives	Board	Senior executives
Men	57%	67%	86%	75%
Women	43%	33%	14%	25%

	2017	2016
<b>Salaries, fees, benefits and other remuneration</b>		
Chairman of the Board (Henry Klotz Jan-Apr)	0.1	0.2
Chairman of the Board (Gustaf Hermelin May-Dec)	0.2	-
Chairman of the Board (special fee May-Dec)	1.2	-
Other Board Members	0.8	0.4
Chief Executive Officer (Gustaf Hermelin Jan-Apr)		
Base salary	1.0	2.8
Other remuneration	0.1	1.5
Chief Executive Officer (Benny Thögensen May-Dec)		
Base salary	1.2	-
Other remuneration	0.2	-
Other senior executives (6* and 9 individuals respectively)		
Base salary	7.5	7.8
Other remuneration	1.5	1.9
Other employees	16.3	15.0
<b>Total</b>	<b>30.1</b>	<b>29.6</b>
<b>Pension expenses</b>		
Chief Executive Officer (Gustaf Hermelin Jan-Apr)	0.5	1.6
Chief Executive Officer (Benny Thögensen May-Dec)	0.4	-
Other senior executives (6 (9) individuals)	2.7	3.3
Other employees	3.2	2.3
<b>Total</b>	<b>6.8</b>	<b>7.2</b>

	2017	2016
<b>Statutory social security contributions incl. payroll tax</b>		
Chairman of the Board (Henry Klotz Jan-Apr)	-	0.1
Chairman of the Board (Gustaf Hermelin May-Dec)	0.1	-
Chairman of the Board (special fee May-Dec)	0.4	-
Other Board Members	0.2	0.1
Chief Executive Officer (Gustaf Hermelin Jan-Apr)	0.3	1.7
Chief Executive Officer (Benny Thögersen May-Dec)	0.5	-
Other senior executives (6* and 9 individuals respectively)	3.4	3.7
Other employees	5.9	5.2
<b>Total</b>	<b>10.8</b>	<b>10.8</b>
<b>Total</b>	<b>47.7</b>	<b>47.6</b>

For information about directors' fees, the terms and conditions governing the employment and dismissal of senior executives, remuneration of related parties, bonuses, pensions, severance pay, etc. please refer to Note 8 for the Group.

## Note 7. Fees and expenses to auditors

	2017	2016
Audit engagement	1.5	1.9
Audit activities in addition to the audit engagement	-	0.5
Tax consultancy	0.2	0.1
<b>Total</b>	<b>1.7</b>	<b>2.5</b>

Fees for audit engagements pertain to fees for the statutory audit, that is, all work necessary to prepare the auditors' report, as well as audit advice provided in conjunction with the audit engagement.

Audit activities in addition to the audit engagement pertain to fees for various types of quality assurance services.

Other services pertain to activities not included in the audit engagement, audit activities or tax consultancy services.

Costs for audits and other assignments from PwC pertaining to all subsidiaries were charged to the Parent Company.

## Note 8. Leasing fees pertaining to operational leasing

	2017	2016
Minimum lease fees <sup>1)</sup>	1.4	1.4

1) There were no variable fees.

### Contractual future minimum leasing fees pertaining to non-cancellable leases fall due:

Within one year	1.2	1.4
Between one and five years	1.4	1.1
<b>Total</b>	<b>2.6</b>	<b>2.5</b>

The Parent Company's operational leases mainly comprise operational vehicle leases.

## Note 9. Financial income and expenses

	2017	2016
<b>Interest income and similar profit/loss items</b>		
Interest income, Group companies	127.3	86.7
Interest income, other	0.4	1.5
Exchange gain	9.9	12.9
<b>Total</b>	<b>137.6</b>	<b>101.1</b>

	2017	2016
<b>Profit from participations in Group companies</b>		
Group contributions received	373.4	226.5
Impairment of shares in subsidiaries	-324.0	-80.3
<b>Total</b>	<b>49.4</b>	<b>146.2</b>

	2017	2016
<b>Interest expense and similar profit/loss items</b>		
Interest expenses, Group companies	-155.2	-111.2
Interest expenses, other	-97.9	-63.1
Interest-rate derivatives, changes in value	-1.5	-61.8
Other financial expenses	-5.1	-5.5
<b>Total</b>	<b>-259.7</b>	<b>-241.6</b>

<b>Net financial items</b>	<b>-72.7</b>	<b>5.7</b>
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## Note 10. Tax

	2017	2016
<b>Recognised in profit or loss</b>		
<i>Current tax</i>		
Tax for the year	-102.6	-22.8
<i>Deferred tax</i>		
Deferred tax for temporary differences	57.4	8.5
<b>Total recognised tax</b>	<b>-45.2</b>	<b>-14.3</b>

	2017	2016
<b>Reconciliation of effective tax</b>		
Profit before tax	-119.6	-16.7
Tax according to current rate: 22%	26.3	3.7
Non-deductible expenses	-71.4	-17.8
Tax attributable to preceding years	-0.1	-0.2
<b>Recognised effective tax</b>	<b>-45.2</b>	<b>-14.3</b>

The recognised effective tax rate in percent totalled 37.8 (86.1). ▶

	OB 2016	Statement of Changes in Equity 2016	Recognised in profit or loss 2016	CB 2016	Recognised in profit or loss 2017	CB 2017
<b>Deferred tax asset</b>						
Shares in partnerships and limited companies	-	-	-	-	-	-
Pension provisions	0.5	-	-0.2	0.3	-0.1	0.2
Derivative instruments	25.5	-	13.6	39.1	57.5	96.6
Loss carry-forwards	3.4	-	-3.4	-	-	-
<b>Total deferred tax assets</b>	<b>29.4</b>	<b>-</b>	<b>10.0</b>	<b>39.4</b>	<b>57.4</b>	<b>96.8</b>
<b>Deferred tax liability</b>						
Issue expenses	-	1.5	-1.5	-	-	-
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>1.5</b>	<b>-1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 11. Property plant and equipment

Equipment	2017	2016
Opening cost	4.1	2.6
Acquisitions	0.7	1.6
Sales and disposals	-0.2	-0.1
<b>Closing cost</b>	<b>4.6</b>	<b>4.1</b>
Opening depreciation	-1.8	-1.0
Sales and disposals	0.1	-
Depreciation for the year	-0.9	-0.8
<b>Closing depreciation</b>	<b>-2.6</b>	<b>-1.8</b>
<b>Carrying amount</b>	<b>2.0</b>	<b>2.3</b>

Depreciation is distributed over the following items in profit or loss.

	2017	2016
<b>Cost of services performed</b>	<b>0.9</b>	<b>0.8</b>

## Note 12. Participations in Group companies

	31 Dec 2017	31 Dec 2016
<i>Accumulated cost</i>		
Opening balance	3,428.5	1,338.0
Acquisitions	7.2	2,058.1
Disposals	-	-47.9
Group contributions paid <sup>1)</sup>	324.0	80.3
Capital contribution made	-	-
<b>Closing balance</b>	<b>3,759.7</b>	<b>3,428.5</b>
<i>Accumulated write-downs</i>		
Opening balance	-175.9	-95.6
Impairment for the year <sup>2)</sup>	-324.0	-80.3
<b>Closing balance</b>	<b>-499.9</b>	<b>-175.9</b>
<b>Carrying amount at year end</b>	<b>3,259.8</b>	<b>3,252.6</b>

1) Group contributions paid to subsidiaries are recognised as an increase in the shares in the subsidiary and, thereafter, tested to identify whether any impairment need exists. Group contributions received from subsidiaries are treated as dividends and are recognised as financial income in profit or loss.

2) Impairment for the year is included under the profit/loss item "Profit from participations in Group companies", see Note 9.

Specification of Parent Company's direct holdings of shares in subsidiaries					31 Dec 2017	31 Dec 2016
Subsidiary	Corp. No.	Reg. office	Number of shares	Holding in % <sup>1)</sup>	Carrying amount	Carrying value
Catena Logistik AB	556922-7365	Helsingborg	1,000	100.0	1,154.8	1,154.8
Catena Fastigheter AB	556754-0843	Helsingborg	1,000	100.0	0.1	0.1
Catena i Vinsta AB	556754-0868	Helsingborg	1,000	100.0	24.6	24.6
Catena Obl. Holding AB	556984-8467	Helsingborg	1,000	100.0	15.1	15.1
Tribona AB <sup>2)</sup>	556870-4646	Helsingborg	48,657,051	100.0	2,065.3	2,058.1
<b>Total</b>					<b>3,259.8</b>	<b>3,252.6</b>

1) Pertains to the percentage of share capital, which corresponds to the proportion of voting rights.

2) During the year, purchase consideration for the acquisition of Tribona became payable in connection with an arbitration ruling gaining legal force.



## Specification of indirectly owned subsidiaries

Name	Corp. Reg. No.	Reg. office	Name	Corp. Reg. No.	Reg. office
Catena Adaptern 1 AB	556606-3631	Helsingborg	Catena Malmö Två AB	556824-2944	Helsingborg
Catena Backa 23:5 KB	916624-0797	Helsingborg	Catena Mappen 4 AB	559100-3776	Helsingborg
Catena Backa 23:9 AB	556822-2433	Helsingborg	Catena Misteln AB	559011-1307	Helsingborg
Catena Backa 97:10 AB	556595-0002	Helsingborg	Catena Morup 5 AB	556632-3621	Helsingborg
Catena Backa Invest AB	556758-6838	Helsingborg	Catena Mosås AB	556710-4459	Helsingborg
Catena Backanet AB	556720-9035	Helsingborg	Catena Muskötgatan AB	556633-8157	Helsingborg
Catena Basfiolen AB	556697-7129	Helsingborg	Catena Målås 4:4 AB	559083-7133	Helsingborg
Catena Batteriet AB	559083-7182	Helsingborg	Catena Mölnlycke AB	556990-3379	Helsingborg
Catena Björrod AB	559106-8829	Helsingborg	Catena Mörby AB	556713-8572	Helsingborg
Catena B-Kråkebo 1:56 AB	559016-9198	Helsingborg	Catena Obl. AB	556984-8426	Helsingborg
Catena Boländerna 22:9 AB	559083-7125	Helsingborg	Catena Projekt AB	556824-7570	Helsingborg
Catena Borlänge AB	556605-0620	Helsingborg	Catena Rosersberg 11:81 AB	559130-9629	Helsingborg
Catena Borås AB	556519-4155	Helsingborg	Catena Rosersberg 11:116 AB	556893-9325	Helsingborg
Catena Borås Tre AB	556691-3223	Helsingborg	Catena Service AB	556750-7917	Helsingborg
Catena Borås Två AB	556537-6141	Helsingborg	Catena Skogskojan 1 AB	556972-7547	Helsingborg
Catena Bronsringen AB	556702-8153	Helsingborg	Catena Slotshagen 2:1 AB	556703-2809	Helsingborg
Catena Bröndby AS	DK 30926080	Copenhagen	Catena Slätthög 1 AB	556929-6873	Helsingborg
Catena Bulten 1 AB	556968-2478	Helsingborg	Catena Slätthög 4 AB	556872-7639	Helsingborg
Catena Bunkagården M 1 AB	556445-0087	Helsingborg	Catena Slätthög 6 AB	556929-6881	Helsingborg
Catena Bunkagården M 2 AB	556912-0339	Helsingborg	Catena Smeden 1 AB	556950-7584	Helsingborg
Catena Burlöv AB	556605-0992	Helsingborg	Catena Sockret 1 AB	559054-1099	Helsingborg
Catena Drivremmen 1 AB	559083-7117	Helsingborg	Catena Sockret 2 AB	559054-1107	Helsingborg
Catena Däcket 1 AB	559083-7166	Helsingborg	Catena Sockret 4 AB	559025-6698	Helsingborg
Catena Ekeby 2:2 AB	559081-1880	Helsingborg	Catena Sockret 6 AB	559054-0968	Helsingborg
Catena Fosie 4 AB	556775-7819	Helsingborg	Catena Statorn AB	559130-9637	Helsingborg
Catena Fräsaren 12 AB	556987-6773	Helsingborg	Catena Stenvreten AB	556791-3982	Helsingborg
Catena Fröträdet 1 AB	556605-2139	Helsingborg	Catena Stockholm AB	556519-4148	Helsingborg
Catena Fördelaren 1 AB	556605-2097	Helsingborg	Catena Sundsvall AB	556605-0596	Helsingborg
Catena Förmannen AB	556667-7299	Helsingborg	Catena Sunnanå 5:16 AB	559071-0090	Helsingborg
Catena Generatorn 11 AB	556720-9043	Helsingborg	Catena Sunnanå AB	556699-7788	Helsingborg
Catena Godsvagnen AB	556740-8801	Helsingborg	Catena Sunnanå Två AB	559023-3911	Helsingborg
Catena Gävle AB	556697-7194	Helsingborg	Catena Södertälje AB	556524-7433	Helsingborg
Catena Haninge AB	556660-1596	Helsingborg	Catena Söderåsen Fastighets AB	556634-8776	Helsingborg
Catena Holding 11 AB	556914-7522	Helsingborg	Catena Tahe AB	556102-5304	Helsingborg
Catena Holding 5 AB	556877-4243	Helsingborg	Catena Tankbilen 9 AB	556956-0690	Helsingborg
Catena Holding 6 AB	556877-4250	Helsingborg	Catena Terminal AB	559081-1948	Helsingborg
Catena Holding 8 AB	556905-3951	Helsingborg	Catena Terminalen 1 AB	556312-0236	Helsingborg
Catena Holding 9 AB	556912-0313	Helsingborg	Catena Tostarp AB	556667-8784	Helsingborg
Catena Holding I AB	556707-7580	Helsingborg	Catena Tostarp Två AB	559025-2259	Helsingborg
Catena Holding II AB	556706-9660	Helsingborg	Catena Transportstaden Örebro AB	556591-2309	Helsingborg
Catena Holding IV AB	556750-7891	Helsingborg	Catena Tågarp 16:22 AB	559018-0880	Helsingborg
Catena Hästhagen AB	556252-1616	Helsingborg	Catena Umeå AB	556605-0562	Helsingborg
Catena Invest AB	556649-9108	Helsingborg	Catena Vanda AB	556672-1402	Helsingborg
Catena Jakobsberg AB	556607-0925	Helsingborg	Catena Varalöv AB	556663-0025	Helsingborg
Catena Jordbromalm 4:41 AB	556731-8554	Helsingborg	Catena Vasslan AB	556697-7137	Helsingborg
Catena Järfälla AB	556605-0737	Helsingborg	Catena Vindtunneln 2 AB	556685-3064	Helsingborg
Catena Jönköping AB	556536-7587	Helsingborg	Catena Vissol AB	556140-0135	Helsingborg
Catena Jönköping Två AB	556691-3215	Helsingborg	Catena Vissol Två AB	556717-7653	Helsingborg
Catena Karlstad AB	556605-0695	Helsingborg	Catena Vångagärdet AB	559086-8021	Helsingborg
Catena Klarinetten 1 AB	556720-9050	Helsingborg	Catena Vårdshuset AB	556697-7145	Helsingborg
Catena Klippan AB	556536-7579	Helsingborg	Catena Värnamo AB	556950-7592	Helsingborg
Catena Klippan Mega AB	556594-2603	Helsingborg	Catena Växjö Ett AB	556222-2595	Helsingborg
Catena Konen AB	556802-4771	Helsingborg	Catena Årsta AB	556605-0760	Helsingborg
Catena Kopparverket AB	556700-1275	Helsingborg	Catena Ättehögen AB	556659-9360	Helsingborg
Catena Korsberga 1 AB	556834-6539	Helsingborg	Catena Örebro AB	556636-3270	Helsingborg
Catena Kristianstad AB	556697-7202	Helsingborg	Catena Östanvinden AB	556697-7111	Helsingborg
Catena Kungsbacka AB	556969-5439	Helsingborg	Hallsbergs Kombiterminal AB	556643-8023	Helsingborg
Catena Källstalöt AB	556499-4076	Helsingborg	Hallsbergs Terminal AB	556317-5966	Helsingborg
Catena Köpingegården HB	916626-8806	Helsingborg	Logistikposition Karlshamn AB	556752-6040	Karlshamn
Catena Lagret 1 AB	556660-1539	Helsingborg	Logistikposition Katrineholm AB	556692-4147	Katrineholm
Catena Lagret 4 AB	559007-5544	Helsingborg	Queenswall AB	559001-6696	Helsingborg
Catena Linköping AB	556605-0471	Helsingborg			
Catena Logistikposition Helsingborg AB	556688-6635	Helsingborg			
Catena Malmö AB	556537-6166	Helsingborg			

## Note 13. Participations in associated companies

Associated companies	31 Dec 2017	31 Dec 2016
<i>Accumulated cost</i>		
Opening balance	-	610.2
Acquisitions	1.0	-
Sales	-	-610.2
<b>Carrying amount at year end</b>	<b>1.0</b>	<b>-</b>

Pertains to the percentage of share capital, which corresponds to the proportion of voting rights.

Urban Services in Solna AB is owned by Catena as an associated company together with Fabege, Ragn-Sells and Serv-

### 2017

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Participation	Assets	Liabilities	Income	Results	Carrying amount
Urban Services i Solna AB	559108-8397	Solna	25.00%	1.1	0.1	0.1	-	1.0
<b>Total</b>				<b>1.1</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>1.0</b>

## Note 14. Accounts receivable

The Parent Company's accounts receivable amounted to SEK 1.2 million (0.3). Of these, SEK 1.1 million (0.2) has not fallen due. No bad debt losses arose for the Parent Company during the year.

## Note 15. Financial instruments and financial risk management

### Financial policy

The Parent Company's assumption of financial risk is governed by the risk mandate set by Catena's Board. The policy and targets are detailed in Note 19 for the Group.

### Financing and financing risks

#### Loan terms and conditions, effective interest rate and maturity structure

	Nominal amount in original currency		Average effective interest rate	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Liabilities to credit institutions	439.0	316.8	2.0%	2.6%
Liabilities to Group companies	5,536.4	4,740.3	3.0%	3.0%
Liabilities to associated companies	6.1	46.4	0.0%	0.0%

The Group's interest-rate risk is hedged in the Parent Company. All carrying amounts in the Parent Company correspond to fair values. The carrying amounts on the closing date are shown in the following table.

	Nominal value		Carrying amount	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
<b>Interest-rate swap contracts</b>	<b>4,457.6</b>	<b>2,000.0</b>	<b>-439.0</b>	<b>-177.5</b>

istik, with 25 percent each. The company will develop and coordinate logistics for the transport of products and goods into and out of Arenastaden in Solna.

On 23 October 2015, Catena acquired 29.55 percent of the shares in Tribona AB (publ). Tribona is a streamlined property company in logistics and logistics properties. In connection with the acquisition, a public takeover bid was submitted, resulting in Catena AB owning 94.5 percent of Tribona AB as per February 2016. In 2016, compulsory acquisition procedure has been initiated and Tribona's shares have been delisted from the stock exchange.

In addition to the proportion of ownership and the Parent Company's recognised values, the following table displays the associated companies' income statements and balance sheets, SEK million (100 percent).

A one percentage-point rise in the interest rate for interest-bearing liabilities, assuming unchanged loan volumes and fixed-interest terms in line with valid derivative agreements, would have a negative impact on earnings of SEK 15.2 million (neg: 30.6).

## Note 16. Prepaid expenses and accrued income

	31 Dec 2017	31 Dec 2016
Prepaid fee for credit facility	2.6	2.1
Prepaid rent	0.6	0.5
Other prepaid expenses	0.9	1.3
<b>Total</b>	<b>4.1</b>	<b>3.9</b>

## Note 17. Equity

### Number of shares in issue at 31 December 2017

Class of shares	Number of registered shares	Quotient value per share, SEK	Total value per share, SEK	Number of votes per share	Total votes
Ordinary shares	37,413,523	SEK 4.40	SEK 164,619,501.20	1	37,413,523

All shares confer equal rights to participate in the company's assets and earnings.

### Development of share capital

Year	Transaction	Increase in share capital, SEK	Total share capital, SEK	Increase in number of registered shares	Total number of registered shares	Total number of shares outstanding
1,999	New share issue	49,075,400	50,000,000	490,754	11,555,662	11,555,662
2006	Bonus issue	883,800	50,883,800	8,838	11,564,500	11,564,500
2013	Private placement	59,976,189	110,859,989	13,630,952	25,195,452	25,195,452
2014	Private placement	1,964,464	112,824,452	446,469	25,641,921	25,641,921
2016	Private placement	31,886,672	144,711,124	7,246,971	32,888,892	32,888,892
2016	Private placement	1,525,102	146,236,226	346,614	33,235,506	33,235,506
2016	Private placement	11,000,000	157,236,226	2,500,000	35,735,506	35,735,506
2017	Private placement	7,383,275	164,619,501	1,678,017	37,413,523	37,413,523

The dividends adopted by the Annual General Meeting and disbursed in 2017 were SEK 3.50 per share or a total of SEK 125.1 million. For 2017, the Board proposes an ordinary dividend of SEK 4.50 per share. Based on the number of shares outstanding entitled to receive a dividend for the 2017 financial year, the proposed dividend means a total

dividend amount of SEK 168.4 million. The dividend amount corresponds to 98 percent of the dividend target in Catena's financial targets, SEK 171.6 million.

The Parent Company's target for asset management and the financial targets correspond with the Group's and are detailed in Note 18 for the Group.

## Note 18. Other provisions

	2017	2016
Special payroll tax	0.2	0.4
<b>Payments</b>		
	2017	2016
Amount for which a provision is expected to be paid after more than 12 months	0.1	0.2
	2017	2016
Opening balance	0.4	0.5
Settled commitments	-0.2	-0.1
<b>Closing balance</b>	<b>0.2</b>	<b>0.4</b>

## Note 20. Pledged assets and contingent liabilities

Pledged assets	31 Dec 2017	31 Dec 2016
Guarantee obligations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Contingent liabilities	31 Dec 2017	31 Dec 2016
Guarantees given for Group companies	7,097.2	4,441.9
Guarantees given for associated companies	200.5	97.7
<b>Total</b>	<b>7,297.7</b>	<b>4,539.6</b>

## Note 19. Accrued expenses and prepaid income

	31 Dec 2017	31 Dec 2016
Accrued salary-related expenses	13.9	15.3
Accrued interest expenses	13.7	11.2
Other accrued expenses	3.6	4.1
<b>Total</b>	<b>31.2</b>	<b>30.6</b>

## Note 21. Cash-Flow Statement

Supplementary disclosures	1 Jan 2017 -31 Dec 2017	1 Jan 2016 -31 Dec 2016
<b>Interest paid and dividends received</b>		
Interest received	127.7	88.2
Interest paid	-250.5	-173.7
<b>Adjustments for non-cash items</b>		
Amortisation, depreciation and impairment of assets	0.9	0.7
Change in value of derivatives	1.5	61.8
Other non-cash profit/loss items	-0.1	-0.2
<b>Total</b>	<b>2.3</b>	<b>62.3</b>

Reconciliation of changes in net debt	Cash and cash equivalents	Liabilities to credit institutions	Total
<b>Net debt as at 1 January 2017</b>	<b>113.7</b>	<b>-316.8</b>	<b>-203.1</b>
Cash flow	-75.0	-122.2	-197.2
<b>Net debt as at 31 December 2017</b>	<b>38.7</b>	<b>-439.0</b>	<b>-400.3</b>

## Note 22. Classification of financial instruments

2017

	Measurement categories			Carrying amount
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and accounts receivable	
<b>Financial assets</b>				
Other non-current receivables	-	-	2.3	2.3
Accounts receivable	-	-	1.2	1.2
Other current receivables	-	-	5,206.8	5,206.8
Cash and cash equivalents	-	-	38.7	38.7
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,249.0</b>	<b>5,249.0</b>
Non-financial assets				3,362.1
<b>Total</b>				<b>8,611.1</b>
<b>Financial liabilities</b>				
Interest-rate derivatives	-439.0	-	-	-439.0
Current liabilities to credit institutions	-	-439.0	-	-439.0
Accounts payable	-	-3.6	-	-3.6
Other current liabilities	-	-5,543.5	-	-5,543.5
Tax liability	-	-8.5	-	-8.5
Accrued expenses	-	-31.2	-	-31.2
<b>Total</b>	<b>-439.0</b>	<b>-6,025.8</b>	<b>-</b>	<b>-6,464.8</b>
Non-financial liabilities				-0.2
<b>Total</b>				<b>-6,465.0</b>

Carrying amounts correspond, to all intents and purposes, to fair values for all balance-sheet items.

2016	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and accounts receivable	Carrying amount
<b>Financial assets</b>				
Other non-current receivables	-		1.6	1.6
Accounts receivable	-	-	0.3	0.3
Other current receivables	-	-	4,082.1	4,082.1
Cash and cash equivalents	-	-	113.7	113.7
<b>Total</b>	-	-	<b>4,197.7</b>	<b>4,197.7</b>
Non-financial assets				3,296.8
<b>Total</b>				<b>7,494.5</b>
<b>Financial liabilities</b>				
Interest-rate derivatives	-177.5	-	-	-177.5
Current liabilities to credit institutions	-	-316.8	-	-316.8
Accounts payable	-	-6.8	-	-6.8
Other current liabilities	-	-4,793.4	-	-4,793.4
Tax liability	-	-0.1	-	-0.1
Accrued expenses	-	-30.6	-	-30.6
<b>Total</b>	<b>-177.5</b>	<b>-5,147.7</b>	-	<b>-5,325.2</b>
Non-financial liabilities				-0.4
<b>Total</b>				<b>-5,325.6</b>

Carrying amounts correspond, to all intents and purposes, to fair values for all balance-sheet items.

## Note 23. Significant events after the end of the financial year

No significant events affecting Catena's financial position have taken place following the balance sheet date.

## Note 24. Related parties

### Related-party transactions

In addition to the related parties detailed for the Group in Note 23, the Parent Company exercises controlling influence over its subsidiaries, see Note 12 Participations in Group companies.

	2017	2016
<b>Transactions with subsidiaries</b>		
Purchases	3.0	3.9
Sales	42.8	46.8
Interest income	127.3	86.7
Interest expenses	155.1	111.2
Group contributions received	373.4	226.6
Group contributions paid	415.4	102.9
Current receivables	5,201.9	3,983.1
Interest-bearing liabilities	5,536.4	4,740.3
Guarantees given	7,097.2	4,441.9
<b>Transactions with the Group's associated companies</b>		
Sales	0.7	8.5
Interest income	0.5	1.5
Current receivables	0.2	92.7
Long-term receivables	4.7	0.7
Interest-bearing liabilities	-	46.4
Current liabilities	6.1	-
Guarantees given	200.5	97.7
<b>Transactions with other related parties</b>		
Purchases	0.7	0.2

### Other information

Liabilities and receivables with related parties pertain to the settlement account, to which interest is charged.

Transactions with related parties are priced at market rates.

# Signing of the Annual Report

The Board of Directors and the CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July, 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements provide a true and fair view of the financial position and performance of the Parent Company and Group. The

Administration Report provides a true and fair view of the development of the Group's operations, financial position and performance and describes significant risks and uncertainty factors facing the Group.

The annual accounts and consolidated financial statements were approved for release by the Board on 20 March 2018. The consolidated statement of comprehensive, statement of financial position and the Parent Company's income statement and balance sheet are subject to the approval of the Annual General Meeting on 26 April 2018.

Solna, 20 March 2018

Gustaf Hermelin  
*Chairman of the Board*

Catharina Elmsäter-Svärd  
*Board Member*

Bo Forsén  
*Board Member*

Henry Klotz  
*Board Member*

Hélène Briggert  
*Board Member*

Erik Paulsson  
*Board Member*

Katarina Wallin  
*Board Member*

Benny Thøgersen  
*CEO*

Our auditors' report was submitted on 20 March 2018

PricewaterhouseCoopers AB

Mats Åkerlund  
*Authorised Public Accountant*

# Audit Report

## To the Annual General Meeting of Catena AB (publ) Corporate Registration Number: 556294-1715

Report on the annual and consolidated financial accounts

### *Opinion*

We have conducted an audit of the annual and consolidated accounts of Catena AB (publ) for the year 2017 with the exception of the Sustainability Report on pages 34-43. The company's Annual Report and consolidated accounts are included in pages 24-112 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of 31 December 2017 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act, and that the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide, in all significant respects, a true and fair representation of the Group's financial position at 31 December 2017 and of its earnings and cash flows for the year pursuant to International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Sustainability Report on pages 34-43. The Administration Report is consistent with the other parts of the annual and consolidated accounts.

We therefore recommend that the General Meeting adopt the consolidated income statement and balance sheet and the income statement and balance sheet of the Parent Company.

Our statements in this report on the annual and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Parent Company and the Group's Audit Committee in accordance with Article 11 of the Auditors' Regulation (537/2014).

### *Basis for the statements*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section on Auditors' responsibility. We are independent in relation to the Parent Company and Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethics responsibility according to these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors' Regulation (537/2014) have been provided to the audited company or, as the case may be, its parent company or any company under its control within the EU.

We believe that the audit evidence we gathered is sufficient and appropriate as a basis for our statements.

### *Our audit approach*

#### **Audit focus and scope**

We structured our audit by determining the materiality level and assessing the risk of material misstatements in the financial statements. We paid particular attention to the areas where the CEO and Board made subjective judgements, such as important accounting estimates made based on assumptions and forecasts of future events, which are uncertain by nature. As in all audits, we also took into account the risk that the Board and the CEO neglect internal control, and among other things have considered if there is evidence of systematic deviations that have given rise to a risk of material misstatements as a result of improprieties.

We adapted our audit to carry out an appropriate review with the aim of being able to express an opinion on the financial statements as a whole, considering the Group's structure, accounting processes and controls and the industry within which the Group is active.

Catena's property portfolio consists primarily of logistics properties with a concentration on Stockholm, Gothenburg and the Öresund region. For various reasons, Catena is structured and legally organised into a number of legal entities. In practice, however, Catena is considered to be a single company that owns properties in various locations in Sweden. All accounting and consolidation is performed centrally at the headquarters. Based on this, in the audit, we have viewed the Group as a single company and have included all properties and companies in the population from which we select our sample. In addition, the Group team has performed the audit of the Parent Company, the consolidation, the Annual Report and significant assumptions and assessments. Based on the review measures mentioned above, it is our view that we have obtained sufficient audit evidence to be able to express our opinion on the financial statements as a whole.

#### **Materiality**

The scope and focus of the audit was influenced by our assessment of materiality. An audit is structured to achieve a reasonable degree of certainty as to whether or not the financial statements contain any material misstatements. Misstatements can arise as a result of fraud or error. They are viewed as material if they individually or together can reasonably be expected to affect the financial decisions the users make based on the financial statements.

Based on professional judgement, we determined quantitative materiality figures for the financial statements as a whole. Using these and qualitative considerations, we determined the audit's focus and our audit measures' nature, timing and scope. The quantitative materiality figures are also used to assess the effect of any misstatements, individually or together, on the financial statements as a whole.

#### *Particularly significant areas*

Areas of particular significance to the audit are those that in our professional opinion were the most significant to the audit of the annual accounts and consolidated financial statements for the period in question. These areas are addressed within the scope of the audit of, and in our opinion on, the annual accounts and consolidated financial statements as a whole, but we make no separate statements regarding these areas.

#### PARTICULARLY SIGNIFICANT AREA

#### HOW OUR AUDIT TOOK PARTICULARLY SIGNIFICANT AREA INTO ACCOUNT

##### *Valuation of properties*

See page 55 in the Administration Report and Notes 2 (Accounting and valuation policies) and 12 (Investment properties).

The Group recognised SEK 13.1 billion related to investment properties. In 2017, the Group recognised SEK 377 million in positive value changes on properties. The Group's property portfolio primarily consists of logistics properties with a concentration to Stockholm, Gothenburg and the Öresund region.

The Group makes quarterly appraisals of all properties using a consistently applied model. The Group also has Newsec and Cushman & Wakefield make appraisals according to a rolling schedule. In 2017, a total of 57 percent was appraised at some time by external appraisers. Every quarter, the internal appraisal and the external appraisals are compared and any differences to the internal values are explained or corrected for.

In recent years, as a result of the low-interest environment we are in, the required rate of return has steadily declined, which has had a large positive impact on the property values.

An appraisal is associated with material assessments and estimates. The most significant are assumptions of required rate of returns and future rental income. The Group has also a principle of solely focusing on logistics properties, which is why assumptions of the average vacancy rate are also material assumptions.

With the help of our specialists in property appraisal, we assessed the Group's process and method for internal appraisal. We studied the external appraisals and compared them with appraisals done by Catena and checked that no material differences are unexplained or unadjusted.

We challenged the management team regarding the explanations they have for differences for which they have not corrected.

We compared material assumptions, such as required return and future growth in rental income, with external transactions and industry data.

We assessed the independence, expertise and integrity of the external appraisers. We also studied the assignment contract with the appraiser to assess if it may contain conditions, such as fee terms, that may cause the independence and integrity to be questioned.

We spot-checked data used regarding investments, rental income and operating costs against the budgets established or presented to the Board.

*We did not note any material deviations in connection with the examination that was made.*

##### *Acquisition and sale of properties*

See Note 2 (Accounting policies) and Note 12 (Investment properties)

Purchases and sales of properties are a natural part of Catena's business and it is therefore not unusual that such transactions include complex contractual terms that may demand an assessment and analysis regarding the time of acquisition, acquisition price or if the transaction shall be recognised as a business or asset acquisition.

We studied the management's analysis of transactions made and assessed the accuracy of the accounts of transactions made.

We studied agreements entered and read through them to identify any terms that could lead to a different recognition.

We checked disclosures in the annual accounts on transactions made during the year to assess completeness and accuracy in material disclosures.

We studied acquisition analyses and checked correct recognition of the acquisitions and sales.

*We did not note any material deviations in connection with the examination that was made.*



### *Information other than the annual accounts and consolidated financial statements*

This document also contains information other than the annual accounts and consolidated financial statements and can be found on pages 1-23, 34-43 and 132-141. The other information does not form part of the Annual Report. It is the Board and the CEO who have the responsibility for this other information.

Our statement regarding the annual accounts and consolidated financial statements does not comprise this information and we make no statement confirming this other information.

In connection with our audit of the annual accounts and consolidated financial statements, it is our responsibility to read the information identified above and consider if the information to a material extent is inconsistent with the annual accounts and consolidated financial statements. In this review, we also take into account the information we collected otherwise during the audit and assess if the information otherwise appears to contain material misstatements.

If we draw the conclusion based on the work done regarding this information that the other information contains a material misstatement, we are obliged to report it. We have nothing to report in this respect.

### *Responsibility of the Board of Directors and the CEO*

It is the Board of Directors and the CEO that are responsible for the preparation of the annual accounts and consolidated financial statements and that they provide a true and fair view according to the Annual Accounts Act and, with regard to the consolidated financial statements, according to IFRS as adopted by the EU. The Board and CEO are also responsible for the internal control that they deem to be necessary to prepare annual accounts and the consolidated financial statements that do not contain any material misstatement, whether due to error or impropriety.

In preparing the annual accounts and consolidated financial statements, the Board and CEO are responsible for the assessment of the company's and the Group's ability to continue the operations. They provide information, when appropriate, concerning conditions that may affect the ability to continue operations and to use the going concern assumption. The going concern assumption is not, however, applied if the Board and CEO intend to liquidate the company, cease operations or have no realistic alternative than to do either.

The Board's Audit Committee shall, without it affecting the Board's responsibility and duties otherwise, monitor the company's financial reporting, among other things.

### *Auditors' responsibility*

Our objectives are to achieve a reasonable degree of certainty whether or not the annual accounts and consolidated financial statements as a whole contain any material misstatements, whether due to error or impropriety, and to provide an audit report that contains our statements. Reasonable certainty is a high degree of certainty, but is no guarantee that an audit done according to ISA and generally accepted auditing standards in Sweden will always discover a material misstatement if such exists. Misstatements can arise due to impropriety or error and are considered to be material if they individually or together can reasonably be expected to affect financial decisions that users make based on the annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available on the website of the Supervisory Board of Public Accountants: [www.revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is a part of the audit report.

Report on other legal and regulatory requirements

### *Statements*

In addition to our audit of the annual accounts and consolidated financial statements, we have also examined the proposed appropriations of the company's profit or loss and the administration of the Board and CEO of Catena AB (publ) for 2017.

We recommend that the General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the Administration Report (Board of Directors' Report) and that the directors and the CEO be discharged from liability for the financial year.

### *Basis for the statements*

The Board of Directors has the responsibility for the proposal on the appropriation of the company's profit or loss. In the event of a proposed dividend, this includes an assessment of whether the dividend is justifiable considering the requirements set by the company's and Group's nature of operations, scope and risks on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position otherwise.

The Board is responsible for the company's organisation and the management of its affairs. This includes continuously assessing the company's and Group's financial situation, and ensuring that the company's organisation is structured so that accounting, asset management and the company's financial affairs otherwise are controlled in a satisfactory manner. The CEO shall take care of the operating management according to the Board's guidelines and instructions and take the actions necessary for the company's bookkeeping to be performed in accordance with law and for asset management to be managed in a satisfactory manner.

### *Auditors' responsibility*

Our objective regarding the audit of the management, and thereby our statement regarding discharge from liability, is to collect audit evidence to be able to assess with a reasonable degree of certainty if any Board Member or the CEO to any material respect:

- took any action or committed any negligence that may lead to a liability to pay damages to the company, or
- in any way acted counter to the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding the audit of the proposed appropriation of the company's profit or loss, and thereby our statement regarding this, is to assess with a reasonable degree of certainty if the proposal is consistent with the Swedish Companies Act.

Reasonable certainty is a high degree of certainty, but no guarantee that an audit done in accordance with generally accepted auditing practices in Sweden will always discover actions or negligence that can lead to liability to pay damages to the company, or that a proposed appropriation of the company's profit or loss is not consistent with the Swedish Companies Act.

A further description of our responsibility for the audit of the management is available on the website of the Supervisory Board of Public Accountants: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is a part of the audit report.

### *Auditor's opinion regarding the statutory Sustainability Report*

It is the board of directors who is responsible for the Sustainability Report on pages 34–43 and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding 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 opinion.

A statutory Sustainability Report has been prepared. PricewaterhouseCoopers AB, Box 4009, SE-203 11 Malmö, was elected as Catena AB (publ)'s auditor by the general meeting of 27 April 2017 and has been the company's auditor since 26 April 2012.

Malmö, 20 March 2018

PricewaterhouseCoopers AB

Mats Åkerlund

Authorised Public Accountant

# Responsible governance is the foundation for value creation

2017 was an active year for Catena. In parallel with the integration of Tribona, we have also acquired and built new modern logistics facilities and continued to strengthen our position as Sweden's leading and largest property company in the logistics sector. Today, Catena is a strong company that generates value for its customers through attractive solutions. This allows us to generate cash flows so that we can continue developing our business and building value for all of our stakeholders, not least our shareholders whom we can offer a growing company and a good total return on their invested capital.

For a long time, Catena has been a leader in the development of modern specialised logistics facilities. Following our refinement and consolidation of the logistics property market in which we have been most highly involved, in 2016, we also became the largest company in that sector in Sweden. This is a position that we strengthened in 2017 by acquiring and building more modern facilities in strategically selected locations, equipped for growing segments such as FMCG and e-commerce.

This affords us even better opportunities for our basic mission: to generate value for our customers by developing logistics solutions for today's faster, better and more intelligent logistics. Our capacity in this regard is clearly reflected in the earnings trend of recent years and, not least, in 2017 when we were able to deliver our best performance ever. This development is primarily the achievement of the executive management and all of the company's committed employees. It is they who meet Catena's customers every day, offering them the best logistics properties in the market. It is also they who, through their daily efforts, contribute to an increasingly positive surplus, thus making Catena an ever better and valued company. Catena is also well-positioned and has the financial strength for continued growth.

The primary task of the Board in generating value for our customers and, in particular, for our other stakeholders, is to build confidence in Catena on a long-term basis. We do this by giving management overarching targets, instructions and guidelines for the operations, but also restrictions that set the limits for the operations. To develop and grow our business in the long term.

Catena has a well-functioning Board of Directors, competent in all areas of crucial importance for the operations, and well-balanced in terms of both age and gender. Within the framework of the beneficial cooperation with management, the Board assesses the investments and other strategic decisions that need to be made to maintain and develop the company's leading position. In this way, we can minimise and balance the risks associated with all business operations, against the business opportunities in the market, which is a fundamental way of generating value and developing Catena.



This also entails a certain measure of the control but, above all, monitoring of the activities pursuant to the duties of the Board.

Accordingly, Catena's responsible corporate governance ensures that the Board, through processes, management documents and reports, both supports and verifies that Catena is managed in as focused, ethical, sustainable and efficient a manner as possible, and with controlled risk. This is a process that is being conducted pro-actively but that also contains procedures and preparedness for unforeseen events, should they occur. Through responsible corporate governance, we can also be transparent and gain the trust, not only of our customers, but also of our employees and shareholders, as well as that of the financial markets, society and all other stakeholders. The value this generates has laid the foundation for the successes we have enjoyed to date. It is also a prerequisite for our continued success as we continue to expand our business through acquisitions and, more preferably, continued project development. To the benefit of all of our stakeholders.

Solna, March 2018

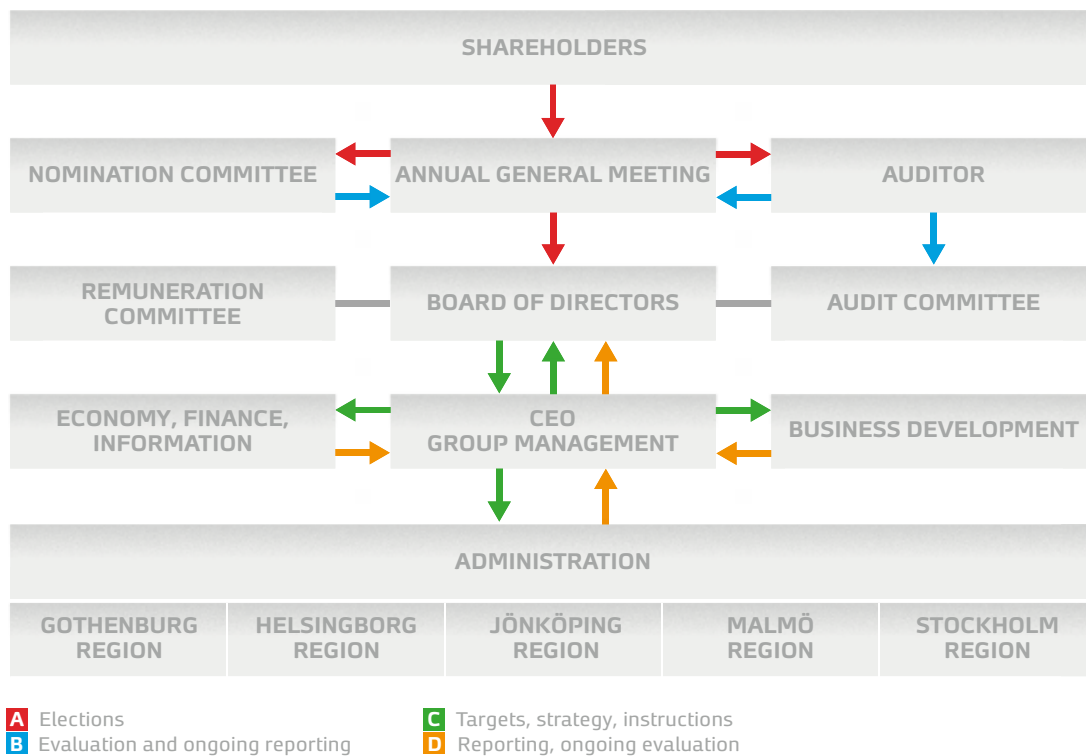
Gustaf Hermelin, Chairman of the Board

**Bunkagården Mellersta 2, Helsingborg.**

Catena's facilities can be equipped with efficient logistics systems ranging from fully automatic picking to, as seen here, efficient pallet racks.

# Corporate governance report

All business decisions at Catena must be justifiable from a financial and ethical perspective. Through transparency and availability, shareholders and other stakeholders are afforded insight into decision paths, responsibility, powers and control systems. In this way, the confidence is generated that is central to Catena’s continued successes.



## Regulations

### External rules

Swedish Companies Act  
Annual Accounts Act  
Other applicable legislation  
IFRS  
Nasdaq’s Rule Book for Issuers  
Swedish Code of Corporate Governance

### Internal rules

Articles of Association  
The Board’s formal work plan  
Position instructions  
Values  
Code of Conduct  
Financial policy  
Personnel policy  
Environmental policy  
Information policy  
Other policies and instructions

## Corporate governance

Catena is a Swedish public limited liability company listed on NASDAQ Stockholm. The applicable regulations for governance and control of the Group are primarily the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm’s Regulations for Issuers, the Swedish Code of Corporate Governance, internal guidelines and policies, as well as other applicable laws and regulations. Catena’s Board and executive management endeavour to ensure that Catena complies with the requirements imposed by the stock exchange, shareholders and other stakeholders. The Swedish Code of Corporate Governance, the “Code”, available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se), is aimed at ensuring favourable conditions for active and responsible ownership. It is based on the principle of comply or explain. Deviations from the Code must be justified and explained. This Corporate Governance Report describes how Catena applied the Code during 2017.



Contacts

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[gustaf.hermelin@catenafastigheter.se](mailto:gustaf.hermelin@catenafastigheter.se)

### Deviations from the Swedish Code of Corporate Governance

The company follows the Swedish Code of Corporate Governance with the following exceptions: the company has no separate internal audit function. The Board assesses the need for such a function annually and has determined that ongoing internal control efforts, which should preferably be performed by management, constitute a sufficient audit function in terms of the company's business and size.

### Shareholders

At 31 December 2017, following the new share issue implemented during the year, the share capital in Catena AB totalled SEK 164,619,501.20 distributed among 37,413,523 ordinary shares. The largest shareholder per 28 February 2018 is the Backahill Group with 30.0 percent (31.4) of the capital and Endicott Sweden AB with 10.6 percent (11.2). No other shareholders held 10 percent or more of the shares outstanding. Each share confers one vote and each person entitled to vote at the General Meeting of shareholders may vote for the full number of shares held and represented.

► Read more about Catena's shares and shareholders on pages 66-67.

Ownership structure, 28 February 2018, the ten largest owners

	No. of shares, 000s	Votes, %
Backahill	11,221	30.0
Endicott Sweden AB (CLS Holding plc)	3,971	10.6
Länsförsäkringar fondförvaltning AB	3,206	8.6
SFU Sverige AB	1,810	4.8
Kilen 134 Strängnäs AB	1,678	4.5
Handelsbankens Fonder	1,275	3.4
Nordea Investment Funds	1,014	2.7
Citi Switz AG AS Agent For Clients	905	2.4
RBC Investor Services Bank S.A.	592	1.6
Skagen M2 Verdipapirfondet	576	1.5
Other shareholders	11,166	29.9
<b>Total:</b>	<b>37,414</b>	<b>100.0</b>

Ownership, distribution by size of shareholding at 28 February 2018

	Owners	
	Number	Share, %
1-500	13,794	93.3
501-1,000	460	3.1
1,001-5,000	327	2.2
5,001-10,000	74	0.5
10,001-15,000	21	0.1
15,001-20,000	16	0.1
20,001-	90	0.6
<b>Total:</b>	<b>14,782</b>	<b>100.0</b>

### Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body. At the AGM, all shareholders are provided with the opportunity, not subject to limitation, to exercise influence over the company corresponding to their respective share-holdings. The company applies no special arrangements concerning the function of the AGM – neither based on any provisions in the Articles of Association or, insofar as the company is aware, any agreements between shareholders.

The AGM appoints the Board and auditors and adopts principles for the remuneration of the Board, auditors and Group management. When necessary, the AGM also makes decisions on items including the Articles of Association, dividends, and changes in share capital. At the AGM, which must be held within six months of the close of the financial year, resolutions must be passed on the adoption of the balance sheets and income statements, the appropriation of Catena's profit or loss and the discharge of responsibility of the Board and the CEO.

### Annual General Meeting, 27 April 2017

Following the adoption of the balance sheet and income statement in the Annual Report, the Meeting resolved, in accordance with the Board's proposal, to approve payment of a dividend of SEK 3.50 per share. The Annual General Meeting resolved that the number of Board Members elected by the Annual General Meeting should be seven ordinary members with no deputies. The Annual General Meeting adopted the Nomination Committee's proposal for the re-election of all Board Members – Henry Klotz, Bo Forsén, Gustaf Hermelin, Erik Paulsson, Katarina Wallin och Catharina Elmsäter-Svärd, and the



Catena continuously provides information through a number of activities to investors, lenders and shareholders. Here, Catena's CEO, Benny Thögersen, is presenting Catena's plans.

new election of H el ene Briggert (formerly H el ene Nathorst Sp angberg). It was proposed that Gustaf Hermelin be newly elected as Chairman of the Board.

The auditing firm, PricewaterhouseCoopers AB was reappointed auditor, with authorised public accountant Mats  akerlund as the new principal auditor.

The Annual General Meeting discharged the Board Members and CEO from liability for the 2016 fiscal year. The Annual General Meeting also adopted the Nomination Committee's proposal for instructions for the Nomination Committee. The Annual General Meeting also approved the Nomination Committee's proposal for remuneration of SEK 250,000, previously SEK 250,000, for the Chairman of the Board and SEK 125,000, previously SEK 125,000, for each of the other Board Members not employed by the company.

In addition, remuneration was approved of SEK 40,000 (0) to the Remuneration Committee to be distributed in the amount of SEK 20,000 (0) to the chairman of the Committee and SEK 10,000 (0) each to two members. Remuneration was approved of SEK 100,000 (0) to the Audit Committee to be distributed in the amount of SEK 50,000 (0) to the chairman of the Committee and SEK 25,000 (0) each to two members, and special fee of SEK 1,800,000 (0) to Gustaf Hermelin to assist the management of Catena until the 2018 Annual General Meeting.

Fees are paid to the auditor according to approved invoices on an on-going basis.

The Board's proposal for remuneration principles for senior executives was also approved; Salary, other remuneration and pension premiums for the CEO and other senior executives are presented in Note 8 to the consolidated financial statements. In 2017, variable remuneration paid to the CEO and management amounted to just under SEK 3.8 million.

The Annual General Meeting also decided to authorise the Board to make decisions on new share issues, as well as on acquisitions and transfers of treasury shares. The purpose of the authorisation is to be able to continuously adapt the company's capital requirements and thereby contribute to increased shareholder value and to be able to transfer shares in connection with financing of possible property or company acquisitions, through payment with the company's own shares.

Up until the next AGM, the Board was authorised to decide on the acquisition and disposal of a maximum of 1/10 of all shares with funds available for profit distribution. Decisions may be made on one or several occasions. The authorisation includes the right to decide to deviate from shareholders' preferential rights. Disposals may be made in connection with possible acquisitions or other

structural transactions or through sale on the open market. In connection with acquisitions or disposals via Nasdaq OMX Nordic Stockholm, the price shall be within the price interval registered at any given time.

Shares may be acquired to adjust the capital structure, to be used in financing acquisitions or other transactions, or otherwise for disposal or redemption.

The Board was authorised, on one or more occasions prior to the next AGM, to issue new shares, with or without preferential rights for shareholders to participate in the issue and with or without provisions regarding payment in kind or set-off. The authorisation may cover at most a combined 1/10 of the total number of shares outstanding at the time of the Board's first decision to issue shares. New share issues are to be implemented on the usual market terms.

The complete minutes can be found at [www.catena-fastigheter.se/om-oss/bolagsstyrning/arsstammor/](http://www.catena-fastigheter.se/om-oss/bolagsstyrning/arsstammor/)

#### Nomination Committee

The Nomination Committee is tasked with preparing and submitting proposals for the Board, Chairman of the Board, directors' fees, policies for appointing the Nomination Committee, the Chairman at the AGM and, when applicable, auditors and auditors' fees. Catena's Annual General Meeting on 27 April 2017 decided to appoint a Nomination Committee consisting of representatives of the four largest shareholders, as per the start of October, and the Chairman. In accordance with the decision, the following Nomination Committee was formed:

Name	Appointed by
Fredrik Widlund	Endicott Sweden AB (CLS Holdings plc)
Anders Nelson	Backahill Kil AB
Johannes Wingborg	L�ansf�ors�akringar Fondf�orvaltning AB
Gustaf Hermelin	Chairman, SFU Sverige AB

The chairman of the Nomination Committee is Anders Nelson, while the Committee is convened by Chairman of the Board, Gustaf Hermelin. Combined, the four owner representatives held approximately 57 percent of the votes in Catena as of 1 October 2017. In accordance with applicable decisions, new shareholder representatives are to be appointed when ownership changes.



Anders Nelson,  
Chairman of the Nomination Committee  
[nelson@backahill.se](mailto:nelson@backahill.se)

### Board of Directors

The Board's overriding task is to manage Catena's and the Group's activities on behalf of the owners in a way that best secures the owners' interest in a favourable long-term return on capital. The members are elected annually at the AGM for the period up to the end of the following AGM.

The Board's work is carried out in compliance with statutory provisions, regulations, the Articles of Association and the formal work plan. The formal work plan is discussed at the statutory Board meeting and is set annually. The composition of the Board includes expertise and experience from the areas that are of major importance as part of efforts to support, monitor and control operations in a property company. Board Members have expertise in properties, the real estate market, and financing, digital trade and business development, for example.

In accordance with the Articles of Association, Catena's Board is to comprise not fewer than five and not more than nine members with no deputies.

Catena's Board comprises seven members who were elected at the Annual General Meeting (AGM) on 27 April 2017. For further information on the members of the Board of Directors, see the presentation of the Board and Management on pages 130-131.

### The work of the board

The Chairman of the Board is responsible for leading the work of the Board in an efficient and appropriate manner. In addition to leading the work, the Chairman monitors the Group's development on an on-going basis through

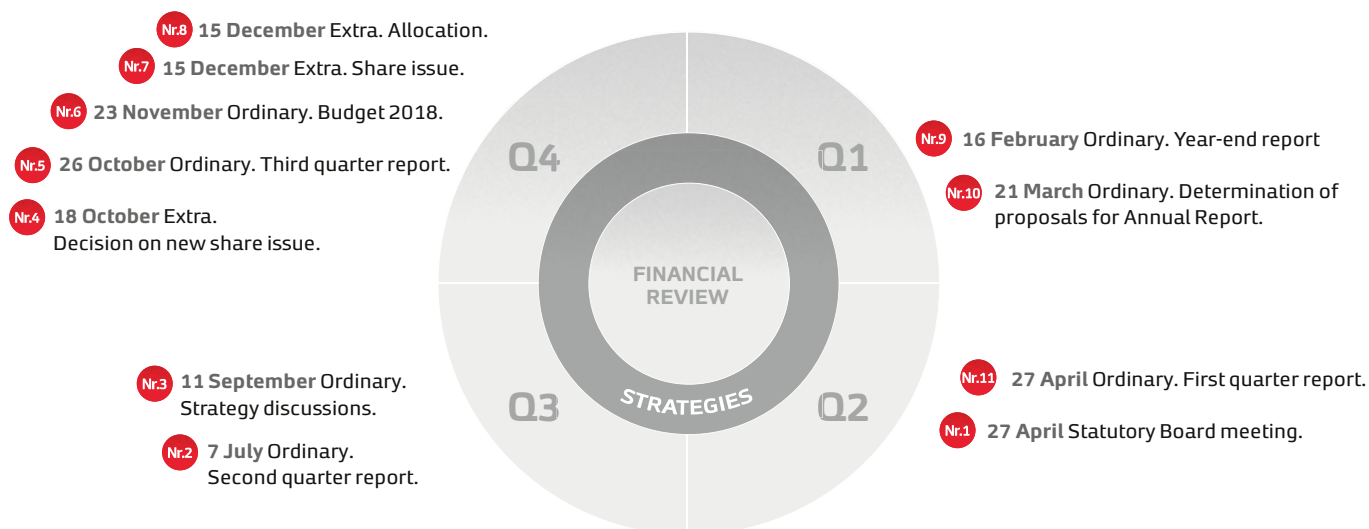
contact with the CEO on strategic issues. During 2017, 11 minuted Board meetings were held, one of which was statutory. The members' attendance is shown in the Board Presentation on pages 130-131. During the year, the CFO acted as the secretary of the Board. In addition to the above items, Board meetings have addressed market issues, plans and strategies for the Group's development and the on-going follow-up of results and position, valuations of the Group's properties, liquidity and financing as well as investment decisions. Catena's auditor in charge, Mats Åkerlund, PwC, was called in to the Board meetings in February, March, July and October. In addition, the departing auditor, Lars Wennberg, PwC, was called in to the Board meetings in February and March.

In addition to the above items, Board meetings have addressed market issues, plans and strategies for the Group's development and performed on-going follow-up of results and position, valuations of the Group's properties, liquidity and financing as well as investment decisions.

### Formal work plan

The Board of Catena works in accordance with a formal work plan consisting of instructions in respect of the division of duties and financial reporting. The formal work plan represents a complement to the provisions of the Swedish Companies Act and Catena's Articles of Association and is reviewed annually. The Board appoints the CEO and assesses his/her work. The CEO does not attend this assessment.

### Principal contents of Board meetings in 2017





The Board is responsible for continuously monitoring and controlling Catena's operations. Consequently, it is the duty of the Board to ensure there is a functioning reporting system.

The systems, which were evaluated during the year, and have proven appropriate and effective. Regular reports concerning Catena's and the Group's economic and financial position, current market issues, project reporting, and, in certain cases, underlying information for investment decisions and property sales, are presented at Board meetings.

In addition to being responsible for Catena's organisation and administration, the Board's key task is to make decisions on strategic issues. Each year, the Board sets the overall goals for the Group's operations and decides on strategies to attain these goals.

The CEO's instructions and internal policy documents are also reviewed annually.

#### *Assessment of the work of the Board*

Each year, the Chairman of Catena's Board has performed an evaluation of the Board's ability to perform its duties, its working methods and composition in relation to the direction and challenges facing the company. This is a process that the Board's new Chairman continued and developed over the year. The individual Board Members' competence, commitment and suitability (from a variety of perspectives) are tested by means of a small number of open questions that each member is required to respond to. Questions that also concern the composition of the Board, its function, including its structure and processes, as well as collaboration with Management. That is, questions that assess the Board's function and capacity to make correct decisions and manage the company responsibly. These considerations form the basis of a private dialogue between the Chairman, the Nomination Committee and the individual member, based on the company's planning and the expectations of the member as well as the member's expectations on the Board. Based on its assessment of the Board, the Nomination Committee, which also has discussions with the company's CEO and auditor, proposes to the Annual General Meeting, among other things, a Board of Directors for the coming financial year. This process has proven to work well, taking the balanced composition of the Board into account, with regard primarily to expertise, but also gender and age.

#### Board Committees

##### *Remuneration Committee*

The Board of Catena has established a Remuneration Committee. The task of the Remuneration Committee is

to prepare matters concerning remuneration and other conditions of employment for the CEO. The CEO, on the basis of principles established by the Board, determines remuneration of senior executives. During 2017, the Remuneration Committee comprised Bo Forsén (Chairman), Henry Klotz and Katarina Wallin.

##### *Audit Committee*

Catena's Board has established an Audit Committee.

The task of the Audit Committee is to maintain and add to efficiency in contacts with the Group's auditor and to supervise the procedures for auditing and financial reporting. The Committee also evaluates the work of the auditor and monitors how accounting principles and requirements are progressing.

During 2017 the Committee consisted of Henry Klotz (chairman), Catharina Elmsäter-Svärd and Héléne Brigert. Peter Andersson (CFO), Anders Holmqvist (Chief Accountant) and Carl Fogelberg (Auditor, PwC) also participated in the Committee's meetings.

##### Auditor

The auditor reports the results of his examination to the shareholders in the auditor's report. This is presented at the AGM. In addition, the auditor presents a detailed report to the Board twice annually. In conjunction with this report, a discussion is also held concerning the observations of the audit. In addition to auditing, PwC has also provided services in the areas of taxes and accounting.



Mats Åkerlund, Auditor PwC  
mats.akerlund@pwc.com

##### CEO

The CEO leads operations on the basis of the CEO's instructions drawn up by the Board. According to the instructions, the CEO is tasked with ensuring that the Board Members receive regular information and reports on Catena's progress to enable them to make sound assessments and well-founded decisions. The CEO must also ensure that Catena observes the obligations regarding information and so forth that arise from the listing agreement with NASDAQ Stockholm. The CEO's duties also include supervising compliance with the goals, policy and strategic plans established by the Board and ensure that they are submitted to the Board for updating or review whenever necessary.

### Stock market information

Catena submits prompt, simultaneous, correct and reliable information to existing and potential shareholders and other stakeholders. The company submits interim reports, a year-end report and an Annual Report for the entire financial year. Catena's website, [www.catenafastigheter.se](http://www.catenafastigheter.se), presents current information on Catena, such as press releases and financial statements. Shareholders can download financial information from the company via the website. This information can also be ordered directly from Catena by telephone or by post.

### Internal control

The Board is responsible for internal control pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance. This Corporate Governance Report is prepared in accordance with Chapter 6, Section 6 of the Swedish Annual Accounts Act and is thus limited to internal control and risk management related to financial reporting. The basis of internal control is the control environment in which the work of the Board and executive management is set. The Board has adopted a number of important policies and basic guidelines for internal control programs, such as a financial policy, an ethics and crisis management policy and information policies.

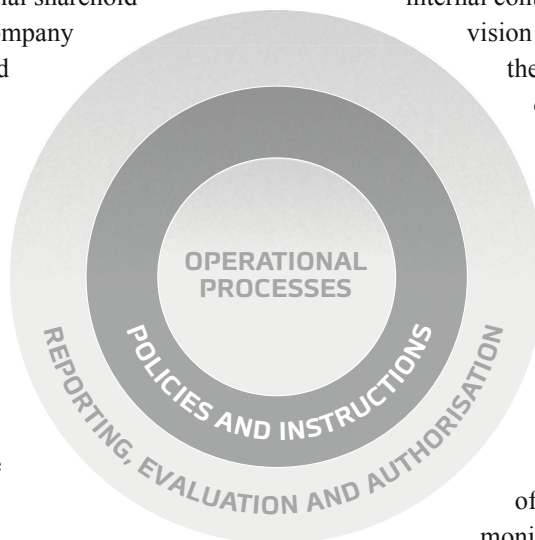
The CEO presents regular reports to the Board on the basis of established routines and documents. Catena's

internal control structure is based on a clear division of responsibility and work between the Board and CEO, as well as within operational activities. Operational activities include business control and business planning processes. Examples of these include tools for monitoring operations, preparations ahead of the purchase and sale of properties/companies, and underlying data for property valuations. Control activities are performed at the individual property level in the form of current results and investment monitoring and, at the overall level, in the form of results analysis at the area level, analysis of key data and reviews of the Group's legal structure.

In order to prevent and detect errors and deviations, there are, for example, systems for attestation rights, reconciliations, approval and reporting of business transactions, reporting templates as well as accounting and valuation policies. These systems are continuously updated.

Internal information and external communication are regulated at the overall level by means of the information policy. Internal information is disseminated through regular information meetings.

► See also page 120, Deviations from the Swedish Code of Corporate Governance.



**Plantehuset 2, Helsingborg.** Logistics company Freja's leased premises is one of the first to be established in Catena's 270,000 square-meter Logistikposition Tostarp next to the E6/E4 just outside Helsingborg.

# Risks and opportunities

Successful business operations are built on the responsible and controlled management of risks. Well managed, risks can lead to opportunities and generate value, while risks that are not managed properly can lead to damage and losses. Accordingly, risk management is an important part of the governance and control of Catena's business operations.

The company works continuously to assess, manage and monitor the risks always associated with commercial operations.

For identified risks that may arise in the operations and from behaviours that could affect the company's brand and reputation, the Board of Directors and senior management have developed policies, instructions and mandates that are continuously reviewed.

Risks based on events beyond the company's control and which could disrupt business are evaluated on an ongoing basis. To reduce potentially harmful effects, the

company takes out carefully considered insurance coverage. The risk of personal injury or harm to property that could be incurred as a consequence of Catena's actions is treated in the same way.

In the assessment of risks, those representing the greatest present effect on the company, should they occur, are prioritised. That is to say that the probability of a risk occurring and the damage it could cause are weighed up. The table shows:

**H** for High priority, **M** for Medium Priority, **L** for Low priority.

RISK	MANAGEMENT	EXPOSURE	VALUATION
<b>Rental income and expenses</b> <b>Vacancies</b> The letting ratio is influenced by factors including general economic conditions, the pace of production for new properties, infrastructure changes as well as population growth and employment. Changes in these factors can impact vacancy rates and rent levels. There are no seasonal effects affecting income.	Catena's lease portfolio is long term. The majority of the company's properties are also modern and located at key logistic hubs by ports and along the major European motorways adjacent to population centres. This makes Catena less sensitive to market fluctuations and their impact on the overall letting ratio.	Letting ratio 	
<b>Cancelled leases</b> After a tenant vacates a property, there is a risk pertaining to the length of time that elapses before a new tenant is in place. The risk of substantial changes in vacancies and rental income increases in line with the number of individual major tenants a property company has.	New leases are generally signed for a term of more than five years. Local asset management in close collaboration with tenants reduces the risk of unexpected termination of leases.	Distribution lease durations, per year 	
<b>Bad debt losses</b> Commercial tenants are not always able to discharge their obligations.	Risk decreases through a solid understanding of customers. In certain leases, tenants' obligations are guaranteed by a parent company or by way of bank guarantees, accordingly, Catena's bad debt losses have been marginal over the past five years.	Customer losses/rental income SEK m 	

RISK MANAGEMENT EXPOSURE VALUATION

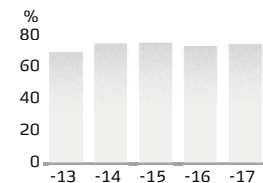
Rental income and expenses, cont.

**Increased operating and maintenance costs**

Earnings can be impacted if increases in operating and maintenance costs outpace growth in compensation to Catena in the form of contractual rents. Unforeseen and extensive renovation needs can also have an impact.

Leases for logistics properties are normally linked to the Consumer Price Index (CPI). Catena also works continuously to identify cost-efficient solutions, particularly in the area of energy. Any unforeseen renovation needs should primarily only arise for damage, for which Catena has arranged insurance solutions.

Surplus ratio

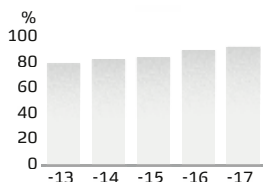


**Increased ground rents**

Ground rents are periodically renegotiated and there is no guarantee that the ground rent will not increase at the respective renegotiation, which can negatively impact Catena's earnings.

Catena has freehold ownership of most of its properties. Increases in ground rents are generally offset through indexation in the lease contract or through renegotiation of the lease.

Proportion of freehold properties



**Taxes and limits on interest deductions**

In Sweden, it is possible to defer the tax when properties are sold in the form of business-contingent shares, referred to as packaging. On 30 March 2017 the official report "Some issues in the area of property and stamp duty (SOU 2017: 27)" was presented with the aim of limiting opportunities for packaging. No decisions have yet been taken as a consequence of this report. At the same time, work is underway to implement an EU directive called ATAD, which will entail restrictions on interest deductions in the corporate sector. A memorandum presenting proposals for amended corporate tax rules was published on 20 June 2017. The main components of the proposal consist of reduced corporate income tax, general limits on interest deductions, temporary limits on loss-carryforwards and tax rules for leasing. The rules are to be implemented in Swedish law by 31 December 2018. It is currently unclear how the above changes will be formulated.

Progress is monitored carefully.

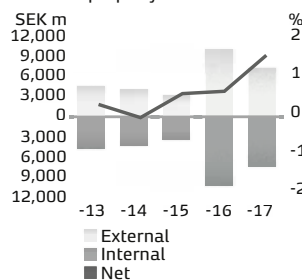
Changes in value

**Properties**

Catena reports its property portfolio at its assessed market value. This means that changed market values as a result of changed rent levels and vacancy rates, changed yield requirements and detailed development plan processes, etc., will impact Catena's financial statements.

Payment of reasonable acquisition prices and a thorough analysis based on extensive experience reduces the risk of impaired property values, which is also balanced by the favourable earnings potential. Each quarter, Catena performs an internal valuation of its properties. External valuations and completed transactions confirm Catena's internal valuations.

Internal property valuation vs. external



RISK MANAGEMENT EXPOSURE VALUATION

Changes in value, cont.

Corporate acquisitions

Catena sometimes acquires properties under corporate formats. In 2017, Catena acquired 17 properties through companies. Historical decisions and actions, as well as the future financial performance of the acquired companies could affect Catena's earnings.

Through its expertise in logistics properties, Catena is in a good position to make an accurate assessment of potential future acquisitions. To minimise the risks associated with historical decisions and actions, Catena performs thorough due diligence prior to each acquisition. In addition to a thorough financial examination, this also includes a number of other areas, including customer relationships, commitments and the environment.

The value of assets is checked regularly based on the cash flows they generate, ensuring as far as possible a correct valuation on each occasion. During the year, impairment of SEK 76.6 million was recognised through the income statement on the assessment that the anticipated synergies from the Tribona acquisition had been realised.

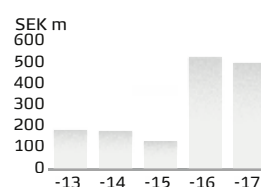


Projects

Catena pursues active project development, which is important for the company's continued growth. Investments are often made several years before to the completed property can be put into operation. There is a certain degree of risk that the property will not correspond to market needs when completed.

Catena's investments in the project development are initially limited because they are largely based on development rights. These are capitalised with increased investment only when a contract has been signed with a customer.

Investments in project development

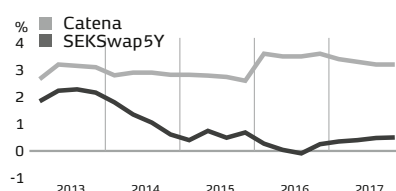


Financial instruments

As part of managing interest-rate risk, Catena utilises financial instruments in the form of interest-rate derivatives, primarily nominal interest-rate swaps. Interest-rate derivatives are recognised in the balance sheet on an on-going basis.

In pace with changes in market interest rates, theoretical positive or negative values arise that do not impact cash flow. On reaching maturity, the value of derivatives is always zero. Positive or negative values are recognised in the statement of financial position.

Catena's average interest rate and 5-year swap interest rate



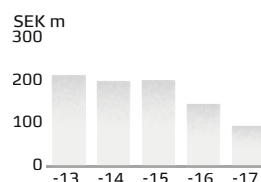
Financing risks

Liquidity risk

Insufficient access to the liquid funds or credit facilities necessary to meet payment obligations could negatively impact Catena's earnings and financial position.

At the closing date, Catena had unutilised lines of credit totalling SEK 428.1 million and cash and cash equivalents of SEK 94.8 million.

Cash funds available



Refinancing

The properties and shares owned by Catena are financed by a combination of loans and equity. The majority of financing comprises bank loans. There are no guarantees that existing credit providers will renew loans when they fall due.



The Group's financial policy stipulates how funding and liquidity is to be secured. Borrowing takes place in Swedish currency using a fixed-loan term of one to ten years. As of 31 December 2017, following the renegotiation of SEK 5.5 billion, existing loan frameworks entailed a capital being tied up for a period of 1.9 years. Catena also has opportunities to secure funding on the bond market through Svensk FastighetsFinansiering.

Capital tied-up

Year	Contract volume, SEK M	Utilised, SEK M	Unutilised, SEK M
2018	1,361.9	1,261.9	100.0
2019	2,857.4	2,529.3	328.1
2020	3,098.3	3,098.3	-
2021	612.7	612.7	-
>2022	66.0	66.0	-
<b>Total</b>	<b>7,996.3</b>	<b>7,568.2</b>	<b>428.1</b>



RISK	MANAGEMENT	EXPOSURE	VALUATION																																												
<p>Financing risks, continued.</p> <p><b>Interest</b></p> <p>Catena's single largest cost item is interest, which can vary over time. These changes can substantially impact Catena's earnings. Property values are also impacted by raised interest rate levels.</p>	<p>Catena's properties have been financed at market interest rates and financing costs are secured through derivatives equivalent to 63 percent of the Group's liabilities. The company expects to be able to maintain a low interest rate level that follows changes in the market with a time lag. The derivatives are specified in note 19 to the consolidated accounts.</p>	<p><b>Interest maturity year</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>SEK M</th> <th>Interest rate, %<sup>1)</sup></th> <th>Share, %</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>2,673.6</td> <td>2.4</td> <td>35.3</td> </tr> <tr> <td>2019</td> <td>77.0</td> <td>0.4</td> <td>1.1</td> </tr> <tr> <td>2020</td> <td>282.0</td> <td>1.4</td> <td>3.7</td> </tr> <tr> <td>2021</td> <td>769.7</td> <td>4.4</td> <td>10.2</td> </tr> <tr> <td>2022</td> <td>500.0</td> <td>3.8</td> <td>6.6</td> </tr> <tr> <td>2023</td> <td>500.0</td> <td>3.2</td> <td>6.6</td> </tr> <tr> <td>2024</td> <td>500.0</td> <td>2.9</td> <td>6.6</td> </tr> <tr> <td>2025</td> <td>1,122.0</td> <td>3.9</td> <td>14.8</td> </tr> <tr> <td>2026</td> <td>1,143.9</td> <td>4.2</td> <td>15.1</td> </tr> <tr> <td><b>Total:</b></td> <td><b>7,568.2</b></td> <td><b>3.2</b></td> <td><b>100.0</b></td> </tr> </tbody> </table> <p><small>1) Refers to the current average interest rate as per 31 December 2017. Interest rates are adjusted in line with the changes in the general interest rate but are limited by interest-rate caps.</small></p>	Year	SEK M	Interest rate, % <sup>1)</sup>	Share, %	2018	2,673.6	2.4	35.3	2019	77.0	0.4	1.1	2020	282.0	1.4	3.7	2021	769.7	4.4	10.2	2022	500.0	3.8	6.6	2023	500.0	3.2	6.6	2024	500.0	2.9	6.6	2025	1,122.0	3.9	14.8	2026	1,143.9	4.2	15.1	<b>Total:</b>	<b>7,568.2</b>	<b>3.2</b>	<b>100.0</b>	
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<p><b>Indemnity risks</b></p> <p><b>Acquired environmental damage</b></p> <p>According to the Swedish Environmental Code, those who conduct operations that contribute to contamination are responsible for the ensuing treatment and remediation thereof. If the party that has conducted such operations cannot carry out or defray the cost of subsequent treatment and remediation, then the party that acquired the property – and who at the time of acquisition was aware of or should have been aware of the contamination – is liable.</p>	<p>Prior to each acquisition, Catena conducts a thorough analysis and risk assessment.</p>	<p><i>Despite in-depth analyses, no complete investigation of possible, hitherto unknown environmental contamination in the property portfolio has been carried out. It cannot be precluded that environmental contamination exists that could result in costs and/or claims for compensation on Catena.</i></p>																																													
<p><b>Injury to person or property</b></p> <p>Property belonging to Catena can be destroyed by fire, theft or other damage. Similarly, through, for example, negligence Catena can cause injury to another person or another person's property.</p>	<p>Insurance has been contracted to cover any liability or property damage claims. The properties are covered by unlimited buildings insurance.</p>	<p><i>Over the last few years, no company in the Catena Group has had any significant insurance claim. The exception was 2014, when the company suffered two fires, and 2016, when there was one fire. The insurance company compensated Catena for the damage.</i></p>																																													
<p><b>Other risks</b></p> <p><b>Shortage of skills</b></p> <p>Catena's future development depends extensively on the knowledge, experience and commitment of a limited number of individuals in senior management and other key persons.</p>	<p>All of Catena's executives have comprehensive knowledge of property development and management. On-going dialogues and development together with market terms also contribute to low employee turnover. The company also actively applies an order of succession for key personnel.</p>	<p><i>A large part of current management has served in the company or in its predecessor Brinova for up to 14 years. A new CEO took office during the year. The departing CEO was appointed Chairman of the Board. The organisation was reinforced with a new Deputy CEO, the company's CFO.</i></p>																																													
<p><b>Deficient procedures and irresponsible behaviour</b></p> <p>The company may suffer harm as a result of criminal or irresponsible behaviour by the its employees or other representatives.</p>	<p>The company has developed procedures for how executives should be bound to the company and duties should be delegated. In addition, there are clear policies and instructions regarding how all processes should be implemented. Well-developed internal control monitors operations continuously. In the event that damage nonetheless occurs, the company is insured.</p>	<p><i>Over the past eight years, the company has not suffered any damage attributable to criminal or irresponsible behaviour.</i></p>																																													

RISK	MANAGEMENT	EXPOSURE	VALUATION
<p>Other risks, continued.</p> <p><b>Unsound business practices</b></p> <p>Catena's projects extend over long periods of time and include numerous sub-contractors and other stakeholders. Despite the company's zero tolerance policy, applicable to all involved, regarding unsound business practices, whether these involve working conditions, corruption and restraint of competition, there is always the risk that an individual operator fails to live up to Catena's values.</p>	<p>Catena has an express Code of Conduct that everyone is required to follow. Sub-contractors are initially checked so that any financial discrepancies are discovered as soon as possible. The partnership is then evaluated on a continuous basis. Subcontractors are also encouraged to check that their suppliers also adhere to Catena's values. The slightest suspicion of any deviation from the values is investigated promptly. If the supplier does not adhere to Catena's values, the company may terminate the cooperation immediately.</p>	<p><i>It is the view of the Board of Directors and senior management that there is good control of the suppliers with whom the company has direct contact.</i></p>	
<p><b>Disputes</b></p> <p>It cannot be excluded that Catena may become involved in a legal dispute or arbitration proceedings that have significant impact on Catena's earnings or financial position.</p>	<p>The risk is reduced through diligently prepared contracts and agreement.</p>	<p><i>Over the past five years, Catena has not had any significant disputes over the last five years, nor does it currently have any.</i></p>	

#### Sensitivity analysis

The table presents the theoretical effect on pre-tax profit of Catena's annual earnings capacity after financial items with full disclosure of an isolated change in each variable.

Factor	Change, %	Impact on earnings, SEK M
Contractual rental income	+/- 1.0	+/- 10.5
Economic letting ratio	+/- 1.0 percentage point	+/- 11.1
Interest rate level for interest-bearing liabilities with regard to swaps	+/- 1.0 percentage point	-26.7/-57.3
Property expenses	+/- 1.0	+/- 2.2
Changes in value of investment properties	+/- 1.0	+/- 131.3

## Board of Directors



	Gustaf Hermelin	Catharina Elmsäter-Svärd	Bo Forsén
<b>Born</b>	1956	1965	1948
<b>Position on the board</b>	Chairman	Board member	Board member
<b>Year elected</b>	2013	2015	2012
<b>Education</b>	Business administration studies, Stockholm School of Economics.	Advertisement and marketing, Berghs School of Communication. Diploma in market economics.	Business administration studies, Lund University.
<b>Principal occupation</b>	Chairman of the Board of Catena AB.	CEO Sveriges Byggindeindustrier (Swedish construction sector association).	Board work.
<b>Other assignments</b>	Board Member of a large number of subsidiaries within, or related to, the Catena Group. Chairman of Vectura Fastigheter AB and SFU Sverige AB.	Chairman of Södertälje Sports Club (SSK), Chairman of the Institute for Futures Studies, Chairman of Drive Sweden and Chairman of Railcare AB. Board Member of Ellevio.	Chairman of the Board of Victoria Park AB and Scandinavian Resort AB. Board Member of Knäckekärr Holding AB, Forsiva AB and Backahill AB.
<b>Terminated assignments</b>	CEO and Board Member of Klövern AB, Brinova Fastigheter AB. Board Member of AMF Fastigheter AB, Diös Fastigheter AB, Fabega AB and Platzer Fastigheter Holding AB (publ).	Minister, Infrastructure Minister and Acting Minister of Defence. Member of the Riksdag (Swedish parliament) and chairman of a number of parliamentary committees. Chairman of the County Council and County Council Commissioner of Finance in Stockholm County.	Deputy CEO of the Trelleborg Group. CEO of the Wihlborgs Group. Various board assignments
<b>Own shareholdings and shareholdings of related parties in 2017</b>	1,812,400 shares via companies and related parties.	200 shares via companies.	1,000 shares via companies.
<b>Dependent on: the company major shareholders</b>	Yes Yes	No No	No No
<b>Attendance at Board meetings</b>	11/11	11/11	11/11
<b>Attendance, audit committee</b>	-	1/2	-
<b>Attendance, remuneration committee</b>	-	-	1/1

## Company management



	Benny Thögersen	Peter Andersson	Sofie Bennsten
<b>Born</b>	1966	1966	1969
<b>Position</b>	CEO	CFO and Deputy CEO	Group Controller, HR
<b>Employee since</b>	15 November 2016	1 October 2013.	1 October 2013.
<b>Education</b>	Halmstad University	M.Sc. in Business Administration.	M.Sc. Economics.
<b>Previous positions</b>	CEO of Knapp AB and several assignments at, e.g. Consafe, Ica and Akzo Nobel.	CFO at Brinova Fastigheter AB and CFO at Fastighets AB Skånehus.	Head of Administration at Brinova Fastigheter AB. Former Head of Accounting at Brinova Fastigheter AB.
<b>Own shareholdings and shareholdings of related parties in 2017</b>	500.	-	-

### Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Catena AB (publ),  
Corporate Registration Number: 556294-1715

### Assignments and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 2017 on pages 117-131 and for it being prepared in accordance with the Annual Accounts Act.

### Focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our review of the Corporate Governance Report, as required by law, has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that the





Henry Klotz	Hélène Briggert	Erik Paulsson	Katarina Wallin
1944	1985	1942	1970
Board member	Board member	Board member	Board member
2007	2017	2013	2013
Engineer in property engineering, M.Sc. Economics.	M.Sc. in Business Administration, Lund University.	Elementary school.	M.Sc. Engineering, Royal Institute of Technology, Behavioural Science and Business Administration, Stockholm University.
Working Chairman of the Board, CLS Holdings.	Shareholder and Board Member HEG & Partners Fastigheter 5 AB.	Company leader and entrepreneur since 1959.	Strategy Consultant and Partner at Evidensgruppen.
Chairman of the Board of First Camp Sverige Holding AB.	Board Member of companies in the HEG Group and Human to Human SVB.	Chairman of the Board of Fabege AB, Wihlborgs Fastigheter AB and Backahill AB and of a number of regional companies. Board Member of Brinova Fastigheter AB and of a number of regional companies.	Chairman of the Board of Ekologi-gruppen Ekoplan AB, Belatchew Arkitekter AB, Evimetrix AB, Bernow Lindqvist Wallin AB and Au Point AB. Board Member of Evidens blw AB, Kavaljer AB, Sveafastigheter Utveckling AB and Nordisk byggdag. Deputy Board Member of Belatchew Fastigheter AB.
Chairman of the Board of COOD Investments AB. Board Member of 24 Media Network AB, Fielden House Investment Ltd and Note AB.	Head of Marketing at Gymgrossiten Sweden AB. Management consultant at Business Sweden.	Chairman of the Board of SkiStar AB and Diös Fastigheter AB and Board Member of Nolato AB, Klövern AB and Platzer Fastigheter Holding AB.	CEO Evidens blw AB. Chairman of the Board of Real Estate Interim Management Sweden AB and Evidens Fastighetsutveckling AB. Board Member of Temaplan AB. Co-opted Board Member of STF ingenjörsutbildning AB, etc.
-	800.	11,220,751 shares via companies.	-
No Yes	No No	No Yes	No No
11/11	9/11	10/11	11/11
2/2	2/2	-	-
1/1	-	-	1/1



Christian Berglund	Maths Carreman	Johan Franzén	Göran Jönsson
1970	1958	1978	1961
Regional Manager, Malmö and Jönköping	Regional Manager, Stockholm	Regional Manager, Gothenburg	Regional Manager, Öresund
26 January 2016	1 October 2013.	1 October 2013.	1 October 2013.
Engineer.	Structural Engineer.	Business administration studies, School of Economics, Business and Law, Gothenburg University.	Structural Engineer.
Property Manager at Tribona and Regional Manager at Dalkia AB.	Unit Manager at Klövern and supervisor/purchasing manager and project developer at Skanska.	Business Development at Brinova Fastigheter AB and District Manager at Jungheinrich Svenska AB.	Head of Business Area Residential/ Commercial in Brinova Fastigheter AB and CEO of Maintech Forvaltning Syd.
-	2,000.	-	-

► Additional and updated information on assignments and holdings is available at [www.catenafastigheter.se](http://www.catenafastigheter.se)

examination has provided us with sufficient basis for our opinions.

#### Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent with the annual and consolidated accounts

and are in accordance with the Annual Accounts Act.

Malmö, 20 March 2018  
PricewaterhouseCoopers AB

Mats Åkerlund  
Authorised Public Accountant

# Multi-year overview

## Alternative performance measures

In the report, the company presents certain financial measures beyond those defined in accordance with IFRS. The company believes that these measures provide valuable additional information to investors and management

as they enable assessment of the company's performance. Since not all companies calculate financial measurements in the same way, these are not always comparable to measurements used by other companies.

► Calculation of alternative performance measures can be found in Note 27 Alternative performance measures.

## Key financial figures for the Group

	2017	2016	2015	2014	2013
<b>Key performance indicators according to IFRS</b>					
Rental income, SEK m	892.0	786.6	464.2	431.3	316.8
Net operating surplus, SEK M	671.2	578.1	351.3	325.7	221.3
Profit from property management, SEK M	440.1	316.0	259.3	204.9	147.0
Pre-tax profit, SEK M	758.6	386.6	590.3	440.3	184.7
Profit for the year, SEK m	634.7	338.4	571.5	344.2	138.4
Earnings per share, SEK <sup>1)</sup>	16.08	10.20	22.11	13.38	9.67
Cash flow before change in working capital, SEK m	418.7	294.3	241.5	204.8	187.8
Fair value of the properties, SEK M	13,131.1	10,786.4	5,340.3	5,750.9	4,722.3
Total assets, SEK M	14,246.6	12,344.9	6,947.9	6,136.0	5,038.0
Number of shares outstanding, millions	37.4	35.7	25.6	25.6	25.2
Average number of shares outstanding, millions <sup>2)</sup>	35.8	33.2	25.9	25.8	14.5
<b>Alternative performance measures</b>					
<b>Property-related</b>					
Surplus ratio, %	75.2	73.5	75.7	75.5	69.9
Loan-to-value ratio, %	57.6	59.9	70.3	60.1	62.7
<b>Financial</b>					
Return on equity, %	14.9	10.6	25.6	19.0	11.7
Return on equity, %	7.1	6.9	10.5	12.3	6.3
Interest-coverage ratio, multiple	3.5	2.3	4.8	3.1	2.8
Average interest rate, %	3.2	3.6	2.6	2.8	3.1
Fixed interest, years	4.1	3.5	3.1	3.5	3.0
Interest-bearing liabilities, SEK M	7,568.2	6,457.2	3,754.1	3,457.6	2,963.0
Capital tied-up, years	1.9	1.5	2.5	2.9	2.3
Debt/equity ratio, multiple	1.6	1.7	1.5	1.7	1.8
Equity ratio, %	32.3	31.6	35.7	32.4	32.6
Equity ratio, excluding goodwill, %	33.4	33.3	35.7	32.4	32.6
<b>Share-related<sup>2)</sup></b>					
Dividend yield, %	2.9	2.7	2.6	2.8	2.0
Total return on the share, %	23.7	14.3	12.3	7.8	60.3
Equity per share, SEK	122.86	109.13	96.46	77.22	64.95
Profit from property management per share, SEK <sup>1)</sup>	12.3	9.53	10.03	7.95	10.14
P/E ratio	10	13	5	8	10
Cash flow before change in working capital per share, SEK <sup>1)</sup>	11.70	8.87	9.43	10.24	12.95
Net asset value per share, EPRA NAV (including goodwill), SEK	163.29	149.80	115.00	96.60	75.00
Long-term net asset value per share, EPRA NAV	149.85	135.80	115.00	96.60	75.00
<b>Other key performance indicators</b>					
<b>Property-related</b>					
Number of properties	109	94	55	47	45
Lettable area, thousand sq. m.	1,661.6	1,490.9	816.8	753.1	690.6
Rental value, SEK M	1,109.9	925.7	511.5	480.1	419.3
Economic letting ratio, %	94.7	93.0	95.5	95.8	87.2
<b>Share-related</b>					
Share price, SEK	155.50	128.50	115.75	105.75	100.00
Market capitalisation, SEK M	5,818	4,592	2,968	2,712	2,520
Highest price paid during the year, SEK	158.50	145.00	141.00	115.00	103.50
Lowest price paid during the year, SEK	128.50	109.25	103.00	94.00	62.00
Dividend per share, SEK	4.50 <sup>3)</sup>	3.50	3.00	3.00	2.00

1) Prior to and after dilution.

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

3) Board proposal.

## Definitions

Rental income according to Statement of comprehensive income

Income from property less operating and maintenance costs, property tax, ground rents and property administration costs.

Pre-tax profit with reversal of changes in value.

Profit before tax in accordance with Statement of comprehensive income.

Profit for the year in accordance with Statement of comprehensive income

Profit for the year attributable to the Parent Company's shareholders in relation to the average number of shares outstanding.

Cash flow for the year before change in working capital according to the cash-flow statement

Number of shares on the balance sheet date

Weighted average number of shares.

Net operating surplus as a percentage of income from property.

Interest-bearing liabilities attributable to the properties as a percentage of the carrying amounts of the properties at the end of the year.

Net profit for the year as a percentage of average equity.

Pre-tax profit plus financial expenses as a percentage of average total assets.

Pre-tax profit before reversal of financial expenses and unrealised changes in value in relation to financial expenses.

Average interest on the loan portfolio with derivatives being taken into account.

Average remaining period of fixed interest on the loan portfolio with derivatives being taken into account.

The average remaining period of fixed interest in the loan portfolio.

Interest-bearing liabilities divided by equity at year end.

Equity including non-controlling interests as a percentage of total assets.

Equity including non-controlling interests as a percentage of total assets less goodwill.

Dividend in relation to the share price at year end.

The change in share price change over the year plus dividends paid in relation to the share price at the beginning of the year.

Equity attributable to Parent Company shareholders in relation to the number of shares outstanding at year end.

Profit from property management in relation to the number of shares outstanding at year-end.

Share price at year end in relation to earnings per share for the year.

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.

Shareholders' equity with reversal of the fair value of interest rate derivatives and deferred taxes in the balance sheet, calculated per share.

Total area available for letting.

Contractual rents on an annual basis plus a supplement for assessed market rents for vacant space.

Contractual rents under valid leases at year end as a percentage of rental value.

The number of shares outstanding multiplied by the latest price paid on the specified day.

Dividend for the financial year in relation to the number of shares outstanding on the record date.

# GRI Notes

Catena AB is reporting on its sustainability efforts in accordance with the guidelines from the Global Reporting Initiative (GRI) The Sustainability Reporting follows GRI G4 at the Core level.

The Sustainability Report is defined in terms of the GRI index and consists mainly of the CEO's comments, the sustainability section of the Administration Report and these GRI notes. These GRI notes have not undergone any external review.

In this part of the Annual Report, Catena presents an

account of how the company chose what the reporting of the sustainability efforts focus on and how the stakeholders' wishes are met. Catena also presents a GRI index and discloses certain supplementary tables and charts, as well as the sources of the data, assumptions and conversion factors used in the accounts.



**Törsjö 8, Örebro.**

Örebro is one of the country's strategic logistics positions being developed by Catena. Tenants leasing space from Catena include DHL.

## GRI index

The following table lists references to the GRI aspects and indicators reported by Catena within the company's reporting of its sustainability work. DMA refers to "Disclosures on Management Approach", i.e. reference to the company's governance of the relevant sustainability aspects.

Indicator and description	Reference/Comment	
G4-1	Statement by the CEO on the organisation's sustainability strategy.	6-7
G4-3	Name of the organisation.	1
G4-4	Principal products and services.	2-3
G4-5	Location of the organisation's headquarters.	1
G4-6	Countries where operations are conducted.	83
G4-7	Ownership structure and corporate format.	66-67
G4-8	Markets in which the organisation operates.	3, 52-54
G4-9	Size of the organisation.	4, 42, 64-65
G4-10	Total number of employees.	42
G4-11	Proportion of employees covered by collective agreements.	43
G4-12	Describe the organisation's value chain.	37
G4-13	Significant changes during the reporting period.	4-5
G4-14	Does the organisation follow the precautionary principle?	37
G4-15	Externally developed initiatives followed by the organisation .	37-38
G4-16	Associations in which the organisation is a member.	37-38
G4-17	Entities included in the report.	137
G4-18	Process for the definition of the contents of the report.	136-137
G4-19	Identified material aspects of sustainability.	137
G4-20	Internal limits for each of the aspects of sustainability.	137
G4-21	External limits for each of the aspects of sustainability.	137
G4-22	Effects of changes in previously reported information.	137
G4-23	Material changes from the preceding report.	137
G4-24	Stakeholder groups with which the organisation is in contact.	136
G4-25	Principle for identification and selection of stakeholders.	136
G4-26	Approach to communication with stakeholders.	136
G4-27	Important issues raised through communication with stakeholders and how the organisation has addressed these issues.	136
G4-28	Reporting period.	Front cover of the Annual Report
G4-29	Publication of latest report.	March 2017
G4-30	Reporting cycle.	134
G4-31	Contact person for questions regarding the report.	34
G4-32	Reporting level and GRI index.	134-135
G4-33	External review.	134
G4-34	Account regarding the company's corporate governance.	120-131
G4-56	Describe the organisation's values, codes of conduct, etc.	41
DMA	<b>Financial performance</b>	18-19, 24, 35-36
G4-EC1	Generated and distributed financial value	35-36
DMA	<b>Indirect financial impact</b>	14-19, 35-36
G4-EC8	Significant indirect economic impact	16, 35-36
DMA	<b>Energy</b>	37-40
G4-EN3	The organisation's energy consumption	38, 138
G4-CRE1	Energy consumption per square meter	38, 138
DMA	<b>Emissions</b>	37-40
G4-EN15	Direct greenhouse gas emissions	40, 138
G4-EN16	Indirect greenhouse gas emissions from energy consumption	40, 138
G4-EN17	Other indirect greenhouse gas emissions	40, 138
DMA	<b>Environmental impact from products and services</b>	35-40
G4-EN27	Reduced environmental impact from products and services	35-40
DMA	<b>Assessment of suppliers' environmental impact</b>	37, 138
DMA	<b>Employment</b>	41-43
G4-LA1	Personnel turnover	42, does not report age distribution due to the low number of individuals
DMA	<b>Health and safety</b>	41-43
G4-LA6	Absence due to illness and work-related injuries	42
DMA	<b>Training</b>	41-43
G4-LA9	Training for employees	43
G4-LA11	Development interviews	43
DMA	<b>Equality</b>	41-43
G4-LA12	Composition of the company	43
DMA	<b>Non-discrimination</b>	41-43
G4-HR3	Number of cases of discrimination	No cases
DMA	<b>Anti-corruption</b>	41-43
G4-SO5	Confirmed cases of corruption	No cases
DMA	<b>Labelling of products and services</b>	38
G4-CRE8	Environmentally certified buildings	138

### Stakeholders and materiality

Catena's operations aim to generate returns for the shareholders, and to succeed, Catena needs to meet the needs of the customers. Catena succeeds well when there are employees, partners and suppliers who can identify the customers' wishes and ensure that they are put into practice. New construction can be affected by political

decisions and the approval of local residents. Catena therefore considers the company's most important stakeholders to be shareholders, analysts, investors, employees, society, suppliers and customers. The table below presents the most important stakeholders, the most important possibilities for dialogue and the stakeholder groups' most important issues.

STAKEHOLDER GROUP	OPPORTUNITIES FOR DIALOGUE	KEY ISSUES
Shareholders, analysts and investors	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Regular meetings, including in connection with quarterly reports</li> <li>• Ongoing phone contacts</li> <li>• Capital Markets Day in Båstad</li> <li>• Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Business model, objectives and strategy</li> <li>• Funding</li> <li>• Growth</li> <li>• Profit</li> <li>• Sustainability and Corporate Governance</li> <li>• Publication of information</li> <li>• Share liquidity</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Regular contacts</li> <li>• At least one annual performance interview and salary review</li> <li>• Annual personnel conference to educate and motivate</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities for training and skills development</li> <li>• Clear career paths</li> <li>• Salary and benefits</li> <li>• Balance between work and leisure</li> <li>• Diversity</li> </ul>
Society	<ul style="list-style-type: none"> <li>• Regular contacts with public sector decision makers to improve logistics locally, regionally and nationally</li> <li>• Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>• The management organisation's regular contact with tenants, businesses and local officials</li> <li>• Website</li> <li>• Financial support to local sports and community associations</li> </ul>	<ul style="list-style-type: none"> <li>• Goods supply and smooth logistics</li> <li>• Trends</li> <li>• Traffic intensity</li> <li>• Low environmental impact</li> <li>• Cost-efficient solutions</li> <li>• Long-term view</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>• Regular personal meetings with suppliers</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Stable partner</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>• Reinforced active management organisation that maintains regular contact with tenants</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Stable and flexible landlord</li> <li>• Accessibility</li> <li>• Cost-efficient premises</li> <li>• Environmental efficiency</li> <li>• Access to multiple modes of transport</li> </ul>

Catena maintains an ongoing dialogue with these stakeholders to ensure that the company focuses on the right things and this also applies to its sustainability efforts. Based on this ongoing dialogue and a specific stakeholder dialogue conducted in 2014, nine areas have been identified as material in the company's sustainability efforts. The table below lists these nine areas and the corresponding sustainability aspects in GRI G4.

CATENA'S SUSTAINABILITY ASPECTS	SUSTAINABILITY ASPECT IN GRI G4
Focus on energy efficiency and renewable energy	Energy, Emissions
Offer training and skills development for employees	Employment, Health and Safety, Training
Prevent bribery and corruption	Anti-corruption
Create financial returns	Financial performance
Establish the conditions for logistics flows with a minimal environmental impact	Indirect financial impact
Disseminating knowledge about sustainable logistics	Indirect financial impact
Aim for a low environmental impact in new builds and conversions	Environmental impact from products and services, Labelling of products and services
Striving for diversity in the organisation	Equality, Non-discrimination and Services
Imposing demands on suppliers with regard to health, safety and the environment	Assessment of suppliers' environmental impact

#### Boundaries

All of the sustainability aspects Catena has deemed to be significant in various ways have an impact on the company's operations and employees. The key performance indicators presented refer to Catena and all subsidiaries and joint ventures with a participating interest of 50 percent or more, unless exceptions are described in connection with the information presented. For historical data, Catena strives for comparability, but in connection with the 2016 acquisition of Tribona with its property portfolio and employees, previous years' data is not always comparable with 2016. The reason that Catena does not present comparable data including Tribona is that it was not done in the financial reporting and that comprehensive statistics

were not practically possible to prepare. Some of Catena's sustainability aspects may also have an impact outside the company's legal framework, such as at customers and suppliers. The table below presents Catena's sustainability aspects and what relevant impact the company considers they can have outside Catena's legal frameworks.

#### Background data and complementary indicators

In this section, Catena presents the methods, assumptions and conversion factors used to prepare the company's key performance indicators and GRI indicators. Supplemental information not presented in the Administration Report is also presented.

### Supplier evaluation

Catena currently measures none of the GRI indicators for the aspect of supplier evaluation of the environmental impact, despite this having been identified as material. The company is evaluating appropriate indicators to measure and follow up performance in a relevant and cost-effective manner.

### Energy consumption & greenhouse gas emissions

Catena measures and follows up energy consumption in the properties in which the company is responsible for the purchase of energy. In the properties where the tenant is responsible for the energy supply, Catena currently has no comprehensive view of the consumption, which is consequently not presented.

To ease understanding, Catena presents all energy consumption in MWh or KWh. To convert energy consumption from MWh to GJ, use the conversion factor 3.6.

Catena measures and monitors greenhouse gas emissions annually in accordance with the Greenhouse Gas Protocol (GHG Protocol). Information on usage and conversion factors is retrieved from the following sources:

- Own combustion; energy statistics are retrieved from proprietary systems, conversion factors are retrieved from GHG Protocol.
- Travel with the company's own vehicles; consumption statistics from mileage indicators and distance-based compensation, conversion factors from the Network for Transport Measures and Environment (NTM) and Statistics Sweden.

- Purchased energy; energy statistics from proprietary systems, conversion factors from the relevant energy suppliers, in some cases with one year's delay due to lack of access to current statistics.
- Business travel; usage statistics are retrieved from distance-based compensation, recorded costs and travel agency. Conversion factors for car journeys are obtained from the Swedish Transport Administration and NTM, for taxi trips from Taxi Stockholm, for train journeys from SJ and for air travel from GHG Protocol.
- Employee commuting; usage statistics are based on completed employee surveys for each year, conversion factors for different modes of transport are obtained from the Swedish Transport Administration and NTM.

The conversion factors are reviewed and updated once a year in connection with the preparation of the Sustainability Report. As far as possible, Catena uses conversion factors that include all relevant greenhouse gases, i.e. CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>. The company does not perform its own conversions from other greenhouse gases to CO<sub>2</sub>e and therefore has no overall value for Global Warming Potential (GWP). The combustion of renewable fuels, just like fossil fuels, causes greenhouse gas emissions, but as these emissions are part of a cycle, Catena does not report these emissions under the company's greenhouse gas emissions. The conversion factors relating to the use of renewable fuels consist of the part of the fuel that is fossil, for example, the approximately 15 percent of E85 fuel that consists of petroleum.

### Greenhouse gas emissions by scope (tonnes of CO<sub>2</sub>e)

	2017	2016	2015
<b>Scope 1</b> (Use of oil, natural gas and fuel in commercial vehicles)	371	54	29
<b>Scope 2</b> (Electricity and district heating not metered individually for each tenant)	989	1,248	315
<b>Scope 3</b> (Oil, natural gas, electricity and district heating as metered individually for each tenant, as well as business travel and employee commuting)	4,202	3,461	634
<b>Total:</b>	<b>5,562</b>	<b>4,763</b>	<b>978</b>

The table shows Catena's GHG emissions allocated according to the relevant scope.

### Environmentally certified properties (square metres)

	2017	2016	2015
EU GreenBuilding	126,675	43,209	14,959
<b>Total certified area</b>	<b>126,675</b>	<b>43,209</b>	<b>14,959</b>
<b>Share of total lettable area</b>	<b>8%</b>	<b>3%</b>	<b>2%</b>

The table shows environmentally certified area as well as the proportion of environmentally certified area of the total lettable area.





**Statorn 31, Norrköping.**

One of the properties that Catena acquired from Kilenkrysset in December.

# Catena through the year

Catena strives to provide an accurate portrayal of the company, with continuous, immediate, simultaneous, correct and reliable information to existing and potential shareholders and other stakeholders. The publication of information is characterised by openness, simultaneity and uniformity in accordance with current legislation, Nasdaq's regulations, the Swedish Code of Corporate Governance and the company's IR policy.

## Annual General Meeting

We warmly invite Catena's shareholders to the Annual General Meeting, which will be held on 26 April 2018 at 04:00 p.m. at the IVA Conference Centre, Grev Turegatan 16 in Stockholm, Sweden. See the formal invitation on the cover flap.

## Calendar

The company submits interim reports, a year-end report and an Annual Report for the entire financial year. The following publications are planned for 2018:

26 April 2018	2018 Annual General Meeting.
26 April 2018	Interim report January – March 2018.
10 July 2018	Interim report April – June 2018.
26 October 2018	Interim report July – September 2018.
15 February 2019	Interim report October – December 2018 and year-end report.
29 March 2019	Publication of 2018 Annual Report.
25 April 2019	Interim Report January – March 2019.
25 April 2019	2019 Annual General Meeting.

Interim and Annual Reports are sent by post to those who request this.

## Capital market information

In conjunction with the publication of interim reports, the interim financial statements are presented to investors at meetings arranged by the banks. In addition, the company plans in its own individual meetings with investors

and banks. Presentations traditionally include that of the interim report for the second quarter at the company's Capital Markets Day in Båstad. The contents of each presentation are posted on the company's website immediately following the presentation. Catena also participates in shareholder meetings arranged by the Swedish Shareholders' Association.



## Follow Catena on the website

At Catena's website [www.catenafastigheter.se](http://www.catenafastigheter.se), you can find current information about Catena's operations and financial information, including press releases and financial reports, as well as presentations. The company's stakeholders can also download Catena's financial publications from the website. This information can also be ordered directly from Catena by telephone or by post.

## Logistics trends

Catena analyses current logistics trends drives these forwards in various ways Including by organising the Logistics Trends seminar, at which various aspects of logistics are discussed.

The 2018 seminar will be held in Helsingborg on 24 May.

## Glossary

### Logistics properties

Property constructed with a terminal and/or warehouse intended for goods handling and distribution for logistics companies' customers.

### Terminals/Container terminals

Properties that are primarily designed for transshipment operations. This type of property includes container terminals, where possibilities of moving goods from one mode of transport to another are optimised.

### Last mile distribution

The final part of the transport to the end user.

### Logistics warehouses

These are defined as properties with inventories of finished goods and importers' stocks of goods awaiting sale.

### Distribution centres

A property with goods that are stored for a shorter period to then be transported onward.

### City logistics

A distribution centre that is optimised for rapid and short-distance freight distribution activities, of fast moving goods such as perishable goods.

### Omni warehouse

Facility including multiple logistics features.

### E-commerce

E-commerce is defined as when a company or consumer buys or sells a product, normally over the Internet or other computer networks.

## Selection of press releases from 2017

29 December 2017	Catena announces an increase in the number of shares and votes
15 December 2017	Catena acquires logistics properties from Kilenkrysset and issues new shares
1 December 2017	Catena acquires three properties in Gothenburg for SEK 158.5 million
9 November 2017	Catena withdraws its offer for Klockarbäcken
18 October 2017	Catena extends the acceptance period for its offer to acquire shares in Klockarbäcken
2 October 2017	Catena places bid on all shares in Klockarbäcken
24 September 2017	Erik Paulsson is leaving Catena AB's Board of Directors
19 September 2017	Catena invests SEK 82 million in the Municipality of HARRYDA and leases to Cramo
31 August 2017	Catena starts SEK 220 million project for new logistics building in Helsingborg
30 August 2017	Catena invests SEK 80 million and signs lease with Bring in Linköping
10 July 2017	Catena acquires the remaining 40 percent of e-commerce cluster in Ängelholm
4 May 2017	Catena participates in bond via SFF for a total of SEK 244 million
4 May 2017	Development of city logistics at Arenastaden in Solna
18 April 2017	Catena invests SEK 106 million in new logistics property in Malmö
30 March 2017	Catena acquires remainder of jointly owned companies with underlying property value of SEK 560 million
24 March 2017	Catena acquires property in Malmö for SEK 89 million
23 March 2017	Catena rearranges interest rate hedging and reduces borrowing costs
23 March 2017	Catena appoints new CEO and new Deputy CEO
15 March 2017	Catena sells property in Jönköping for SEK 96 million
23 February 2017	Catena sells part of property in Huddinge and continues to focus on modern logistics facilities
18 January 2017	Catena participates in bond via SFF for a total of SEK 234 million

An English version will be available at [www.catenafastigheter.se](http://www.catenafastigheter.se) from 28 March 2018. Catena AB is a Swedish public limited-liability company. The company is incorporated and registered under Swedish law with the company name Catena AB (publ) and the corporate registration number 556294-1715. The company has its registered office in Solna, Sweden. Catena's Annual Report is available in Swedish and English with the Swedish version as the official version. The Annual Report is published on the company's website [www.catenafastigheter.se](http://www.catenafastigheter.se) from 28 March 2018. Printed copies are distributed to shareholders and other stakeholders on demand. The Administration Report comprises pages 24-68. The financial reports comprise the pages 69-116 and were prepared in accordance with IFRS. All amounts are stated in SEK million unless otherwise specified. The figures in parenthesis pertain to 2016 unless otherwise stated. Market information is based on Catena's assessment unless another source is specified. Assessments are based on the highest quality of data available at the time of preparing the Annual Report. This report contains forward-looking information. Even if Catena's management assess these statements as reasonable, no guarantees can be provided that these expectations will prove correct. Accordingly, actual future results can vary compared with what is shown in the forward-looking statements depending on, items including, changing conditions for the economy, market and competition, changes in the regulatory environment and other government actions as well as fluctuations in exchange rates and other factors. For financial and operational definitions, please refer to page 133.

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# 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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The picture shows Boozt's façade towards the E6.

www.htr.se

