

# CATENA 2016 Annual Report



## ► A leader in logistics properties – a growing market

- Improved earnings with a strong cash flow
- Growth with doubled property area
- Continued development of modern logistics facilities for efficient flows of goods
- Stable financial position



## Notification of General Meeting

### *Time and location*

The Annual General Meeting (AGM) of Catena AB (publ) will be held on Thursday, 27 April 2017, at 4:00 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 21 April. Shareholders who have registered their shares with a trustee must have temporarily re-registered the shares under their own name not later than the above date. Any such registration should be requested in good time ahead of the AGM at the party holding the shares in trust.

### *Notification*

Notification of participation in the AGM must be made not later than 21 April at 14:00 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.

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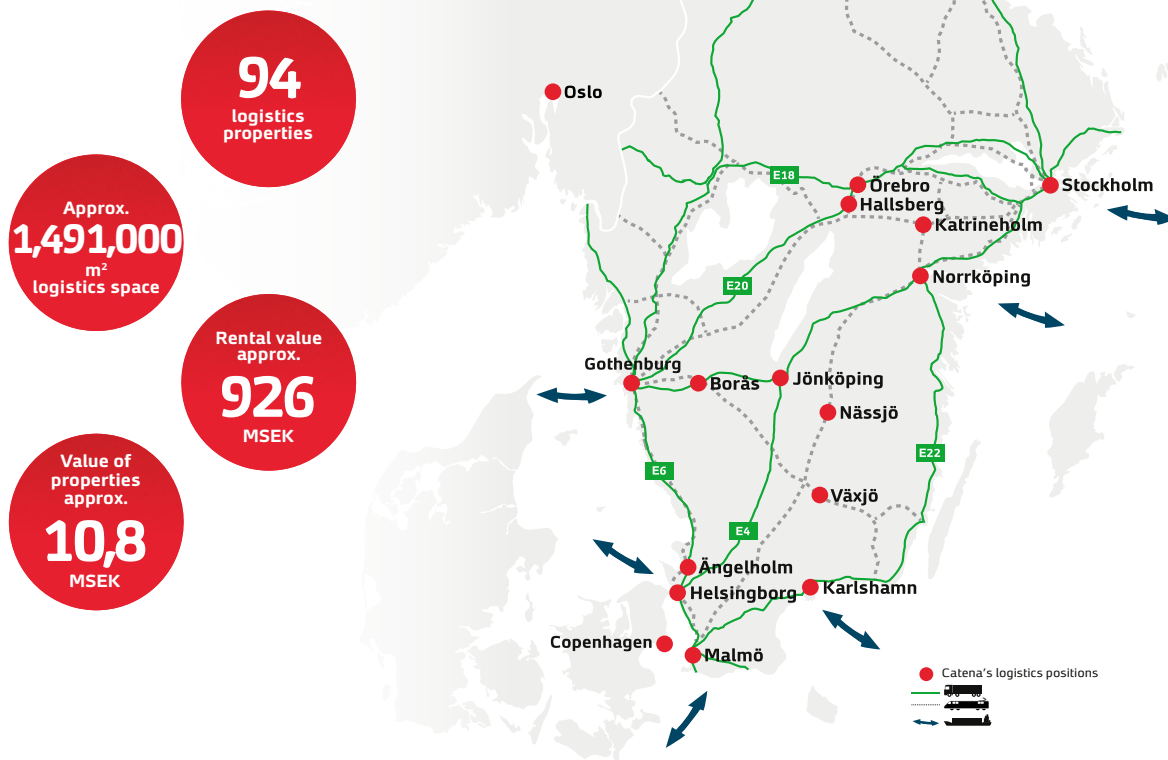
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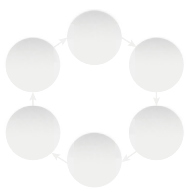
▶ Audited section.

## Locations for value-creating goods flows

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



## An attractive investment



### A clearly focused business model

Catena's focus on logistics properties gives the company unique possibilities to follow Scandinavia's goods flows. This way, Catena can develop and manage attractive logistics facilities that can supply growing metropolitan

regions with goods and cargo. Facilities with stable cash flows that allow both a continued development of the operations and dividends to shareholders.



### A leading position on a growing market

Since the beginning of the modern Catena, the company has been a leading player in logistics properties and developed and driven the growing sector forward. After a number of structure transactions, Catena is also the sector's largest

property company in Sweden. This gives Catena both cost and income synergies that thereby create value for customers, shareholders and other stakeholders.

### Strategically placed logistics facilities

Catena has a good idea of where and how Scandinavia's goods flow. The company can thereby offer logistics facilities in the country's most strategic locations for transports, often next to container terminals that are important since they can handle several different kinds of transports. Catena's terminals and logistics warehouses are located adjacent to key transport routes and hubs. For obvious reasons, distribution centres and city logistics facilities are located immediately adjacent to, or in, central locations and in specially designed premises. To determine the logistically optimal location for each individual customer, Catena analyses every customer's goods flow, its volume and spread. This allows the client to minimise the steps between production and consumption and thereby minimise the time, cost and environmental impact of its transports.

### Premises optimised for their task

As the leading manager of logistics properties, Catena offers its customers a number of different cost-effective and environmentally efficient premises types that are especially designed for the primarily defined task: 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 also operates as a customer-oriented logistics consultant for its tenants that can develop a complete logistics solution or function for safer, more controlled and more rational operations.

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

► Read more about Catena's offering on pages 20-21.

## Property development and management that also builds on logistics know-how

After many years of studies and analyses of national and local goods flows, Catena has a strong and up-to-date perception of where in Scandinavia goods from various parts of the world arrive and how they are distributed on. This knowledge together with the company's extensive property and logistics expertise forms the basis of the company's development of both existing and future logistics locations and logistics facilities. Cost-effective facilities that are well-adapted to their primary task: transshipment, storage or distribution that also meet the climate challenge's new more stringent demands on lower environmental impact. Besides the established logistics locations, Catena has a significant portfolio of attractive logistics locations in various stages of development. The active property development is central to both Catena's successful property management and increased property values.

► Read more about Catena's property development and project development on pages 22-23.

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 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 management creates value for the tenants in various ways, such as flexible spaces and coordinated transports to facilitate the development of city logistics. Together with partners, Catena can, with a property perspective, also take a comprehensive grasp of the customers' logistics and offer customised security solutions, handling equipment of various kinds and IT systems for management and control.

► Read more about Catena's management on pages 19-21.



### Improved earnings with a strong cash flow continue

Catena continues to provide good results and in 2016 was again able to report strong growth. The economic letting ratio was improved by a full 7 percent, from 86 percent at the end of the first quarter to 93 percent at year-end. Rental income increased by 70 percent during the year. Profit from property management, which essentially constitutes cash flow, increased by 22 percent. A phase-out of assets to be replaced by developable properties and land creates potential for improved profit from property management.

► Read more about Catena's financial development on pages 40-43.



### Clear goals 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 for: Property development, Customers & market, Sustainability and Financing. The company has capacity to realise the goals and carry out the strategies with competent and active employees, financial strength and a developable project portfolio to create future values.

► Read more about goals and strategies on pages 24-27.



### Good total return on Catena's share

Catena's business is based on a growing attractive property portfolio that normally generates strong cash flows. This gives the company good possibilities of achieving the dividend policy to distribute 50 percent of the profit from property management less standard tax. In 2016, an investment in the Catena share provided a return of 14.8 percent (12.3), compared with the stock exchange's total index of 9.8 percent OMX Stockholm GI (including dividend).

► Read more about the share on pages 62-65.

## ► A year of growth and development

After the acquisition of Tribona, Catena's growth and development is reflected both in profits, as well as in improved key performance indicators.

### The year in brief

Rental income

**+70%**

Rental income rose by 70 percent to SEK 786.6 million, mainly due to the acquisition of Tribona and completed projects.

Net operating surplus

**+65%**

As a result of acquisitions and investments, the net operating surplus improved by SEK 226.8 million to SEK 578.1 million.

Profit from property management

**+22%**

The profit from property management increased by 22 percent to SEK 316.0 million even though it was burdened by higher interest expenses and significant non-recurring costs both linked to the acquisition of Tribona.

The property portfolio

**+125%**

The property portfolio increased after transactions and property and project development by 125 percent to around SEK 10.8 billion.

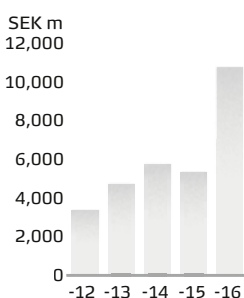
### Key data

	2016	2015	Change, %
Fair value of the properties, SEK M	10,786.4	5,340.30	102.0
Loan-to-value ratio, %	59.9	70.3	-14.8
Lettable area, 000s sq. m.	1,490.9	816.8	82.5
Economic letting ratio, %	93.0	95.5	-2.6
Rental income, SEK M	786.6	464.2	69.5
Net operating surplus, SEK M	578.1	351.3	64.6
Surplus ratio, %	73.5	75.7	-2.9
Profit from property management, SEK M	316.0	259.3	21.9
Cash flow before changes in working capital, SEK M	294.3	241.5	21.9
Profit before tax, SEK M	386.6	590.3	-34.5
Interest-coverage ratio, %	2.3	4.8	-52.1
Return on equity, %	10.6	25.6	-58.6
Return on total capital, %	6.9	10.5	-34.3
Equity ratio, %	31.6	35.7	-11.5
Profit from property management per share, SEK	9.53	10.03	-5.0
Earnings per share, SEK	10.20	22.11	-53.9
Dividend per share, SEK	3.50 <sup>1)</sup>	3.00	16.7
Net asset value per share, EPRA NAV, SEK	135.80	115.00	18.1
Share performance over the year, %	11.7	9.5	23.0

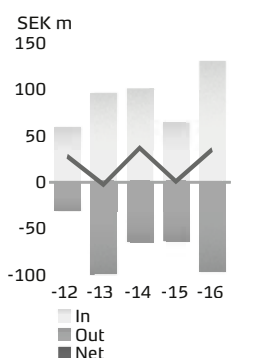
1) According to the proposal by the Board of Directors and the CEO.

► See also the multi-year overview on pages 128-129.

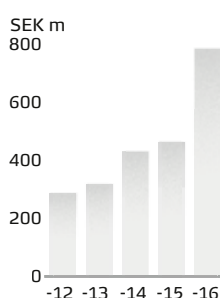
Property portfolio development



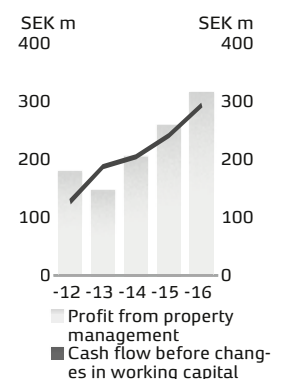
New tenancies/vacancies



Rental income



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



Significant events during the financial year

Transactions



The largest transaction during the year was the acquisition of Tribona, which was successfully integrated into Catena's operations. Of the acquired operations, eight properties that were not pure logistics properties or otherwise deemed to have a limited strategic interest were divested. These divestments, together with the divestment of two finished properties located in Gothenburg, freed up resources for strategic acquisitions of 12 different properties in attractive locations besides Tribona. They have also broadened the company's customer base in Malmö, Östersund and Stockholm, among others. The transactions together with the investments made in property development increased the value of Catena's property portfolio by around 125 percent to about SEK 10.8 billion, with a potential for improved profit from property management.

Property development

During the year, Catena invested SEK 529 million with the aim of continuously improving its logistics facilities, developing its customer offering and broadening the customer base. Besides customer-specific developments, the year's investments were steered towards Nässjö among others where a new volume terminal like the one built in Katrineholm was built close to a container terminal. Other investments were channelled towards growing e-commerce in Ängelholm among other locations where the construction of E-city Engelholm was begun, increasingly important food logistics mainly located in the Malmö region, and towards Bring's new crossdocking terminal in Mölndal.



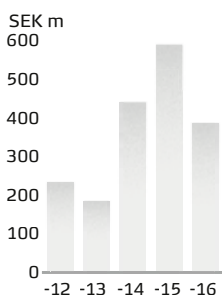
Property management



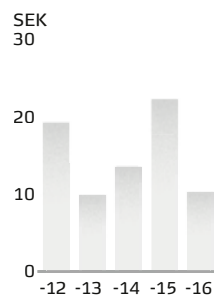
As a result of the larger property portfolio and the company's ambitions regarding closer customer contact, a new business structure was introduced during the year with five regions with local organisations. Their task is to monitor the development in their region, maintaining contact with the region's decision makers and above all assist new and existing customers in the scope of property development and logistics. The latter tends to become increasingly extensive with a broader offering that, for example, includes security solutions, administration and furnishing that can comprise everything from simple pallet racks to automation of stock management. It is in light of a continued broadening of the offer that the recruitment of a new Deputy CEO, Benny Thøgersen, who has extensive experience of logistics and warehouse automation, should be viewed.

► Read more about Catena's important events on pages 54-55.

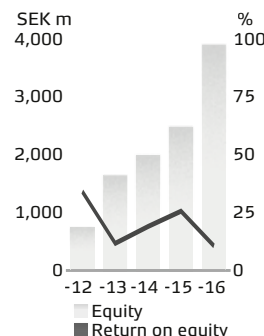
Profit before tax



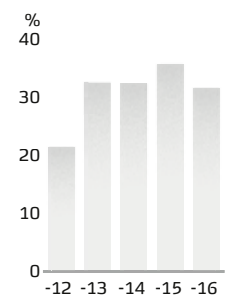
Earnings per share



Equity and return



Equity ratio



## ► Leading and largest in growing market for logistics properties



At the end of 2013, in conjunction with the acquisition of Brinova's logistics properties, we began to build Catena's business with the aim of becoming the leading Scandinavian property company in logistics. The property value of the logistics portfolio amounted to nearly SEK 4 billion at the time. In 2014 and 2015, we developed our existing portfolio, which we expanded through new production and to some extent acquisitions. Through successful management, we were able to fill our vacant premises in 2015 and reach an exceptional letting ratio of 97 percent.

Through the acquisition of Tribona, which was completed in early 2016, our property value increased by about SEK 5 billion, thereby doubling to just over SEK 10 billion.

Even if the letting ratio decreased somewhat, we mainly received many interesting new customers in the food sector, whose specific needs require a knowledgeable, proactive and service-oriented property owner like us.

Over the years, we have managed to establish Catena not only as Sweden's logistics property leader who drives development, but also the largest logistics property company with an extensive portfolio of strategically located terminals, warehouses and distribution buildings. We have grown both through strategic acquisitions and through new construction, and we currently have 1.5 million square metres of premises space. Several acquisitions were made in order to further reach new customer groups, rather than based on interest in specific properties.

### Profitable growth

The financial effect of the Tribona acquisition is evident. Our rental income increased in 2016 by 70 percent to SEK 787 million. We improved net operating surplus despite hard work to raise the standard of our properties from SEK 351 million to SEK 578 million. Perhaps our most important earnings measure – profit from property management – which essentially constitutes our continuous cash flow was increased by 22 percent to SEK 316 million.

We improved the letting ratio by a full 7 percent, from 86 percent at the end of the first quarter to 93 percent at year-end. Thanks to the rapid integration of Tribona and a division of operations into five regions, from three previously, we were able to register a record-breaking net increase in new tenancies of 35,000 square metres in the last quarter of the year. The vacancy rate of more than 220,000 square metres at the end of the first quarter was thereby reduced to 155,000 square metres.

### Divestments, acquisitions and new construction develop Catena

The development of Catena into both the leading and the largest company for logistics properties is not only a matter of acquisitions. We also divest properties that we no longer deem to be strategic for us. In the past two years, 2015 and 2016, we sold properties for a value of nearly SEK 3 billion. We thereby freed up resources to purchase significant volumes of developable land for logistics in Malmö and Örebro. In December 2016, we also acquired six strategically located logistics terminals from DHL, including the large and recently remodelled unit in Västberga, Stockholm. The acquisition was made possible by the new share emission of approximately SEK 330 million that was implemented in the latter part of the year.

New construction was extensive in 2016. In the beginning of the year, construction began on the first phase of 14,000 square metres in Catena's e-commerce cluster in Ängelholm. A new lease with e-commerce company Boozt made it possible to launch the second phase of another 43,000 square metres. Both units will be completed in early 2017. During the year, next to container



terminals, we also completed two volume terminals for transshipment of containers and trailers and temporary storage. One in Katrineholm at the beginning of the year and one in Nässjö at the end of the year.

### Changed assets for improved profit from property management

The phase-out of assets when we left out-dated industrial and warehouse premises to replace them with developable properties and land that is now beginning to generate rental income not only means direct project gains. Above all, it means that we gained a more attractive portfolio of logistics facilities with a significant potential for higher rental income in pace with new tenancies and thereby further improved profit from property management.

### Continued work for improved financing

For the balance sheet's passive side, we have initiated a minor transformation. On one hand, despite our significant growth, we have retained a strong financial position with the help of a successful new issue and strong cash flows. On the other, we commenced a renegotiation of assumed loans with worse terms than what we ourselves are usually able to obtain, also with some success. This work is continuing.

### Continued property development for modern sustainable logistics

Certain that the market will continue to grow, we are continuing to establish modern purpose-specialised logistics properties well-placed in Scandinavia's goods flows. Terminals that can distribute goods and cargo to large logistics warehouses that are increasingly automated and thereby smarter. Local distribution centres that can handle all kinds of goods and freight placed at central, but adapted locations that can distribute goods to the stores where they are in demand, as well as directly to consumers. It is becoming increasingly common in pace with the development of e-commerce.

In the work on sustainable logistics and societal development, we have continued to be active in meeting local government leaders in various places around Sweden, alongside of continuous energy efficiency enhancements



and other improvements. In the metropolitan areas, the predominant topic of discussion is city logistics. In other municipalities where Catena operates, we are mainly discussing long-distance cargo and how we can together make these municipalities more attractive hubs for logistics. It is also in light of the future's supply of goods that one should view our greater interest in terminals that can handle all kinds of freight, goods and cargo. The most recent in a number of projects is one we are building for Bring in Mölnlycke.

As a result of urbanisation and increasing consumption, particularly through the impact of e-commerce on consumer trade, we are seeing clear signs that city logistics, referring specifically to the positioning of warehouse and distribution facilities directly adjacent to our metropolitan regions, will become an increasingly important part of the future of logistics.

Good market conditions, a continued focus on the climate-friendly and sustainable logistics solutions of the future, combined with an intractable capacity for implementation, mean that we are looking forward to sustained positive development in 2017. I am expecting an improved letting ratio, possibilities for new production and with this, higher profit from property management.

Helsingborg, March 2017  
Gustaf Hermelin

## ► New infrastructure for efficient goods flows

The development of faster, better and smarter logistics is driven by global trends, such as the growing urbanisation with more and more people in our urban areas, new consumption and purchasing patterns, greater interest in the environment and the technical development that allows better transparency and efficiency.

### 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. Here at home, e-commerce has come down to times of no more than 1-2 days between order and delivery. New delivery locations are now also being developed. Corresponding demands are naturally set by traditional retailing for their deliveries to thereby shorten their "time to market". Shorter delivery times reduce the companies' costs for stock, capital and obsolescence. Shorter delivery times also enhance service and convenience for the end consumer.

### Better

Improved purchase experiences and new purchasing patterns force retailing to broaden its assortment. This places demands on frequent and flexible deliveries to quickly get home and, if necessary, return products as demand changes. This way, retailers do not need to increase their stock and thereby their tied-up capital. Nor are they encumbered by the costs that arise through obsolescence and larger storage areas in expensive city locations.

The development in retailing is also driven by the greater e-commerce, which provides major opportunities to improve the consumers' buying experience through clear and simple display of their products that can in a controlled manner be delivered flexibly, efficiently, rapidly and precisely.

### Modern logistics facilities for efficient goods flows

#### Strategic locations and specialised properties

Efficient goods flows are based on large strategically placed terminals adjacent to the most important transport routes, but outside the urban areas to limit land investments. Terminals are designed for same-day transshipment of large amounts of goods and cargo, which makes it possible to make use of the advantages offered by the consolidated global container transports of large volumes.

Efficient goods flows are also based on large regional logistics warehouses adjacent to terminals, or general or customer-specific logistics points. They are the hub of efficient distribution. There, goods and cargo can be handled and stored safely and efficiently, for a shorter or longer period of time, before they are delivered to the final address for a given order.

But efficient goods flows are also built on local distribution centres close to cities for "last mile logistics" placed on the outskirts of the urban areas or centrally at

cost-effective, but functionally suitable areas, such as below ground or adjacent to multi-story car parks. Premises are equipped for consolidated immediate deliveries of mixed goods of various kinds from different suppliers, so that the goods can quickly be available in the stores where there is demand. Distribution centres can be expanded with service-oriented logistics hubs, which in addition to all kinds of goods and cargo can handle letters, packages and other dispatches. Hubs that are also equipped to pack goods and cargo before delivery to industrial customers, stores or directly to the consumer if he or she does not choose to collect packages personally considering the easy availability of the logistics hub.

#### Rational equipment

An environmental and thereby cost-effective infrastructure is not only about the right location, but also about modern premises with efficient ventilation, heating and lighting.

**Smarter**

Smarter means new innovative solutions to frequently and flexibly distribute goods and cargo at constantly lower costs and environmental impact. Of course, the right means of transport and fully loaded carriers are fundamental in the whole chain. The costs and environmental impact of the distribution of the goods for the retail trade are, however, generally relatively marginal in relation to both the product's price and its emissions of carbon dioxide up to the final transport to the final destination. Therefore, there is a highly marginal benefit primarily in solutions for what is usually called "last mile logistics", which 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 thereby the cost and environmental impact sky rockets.

All to reduce energy consumption and thus the environmental impact. It is also a matter of automated logistics facilities that use sophisticated algorithms to improve the flow of goods, reduce the cost of handling and picking, optimally use available storage spaces and improve the working environment.

**Digitalisation for optimal allocation of goods**

Better digitalised logistics provides immediate access to stock balances and greater control over the availability of goods in various places. This provides extensive opportunities to plan and to the furthest possible extent implement coordinated frequent and flexible transports with fully loaded carriers in both directions. Suppliers and operators in collaboration facilitate the introduction of city logistics. This is in turn a prerequisite for optimal allocation of goods and cargo to the sales points where the current demand exists. There is already talk of drones for e-commerce deliveries.

**Logistik trender**

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. In the 2016 edition of LogistikTrender (Logistics Trends), where a number of different presenters gave their views of logistics from various aspects, the discussion was deepened and developed regarding what is required for even faster, better and smarter logistics.

➤ See more from Logistics Day 2016 at [www.catenafastigheter.se](http://www.catenafastigheter.se)



Catena's Board member, former Minister for Infrastructure Catharina Elmsäter-Svärd, who also moderated the day spoke about infrastructure investments for better cost-effectiveness and environmental efficiency.



Mats Dahl from Microsoft spoke about the importance of satisfying the customer.

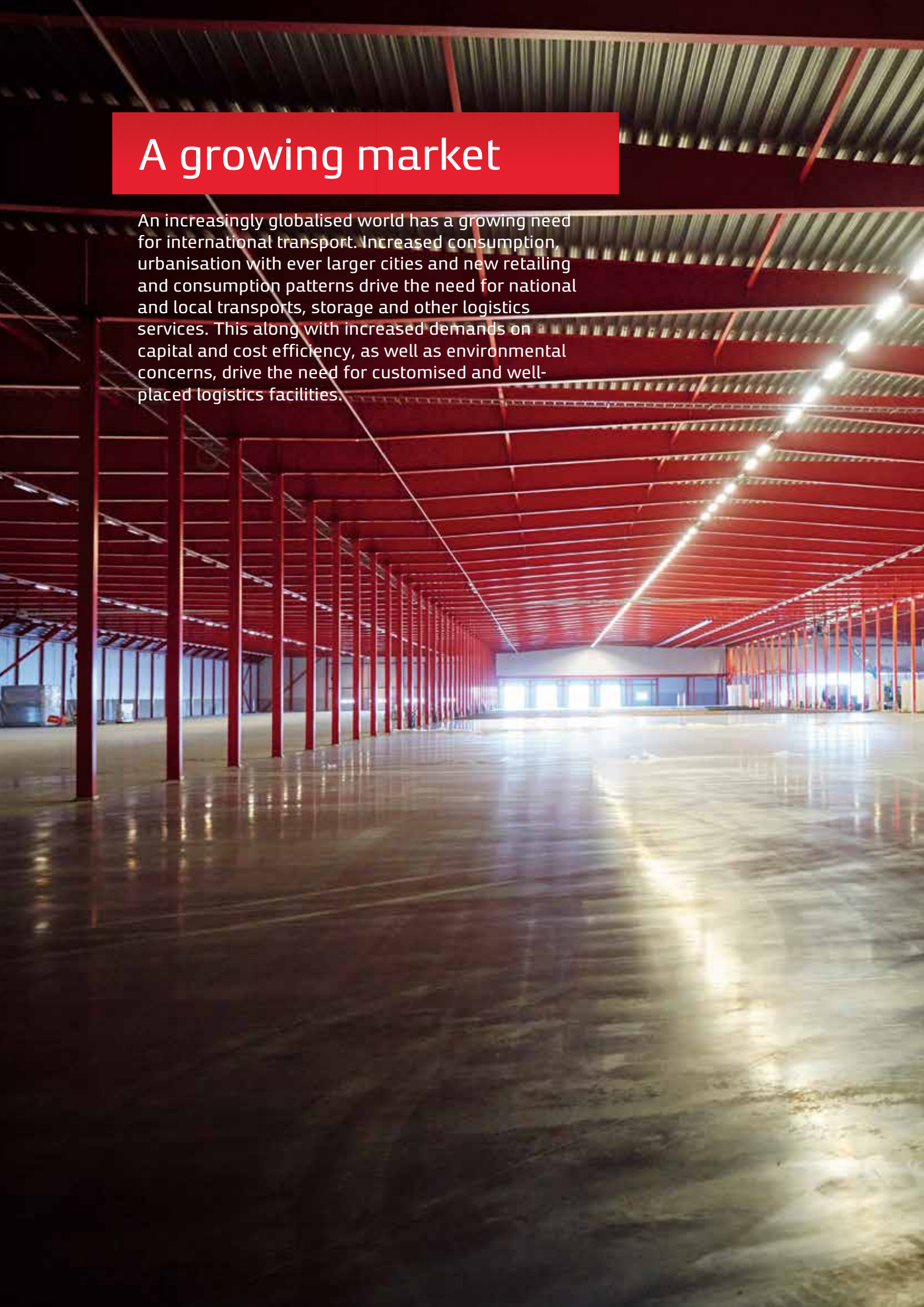


Fredrik Henriksson from Swisslog presented solutions for automated materials handling.



# A growing market

An increasingly globalised world has a growing need for international transport. Increased consumption, urbanisation with ever larger cities and new retailing and consumption patterns drive the need for national and local transports, storage and other logistics services. This along with increased demands on capital and cost efficiency, as well as environmental concerns, drive the need for customised and well-placed logistics facilities.





► E-commerce warehouse

**Norra Varalöv 31:11, Ängelholm.**

Catena is establishing E-city Engelholm, with the building under construction at the property Norra Varalöv 31:11, is easy to reach for suppliers, hauliers and consumers. There, both small and large e-commerce companies will be offered an e-commerce warehouse optimised for their business with rational handling, packaging and delivery of small packages.

## ► Clear trends driving the market forward

According to the National Institute of Economic Research's (NIER) December forecast, Swedish GDP increased in fixed prices by 3.4 percent in 2016, driven mainly by private and public consumption and investments, especially in homes. In 2017, GDP growth is expected to slow to 2.2 percent, mainly as a result of lower investments and public consumption. Continued good private consumption and the export trend contribute positively, which is reflected in a weakly growing industrial production.

**INCREASED GOODS FLOWS** > Globalisation entails increased separation between production and consumption, making international production networks more commonplace. Different stages are performed in several countries before the product finally reaches the country where it will be consumed. This development contributes to increasing the trade flows globally. Sweden's foreign trade, like world trade in general, has accelerated dramatically since the 1970s. Today, Swedish exports account for nearly 50 percent of the country's GDP, which is above average for both the EU and the OECD countries. The

Swedish balance on current account, which increased in 2016, is expected to continue increasing in 2017. In absolute figures, the trade balance decreased in 2016, but larger volumes are predicted moving forward. The decline should primarily be explained by less exports as a result of weaker export markets, but also dampened imports as a result of the weak SEK. This is reflected in the share of GDP. The declining value should indicate continued strong imports compared with exports. In terms of goods leaving or arriving in Sweden, maritime transport is dominant. In 2015, a total of 170 million tonnes of cargo

**GROWING RETAIL** > In the wake of the financial crisis around 2008/2009, a decline in retail growth was noted in Sweden. Over the ensuing five-year period, however, the sector has shown a period of steady growth, and increased by 3.3 percent in 2016, despite high comparative figures. Accordingly, the Swedish retail sector has fared well, avoiding international political and economic concerns. After a very strong previous year, growth in 2016 was somewhat weaker. The positive growth trend that was shown during an extended period was maintained, however, thanks to continued consumption, good real wage

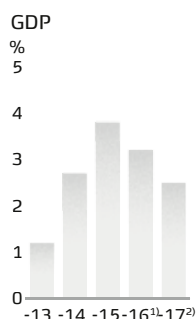
increases and low interest rates. Although the rarely bought product trade faced high comparative figures, it continued to develop stably and ended up at a total of 4.0 percent growth in 2016.

Supermarket sales in Sweden developed relatively cautiously in 2016, growing by 2.5 percent. So the growth rate thereby slowed somewhat in 2016. In the next few years, however, the strong population growth is predicted to hold up volume growth in supermarket sales.

In summary, the retail trade is developing stably in both the convenience goods trade and the rarely bought

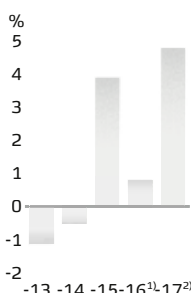
**INCREASED E-COMMERCE** > e-commerce has grown steadily for quite some time and shows no signs of slowing down, but rather is growing faster than the growing retail trade. In 2016, it accounted for 7.7 percent of the total retail trade. The rarely bought product trade in particular has driven development forward, but online supermarket sales have also increased in recent years. In 2017, Swedish e-commerce is expected to account for SEK 67.7 billion, an increase of around SEK 10 billion. Online food sales increase year after year. Growth is taking place from low levels. But as consumers begin

to adopt new purchasing behaviours due to digitisation and as major players invest in their own solutions, in the future, we will also see stronger growth as a proportion of total retail. In 2016, online food sales increased by 30 percent. This growth is thereby somewhat weaker than in earlier years. At the same time, consumer buying habits are gradually changing, which also means that growth is not taking place explosively from year to year. It is also important to remember that the industry covers far from all of Sweden. Growth in food was initially overwhelmingly driven by ready-made dinner solutions. HUI instead

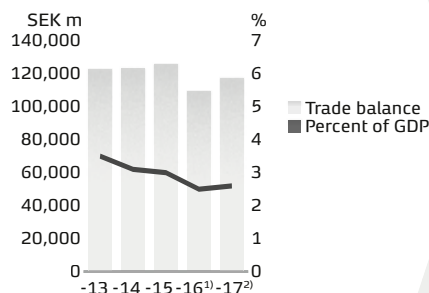


from both domestic and international traffic were handled in the Swedish ports. This is an increase of 1 percent compared with 2014, primarily driven by bulk. Of this, 92 million tonnes refers to unloading of goods. By rail, a total of around 36 million tonnes of cargo was transported within Sweden in 2015, of which around 17 percent was so-called combined transports. This is a slight increase compared with 2014, which Catena is expecting to grow in the future.

Industrial production, fixed prices, change

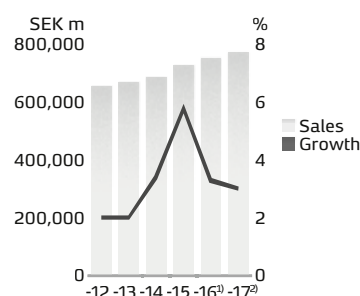


Trade balance, current prices



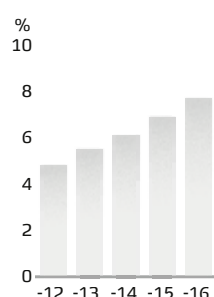
product trade. Swedes continue to consume, mainly capital-heavy goods, although at a weaker level than before. Possible threats to consumption in 2017 are a possible interest rate increase and still the situation on the housing market. However, households continue to have strong buying power and retailing is therefore expected to continue to develop positively. The forecast for 2017 is at 3.0 percent.

Retail trend, current prices

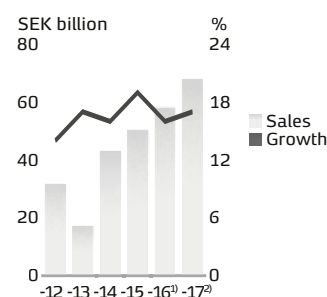


sees that growth will be driven mainly by single-item sales. That the consumers will instead put together their own order, a pattern that is now also beginning to be seen in food online.

E-commerce share of total retail trade



E-commerce trend, current prices



1) Estimate 2) Forecast

### Stable rental market

As the flow of goods increases, retailing increases and not least e-commerce increases, the need for modern well-placed logistics spaces is growing. In an international perspective, Sweden has high rents for warehouse and logistics properties, which is attributable to higher building costs and to-date limited speculative development. Despite the limited supply of space, development in rent levels has been weak. 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. 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. In Stockholm, both in and around other major cities, the supply of developable land is decreasing compared with the rest of the country, in part as housing construction increases. Labour costs are also generally higher there, which drives rents up 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. These can be supplemented with local distribution terminals. The trend is towards larger distribution units that serve increasingly large areas, as European infrastructure improves and transportation times decrease. The share of railway transports in the overall logistics mix is also expected to increase. This places demands on better access to container terminals where cargo can be moved between rail and road, for example.

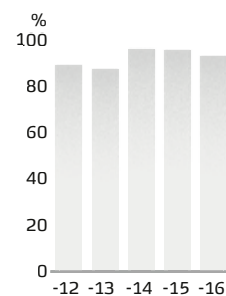
E-commerce is also creating a need for end-customer distribution via delivery points located near residential areas.

### Customers

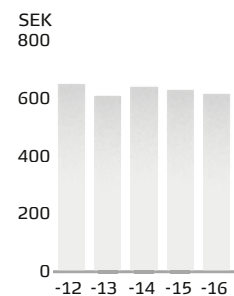
The tenants of the logistics properties include logistics companies to whom producers and wholesalers outsource their logistics function through so-called third-party logistics. The largest companies in the area are, to name a few: DHL, which is owned by Deutsche Post; PostNord, the development of the 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 like Boozt, Dustin, Mathem and Mat.se.

Economic letting ratio



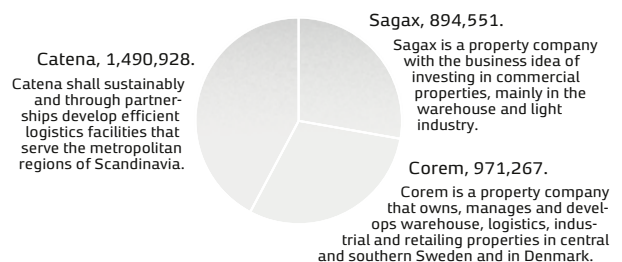
Average rent levels



### 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 Kilenkrysset and international companies Prologis and Goodman also operate in Sweden.

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



Source: Websites, reports.



## Catena's regions

### Active investment market

Greater demand for new warehouse and logistics properties, which is a subsegment of the larger property market, is clear. Half a million square metres of warehouse and logistics space was completed in 2015. As much area is estimated to have been added in 2016 and is expected to be added in 2017. Today, around 25 percent of the new area is estimated to be built on speculation, which is a distinct increase compared with before.

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 under way. Warehouse and logistics properties have gradually become a property segment where institutional players also want to have indirect or direct exposure. The logistics and warehouse market continues to be characterised by a lack of attractive investment objects and a wide spread with respect to such parameters as ownership, size, modernity and efficiency. This means that most institutional investors still have a smaller allocation, particularly of logistics properties, than the segment's share 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 2015, logistics properties worth around SEK 15 billion were sold, excluding Catena's offer on Tribona, which was a significant increase compared with 2014. The transaction volume was also high in 2016 when it reached SEK 14.0 billion. In 2016, Platzer acquired Volvo's properties in Gothenburg for SEK 2.8 billion, of which 60 percent concerned logistics. Corem acquired Estancia fastigheter for SEK 1.3 billion. London-based Round Hill Capital made a major acquisition of logistics properties in the Nordic region of which SEK 950 million was in Sweden. Besides Tribona, Catena acquired 12 logistics properties for a combined value totalling around SEK 611 million.

Sources: HUI, NIER December 2015, Traffic Analysis Maritime Traffic 2015, Statistics 2015:12, Rail Traffic 2015. Catena's internal analyses. Note that certain external analyses are updated continuously.

## Gothenburg

The country's second-largest city, Gothenburg, is the centre for a region that also includes logistics-intensive towns and cities 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 also derives from the major building companies.

## Helsingborg

The region comprises North-western 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 smaller specialised companies Corem, Logicens, 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. It is a modern city made for business and investments. One of Malmö's primary areas of business is logistics. Large goods 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 Catena, specialised Castellum and Wihlborgs. The competition in project development comes primarily from the larger construction companies.

## Stockholm

The region which extends from Stockholm to Värmland, also includes all of northern Sweden, Norrland. Mälardalen with its logistics cities is Sweden's most densely populated. It is a logistically important area and accounts for a large part of Sweden's effective flows of goods. Besides Catena, Kilenkryssset and Sagax as well as some local players offer logistics premises in Mälardalen. With its large area, Norrland requires strategically placed terminals. Catena manages some, others are managed internally by third-party companies or local players. In terms of project development, competition derives primarily from Kilenkryssset and the major building companies.



► Distribution centres

**Barnarps Kråkebo 01:56, Jönköping.**

Catena's distribution centre is distinguished by an automated handling of smaller packages with more products from different suppliers. It is also specialised on e-commerce.

# A clear business model

Logistics are about guiding and controlling material flows with connected resource, information and monetary flows to achieve the highest possible cost-effectiveness and environmental efficiency. It is thereby an important tool for improving operational profitability. For this, Catena develops modern strategically placed logistics facilities that supply Scandinavia's metropolitan regions.



## ► A focused business model

Catena has a clear business model with a streamlined offering based on attractive logistics facilities that supply growing Scandinavian metropolitan regions with goods and cargo. The facilities generate stable cash flows and make it possible to both develop the operations and provide the owners a good return.



Catena has a clear business model driven by the vision of linking Scandinavia's goods flows. Initially, it was primarily about Sweden, but in 2016 the first steps out into the rest of Scandinavia were taken with a facility in Copenhagen via the Tribona acquisition. The daily operations are con-

ducted through the business concept's two fundamental tasks: property development and management. This way, the company creates a strong cash flow that enables both an attractive return to the shareholders and a stable development towards the vision in accordance with the overall objective. To achieve the goals and vision, Catena works with four well-defined strategies: Property development, Customers & market, Sustainability and Financing.

### Business concept

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

The efficiency of the transports is an important factor for the 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 logistics facilities along excellent green corridors at the key transport routes and hubs, providing both financial and environmental benefits.



► Vasslan 1, Årsta.  
Distribution centre for Lindab's products.

# ► Management of strategically placed logistics facilities for every task

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.

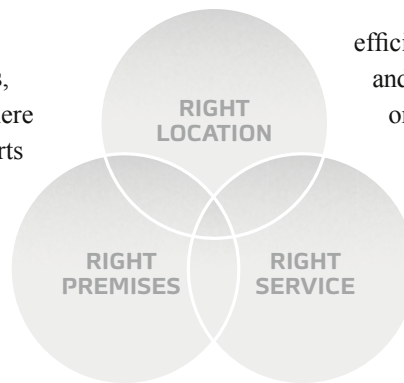
At some of the company's logistics locations, customers are offered container terminals, where several modes of transport converge. These will become increasingly important, not least due to reasons of cost and the environment, even though a large part of current transports are still made by road. Terminals 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 specially designed premises. To determine the optimum logistics locations for each individual customer, Catena works to analyse each customer's unique goods flow, its volume and distribution. This allows the client to minimise the steps between production and consumption and to minimise the time, cost and environmental impact of its transports.

► Read more about the logistics facilities' locations on page 52.

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

Catena also operates as a customer-oriented logistics consultant for its tenants, who can develop a complete solution or function for more rational operations. One example is coordinated transports to facilitate the development of city logistics. Together with partners, Catena offers adapted security solutions, handling equipment of various kinds and IT systems for management and control.

Catena has also initiated an e-commerce cluster in Ängelholm. There, in addition to traditional logistics services, a number of e-commerce companies are offered a range of services, such as platforms for goods management, invoicing, administration, security and, of course, flexible spaces.

► Read more about various kinds of logistics facilities on pages 20-21.

## The right service

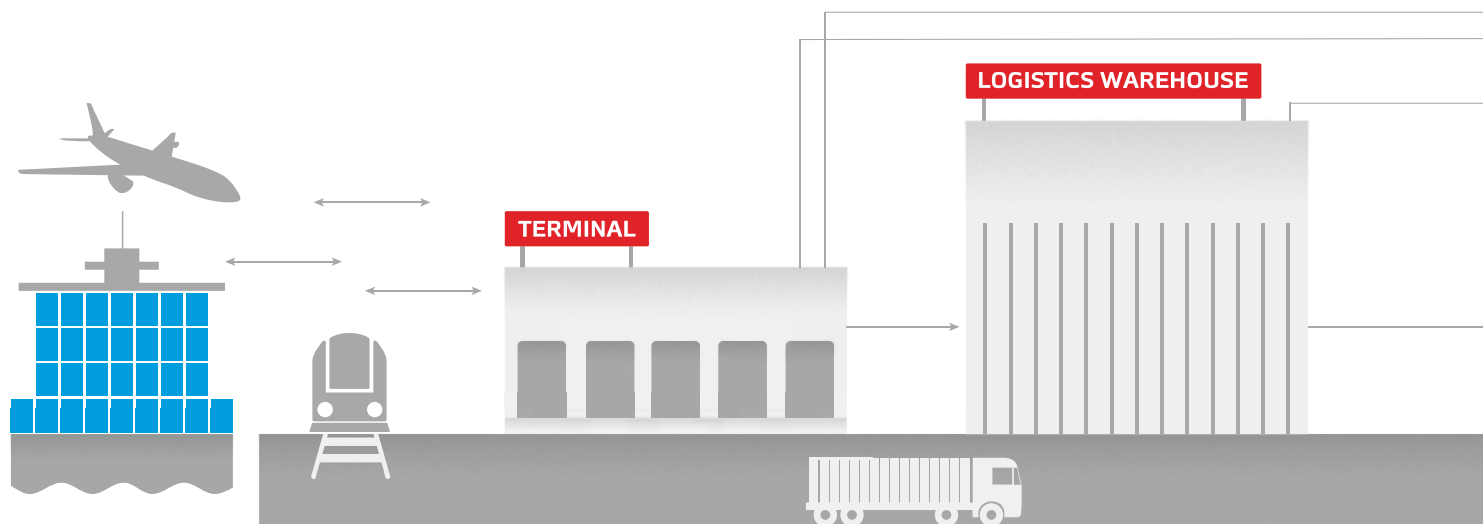
Having a competent management organisation in place in the prioritised regions ensures close relationships with customers in particular, but also with the local business community and society in general. This also means that the problems that can arise can quickly be resolved. At the same time, new needs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



Contact: Gustaf Hermelin, CEO  
gustaf.hermelin@catenafastigheter.se

## ► An attractive offering

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



### 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 shipped 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.

A volume terminal is a hybrid between a terminal and a logistics warehouse. It has the terminal's feature of multiple ports and the areas required to receive and deliver incoming goods the same day. In selected areas, the volume terminal also has the height characteristic of a logistics warehouse, which is needed to also cost-effectively store goods for extended periods.

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.

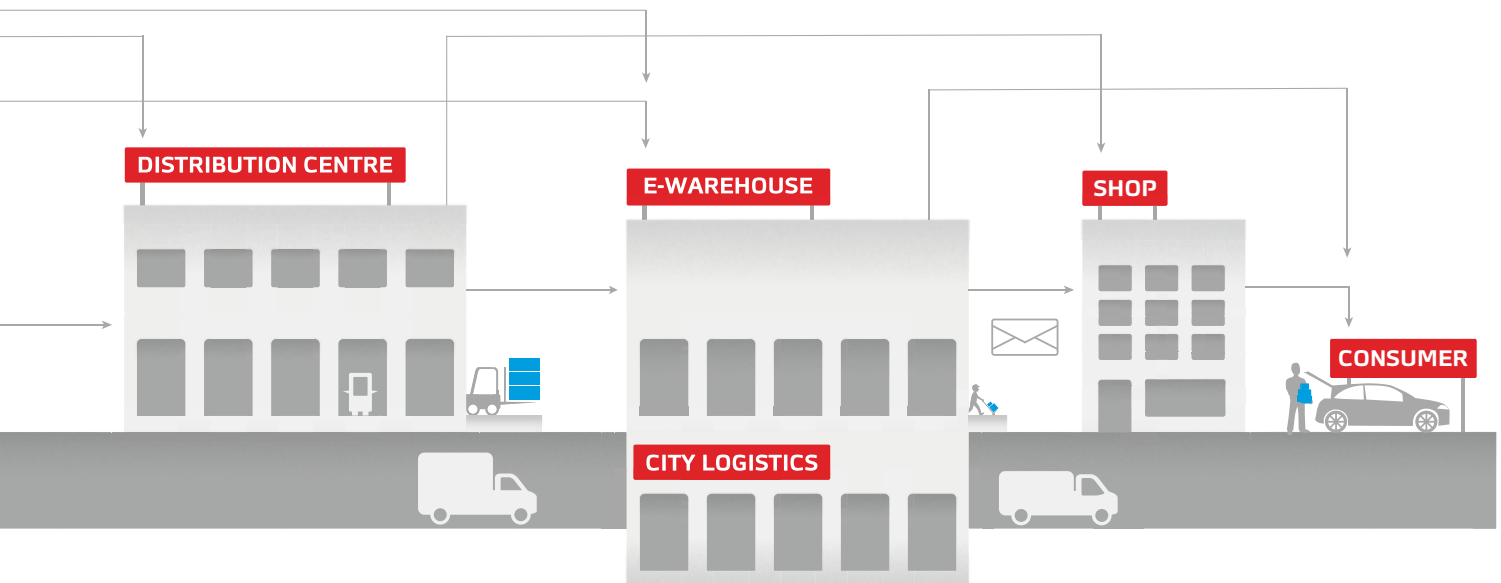
During the year, Catena expanded its property portfolio with two newly built volume terminals in Katrine-

holm and Nässjö, as well as a number of terminals in Stockholm, Eskilstuna, Umeå, Sundsvall and Malmö.

### Logistics warehouses for storage

Goods are placed in logistics warehouses awaiting sale. 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 and with an optimal storage environment. Warehouse properties are often located at the producer's warehouse 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 clients for a logistics warehouse is balanced by long-term contracts with stable customers. Furthermore, a strategically located logistics warehouse, with an underlying flow of goods, is always attractive to multiple operators and thus easily



leased. During the year, Catena strengthened its offering with logistics warehouses in Gothenburg, Helsingborg, Jönköping, Trelleborg and Malmö.

#### Distribution centre pending onward transport

A distribution centre is designed to store goods in a central location, over a short period of time, for transport on to retailers or consumers in the region the distribution centre is intended to serve. 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 relevant demand.

#### E-warehouse

E-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 the consumer to also streamline and improve the supplier's distribution in the final stretch – out to the consumer.

During the year, Catena established an initial e-commerce warehouse in Ängelholm. A second stage has also begun and is scheduled for completion in April 2017.



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## ► Active project development

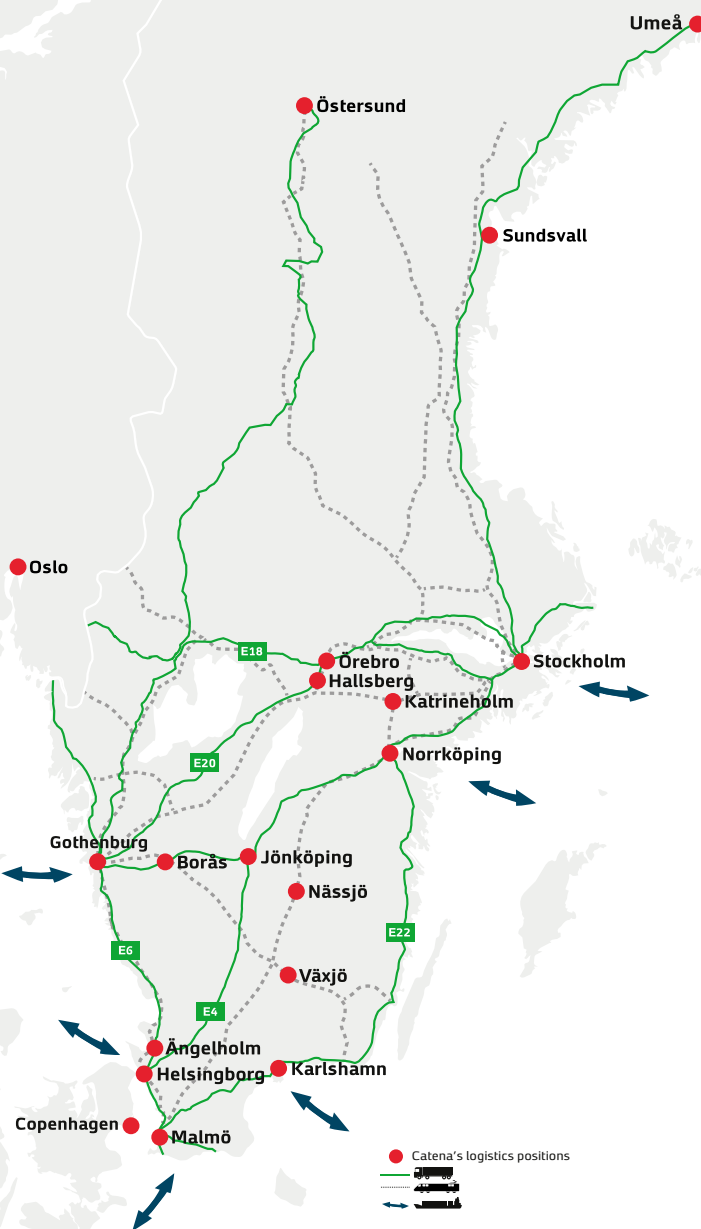
Catena's management portfolio continuously generates stable cash flows that strengthen the company's already strong financial position. This together with the new share issues conducted during the year provide the company good possibilities for transactions and an active project development. This way, Catena can meet growing demand, broaden the customer base, establish new locations and realise its expressed ambition of continued growth.

### Attractive project portfolio

Following several years of collaboration with qualified advisors, Catena has a good understanding of where cargo from different parts of the world arrives in Scandinavia and how it is redistributed. Catena invests actively in both existing and new logistics locations at strategically selected points. 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 warehouses 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. This means that Catena has considerable opportunities to offer new and existing tenants attractive logistics locations.

Today, the company's project portfolio, either under its own auspices or in partnerships with others, land, development rights and options with developable space for different logistics properties. 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 contains two large part-owned properties: one in Malmö that offers a total developable property area of 270,000 square metres and one in Helsingborg, offering an equal area. The portfolio also included well-positioned projects that have reached various stages ranging from rent negotiations to detailed development planning, in such locations as the Stockholm region, Katrineholm, Örebro, Norrköping, Jönköping, Nässjö, Borås, Gothenburg and Ängelholm.



### Large completed projects 2016

Property	Region	Type	Space, sq. m.	Rental value, SEK M	Economic letting ratio, %	Total invested, SEK M	Completed
Sothönan 3	Stockholm	Logistics warehouses	10,000	4.7	25	57.0	1 April 2016
Vasslan 1	Stockholm	Distribution	5,433	1.6*	100	25.8	1 March 2016
Sunnanå 12:51	Associated companies	Terminal	16,940	18.5	100	234.6	1 January 2016

\* Refers to the rental value for the investment made.



### Strategic acquisitions supplement prioritised project development

During the year, including the acquisition of Tribona, Catena acquired 49 developable modern properties with good cash flows. This way, the company can grow faster, more quickly establish operations in a new location or broaden the 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. These acquisitions are made for amounts where the production cost for equivalent facilities provides the basic benchmark.

► Read more about the acquisitions during the year on pages 42-43.

### Divestments free up resources

New purchasing patterns, cargo flows and other developments in society mean that, as time passes, logistics properties become better suited to other purposes. Catena divests such properties to a responsible buyer thus generating resources for new acquisitions.

After the acquisition of Tribona, Catena also conducted a strategic review of the combined property portfolio during the year.

Another reason for a divestment of a property is that certain customers seek to own the property where they operate.

In total, this resulted in ten properties that were not pure logistics properties or otherwise deemed to have a limited strategic interest being divested for an amount of SEK 1.2 billion.

The divestments free up resources for continued development and ensure that Catena always has an attractive property portfolio that generates strong cash flows.

► Read more about the divestments during the year on pages 42-43.

### Current projects



#### Sothonan 3, Katrineholm.

Catena's first volume terminal was inaugurated at the beginning of 2016. It offers both the terminal's advantages of same-day in- and outbound delivery and the logistics warehouse's cost-effective storage.



#### Norra Varalöv 31:11, Ängelholm.

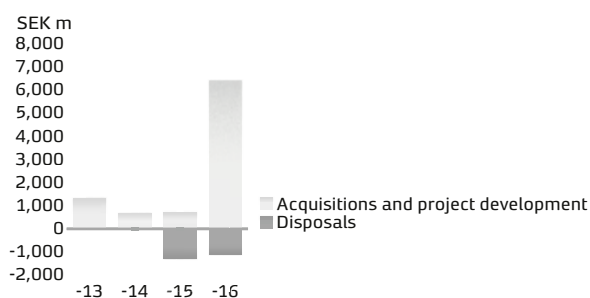
One of Catena's major projects is E-City Engelholm, which is specially designed for the growing e-commerce. The area allows around 80,000 square metres of developable space. The leading e-commerce company Boozt moved into one of the two newly constructed buildings at the beginning of 2017.



#### Tågarp 16:17, Malmö.

Catena is investing in a renovation and tenant customisation of the premises on this property located on the outskirts of Malmö to meet the needs of the high priority food industry.

Investments and divestments per year



### Large on-going projects 2016

Property	Region	Type	Space, sq. m.	Rental value, SEK M	Economic letting ratio, %	Invested up to 31 December 2016, SEK M	Total investment, SEK M	Scheduled completion
Härryda Solsten 1:102	Gothenburg	Logistics warehouses	2,250	3.3	100	14.1	37.5	1 May 2017
Härryda Solsten 1:102	Gothenburg	Terminal	11,200	12.3	100	0.8	156.6	1 December 2017
Norra Varalöv 31:11	Helsingborg	Logistics warehouses	14,500	8.7	100	82.5	99.0	1 January 2017
Norra Varalöv 31:11	Helsingborg	Logistics warehouses	43,500	26.1	100	174.8	280.0	1 April 2017
Part of Gamlarp 4:1	Jönköping	Logistics warehouses	9,252	5.2	100	54.6	55.0	1 February 2017
Tågarp 16:17	Malmö	Distribution	15,100	11.2*	100	24.3	46.0	30 April 2017
Nattskiftet 11	Stockholm	Logistics warehouses	25,617	10.9*	100	16.5	50.0	31 October 2017

\* Refers to the rental value for the investment made.

## ► Clear goals and well-defined strategies

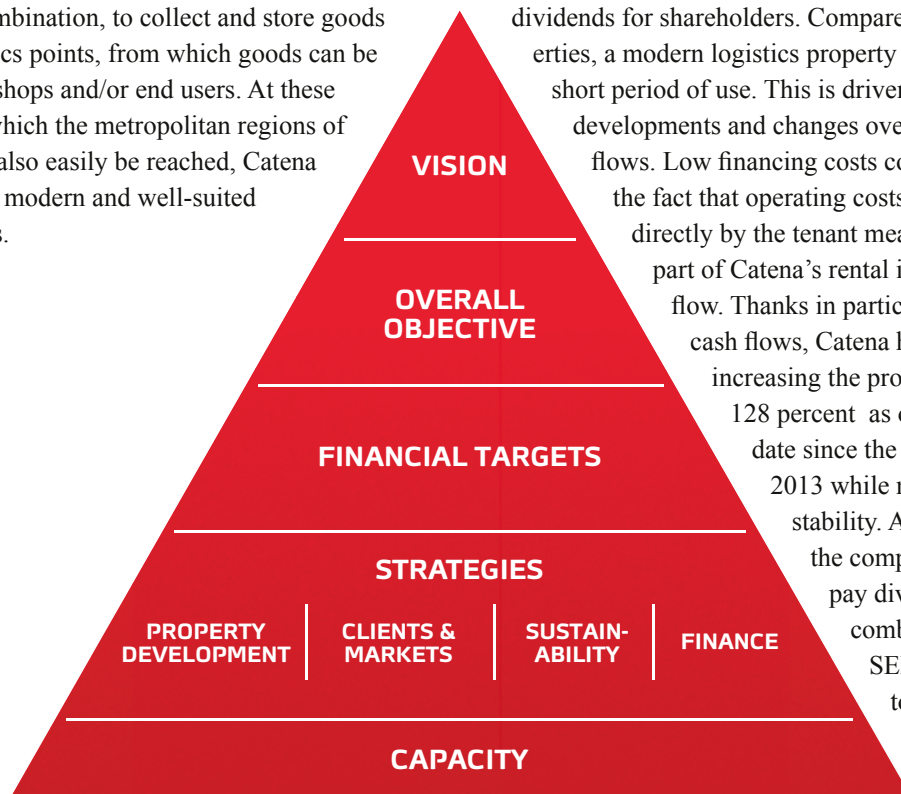
Catena's overriding objective is to show strong cash flow, enabling stable development of operations and dividends for shareholders. The Board of Directors and management are steering towards this objective based on three financial targets that primarily focus on profitability and financial stability. A number of qualitative and quantitative internal operating targets are linked to the financial targets.

### Vision – to link Scandinavia's cargo flows

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

### Overriding objective – a strong cash flow

Catena's overriding objective is to provide a 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 mean that a large part of Catena's rental income is cash flow. Thanks in particular to its strong cash flows, Catena has succeeded in increasing the property volume by 128 percent as of the closing date since the beginning in 2013 while maintain financial stability. At the same time, the company was able to pay dividends of a rough combined total of SEK 230 million to the shareholders in the period 2014-2016.



### Well-defined strategies

With the aim of expanding the portfolio, realising the vision, achieving the financial targets and creating a continued strong cash flow, Catena works with four well-defined strategies: Property development, Customers & market, Sustainability and Financing. This makes it possible both to develop the business and to generate return for shareholders. More information about the strategies is provided on the next page.

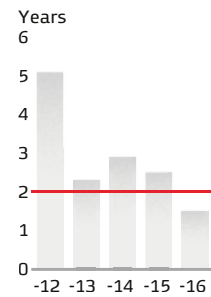
## Financial targets

### 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 funding over a period of time that reduces financing risk, while the company can, at any time, secure optimum credit terms for the continued funding of operations.

### Comments on 2016

The average period during which capital was tied up was below the set target as per the balance sheet date. However, this was primarily an effect of the renegotiation of several large credits not being completed until the beginning of 2017. As of 1 March 2017 when SEK 3.2 billion was renegotiated, the term of tied-up capital was 2.2 years.

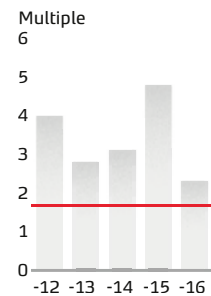


### Interest-coverage ratio

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 2016

The interest coverage ratio remains above target. The level that was lower during the year compared with 2015 was primarily attributable to properties under development, the somewhat higher vacancies and financing expenses of acquired stock and lower realised changes in value.

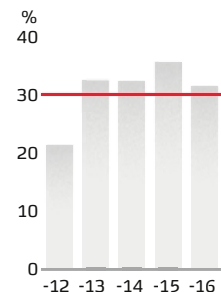


### Equity ratio

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 2016

The equity ratio is on a par with the target even after total assets were expanded and the dividend was paid during the year in accordance with the company's dividend policy. This is an effect of a strong cash flow from operating activities and the share issues that were successfully conducted to be able to grow more rapidly.



► Read more about Catena's financing on pages 60-61.

### Dividend policy

In the long-term, Catena's dividends to shareholders should amount to 50 percent of profit from property management less standard rate tax.

decision pathways and skilled staff, the organisation is agile. Catena also has a financial strength that is continuously improved by strong cash flows. The company also has a portfolio of developable projects to generate future value.

### Capacity to realise the vision and goals

Catena has capacity to carry out the strategies and realise the goals. Catena's Board of Directors, management and employees have extensive experience in logistics, as well as in property development and management. The local management organisation close to the customers is also well prepared to handle large volumes. With its short



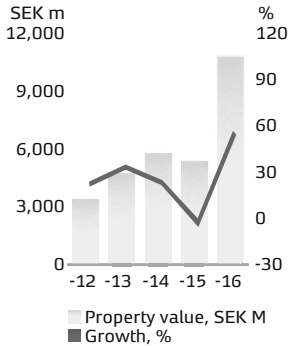
**Contact:** Peter Andersson, CFO  
peter.andersson@catenafastigheter.se

STRATEGY	IMPLEMENTED IN 2016
<p>► <b>Property development</b></p> <p>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 will become an even better alternative for customers, investors and employees.</p> <p>► Read more about property development, our logistics facilities, and acquisitions and divestments on pages 40-43.</p>	<ul style="list-style-type: none"> <li>• Continued refinement of the property portfolio favouring modern logistics facilities and developable land.</li> <li>• The property portfolio increased to approximately SEK 10.8 billion.               <ul style="list-style-type: none"> <li>• The acquisition of Tribona completed in 2016 doubled Catena's property portfolio.</li> <li>• During the year, an additional 12 properties were acquired with a combined property value of SEK 611 million.</li> </ul> </li> <li>• SEK 529.0 million was invested in various property projects. Among those prioritised were:               <ul style="list-style-type: none"> <li>• SEK 30 million in the development of a food cluster.</li> <li>• SEK 260 million in facilities for e-commerce.</li> </ul> </li> <li>• During the year, ten properties that were not deemed to be strategic were divested for a combined value of around SEK 1.1 billion.</li> </ul>
<p>► <b>Clients and markets</b></p> <p>Catena strives for long relationships with innovative, successful and solid clients. Catena works closely with these clients 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.</p> <p>► Read more about the market and customers on pages 20-21 and 12-15.</p>	<ul style="list-style-type: none"> <li>• Continued development of logistics facilities for Faster, Better and Smarter logistics.</li> <li>• The acquisition of Tribona made Catena the leading company in logistics properties in Sweden, even measured in size.</li> <li>• A new Deputy CEO, who broadens Catena's offering with supplemental services, was hired.</li> <li>• The customer base was broadened in the prioritised food sector among other areas.</li> <li>• The management organisation was broadened through a new business structure with five regional business areas.</li> <li>• The Logistics Trends seminar was arranged for the sixth consecutive year, attracting around 200 participants.</li> </ul>
<p>► <b>Sustainability</b></p> <p>Catena is active in developing society by creating conditions for more sustainable logistics. The company also continuously works with energy efficiency enhancements and reducing its properties' environmental impact. Catena also strives to be an attractive and responsible employer.</p> <p>► Read more about the sustainability work on pages 30-37.</p>	<ul style="list-style-type: none"> <li>• Meetings were held with several municipal management organisations, cooperative organisations and local interest groups in transport systems and logistics.</li> <li>• Several energy efficiency projects were carried out with positive results.</li> <li>• Several solar cell projects were analysed, but due to deficient profitability potential, no investment decisions have yet been made. Several projects will be evaluated in 2017.</li> <li>• Catena attended a job fair at Campus Helsingborg and provided guest lecturers and support to degree projects at several universities. The company has also hosted several placement students and students who are working as well as studying.</li> <li>• An employee survey was conducted in December where the eNPS result was a full +66, indicating a very high employee loyalty.</li> </ul>
<p>► <b>Income</b></p> <p>Catena shall ensure long-term stable funding in the form of equity and loan capital in the form of bank loans and covered bonds.</p> <p>► Read more about the financing on pages 60-65.</p>	<ul style="list-style-type: none"> <li>• Renegotiations of running lines of credit continued.</li> <li>• A new share issue was implemented to secure continued controlled expansion. It raised SEK 323 million after issue expenses for the company.</li> <li>• Within the framework of SFF, Catena issued covered bonds to a value of SEK 211 million with collateral in the Nattskiftet 11 property in Stockholm.</li> </ul>

OPERATIONAL TARGETS

PLANNED

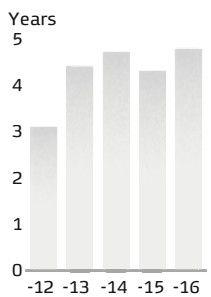
Growth in property values



After a number of transactions that included both acquisitions and significant divestments, as well as project development, the property portfolio more than doubled in 2016. The goal for 2018 of a property portfolio in excess of SEK 10 billion was already achieved in 2016.

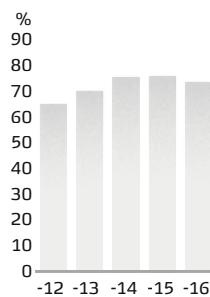
- Continued refinement of the property portfolio.
- Continued growth through establishment of various kinds of logistics facilities in strategic locations.
- More project development and new construction of both new and existing land.
- Greater focus on facilities for “last mile distribution”.

Average contract period



The average contract period increased in 2016. This is primarily due to a larger element of new properties developed on behalf of the customer, which traditionally run with longer contract periods. New contracts tied to transactions conducted with DHL also increased the average contract period.

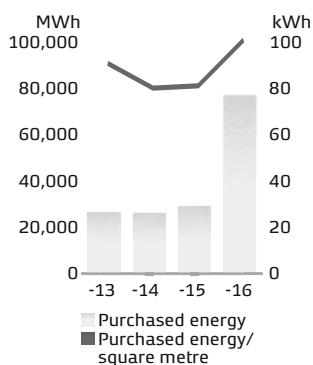
Surplus ratio



The surplus ratio declined somewhat in 2016. This is mainly an effect of higher property expenses, which in turn are largely due to the significantly larger property portfolio with a greater vacancy where the owner must bear a greater share of the utilities costs.

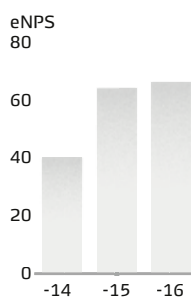
- Continued development of relations with both existing tenants and selected potential new customers.
- Continued concept development to strengthen the customer offering.
- Continued development of “last mile distribution”, especially the e-commerce concept.

Energy use



Both total energy use and energy per square metre increased during the year, which is a result of a significantly higher energy use in the property portfolio acquired from Tribona. The company is now working on several energy efficiency projects.

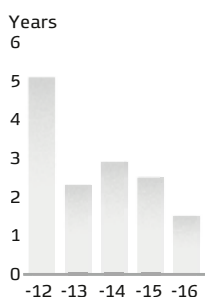
eNPS



In the employee survey conducted in December 2016, the eNPS result was a full +66, which is very high compared with other companies and also higher than the previous year’s result of +64.

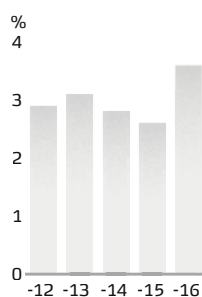
- Continued work toward the objective of making Catena energy neutral by 2020.
- Continued work to establish environmentally efficient logistics facilities at transport-efficient locations.
- Continued efforts to reduce energy consumption through improved ventilation and lighting in the properties.
- Environmental classification of all new produced and significantly rebuilt properties.
- Increasing the number of green leases.

Average capital tied-up



The average period during which capital was tied up was below the set target as per the balance sheet date. However, this was primarily an effect of the renegotiation of several large credits not being completed until the beginning of 2017. As of 1 March 2017 when SEK 3.2 billion was renegotiated, the term of tied-up capital was 2.2 years.

Average interest rate



During the year, the average interest rates increased somewhat, mainly as a result of the financing of acquired properties.

- Continued development of the Group’s financing with regard to sources, volumes and terms.

# Sustainable operations

Catena has well-defined focus areas and highly set targets for sustainability efforts. Catena is involved in the development of society by creating conditions for more sustainable logistics and the company also continuously works on energy efficiency improvements, environmental certification and renewable energy. Catena also strives to be an attractive and responsible employer that attracts and retains committed and skilled employees.





► Logistics warehouses

**Härryda Solsten 1:102, Mölnlycke.**



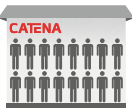
Bring will gather several of its operations in the newly built terminal on the plot shown by the sketch. There, Catena will also refine the existing 1,350-square-metre large and 25-metre high warehouse. The warehouse, which will be optimised for efficient product handling, is already leased to Sweden's leading food wholesaler. It will be outfitted with modern installations for security, ventilation and electricity supply. It will also be equipped with a fully-automated pallet handling system.

## ► Catena's sustainability activities

Sustainability is one of Catena's four prioritised strategic areas. Our work focuses on participating in social progress by establishing the conditions for more sustainable logistics, reducing environmental impact and being an attractive employer.

For the past two years, Catena has had a clear focus on sustainability. Sustainability is a part of the business strategy and the company has well-defined focus areas and objectives. 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 customer, investors, suppliers and local authorities.

Catena's reporting on the sustainability efforts is prepared in accordance with the GRI G4 Core level guidelines. Refer to the section on GRI notes on pages 130-137 for more information on Catena's priorities and the dialogue with stakeholders, as well as background information and the GRI index.

FOCUS AREAS	PRIORITISED SUSTAINABILITY ISSUES	TARGETS	OUTCOME 2016
 <p><b>SUSTAINABLE LOGISTICS AND SOCIETAL DEVELOPMENT</b></p>	<ul style="list-style-type: none"> <li>Establishing the conditions for logistics flows with a minimal environmental impact</li> <li>Disseminating knowledge about sustainable logistics</li> <li>Preventing bribery and corruption</li> <li>Imposing demands on suppliers with regard to health, safety and the environment</li> </ul>	Being engaged in networks and holding regular meetings with local government leaders in our market areas.	During the year, Catena held meetings with several municipal management organisations, cooperative organisations and local interest groups in transport systems and logistics.
 <p><b>ENVIRONMENTALLY EFFICIENT PROPERTIES</b></p>	<ul style="list-style-type: none"> <li>Working on energy efficiency and renewable energy</li> <li>Aiming for a low environmental impact in new builds and conversions.</li> </ul>	Building its own renewable energy to a capacity equivalent to our total energy consumption in 2020.	During the year, Catena analysed several solar cell projects, but due to deficient profitability potential, no investment decisions have yet been made. Several projects will be evaluated in 2017.
		Offering green leases to all major tenants.	Catena has offered all major tenants the possibility of signing a green lease, but only a handful chose to do so during the year.
		Environmentally certifying all newly produced properties.	In 2016, Catena completed two new production projects. One property is in Nässjö and is being certified according to the GreenBuilding requirements. The other property is in Katrineholm and is not yet occupied so certification will be evaluated further in 2017.
 <p><b>ATTRACTIVE EMPLOYER</b></p>	<ul style="list-style-type: none"> <li>Offering training and skills development for employees</li> <li>Striving for diversity in the organisation</li> </ul>	Participating in job fairs and offering internships and holiday jobs to young people.	Catena attended a job fair at Campus Helsingborg and provided guest lecturers and support to degree projects at several universities. The company has also hosted several placement students and students who are working as well as studying.
		Having an eNPS of at least 40.	In the employee survey conducted in December 2016, the eNPS result was a full +66, which is very high compared with other companies and also higher than the previous year's result of +64.





## ► Sustainable logistics and societal development

Catena shall be a driving force in creating more sustainable transport systems and at the same time contribute to strengthening social structures. This means working on factors ranging from efficient logistics to working for sound business practices and good working conditions both in Catena and its suppliers.

### Potential for more sustainable logistics

There is extensive potential for more sustainable logistics systems. Catena conducts ongoing discussions with both existing and potential customers with a view to providing them with premises that can streamline their logistics flows, based on both financial and environmental parameters. Catena also continuously participates in networks and holds regular meetings with local authorities, cooperative organisations and interest groups in prioritised 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.

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 what one to varying degrees strives for are a maximal filling ratio, the shortest possible route to the goods' final destination, transport alternatives with the lowest possible energy consumption and minimal transport time.

The optimum solution varies and is different for different customers in different situations. For Catena, this places demands on the flexibility and speed of the solutions offered by the company.

Catena also strives to always stay one step ahead and to understand emerging trends, challenges and new hubs.

### Choice of mode of transport

The choice of the mode of transport is one of the aspects that can reduce environmental impact from transports. For example, it may be more environmentally efficient to use railway transports instead of lorries, and to use boats instead of aircraft. A large, growing portion of Catena's premises are therefore located in areas with access to container terminals. This means that the properties are located near several forms of transportation – usually various combinations of roads, railways and ports. Access to container terminals gives customers the flexibility to optimise their logistics by combining several modes of transport.

### City logistics gains a foothold

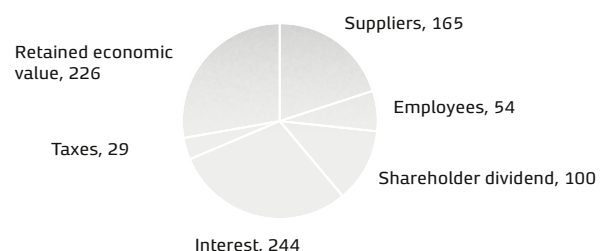
A highly prioritised area for Catena is city logistics, enhancing the efficiency of transports in dense urban environments. In many major Swedish cities, the traffic situation is strained, creating congestion and inefficient logistics. The traffic situation also causes negative stress for drivers of both passenger vehicles and commercial transports.

Catena is working with several municipalities and companies to establish warehouses and terminals just outside cities. In these reloading terminals, goods to be forwarded into the urban centre can be reloaded in a manner that enables higher load factors, flexibility in truck sizes 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. In this way, Catena enables more cost-effective and environmentally efficient logistics.

### Impact on stakeholders

In addition to Catena's indirect impact on the development of society and more sustainable logistics, the operations have a direct impact on the social economy just like other companies. Examples of this are income and development for employees and suppliers and the generation of tax revenues. The diagram to the left shows how Catena's income in 2016 was distributed among various stakeholder groups.

Created and distributed economic value, SEK M



The diagram to the left shows how Catena's income in 2016 was distributed among various stakeholder groups. The total value created in 2016 amounted to SEK 818 million.

### 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. 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.

It is management's responsibility to ensure that managers and employees have the knowledge required to follow the company's policies and guidelines. 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. Such a report can always be made anonymously.

### 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 property maintenance and large parts of the construction process in new construction and renovation. Catena has an express Code of Conduct that everyone is required to follow.

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

Catena's suppliers 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.



► **Tågarp 16:17, Arlöv.**

The property located just outside Malmö was modernised during the year and with its 53,000 square metres, will be the centre of a cluster of companies in food distribution.

## Environmentally efficient properties



Catena's goal for 2020 is to cover all electricity consumption with its own renewable energy production. Extensive focus is also on energy efficiency improvements and environmental certification of new production.

Catena's environmental management system is certified in accordance with ISO 14001, and the company has identified five areas where the operations have a significant environmental impact; electricity consumption, heating consumption, selection of building materials in new construction and renovations, waste management and reduced transports through effective logistics positioning. Overriding environmental targets and business goals exist for these aspects that are monitored and evaluated on an annual basis.

### Environmental certification of properties

Catena is a member of the network Sweden Green Building Council. The company's goal is to environmentally certify all major new production according to GreenBuilding as a minimum. Since the company's properties are often newly built on behalf of a client, the selection of environmental certification is often a joint decision with the future tenant. In 2016, two newly built properties were completed, of which one was certified according to GreenBuilding at the beginning of 2017. This means that the property consumes at least 25 percent less energy than the new building requirements in the National Board of Housing, Building and Planning's Building Regulations (BBR).

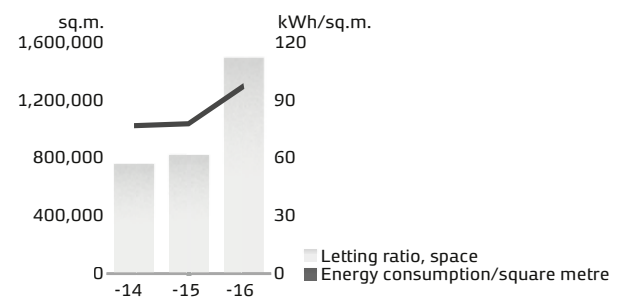
### Energy use

In 2016, Catena continued to prioritise the energy work highly. The year was characterised by the acquisition of Tribona and the near doubling of the property portfolio that it entailed. An inventory was done of the new properties beginning with the largest properties with the highest energy consumption. All of Catena's properties are now also being followed up by the energy follow-up system that began to be implemented in 2015. The follow-up is an important component of the energy work and serves as decision input for what steps should be taken in the optimisation work.

Heating and electricity are the single largest operating cost for properties, meaning that optimised use of energy

leads to both improved environmental performance and lower costs for both Catena and its tenants. Catena's objective is to follow up the energy consumption in all properties, regardless of whether the lessor or lessee are responsible for the utilities contracts. Catena sees added value in being able to help its tenants with a follow-up and being able to propose measures for optimised consumption even when the tenants themselves are responsible for the utilities contracts.

Property portfolio development and purchased energy per square metre



This 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

	2016	2015	2014
Electricity, MWh	45,907	14,699	12,664
Natural gas, MWh	2,169	0	0
Fuel oil, MWh	250	822	1,100
District heating, MWh	28,716	13,397	12,380
<b>Total</b>	<b>77,042</b>	<b>28,918</b>	<b>26,144</b>
Energy consumption per sq.m., kWh/sq.m.	97	78	77

This 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 2016



Saving:  
22%

► **Vasslan 1, Stockholm.**

This property is located in the Årsta industrial and logistics zone south of central Stockholm and has an area of 5,433 square metres. A major renovation of the property has been done and in connection with this, an energy project has been carried out. Several energy saving measures were completed, including the installation of a new district heat exchanger, four new ventilation units and associated control systems. The project has already yielded results and the normal year corrected heating consumption has decreased by 22 percent. The electricity consumption has also been positively impacted and savings are estimated at 10 percent.



Saving:  
38%

► **Mappen 3, Linköping.**

This property totalling 28,500 square metres houses a distribution centre for food. In 2016, Catena began an energy project with the replacement of outdoor lighting, part of the indoor lighting and ventilation units and associated control systems. The savings for heating are estimated at 616 MWh per year, which is a full 38 percent.



Saving:  
11%

► **Bleket 2, Karlstad.**

This property is located on the island of Örsholmen and comprises 22,605 square metres. An in-depth inventory of the property's energy consumption was done and an initial step in the optimisation has been carried out. The measures implemented to-day have taken place entirely without investment and so far provided a reduction of the normal year corrected heating consumption of around 11 percent in the past year.

### Greenhouse gas emissions

Catena monitors greenhouse gas emissions from its operations annually in accordance with the Greenhouse Gas Protocol (GHG Protocol). In 2016, Catena’s total greenhouse gas emissions were 4,763 tonnes of CO<sub>2</sub>e, of which 97 percent derive from purchased energy for the company’s properties. The emissions increased sharply compared with the previous year, which is primarily due to the acquisition of Tribona. The new properties have generally higher energy consumption per square metre than Catena’s earlier property portfolio, and in some cases, the properties also have heating solutions and electricity contracts with significantly higher percentages of fossil energy. The higher energy consumption depends highly on food being handled in the properties with, in many cases, refrigeration and freezer systems running around the clock. Catena mainly seeks to reduce emissions by enhancing energy efficiency but also by replacing fossil-based heating solutions with

district heating or geothermal heating and by continuously evaluating opportunities to install solar panels adjacent to its properties. The objective is to be energy neutral by 2020 in the sense of having its own renewable energy production for a capacity that corresponds to the company’s total energy consumption.

### Environmental requirements and collaboration with suppliers

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

### Choice of materials for new builds and conversions

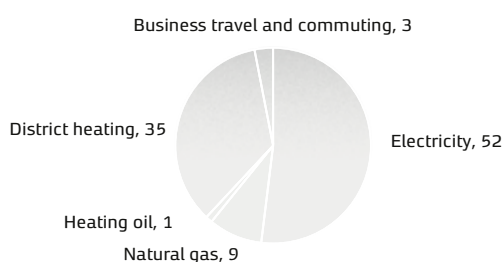
In building projects larger than SEK 5 million, Catena requires that an environmental plan is prepared in addition to general supplier requirements. For contracts exceeding SEK 250,000, Catena requires systems for assessing and following up the construction materials used. Suppliers must use one of the three most common systems for environmental assessment of construction materials – Byggvarubedomningen (BVB), SundaHus Miljodata 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 the contractors to have an environmental management system in accordance with ISO 14001 with their own procedures for waste management or that they comply with the procedures Catena has for the handling of hazardous waste.

Distribution of greenhouse gas emissions 2016, %

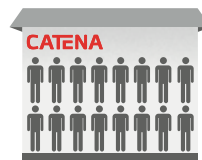


This diagram shows Catena’s total greenhouse gas emissions in 2016 by respective activity.

### Greenhouse gas emissions by activity and in total

	2016	2015	2014
Electricity, tonnes CO <sub>2</sub> e	2,476	5	23
Natural gas, tonnes CO <sub>2</sub> e	438	0	0
Fuel oil, tonnes CO <sub>2</sub> e	70	230	308
District heating, tonnes CO <sub>2</sub> e	1,650	660	778
Business travel and commuting, tonnes CO <sub>2</sub> e	130	83	66
<b>Total</b>	<b>4,763</b>	<b>978</b>	<b>1,175</b>
Greenhouse gas emissions per sq.m. kg CO <sub>2</sub> e/sq.m.	5.8	2.2	3.0

This table shows Catena’s total greenhouse gas emissions and emissions per square metre.



## ► Attractive employer

A strategic objective for Catena is to be an attractive employer. In order to understand the needs of customers and generate business, it is crucial that the company attract and retain employees with industry experience and strategic expertise.

### +66

Catena's eNPS result in 2016 shows that the employees are satisfied and are very good ambassadors of the company.

Catena shall be an attractive and responsible employer that attracts and retains committed and skilled employees. This is one of Catena's strategic objectives and a prerequisite for delivering value to both customers and shareholders. Catena works, among other things, on health at the workplace, equality and continuous skills development.

#### Values

Catena's actions should always be pervaded by professionalism and good business ethics. Catena's four core values are to 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.

#### 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. The survey conducted at the end of 2016 was answered by 97 percent of all employees. For the third consecutive year, eNPS (Employee Net Promoter Score) was measured. This is a measure of how many employees would be willing to recommend the company as a workplace. Catena's score for the year was +66, which is somewhat better than in the preceding year, when it was +64. The score is very high in comparison with both Swedish and international companies and shows that our employees are good ambassadors for Catena.

The year's high results are an indication of a culturally successful integration of the Tribona acquisition.

#### Organisation

Catena's regional organisation primarily comprises the Property Management and Business Development functions. 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 seeks to create a healthy and pleasant working environment. Employees should feel that there is a balance between work and leisure and feel able to manage their own time and assume a personal responsibility. Catena has collective bargaining agreements.

#### Sickness absence

	2016	2015	2014
Average for all employees, %	0.6	1.6	0.8
Women, %	1.2	1.9	1.1
Men, %	0.4	1.5	0.7

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

#### Skills development

Catena works actively with training and skills development for employees. The aim is both to create a work environment in which employees feel they develop in their work and for Catena to continue developing as a

#### Employee mobility (count)

	2016		2015		2014	
	Number	% women	Number	% women	Number	% women
New employees	15	20%	6	50%	2	0%
Share of total number of employees at year-end	39%		23%		10%	
Employees leaving	3	67%	1	100%	0	0%
Share of total number of employees at year-end	8%		4%		0%	

company. Personal development plans are prepared in conjunction with the annual 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 2016, Catena conducted training efforts mainly in accounting and the company's newly implemented energy follow-up system.

### 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 2016, Catena participated in job fairs at the Campus Helsingborg, among other things. Employees at the company have also been guest lecturers and assisted in degree projects at several other universities. Through these and other activities, Catena becomes more visible for students in the prioritised educational areas and increases the possibilities of attracting new talent.

During the year, the company also hosted several placement students at various times and students who are working as well as studying.

### Equal opportunities for all

Upon new employment, promotions and continuous evaluation, Catena assesses expertise, experience and personal characteristics. The company does not discriminate individuals, favourably or unfavourably, based on aspects unrelated to how well the individual performs his/her work. However, women are currently underrepresented in the management team and Board, and Catena is therefore working actively to identify suitable female candidates in recruitment and promotion. The company also annually follows up statistics for both gender and age distribution among employees, management and the Board.



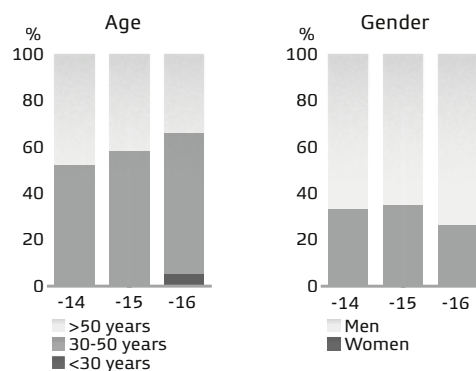
► Catena's employees gathered for a training and planning conference.

### Training hours

	2016	2015	2014
Average for all employees	10	15	16
Women	16	33	33
Men	7	6	8

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

Employee distribution 2016



This diagram shows the percentage of employees in various age categories. There were a total of 38 employees at 31 December 2016.

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

### Compilation of Board and employees

	2016		2015		2014	
	Number	% women	Number	% women	Number	% women
<b>Board of Directors</b>	<b>6</b>	<b>33%</b>	<b>6</b>	<b>33%</b>	<b>6</b>	<b>17%</b>
Under 30	0	0%	0	0%	0	0%
30 – 50 years	1	100%	1	100%	1	100%
More than 50 years	5	20%	5	20%	5	0%
<b>Management</b>	<b>9</b>	<b>22%</b>	<b>8</b>	<b>25%</b>	<b>7</b>	<b>14%</b>
Under 30	0	0%	0	0%	0	0%
30 – 50 years	6	33%	4	50%	3	33%
More than 50 years	3	0%	4	0%	4	0%
<b>Other Employees</b>	<b>29</b>	<b>28%</b>	<b>18</b>	<b>39%</b>	<b>14</b>	<b>43%</b>
Under 30	2	50%	0	0%	0	0%
30 – 50 years	17	29%	11	45%	8	50%
More than 50 years	10	20%	7	29%	6	33%

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

# A profitable property business

Catena continues to provide good results and in 2016 was again able to report strong growth. The letting ratio was improved by a full 7 percent, from 86 percent at the end of the first quarter to 93 percent at year-end. Rental income increased by 70 percent during the year. Profit from property management, which essentially constitutes cash flow, increased by 22 percent.







► Terminal

**Sunnanå 12:51, Malmö**

This property, which is mainly a terminal, is distinguished by its many ports that permit loading and unloading of large amounts of incoming goods on the same day.

## ► Improved earnings with strong cash flow continue

The financial effect of the Tribona acquisition is clear. The higher rental income together with efficiency enhancements had a positive effect on the net operating surplus. A higher profit from property management is also reflected in a higher cash flow. This gives Catena good possibilities to both pay a sound dividend to the shareholders and continued active development of the operations.

### The property portfolio

On 31 December 2016, Catena's property portfolio comprised 94 logistics properties (55) located along important transport routes and population centres primarily in southern and central Sweden. The total lettable area is approximately 1,490,900 square metres (816,800). The total rental value amounted to SEK 925.7 million (511.5) and contractual annual rental income totalled SEK 860.7 million (488.6). The economic letting ratio was 93.0 percent (95.5). The lower letting ratio is primarily attributable to newly acquired properties.

### Project development

Catena has an express 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 and Sothönan 3 and 19 and 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. During the year, DHL's terminal Sunnanå 12:51 outside Malmö and a new volume terminal at Sothönan 3 in Katrineholm and Lagret 1 in Nässjö were completed.

The expansion of the e-commerce cluster in Ängelholm, E-city Engelholm, on the property Norra Varalöv

31:11 has continued as well as the company's renovations of the property Tågarp 16:17 with the aim of strengthening the food cluster in Malmö.

- Read more about Catena's projects on pages 22-23.
- A complete list of properties is given on pages 52-53.

### Income and rent

Rental income rose by 70 percent to SEK 786.6 million (464.2), mainly due to the acquisition of Tribona, other acquisitions and completed projects. Despite the newly acquired spaces, at 93 percent (95), 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 69 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 nearly 5 years.

### Letting and occupancy

During the year, 88 tenants with newly signed leases moved in to a total area of 209,824 square metres. The lease value regarding this occupancy amounted to SEK 131.2 million (64.4) while vacancies stopped at SEK 95.6 million (63.3) for 67 cancelled leases with a combined area of 156,540 square metres. This entails a net increase in new tenancies at a value of SEK 35.6 million (1.1).

### Portfolio by region

Regions	Number of properties	Lettable area, 000s sq. m.	Fair value, SEK M	Rental value, SEK M	Economic letting ratio, %	Contractual annual rent, SEK M	Surplus ratio, %
Gothenburg	11	201.6	1,642.8	132.8	97	128.5	82
Helsingborg	20	258.8	1,713.4	127.1	92	116.5	74
Jönköping	13	230.3	1,120.0	120.0	90	108.1	68
Malmö	14	173.5	1,351.0	121.4	92	111.9	55
Stockholm	36	626.7	4,959.2	424.4	93	395.7	78
<b>Total</b>	<b>94</b>	<b>1,490.9</b>	<b>10,786.4</b>	<b>925.7</b>	<b>93</b>	<b>860.7</b>	<b>74</b>

### 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. At 31 December 2016, Catena's ten largest tenants accounted for 50.2 percent (59.2) of the Group's contractual rental income. The leases for these ten tenants expire within one to 19 years. On the balance sheet date, the average remaining lease period remained stably long and increased to 4.8 years (4.3). The table on the next 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 69.

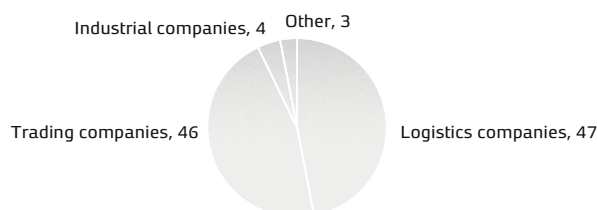
### Net operating surplus and surplus ratio

The net operating surplus, that is, rental income less property expenses and property administration, rose by 64.6 percent over the year to SEK 578.1 million (351.3).

This is primarily a result of the increased revenues, the continued strong letting ratio and efficiency improvements, particularly 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.

Property expenses rose by 85 percent to SEK 208.5 million (112.9), which was mainly based on the property portfolio being considerably larger and a higher level of vacancies, resulting in a greater proportion of media costs burdening the property owner. 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

Client categories, %



### Catena's ten largest shareholders per 31 December 2016

1. DHL
2. ICA Fastigheter Sverige AB
3. PostNord
4. Grönsakshallen Sorunda AB/Servera R&S AB
5. Menigo Food Service AB
6. Logent AB
7. TD Tech Data AB
8. Rusta AB
9. Alwex Lager & Logistik AB
10. Intersport AB

the greatest impact during the winter and summer months, are, to some extent, offset by a change in billed expenses to tenants.

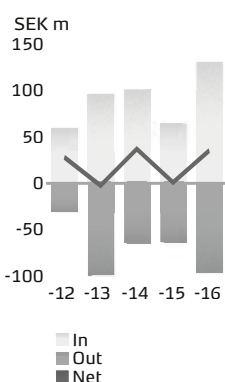
In summary, the surplus ratio decreased from 75.7 to 73.5 percent.

### Profit from property management

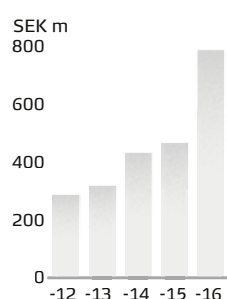
The profit from property management, meaning the carrying amount with reversals of value changes and tax, increased by 22 percent to SEK 316.0 million (259.3) despite being encumbered by significant non-recurring costs tied to the acquisition of Tribona. This is an effect of acquired properties and a higher net operating surplus.

Financial expenses increased to SEK 244.3 million from SEK 94.3 million. The increase was an effect of the acquisition of Tribona, which increased the average

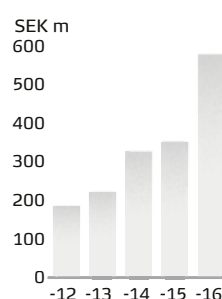
New tenancies/vacancies



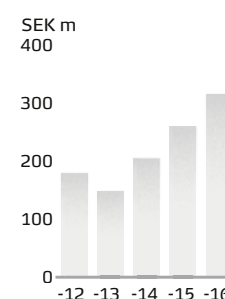
Rental income



Net operating surplus



Profit from property management



interest rate by around 1 percentage point on the now larger overall borrowing. Financial expenses also include non-recurring items of approximately SEK 2 million. The profit from property management essentially constitutes the company's cash flow before changes in working capital, which amounted to SEK 294.3 million (241.5).

► Read more about financing on pages 60-65.

### Earnings

Profit for the year amounted to SEK 338.4 million, which is SEK 233.1 million higher than the previous year. This is mainly an effect of the lower profit from property sales, which during the year amounted to SEK 9.8 million (102.2) an unrealised changes in value from properties of SEK 138.3 million (300.5). The positive change in the value of properties during the year was partially offset by a dissolution of goodwill from the Tribona acquisition of a negative SEK 38.9 million.

Change in value of derivatives is negative SEK 38.6 million (pos: 30.5) as a result of long-term market interest rates decreasing.

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

► Read more about profit for the year on pages 68-69.

### Development of property portfolio

In both 2015 and 2016, the property portfolio was gradually shifted towards modern developable logistics facilities and developable land with a greater potential for improved profit from property management.

SEK M	Fair value	Number of properties
Opening property portfolio	5,340.3	55
Acquisitions	5,875.5	49
Investments in existing properties	529.0	
Sales	-1,105.6	-10
Translation differences, etc.	8.9	
Unrealised changes in value	138.3	
<b>Total investment properties</b>	<b>10,786.4</b>	<b>94</b>

### Acquisitions

To increase operational volumes, strengthen our positions in the various regions, broaden the customer base and develop our concepts, including for e-commerce, Catena

acquired 49 properties and property companies for a combined space of 792,190 square metres and a total fair value of SEK 5,875.5 million (571.7) during the year.

The majority of the acquisitions were made within the scope of the acquisition of Tribona, which was done through a public takeover bid completed on 5 February. Tribona was consolidated on 26 January. Compulsory redemption of the remaining approximately 5.5 percent of the shares outstanding has been required.

### Investments

Current investments in existing properties totalled SEK 529.0 million (131.6), of which a large part relates to the investment in Catena's e-commerce cluster E-City Engelholm, where stage 1 of 14,500 square metres has been completed and Phase 2 of 43,500 square metres of premises occupied by Boozt will be up and running in the spring of 2017. The second largest investment is the new 9,300 square metre volume terminal in Nässjö that was occupied by a tenant in early 2017 and is now up and running.

In addition, major tenant customisations and investments were under way during the year on Sothönan 3 in Katrineholm, Vasslan 1 in Stockholm, Dikartorp 3:12 in Stockholm and Tågarp 16:17 in Burlöv.

### Divestments

During the year, 10 properties with a combined area of 139,351 square metres, which Catena no longer deemed to be strategic, were divested with the aim of streamlining the operations and creating an attractive portfolio of logistics properties in the regions that Catena has chosen to work in. The total value amounts to SEK 1,105.6 million (1,457.5).

### Unrealised changes in value

The unrealised changes in value on Catena's properties during the year amount to SEK 138.3 million (198.3), in part as an effect of well implemented projects, coordination gains and a good profit from management properties.

### Related-party transactions

Profit for the year includes minor related-party transactions with Hansan AB and AB Elmsätters i Enhörna for consulting services and interest expenses to Backahill AB.

### Property acquisition

Property	Type	Transfer date	Region	Municipality	Space, sq. m.	Property value, SEK M	Rental income/year, SEK M
Acquisition of Tribona		26 January 2016	All		708,997	5,264.6	398.9
Part of Gamlarp 4:1	Land	1 October 2016	Jönköping	Nässjö	Land	3.7	0.0
Tågarp 16:22	Inventories	1 November 2016	Malmö	Burlöv	9,500	46.1	5.5
Skogskojan 1	Inventories	7 November 2016	Stockholm	Östersund	3,466	56.5	3.8
Sockret 1	Land	16 November 2016	Malmö	Malmö	Land	7.2	0.1
Sockret 2	Land	16 November 2016	Malmö	Malmö	Land	8.8	0.1
Sockret 6	Inventories	16 November 2016	Malmö	Malmö	10,178	26.0	3.2
Drivremmen 1	Terminal	20 December 2016	Stockholm	Stockholm	33,123	338.1	22.0
Ekeby 2:2	Terminal	20 December 2016	Stockholm	Eskilstuna	7,976	39.9	3.4
Batteriet 7 & 8	Terminal	20 December 2016	Stockholm	Umeå	4,376	23.7	1.3
Mållås 4:4	Terminal	20 December 2016	Stockholm	Sundsvall	8,120	43.3	1.8
Däcket 1	Terminal	20 December 2016	Jönköping	Oskarshamn	2,908	12.7	3.6
Boländerna 22:9	Terminal	20 December 2016	Stockholm	Uppsala	3,546	4.9	1.7
<b>Total</b>					<b>792,190</b>	<b>5,875.5</b>	<b>445.4</b>

► Read more about the acquisitions on pages 54-55.

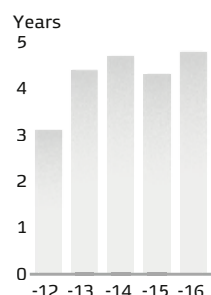
### Property sales

Property	Type	Vacated	Region	Municipality	Space, sq. m.	Property value, SEK M	Profit, SEK M
Högsbo 21:2	Inventories	15 January 2016	Gothenburg	Gothenburg	66,180	580.0	0.0
Partille 11:24	Inventories	15 April 2016	Gothenburg	Partille	19,600	186.0	5.1
Terminalen 3	Terminal	16 November 2016	Malmö	Malmö	33,300	120.0	3.8
Terminalen 4	Terminal	16 November 2016	Malmö	Malmö	1,290	20.0	7.6
Bronsdolken 9	Inventories	19 December 2016	Malmö	Malmö	2,566	26.6	0.0
Stenåldern 6	Inventories	19 December 2016	Malmö	Malmö	4,536	61.4	0.0
Flygbasen 1	Inventories	19 December 2016	Malmö	Malmö	2,756	25.4	0.0
Stiglädret 7	Inventories	19 December 2016	Malmö	Malmö	1,042	8.1	0.0
Slätthög 5	Inventories	19 December 2016	Malmö	Malmö	4,364	73.5	0.0
Fornlämningen 2	Inventories	19 December 2016	Malmö	Malmö	3,717	55.0	0.0
<b>Total</b>					<b>139,351</b>	<b>1,156.0</b>	<b>16.5</b>

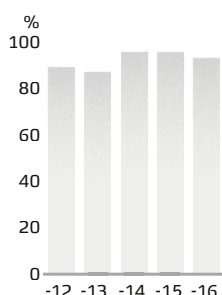


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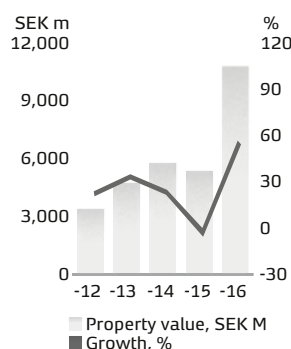
Average contract period



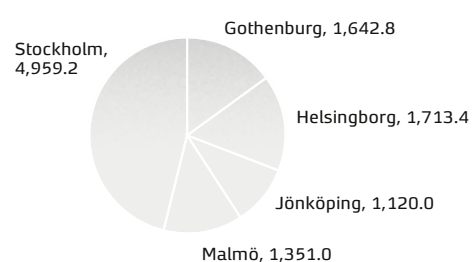
Letting ratio



Development of property portfolio

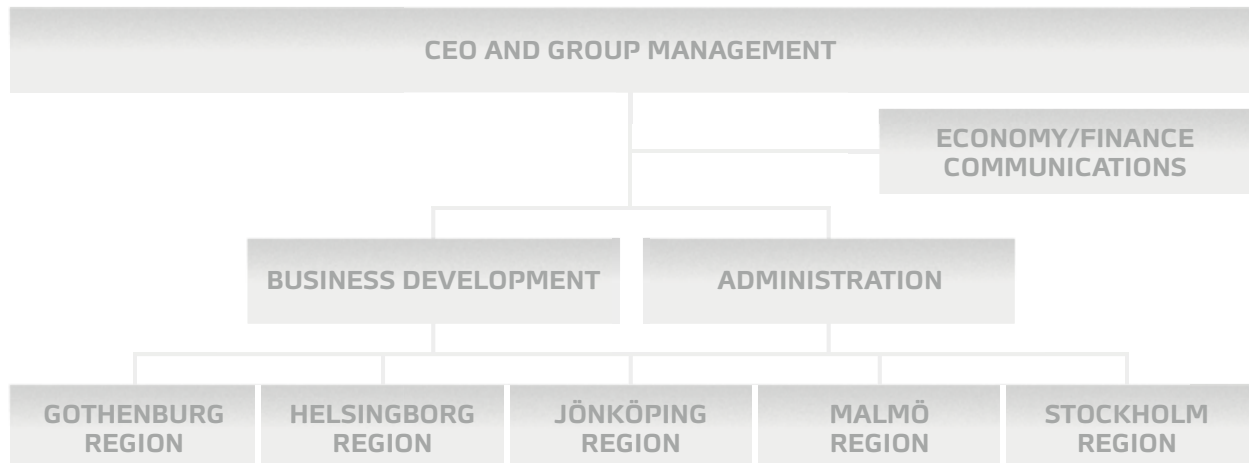


Property portfolio by region, SEK M



## ► A new business structure

A new business structure and organisation ensure both an active customer-oriented management and continued profitable growth in accordance with Catena's ambitions.



Catena's organisation primarily constitutes the central active business functions of Property 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 direction. 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 decision on the strengthened Property Management function was partly based on the larger property portfolio to maintain

and develop with a larger number of tenants to serve, as well as a need to actively monitor the development in the local market. The regional property-management organisations were also reinforced with several employees with various competencies 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.



- During the year, Catena strengthened the operations with a new Deputy CEO, Benny Thøgersen. He has extensive experience from warehousing and logistics and especially contributes his knowledge in highly automated logistics systems, a growing and prioritised area for Catena. Mikael Halling, who chose to slow down, is continuing as a Senior Advisor and also continues to maintain his large contact network and broad experience.

## Gothenburg Region

### Key data

	2016	2015	Change, %
Rental income, SEK M	126.3	108.9	16
Net operating surplus, SEK M	103.6	79.9	30
Surplus ratio, %	82.0	73.4	12
Contractual annual rent, SEK M	128.5	115.4	11
Rental value, SEK M	132.8	117.6	13
Economic letting ratio, %	96.8	98.1	-1
Profit from property management, SEK M	99.4	80.1	24
Fair value, SEK M	1,642.8	1,203.8	36
Lettable area, 000s sq. m.	201.6	160.3	26
No. of properties	11	8	38
No. of contracts	33	65	-49

The property portfolio's size was affected during the year by two significant events. Småland, which was previously part of Catena's Gothenburg Region became its own business area: the Jönköping Region. The acquisition of Tribona, which contributed five facilities to the region. The net effect of all of this, and divestments made, was a lettable area that increased by 26 percent. The letting ratio remains exceptionally high even if it decreased somewhat compared with 2015. Larger areas are therefore prioritised for the business area in the future although some vacancies will take place in 2017. The vacated spaces are expected, however, to be able to be filled by active management as in 2016 when the contracted rent increased by 11 percent.

The rental income increased after an active 2016 by 16 percent. The high letting ratio during the year together with environmental and cost-effectiveness improvements made it possible to clearly continue improving the surplus ratio during the year.

The average lease period increased somewhat from 3.4 years to 3.9 years.

### Customers

The customers include the large logistics companies, such as DHL, PostNord and Logent, food companies like ICA, Santa Maria, Dagab (Axfood) and the pharmacy distributor Oriola with which cooperation was increased during the year. In Borås, there was during the year, and still are, two customers active in third-party logistics, Albini & Pitigliani and NTG Logistics, which markedly increased their area during the year and the IT distributor Ingram Micro.

### Significant events in 2016

- Development of the property Hårryda Solsten 1:102 in Mölnlycke began.



Region employees at 31 December 2016.

- The country's leading pharmaceutical wholesaler Oriola rents 23,000 square metres of space on this property, and it is here that the 25-metre-high warehouse will be expanded by 1,350 square metres. The warehouse will then also be equipped with modern installations at the same time that it is equipped for a fully automated pallet handling.
- On the same land, construction commenced of a new terminal in which Bring will house four of its Gothenburg units by the end of 2017. Here, Bring will be able to offer all of the logistics assignments required to effectively handle goods and cargo.
- Several other significant new leases were signed and expanded in area and time. They include Ingram Micro and NTG Logistics.
- The property Partille 11:24 just east of Gothenburg, which is not suited to modern logistics and is thereby no longer viewed as a strategic holding, was divested.
- Högsbo 21:2 commonly called "Preppen", which was fully redeveloped and is not deemed to be a pure logistics property, was also divested.

### Project portfolio

As of the publication date of the Annual Report, the project portfolio includes on varying terms developable locations mainly in Hårryda Municipality/Mölnlycke and on the island of Hisingen near Gothenburg.



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## ► Helsingborg Region

### Key data

	2016	2015	Change, %
Rental income, SEK M	115.5	73.4	57
Net operating surplus, SEK M	85.7	50.7	69
Surplus ratio, %	74.2	70.1	6
Contractual annual rent, SEK M	116.5	84.3	38
Rental value, SEK M	127.1	87.4	45
Economic letting ratio, %	91.7	96.4	-5
Profit from property management, SEK M	82.1	59.9	37
Fair value, SEK M	1,713.4	943.8	82
Lettable area, 000s sq. m.	258.8	170.7	52
No. of properties	20	15	33
No. of contracts	106	94	12



► Region employees at 31 December 2016.

The property portfolio was nearly doubled during the year. The increase is primarily due to the facilities that the Tribona acquisition contributed in Helsingborg, Halmstad and Klippan. The Klippan property also contributed a vacancy, which is the main reason for the business area's increased vacancy rate during the year. However, it is still low and also expected to relatively soon decrease as a result of an active letting work. Despite the higher vacancy rate, the business area can report a higher surplus ratio. This is a result of active management, which increased the rental income to just over SEK 115 million in 2016, but mainly reduced costs through energy and other efficiency enhancements.

The average lease period remains at 4.0 years (4.8 years).

### Customers

The customers include distribution companies, such as PostNord as well as third-party logistics companies, such as Sweden's largest, DHL. Among the customers that already signed leases, but will not move in until the beginning of 2017 is Boozt, one of Sweden's leading players in e-commerce.

### Significant events

- During the year, construction began of the e-commerce cluster E-City Engelholm just outside Ängelholm. A cluster where companies trading over the Internet will be able to interact with each other in various areas, such as administration, service and distribution, thereby achieving synergies. Within the cluster, where Boozt will move in, both small, local players and large,

international e-commerce companies are expected to establish operations in premises adapted and equipped for digital commerce.

- Letting ratios improved in Logistikposition Helsingborg in Tostarp. This paves the way for expanding the area and building new logistics facilities there.

### Project portfolio

The business area's important projects include the Peab co-owned "Logistikposition Helsingborg" in Tostarp, which offers 270,000 square metres of developable property area and the part-owned 154,000 square metre large property Norra Varalöv 31:11 where the detailed development plan permits logistics buildings of around 77,000 square metres. Moreover, the property Vångagärdet 20 in Helsingborg was transferred where the publisher Aller previously had part of its operations. In the long term, it will host Catena's head office and, even more importantly, there are plans to develop the property with the eight storey building into a centre with various kinds of service. There, growing logistics companies can have their first address before development allows them to have their own facilities. With its central location close to the E6 motorway, it is well suited as a hub for city logistics.



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## ► Jönköping Region

### Key data

	2016	2015	Change, %
Rental income, SEK M	86.5	52.9	64
Net operating surplus, SEK M	59.1	41.4	43
Surplus ratio, %	68.3	78.3	-13
Contractual annual rent, SEK M	108.1	65.3	66
Rental value, SEK M	120.0	71.6	68
Economic letting ratio, %	90.1	91.2	-1
Profit from property management, SEK M	56.3	41.4	36
Fair value, SEK M	1,120.0	660.3	70
Lettable area, 000s sq. m.	230.3	131.7	75
No. of properties	13	8	63
No. of contracts	29	18	61



► Region employees at 31 December 2016.

The presence in Småland was strengthened and expanded significantly through the merger with Tribona. Besides the area increasing and presence strengthening in Jönköping, which is an important logistics hub for the whole of Scandinavia, the region's geographical boundaries were expanded to include towns like Växjö and Värnamo.

The letting ratio recovered at the end of the year after having been encumbered by vacant premises, which are under development. It will gradually be improved as the premises are redeveloped. Also, a new lease was signed with DHL, which moved in at year-end.

The contracted rent on the balance sheet date amounted to SEK 108.1 million.

The rental income for the year increased after acquisitions and property development to SEK 86.5 million. The lower letting ratio during the year affected the surplus ratio, which is currently below Catena's average. Besides the activities conducted to develop and let vacant premises, Catena has also initiated a number of activities in energy efficiency improvements to improve the net operating surplus and reduce environmental impact.

The average lease period remains at 3.9 years (4.4 years).

### Customers

Customers include large companies in third-party logistics, such as DHL, Högländs Logistik and Alwex, as well as one of the leading logistics companies PostNord. There are also other well-reputed industrial and retailing companies such as Rusta and Papyrus. The latter is a new customer.

### Significant events in 2016

- The merger with Tribona.
- The property Lagret 2 in Nässjö was completed and let in its entirety to Högländs Logistik AB.
- A significant new lease was signed with Papyrus AB, which leased a large part of the property Tahe 1:64 in Taberg.

### Project portfolio

The region offers mainly developable land next to the container terminal in Nässjö and acquisition options in Jönköping.



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## ► Malmö Region

### Key data

	2016	2015	Change, %
Rental income, SEK M	117.5	22.3	427
Net operating surplus, SEK M	64.9	16.5	293
Surplus ratio, %	55.2	74.0	-25
Contractual annual rent, SEK M	111.9	22.5	397
Rental value, SEK M	121.4	23.0	428
Economic letting ratio, %	92.2	98.0	-6
Profit from property management, SEK M	46.6	16.2	188
Fair value, SEK M	1,351.0	224.2	503
Lettable area, 000s sq. m.	173.5	44.4	291
No. of properties	14	4	250
No. of contracts	42	8	425

Thanks to active market cultivation and customer adaptations, Catena was able to report a continued high letting ratio of 92 percent even after the merger with Tribona and new construction. The contracted rent on the balance sheet date amounted to SEK 111.9 million. Newly signed leases where occupancy took place in early 2017 contributed to this.

The rental income for the year increased to SEK 117.5 million as a result of the newly signed leases. Occupancy of the premises, which ICA among others vacated at the end of 2015 was not able to take place until after tenant customisation in the latter part of 2015 and mainly the first quarter of 2017. This is the primary reason for the relatively low surplus ratio for 2016. A surplus ratio that, however, was positively impacted by the investments made in cost-effectiveness and environmental efficiency.

Renegotiations and new leases increased the average lease period from 0.9 to 4.2 years.

### Customers

Customers include one of the largest companies in third-party logistics DHL and other well-reputed industrial and retailing companies, such as Lindab and P&G Bygghandel, just to name a few, as well as e-commerce companies like nemlig.com, mathem.se and mat.se. All of the latter are active in food, which is a significant customer category for Catena. Other more traditional food companies that lease logistics premises from Catena are Menigo and Espresso House.



► Region employees at 31 December 2016.

### Significant events in 2016

- The merger with Tribona that strengthened Catena's presence in both the Malmö region and the food sector at the same time that the company gained an establishment in Copenhagen.
- The establishment of a centre for food cluster in Malmö.
- Sales of: Stenåldern 6, Flygbasen 1, Stiglädret 7, Slätthög 5, Fornlämningen 2 and Bronsdolken 9 in Malmö, holdings that were not deemed to be strategic.
- The divestment of the properties Terminalen 3 and Terminalen 4. Terminalen 3 was previously leased by DHL, which moved to the new terminal in Sunnanå.
- Acquisition of properties from the City of Malmö. Sockret 1, 2, and 6 and the land for Sockret 4. All located at strategic logistics locations in Östra hamnen port, and an option for a property in Lockarp.

### Project portfolio

The region offers above all one large property co-owned with Peab: the project "Logistikposition Malmö" in Sunnanå that offers a developable property area totalling 270,000 square metres. There are also excellent locations for city logistics, developable land in Östra hamnen and the property in Lockarp.



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# Stockholm Region

## Key data

	2016	2015	Change, %
Rental income, SEK M	340.8	194.9	75
Net operating surplus, SEK M	264.8	153.2	73
Surplus ratio, %	77.8	79.0	-2
Contractual annual rent, SEK M	395.7	201.2	97
Rental value, SEK M	424.4	211.9	100
Economic letting ratio, %	93.2	95.0	-2
Profit from property management, SEK M	245.6	146.8	67
Fair value, SEK M	4,959.2	2,308.3	115
Lettable area, 000s sq. m.	626.7	309.8	102
No. of properties	36	20	80
No. of contracts	158	72	111



Region employees at 31 December 2016.

The property area after acquisitions and development more than doubled.

Thanks to an active market cultivation and a redevelopment of the properties, Catena was able to maintain a high letting ratio of 93 percent including the newly acquired properties.

The rental income increased to SEK 340.8 million, which is the main reason for a continued high surplus ratio of 77.8 percent. Underlying this is also the aforementioned letting ratio and investments in cost-effectiveness and energy efficiency.

New properties and new leases increased the average lease period from 4.9 to 5.8 years.

## Customers

Customers include one of the largest companies in logistics, DHL, and the customer list of Internet distributors includes companies, such as Footway and Caliroots and in food distribution, Grönsakshallen Sorunda and Matsmart. New customers during the year include ICA and Netto, which were added with the acquisition of Tribona, and the local distributors in Stockholm, Förlängda Armen and Citytransport.

## Significant events in 2016

- The region's geographic coverage increased and now comprises Stockholm, Mälardalen and an outer boundary at Östergötland and Värmland, but also Norrland.
- The 10,000 square metre terminal on the Sothönan 3 property in Katrineholm was completed at the beginning of the year when Westmanland logistic moved in. The terminal can handle all types of volume goods with different requirements in terms of unloading, fittings and temperature.

- In addition to Tribona, acquisitions of
  - five properties from DHL at the end of the year. This way, Catena gained regional distribution at a number of central locations and a terminal for both cargo and packages strategically placed in Stockholm.
  - The property Skogskojan 1 in Östersund is the first new build of its kind that can serve both letter and package distribution for PostNord.
- The Dikartorp 3:12 property, a former paper mill, was modernised and adapted to a facility with a terminal and warehouse.
- The agreement with Örebroporten Förvaltning AB and AB Lokalusman i Örebro 2 regarding the acquisition of around 720,000 square metres of prime logistics land in Örebro.

## Project portfolio

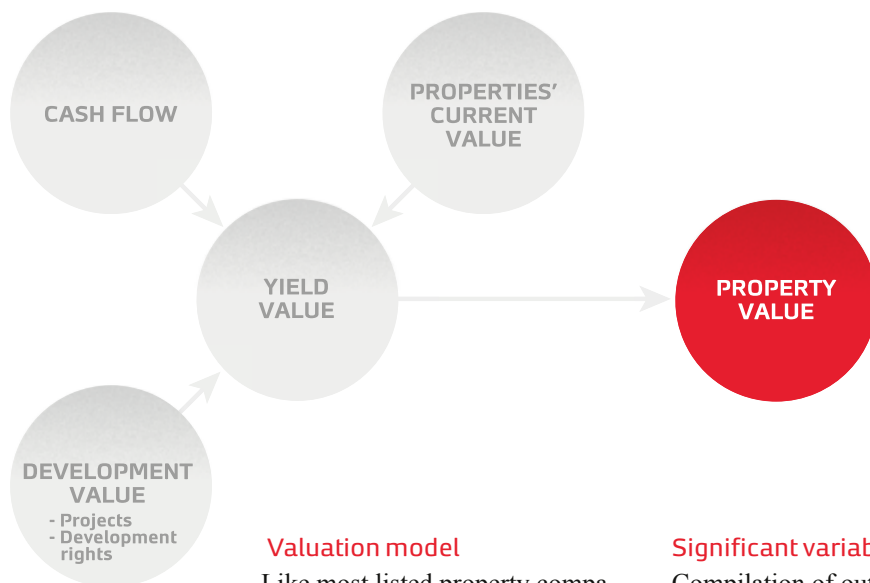
The region offers a limited number of developable logistics locations. Among the region's more interesting development projects are acquisition options in Nykvarn and Norrköping and land in Jakobsberg, Katrineholm and Örebro. The development projects have reached various stages ranging from lease negotiations on developable land to detailed development planning.



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## ► 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, and 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, total	Normalised values, total
Rental value, SEK M	925.7	958.2
Economic letting ratio, %	93.0	89.0
Contractual annual rent, SEK M	860.7	852.8
Net operating surplus before property administration expenses, SEK M	578.1	786.3
Property yield before property administration expenses, %	5.4	7.3
Surplus ratio before property ad- ministration expenses, %	73.5	92.2
Discount rate		9.3
Assumed annual rent development, %		2.0

► For definitions, see pages 128-129.

The parameters that significantly impact the value of a property are the discount rate, the rental value and its development. 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 the parameters below impacts the estimated fair value:

Change	Impact	
	+1%	-1%
Discount rate, SEK M	-1,475	1,652
Assumed annual rent development, SEK M	403	-665

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 about 96 percent of the portfolio, representing a value of SEK 10.4 billion.

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 deviation is accepted since there is always some uncertainty in estimated figures.



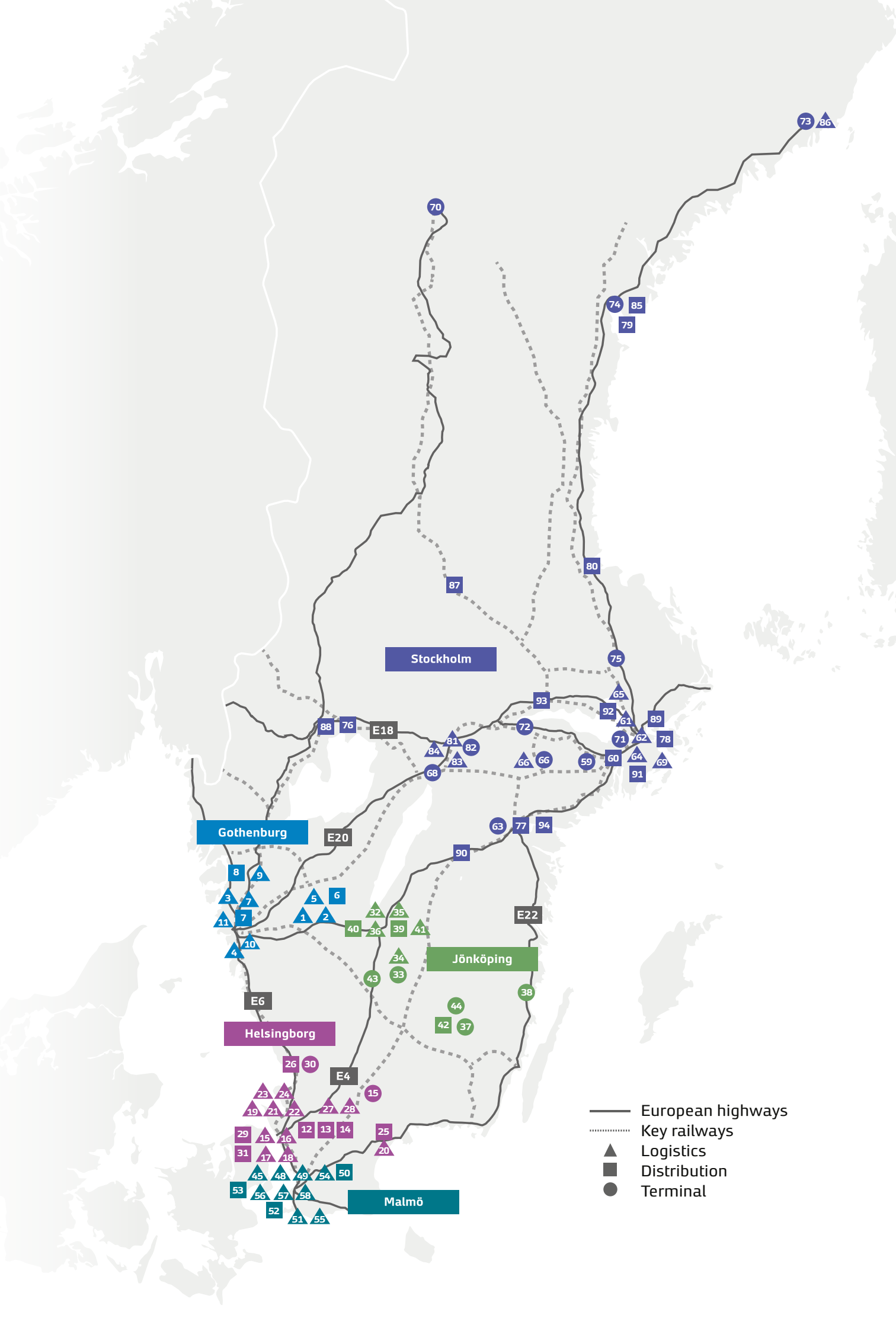
► **Postiljonen 1, Växjö.**  
 This property is one of the properties that was externally appraised during the year.

## List of properties by region

Property	Postal address	Address	Value year	Assessment value, SEK t	Rental value, SEK t	Contracted rent, SEK t	Type, square metres				Total
							Logistics warehouse	Distribution	Terminal	Other	
1 Tappen 1	Borås	Lamellgatan 1	1984	15,568	2,752	2,633	5,700	0	0	0	5,700
2 Vindtunneln 1	Borås	Vevgatan 18	2002	69,011	10,746	10,746	16,897	0	0	0	16,897
3 Backa 97:10	Hisings Backa	Exportgatan 43	1979	48,873	9,138	9,138	13,878	0	0	0	13,878
4 Varla 6:15	Kungsbacka	Kabelgatan 5	1980	69,164	14,969	14,969	25,006	0	0	0	25,006
5 Vindtunneln 2	Borås	Segloravägen 6	2006	72,000	7,972	5,833	16,391	0	0	0	16,391
6 Källbäckstryd 1:408	Bråmhult	Tvinnargatan 17	1990	4,580	542	542	0	1,247	0	0	1,247
7 Backa 23:5	Hisings Backa	Exportgatan 14-16	1992	702	16,535	16,535	7,300	7,659	0	0	14,959
8 Fördelaren 1	Kungälv	Truckgatan 15	1979	154,812	38,928	38,928	0	54,000	0	0	54,000
9 Bulten 1	Kungälv	Bultgatan 27	1997	56,187	12,502	12,502	23,090	0	0	0	23,090
10 Härryda Solsten 1:102	Mölnlycke	Fibervägen 2-8	1992	126,029	16,124	14,008	28,676	0	0	0	28,676
11 Backa 23:9	Hisings Backa	Exportgatan 20	2009	14,251	2,634	2,634	1,824	0	0	0	1,824
<b>Total Gothenburg Region</b>				<b>631,177</b>	<b>132,842</b>	<b>128,467</b>	<b>138,762</b>	<b>62,906</b>	<b>0</b>	<b>0</b>	<b>201,668</b>
12 Remmen 1	Åstorp	Ji-Te gatan 9/ Persbogatan 1-3	1985	11,519	3,625	3,625	0	6,782	0	0	6,782
13 Lejonet 6	Åstorp	Bangatan 7	1973	2,401	907	907	0	1,785	0	0	1,785
14 Lejonet 7	Åstorp	Bangatan 9A	1995	8,232	1,728	1,728	0	3,624	0	0	3,624
15 Köpingegården 1	Helsingborg	Trintegatan 10, 13	2004	120,849	24,080	24,080	14,403	0	24,522	0	38,925
16 Kopparverket 11	Helsingborg	Stormgatan 11	2007	96,000	6,880	6,880	26,600	0	0	0	26,600
17 Hästhagen 4	Helsingborg	Landskronav. 5, 7 A-E	2005	69,689	19,966	17,694	38,481	0	0	0	38,481
18 Kroksabeln 17	Helsingborg	Muskötgatan 11	1971	18,776	2,972	1,966	7,416	0	0	0	7,416
19 Förmannen 4	Ängelholm	Transportgatan 13	1993	58,150	11,587	11,587	22,241	0	0	0	22,241
20 Misteln 1	Åhus	Täppetleden 1	2011	9,428	1,448	1,448	1,900	0	0	0	1,900
21 Rebbelberga 26:37	Ängelholm	Framtidsgatan 3	1999	57,270	9,173	9,173	15,449	0	0	0	15,449
22 Norra Varalöv 31:11	Ängelholm	Produktionsvägen 10	Land	3,085	336	336	427	0	0	0	427
23 Norra Varalöv 31:5	Ängelholm	Produktionsvägen 11	2011	7,988	1,804	1,804	4,056	0	0	0	4,056
24 Rebbelberga 26:38	Ängelholm	Framtidsgatan 5	1998	3,088	647	571	975	0	0	0	975
25 Arnulf Öfverland 1	Kristianstad	Estrids väg 2	1992	4,113	931	931	0	2,236	0	0	2,236
26 Konen 5	Halmstad	Kristinehedsvägen 10	2011	4,586	1,046	1,046	0	727	0	0	727
27 Hammaren 1	Klippan	Stackarpsvägen 8	1977	19,795	7,167	886	18,456	0	0	0	18,456
28 Hammaren 2	Klippan	Stackarpsvägen 10	2002	57,389	15,787	15,787	32,550	0	0	0	32,550
29 Bunkagården Mellersta 2	Helsingborg	Bunkagårdsgatan 5	Spec.	0	12,148	12,148	0	28,250	0	0	28,250
30 Fräsaren 12	Halmstad	Fräsaregatan 6	Spec.	0	3,802	3,802	0	0	5,435	0	5,435
31 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>562,898</b>	<b>127,120</b>	<b>116,499</b>	<b>182,954</b>	<b>45,867</b>	<b>29,957</b>	<b>0</b>	<b>258,778</b>
32 Barnarps-Kråkebo 1:44	Jönköping	Möbelvägen 39	1991	50,383	17,328	11,798	34,126	0	0	0	34,126
33 Lagret 1	Nässjö	Terminalgatan 6	2004	52,158	16,240	16,240	0	0	24,404	0	24,404
34 Part of Gamllarp 4:1	Nässjö	Logistikgatan	-	-	5,154	3,754	9,200	0	0	0	9,200
35 Tahe 1:64	Taberg	Målövägen 2	1980	69,112	14,877	14,877	29,209	0	0	0	29,209
36 Barnarps-Kråkebo 01:56	Jönköping	Stolsvägen 2	2001	15,988	2,702	2,702	4,030	0	0	0	4,030
37 Postiljonen 1	Växjö	Nylandavägen 2	Spec.	0	6,071	6,071	0	0	6,702	0	6,702
38 Däcket 1	Oskarshamn	Lövgrensvägen 4	Spec.	0	1,314	1,314	0	0	2,908	0	2,908
39 Älghunden 3	Jönköping	Muttervägen 3	1983	13,030	1,794	1,794	0	3,738	0	0	3,738
40 Ädelmetallen 1	Jönköping	Industrigatan 7	1976	53,798	7,421	7,421	0	20,757	0	0	20,757
41 Ätthögen 2	Jönköping	Herkulesvägen 56	1987	24,825	5,367	4,604	8,709	0	0	0	8,709
42 Fröträdet 1	Växjö	Högsbyvägen 3	1990	156,980	31,667	27,519	0	68,580	0	0	68,580
43 Rockan 2	Värnamo	Torpvägen 2	Spec.	0	4,890	4,890	0	0	9,729	0	9,729
44 Smeden 1	Växjö	Ljungadalsgatan 10	Spec.	0	5,150	5,150	0	0	8,210	0	8,210
<b>Total Jönköping Region</b>				<b>436,274</b>	<b>119,975</b>	<b>108,133</b>	<b>85,274</b>	<b>93,075</b>	<b>51,953</b>	<b>0</b>	<b>230,302</b>

► A current property list is available for download at [www.catenafastigheter.se/fastigheter](http://www.catenafastigheter.se/fastigheter)

Property	Postal address	Address	Value year	Assessment value, SEK t	Rental value, SEK t	Contracted rent, SEK t	Type, square metres				Total
							Logistics warehouse	Distribution	Terminal	Other	
45 Sockret 4	Malmö	Lodgatan 11	1979	10,582	560	133	4,618	0	0	0	4,618
46 Sockret 1	Malmö	Lodgatan 13 B	Spec.	0	101	101	0	0	0	0	0
47 Sockret 2	Malmö	Lodgatan 13 A	Land	4,017	135	135	0	0	0	0	0
48 Sockret 6	Malmö	Lodgatan 9 A/Tånggatan 4	1959	30,121	3,365	3,125	10,178	0	0	0	10,178
49 Tågarp 16:22	Arlöv	Företagsvägen 14	1974	28,200	9,810	8,628	9,862	0	0	0	9,862
50 Bronsringen 1 & 3	Oxie	Bronsgjutaregatan 4	2008	45,159	7,861	7,861	0	5,150	0	0	5,150
51 Terminalen 1	Trelleborg	Terminalsgatan 2	1971	56,400	10,899	10,551	24,292	0	0	0	24,292
52 Tågarp 16:17	Arlöv	Lagervägen 4	1978	143,280	32,165	25,455	0	52,109	0	220	52,329
53 Kornmarksvej 1	Bröndby	Kornmarksvej 1	-	-	40,747	40,553	0	47,181	0	0	47,181
54 Slätthög 6	Malmö	Olgårdsgatan 8 B	2014	22,683	2,783	2,716	3,158	0	0	0	3,158
55 Tankbilen 9	Trelleborg	Godsvägen 9	2008	29,053	5,406	5,406	8,700	0	0	0	8,700
56 Olsgård 4	Malmö	Olsgårdsgatan 11	Land	2,201	1,613	1,613	1,409	0	0	0	1,409
57 Slätthög 4	Malmö	Olsgårdsgatan 8 A	2015	17,263	2,273	2,273	2,123	0	0	0	2,123
58 Slätthög 1	Malmö	Olsgårdsgatan 6	2016	16,434	3,641	3,316	4,486	0	0	0	4,486
<b>Total Malmö Region</b>				<b>405,393</b>	<b>121,359</b>	<b>111,866</b>	<b>68,826</b>	<b>104,440</b>	<b>0</b>	<b>220</b>	<b>173,486</b>
59 Mörby 5:28	Nykvarn	Mörbyvägen 21	2009	33,000	11,308	11,308	0	0	186	0	186
60 Tuvängen 1	Södertälje	Morabergsvägen 25	2000	19,587	2,368	2,368	0	2,640	0	0	2,640
61 Dikartorp 3:12, Building 1	Järfälla	Passadvägen 8.10	2002	139,701	21,612	21,241	29,755	0	0	0	29,755
62 Nattskiftet 11	Stockholm	Elektrav. 15 / Drivhjulsv. 42	1996	13,689	27,484	27,161	0	25,617	0	0	25,617
63 Slottshagen 2:1	Norrköping	Kommandantvägen 5	Spec.	0	2,058	505	0	0	15,126	0	15,126
64 Regulatör 2	Huddinge	Elektronv. 1 / Regulatorv. 10	1967	144,117	33,194	31,074	45,203	0	0	0	45,203
65 Vanda 1	Kista	Vandagatan 3	1990	168,200	20,603	12,569	23,240	0	0	0	23,240
66 Sothönan 3	Katrineholm	Industrigatan 7	1986	18,400	9,781	6,239	10,000	0	12,755	0	22,755
67 Sothönan 19	Katrineholm	Terminalgatan 8	Land	864	0	0	0	0	0	0	0
68 Terminalen 1	Hallsberg	Hallsbergsterminalen 12, 14,19	Spec.	0	11,920	11,920	0	0	25,850	0	25,850
69 Jordbromalm 4:33	Haninge	Lillsjövägen 19	2005	157,267	17,700	17,700	23,547	0	0	0	23,547
70 Skogskojan 1	Östersund	Grindvägen 3	Spec.	0	3,813	3,813	0	0	3,466	0	3,466
71 Drivremmen 1	Hägersten	Drivhjulsvägen 17/ Västb Allé 41	Spec.	0	25,575	25,575	0	0	33,123	0	33,123
72 Ekeby 2: 2	Eskilstuna	Folkestaleden 3	Spec.	0	3,436	3,436	0	0	7,976	0	7,976
73 Batteriet 7 & 8	Umeå	Spårvägen 26 B	Spec.	0	1,816	1,816	0	0	4,376	0	4,376
74 Målsås 4:4	Sundsvall	Förmanslänken 9A	Spec.	0	3,598	3,598	0	0	8,120	0	8,120
75 Boländerna 22: 9	Uppsala	Sofielundsgatan 3	Spec.	0	3,124	3,124	0	0	3,546	0	3,546
76 Östanvinden 5	Karlstad	Östanvindsgatan 4	1983	2,585	725	725	0	1,330	0	0	1,330
77 Basfiolen 7	Norrköping	Moa Martinsons gata 10 A	1983	4,196	523	523	0	1,318	0	0	1,318
78 Vasslan 1	Årsta	Sockengränd 2	1986	42,510	6,101	6,101	0	5,433	0	0	5,433
79 Vårdshuset 3	Sundsvall	Vårdshusvägen 5	1985	3,114	762	762	0	1,512	0	0	1,512
80 Sörby Urfjäll 38:2	Gävle	Elektrikergatan 4	1990	4,427	763	763	0	1,427	0	0	1,427
81 Törsjö 2:49	Örebro	Paketvägen 1, 3	2004	172,620	30,390	30,390	55,255	0	0	0	55,255
82 Mosås 4:66	Örebro	Paketvägen 10	Spec.	0	7,179	7,179	0	0	8,885	0	8,885
83 Mosås 4:57	Örebro	Paketvägen 6	1970	31,199	4,186	4,156	12,089	0	0	0	12,089
84 Godsvagnen 6	Örebro	Terminalgatan 2	1992	65,916	9,678	9,678	19,600	0	0	0	19,600
85 Sköns Prästbord 2:4	Sundsvall	Timmervägen 4	1973	29,899	17,273	13,681	0	24,600	0	0	24,600
86 Mätaren 6	Umeå	Mätarvägen 3	1977	56,852	12,511	10,301	25,684	0	0	0	25,684
87 Planeraren 2	Borlänge	Planerargatan	1979	64,122	24,882	24,882	0	32,758	0	0	32,758
88 Bleket 2	Karlstad	Brisgatan 4	1973	35,774	11,042	7,499	0	22,605	0	0	22,605
89 Frukthallen 3	Årsta	Frukthandlarvägen 3-9	1968	108,200	19,851	18,660	0	21,696	0	504	22,200
90 Mappen 3	Linköping	Köpetorpsgatan 8	1977	76,790	18,388	16,213	0	28,500	0	0	28,500
91 Jordbromalm 04:41	Jordbro	Lillsjövägen 52	Spec.	0	21,410	21,410	0	32,898	0	0	32,898
92 Slammertorp 3:3	Järfälla	Mejerivägen 5	2000	119,532	15,385	15,385	0	17,545	0	0	17,545
93 Korsberga 1	Västerås	Saltängsvägen 50	2011	51,802	7,627	7,627	0	10,100	0	0	10,100
94 Adaptorn 1	Norrköping	Blygatan 25	1975	111,277	16,344	16,344	0	28,429	0	0	28,429
<b>Total Stockholm Region</b>				<b>1,675,640</b>	<b>424,412</b>	<b>395,728</b>	<b>244,373</b>	<b>258,408</b>	<b>123,409</b>	<b>504</b>	<b>626,694</b>
<b>TOTAL</b>				<b>3,711,382</b>	<b>925,706</b>	<b>860,693</b>	<b>720,189</b>	<b>564,696</b>	<b>205,319</b>	<b>724</b>	<b>1,490,928</b>

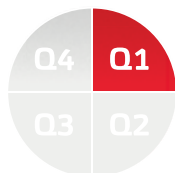




# CATENA



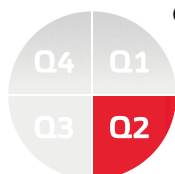
## ► Important Events



On 5 February 2016, 94.5 percent of Tribona's shareholders accepted Catena's offer to acquire all shares in Tribona AB in accordance with the takeover bid of 20 October 2015. As a result of this, an additional 346,614 Catena shares were issued. After this, there were a total of 33,235,506 Catena shares. Catena also initiated the compulsory redemption of the remaining shares in Tribona. The final day for trading in Tribona's shares was 22 February.

Through its subsidiary Queenswall AB, Catena signed a 15-year lease for 43,500 newly built square metres with Boozt Fashion AB. Construction is scheduled for completion at the end of the first quarter of 2017.

Catena signed a lease for around 6,700 square metres with Höglands Logistik AB in Nässjö in part of a newly built logistics warehouse totalling around 9,300 square metres. The lease applies beginning 1 January 2017.



Catena sold the property Partille 11:24 just east of Gothenburg. The sale, which was made because the property is not suited for logistics purposes, was made at a property value of SEK 186 million. The deal provided Catena with earnings of around SEK 5 million before tax.

Catena decided to invest around SEK 30 million in the property Burlöv Tågarp 16:17 on the outskirts of Malmö to renovate and adjust existing premises to the tenants. The investment enables a new lease with Espresso House.

Catena reached a conditional agreement with the City of Malmö that consists of Catena selling the properties Terminalen 3 and Terminalen 4 in Malmö at a property value of SEK 140 million. At the same time, Catena acquired three properties, Sockret 1, 2 and 6, and the land for Sockret 4 from the City of Malmö for a property value of SEK 50 million.

Catena signed a shareholder agreement with Örebroporten Förvaltning AB and AB Lokarhusman i Örebro 2 regard-

ing the acquisition of around 720,000 square metres of attractive logistics land in Örebro. This acquisition is being carried out in the scope of Törsjö Logistik AB, which the parties own with around one third each. In the autumn, Catena will begin with a detailed development plan for the area together with the parties. It is expected to be complete in spring 2019.

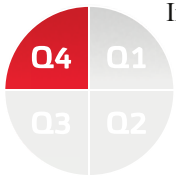
Catena decided to invest around an additional SEK 20 million in the property Burlöv Tågarp 16:17 on the outskirts of Malmö. The investment that pertains to renovation and tenant customisation of premises is enabling a new lease with MatHem.



Catena signed an agreement to acquire the property Skogskojan 1 in Östersund from PostNord Group AB. The transaction was made as a corporate acquisition at an underlying property value of SEK 56 million. The property is the first new build of its kind that can serve both letter and package distribution.

Catena employed Benny Thøgersen as its new Deputy CEO. Benny Thøgersen most recently came from Knapp AB, one of the leading companies in automation, where he served as CEO for three years. Benny Thøgersen, who has extensive experience of warehousing and logistics, succeeded Mikael Halling as the Deputy CEO as of 1 December 2016. Mikael Halling, who chose to slow down, is continuing to work with business development, among other things.

With support of the authorisation the Board received from the company's Annual General Meeting on 27 April 2016, Catena decided to carry out a private cash placement of 2,500,000 shares at a subscription price of SEK 132 per share with the aim of broadening the institutional owner base and enable continued growth. The subscription price in the new share issue was determined through "accelerated book-building". It corresponds to a discount of approximately 5.9 percent compared with the volume-weighted average price on Nasdaq 30 days before the issue. Through the issue, Catena received an infusion of SEK 330 million excluding transaction expenses.



In the quarter, Catena conducted a private placement for cash of 2.5 million shares at an issue price of SEK 132 per share. The issue entailed proceeds of approximately SEK 330 million for the company before deduction of transaction costs and resulted in existing shareholders having their shareholdings diluted by about 7 percent. The Offer deviated from the preferential rights of existing shareholders with the purpose of broadening the institutional shareholder base and facilitating growth through investment in value-generating projects and acquisitions of strategically located and sustainable logistics properties.

Catena appointed a new Nomination Committee for the 2017 Annual General Meeting, consisting of representatives of the four largest shareholders: Henry Klotz for Endicott Sweden AB, Anders Nelson for Backahill Kil AB, Eva Gottfridsdotter-Nilsson for Länsförsäkringar Fondförvaltning AB and Klas Andersson for SFU Sverige AB.

An agreement was signed to acquire the Vångagärdet 20 property in Helsingborg at a property value of SEK 102 million. The property was occupied on 1 February 2017.

A decision was made to invest SEK 200 million in the Mölnlycke Härryda Solsten 1:102 property.

Catena signed agreements with DHL on the acquisitions and took occupancy of six logistics properties in Stockholm, Eskilstuna, Umeå, Sundsvall and Oskarshamn, for a property value of SEK 474 million. The properties have a lettable area of about 49,000 square metres and are strategically located next to the major cities and along the country's main roads.

Catena sold and vacated, on 19 December, six smaller properties in Malmö that Catena henceforth deemed unsuitable for logistics purposes. The property transaction value was SEK 250 million, which was in line with the book value.

Prior to the end of the year, minor changes were made in Catena's management team. The new Deputy CEO Benny Thögersen took office and Mikael Halling, Senior Advisor, left the management team. Lena Haraldsson withdrew from the management team to take on a different role with the company. The management team now consists of the CEO, Deputy CEO, CFO, HR and four regional managers.



**Significant events after the end of the year**

On 18 January 2017, Catena participated in a bond issue via SFF (Svensk FastighetsFinansiering AB) totalling SEK 234 million for the terminal

Stockholm Drivremmen 1 acquired in December 2016. SEK 170 million matures on 20 April 2020 with a fixed annual nominal rate of 1.42, and SEK 64 million with a term to maturity until 9 March 2020 with a floating interest rate of 3 months Stibor plus 1 percent with effective margin of 1.1 percent.

On 23 February 2017, Catena divested 50 percent of the company Catena Regulatorn AB for a purchase consideration of SEK 77 million. The company owns the Regulatorn 2 property in Huddinge, which in the transaction had an appraised value of SEK 365 million. The buyer and future partner is WA Fastigheter AB, which will work to prepare a new detailed development plan for the property, which in the long term is not suitable for logistics purposes.

On 15 March, Catena signed an agreement of sale and the same day withdrew from the property Ädelmetallen 1 in Jönköping. The transaction took place as a company sale to Förvaltnings AB Lustgården for a purchase consideration of more than SEK 95 million with an underlying property value of SEK 96 million. The property has a lettable area of 21,000 square metres and is currently in a location better suited to commerce than logistics.



► **Ekeby 2:2, Eskilstuna.**  
This property is one of the properties that was acquired during the year.

## ► Market outlook

Over time, the market for logistics properties is driven by increased goods flows and growing retail trade, particularly e-commerce. Consequently, demand for Catena's well-situated and, for their purpose well-suited and environmentally efficient, logistics spaces is expected to remain good in 2017. The availability of modern, strategically located logistics premises, preferably adjacent to container terminals, is limited. This means that we expect a substantial increase in the letting ratio of our properties. 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

for realising new production 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 meter 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. Through acquisitions and property development, we perceive good opportunities to expand our operations over the coming years.



► **Törsjö 2:49, Örebro.**

Adjacent to Törsjö where Catena previously had several properties, Catena acquires in the scope of a jointly owned company, Törsjö Logistik AB, approximately 720,000 square metres of prime logistics land in Örebro to develop.

## ► Appropriation of earnings

### Proposed appropriation of earnings

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

	SEK
Profit brought forward	2,032,668,657.73
Profit for the year	-31,065,897.06
<b>Total</b>	<b>2,001,602,760.67</b>

The Board of Directors and CEO propose that the amount be allocated as follows:

	SEK
To be distributed to shareholders: SEK 3.50 per share	125,074,271.00
To be carried forward	1,876,528,489.67
<b>Total</b>	<b>2,001,602,760.67</b>

### The Board of Directors' statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act *The Board of Directors' proposal*

In the proposed appropriation of earnings, the Board of Directors proposes to the 2017 Annual General Meeting that Catena pay a dividend of SEK 3.50 per share for the 2016 financial year, which entails a total dividend payment of SEK 125,074,271 (99,706,518). From the annual accounts it can be seen that Catena's consolidated equity ratio amounts to 31.6 percent. Following the proposed dividend, the consolidated equity ratio is expected to be approximately 30.9 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 68-73.



► Sothönan 3, Katrineholm.

# Balanced financing

Catena's financial strategy, mandate and risk taking are regulated by the Group's financial policy, as adopted by the Board of Catena.

## ► Logistics warehouses

### **Part of Gamlarp 4:1, Nässjö.**

This property, which is also a logistics warehouse close to the main railway, is marked by its height, which, well equipped, allows efficient storage of goods and cargo awaiting further distribution and sale.



## ► 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 funding 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 is financed partly through equity, which amounted to SEK 3,904.3 million (2,477.8) and through

liabilities to credit institutions, which amounted to SEK 6,457.2 million (3,754.1), representing a total equity ratio of 31.6 percent (35.7). Catena sets its long-term equity ratio target at not exceeding 30 percent.

### Working capital and cash flow

Cash flow for the year before changes in working capital improved by SEK 52.8 million to SEK 294.3 million (241.5). Cash flow was affected by both significant acquisitions and disposals.

The cash outflow from the acquisition of Tribona amounts to SEK 559.9 million. Part of the acquisition was financed through new share issues for a total SEK 855.9 million, which did not affect cash flow.

The completed divestments of the Högsbo 21:2 property in Gothenburg, Partille 11:24 and eight properties in Malmö boosted cash flow by SEK 602.2 million.

At the end of the year, cash and cash equivalents amounted to SEK 145.5 million (201.5).



► **Fördelaren 1, Kungälv.**

This property is one of those included in the Tribona acquisition that received better financing during the year.



**Liabilities to credit institutions**

Liabilities to credit institutions amounted to SEK 6,457.2 million (3,754.1) and the loan framework amounted to SEK 6,906.3 million on 31 December. The increase is primarily attributable to the acquisition of Tribona.

The average period during which capital was tied up amounted to 1.5 years as per the balance sheet date. The lower period compared with 2015 is primarily an effect of the renegotiation of several large credits not being completed until the beginning of 2017.

The loan-to-value ratio for the properties decreased somewhat in 2016 compared with 2015 from 70.3 to 59.9 percent.

► Read more about the company's Financing risks on page 124.

**Interest risks**

Catena holds interest-rate swap contracts totalling SEK 4,457.6 million (2,000.0) and interest caps of SEK 262.0 million as of the closing date.

The nominal value of the derivatives is equivalent to 73 percent of consolidated liabilities to credit institutions.

The average interest rate, including the cost of unused credit frameworks and derivatives, amounted to 3.6 percent (2.6) for the year.

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 464.5 million (neg: 115.7). The change in the 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 page 124 and in Note 20 for the Group.

**Svensk FastighetsFinansiering AB**

Catena is part-owner of the finance company Svensk FastighetsFinansiering AB (SFF), a finance company with

a guaranteed MTN programme of SEK 8,000 million. Catena has thereby broadened the base for its borrowing with an instrument attractive to all parties. In addition to Catena AB the company is owned by Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB – each with a holding of 20 percent. Operations commenced in February 2015.

Within the scope of SFF, Catena issued a two-year bond in 2016 for an amount of SEK 211.0 million with collateral in Nattskiftet 11 in Stockholm. The bond runs with a variable interest rate of 3 months Stibor plus 0.95 percent. In total, Catena had issued bonds for a total value of SEK 323.0 million. This constitutes 5 percent of the property portfolio's financing.

At the beginning of 2017, Catena issued a total value of SEK 234.0 million in the scope of SFF bonds.

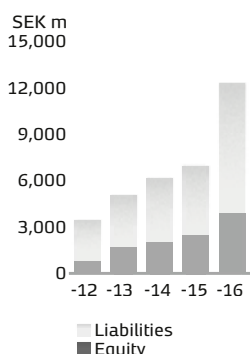
Catena has the opportunity to issue Green bonds to finance climate-friendly and sustainable properties. The bonds are based on a Green Framework that has also been verified by the independent CICERO research institute, which is linked to the University of Oslo. This strengthens the company's long-term 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 124.

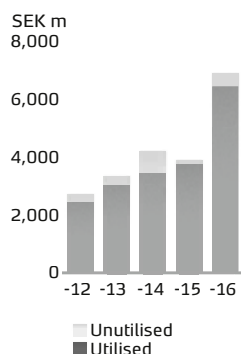
**Interest level**

The financing is continuously renegotiated with the aim of obtaining terms that are attractive at each occasion. Catena's average interest rate over the year was 3.6 percent (2.6). The higher interest rate is primarily attributable to the acquisition of Tribona, which financed its property portfolio at a higher interest rate than Catena. During the year, a large part of the portfolio was refinanced at a lower interest rate. This work is continuing in 2017.

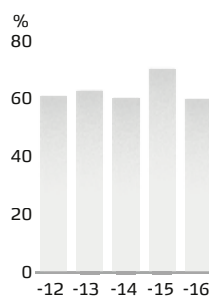
Capital structure



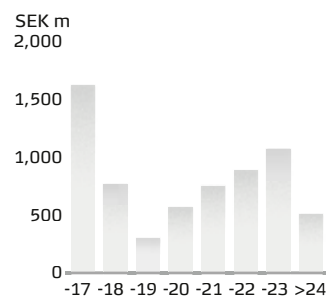
Capital tied-up



Loan-to-value ratio - properties



Interest maturity



## ► The Catena share and owners

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 over the year was 14.8 percent. Accurate, clear, current and transparent information facilitates the market valuation of the company.

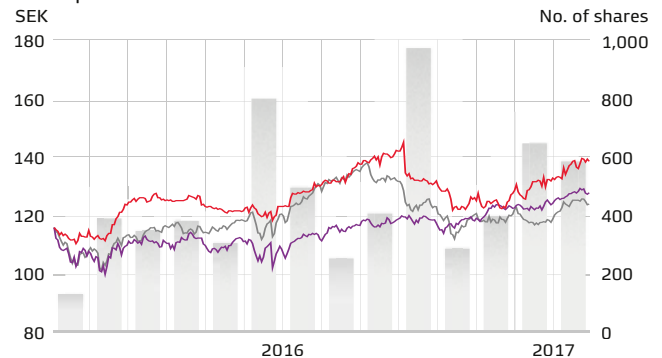
### Price trend and turnover

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 2016, the share price rose about 11.7 percent (9.5), from SEK 115.00 to SEK 128.50. On the balance sheet date, the market capitalisation was SEK 4,592 million (2,968). The lowest price quoted for the share was SEK 109.25 on 15 January, and the highest price was SEK 145.00 on 5 October. The NASDAQ Stockholm's all share index OMXSPI rose 5.8 percent (6.6) and the Carnegie Real Estate Index (CREX) climbed 5.3 percent (26.3). The total return on the share amounted to 14.8 percent. During the year, 5,144,520 shares (5,468,818) were traded on Nasdaq Stockholm, corresponding to a turnover rate of 15.5 percent (21.3) based on the average number of shares.

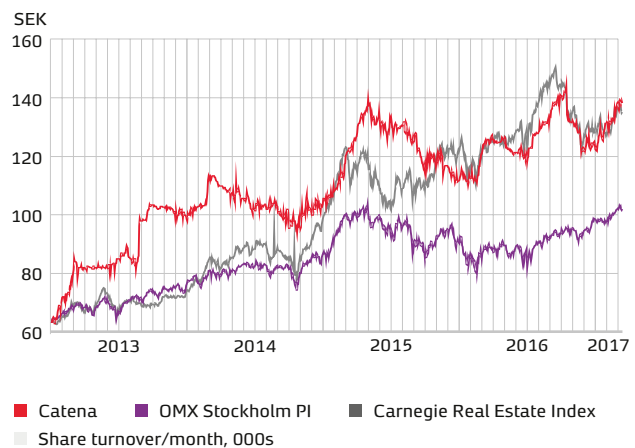
### Liquidity guarantee

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.

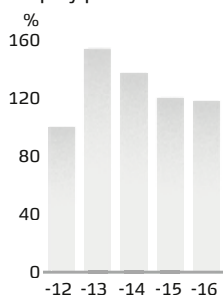
Share price trend 1 Jan. 2016-28 Feb. 2017



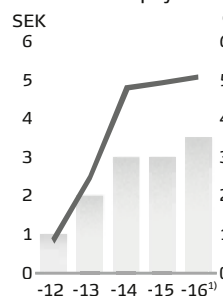
Share price trend 1 Jan. 2013-28 Feb. 2017



Market price relative to equity per share

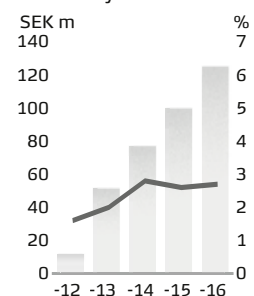


Dividend and payout ratio



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

Dividend yield



### New share issues

An Extraordinary General Meeting on 30 November 2015 resolved to issue 7,593,585 new shares in connection with the acquisition of Tribona. Catena's registered share capital thereafter amounted to SEK 146,236,226.40 at 29 February 2016 distributed over 33,235,506 shares.

In the scope of the mandate of the ordinary 2016 AGM, the Board decided on 5 October to approve a private placement with the aim of expanding operations. Catena registered 2,500,000 new shares with the Swedish Companies Registration Office on 11 October.

### 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. At 31 December 2016, the share capital in Catena AB totalled SEK 157,236,226.40 distributed among 35,735,506 ordinary shares after the two share issues conducted during the year. 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 owner-

ship. The development of share capital is described in note 19 on page 89.

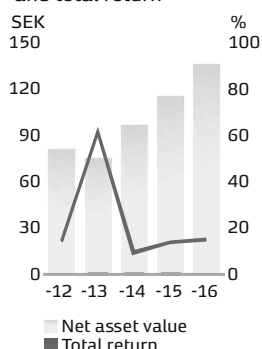
### Net asset value

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 135.80/share (115.00). This corresponds to 106 percent of Catena's share price at year-end.

### Net asset value

	SEK M	SEK/ share
Equity as per balance sheet	3,899.9	
Reversal		
Goodwill	-503.0	
Interest-rate derivative as per balance sheet	464.5	
Deferred tax as per balance sheet	990.1	
<b>Long-term net asset value, EPRA NAV</b>	<b>4,851.5</b>	<b>135.80</b>

Net asset value, EPRA NAV  
and total return



### Five reasons to invest in Catena

- A clearly focused business model
- A leading market position
- Improved earnings with a strong cash flow
- Clear goals and well-defined strategies
- A share with proven good total return

### 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 rate tax. For the 2016 financial year, the Board of Directors and the CEO propose a total dividend of SEK 125.1 million (99.7), corresponding to 51 percent of total profit excluding standard tax. Taking the increased number of shares after the rights issue into account, that amounts to SEK 3.50 per share (3.00). That corresponds to a yield of 2.7 percent (2.6).

### Value creation

The value the company creates for its owners consists of two components. The dividend the company pays and the development of the company's equity.

### Total return on the share

The total return on the share is comprised of the change in share price over the year plus dividends paid in relation to the share price at the beginning of the year. For the Catena share, it amounted to 14.8 percent (12.3) in 2016, which can be compared to the market's total index OMX Stockholm GI (incl. div.) during the year, which amounted to 9.8 percent (10.2).

### Incentive programmes

Catena has no share-based incentive programmes, options or convertible securities. 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.

### Owners

At 28 February 2017, Catena AB had 15,149 shareholders (14,090). The largest shareholder is the Backahill Group with 31.4 percent (33.8) of the capital and EndicottSweden AB with 11.1 percent (11.2). No other shareholder

held 10 percent or more of the shares outstanding. Owners outside of Sweden accounted for 20.0 percent (19) of the share capital. Owners in Sweden accounted for 80 percent (81) of the share capital and votes, of which legal entities accounted for 71.7 percentage points (73.2) and private individuals for 8.3 percentage points (7.7) of the share capital and votes. On 29 February 2017, Catena AB held no treasury shares.

### Shareholder information

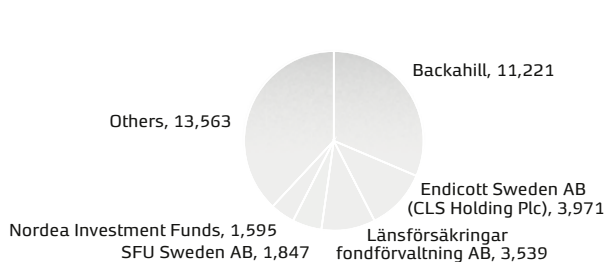
Investor relations are based primarily on the website, annual report, quarterly interim reporting and press releases. In conjunction with the publication of interim reports, the interim financial statements are presented to investors at meetings arranged by the banks. In addition, the company plans in 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 presentations are normally posted on the company's website immediately after being published.

► Read more about the company's stock market information on page 138.

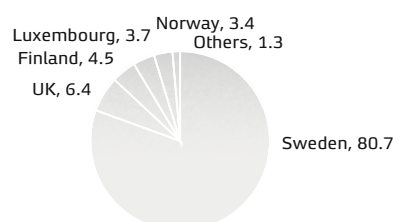
### Ownership structure at 28 February 2017, 10 largest owners

	No. of shares, 000s	Votes, %
Backahill	11,221	31.4
Endicott Sweden AB (CLS Holding plc)	3,971	11.1
Länsförsäkringar fondförvaltning AB	3,539	9.9
SFU Sverige AB	1,847	5.2
Nordea Investment Funds	1,595	4.5
CGML PB Client Acct-Sweden Treaty (Carve Capital)	1,127	3.2
JP Morgan Bank Luxembourg SA	848	2.4
Danske Capital Sverige AB	806	2.3
CRHE Invest AB	770	2.2
Skagen Vekst Verdipapirfond	747	2.1
Other shareholders	9,265	25.7
<b>Total</b>	<b>35,736</b>	<b>100.0</b>

Ownership structure, average number of shares, 000s



Geographic ownership structure at 28 February 2017, %



### Ownership, distribution by size of shareholding at 29 February 2017

	Owners	
	Number of	Share, %
1-500	14,113	93.2
501-1,000	526	3.5
1,001-5,000	356	2.3
5,001-10,000	52	0.3
10,001-15,000	17	0.1
15,001-20,000	15	0.1
20,001-	70	0.5
<b>Total</b>	<b>15,149</b>	<b>100.0</b>

### Monitoring

During the year, Erik Penser Access began monitoring Catena. Their analysis is available at <https://epaccess.penser.se/bolag/catena/>

### Data per share

	2016	2015
Share price at year end, SEK	128.50	115.75
Price trend over the year, %	11.7	9.5
Beta value	0.339	0.218
Standard deviation, %	0.96	1.16
Highest price paid during the year, SEK	145.00	141.00
Lowest price paid during the year, SEK	109.25	103.0
Profit from property management per share, SEK	9.53	10.03
Earnings per share, SEK	10.20	22.11
Dividend per share, SEK	3.50 <sup>1)</sup>	3.00
Dividend yield, %	2.7	2.6
Total return on the share, %	14.8	12.3
P/E ratio	13	5
Cash flow before changes in working capital per share, SEK	8.87	9.34
Equity per share, SEK	109.13	96.46
Net asset value per share, EPRA NAV, SEK	135.80	115.00
Turnover rate, %	15.5	21.3
No. of shares at year end, 000s	35,736	25,642
Average number of shares, 000s	33,167	25,852

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

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



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**Contact:** Peter Andersson, CFO  
peter.andersson@catenafastigheter.se



### ► Tågarp 16:22, Arlööv.

This property is one of the properties that was acquired during the year.

# Financial information



## ► Terminal - Omni

### **Skogskojan 1, Östersund.**

The terminal is the first new build of its kind that can serve both letter and package distribution. It is in line with Catena's ambition to develop solutions for the whole distribution chain all the way to the consumer.

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## ► Financial statements – Group

### Consolidated Statement of Comprehensive Income

SEK M	Note	1 January 2016 -31 December 2016	1 January 2015 -31 December 2015
Rental income	4	786.6	464.2
Property expenses	5.7	-208.5	-112.9
<b>Net operating surplus</b>		<b>578.1</b>	<b>351.3</b>
Central administration	5,6,7,8	-33.0	-26.7
Other operating income		10.3	23.1
Other operating expenses		-6.7	-13.7
Participations in profit of associated companies	14	-6.0	12.4
Financial income	9	17.6	7.2
Financial expenses	9	-244.3	-94.3
<b>Profit from property management</b>		<b>316.0</b>	<b>259.3</b>
Realised changes in value of investment properties	12	9.8	102.2
Unrealised changes in value of investment properties	12	138.3	198.3
Changes in value of goodwill	11	-38.9	-
Changes in value of derivatives	20	-38.6	30.5
<b>Profit before tax</b>		<b>386.6</b>	<b>590.3</b>
Current tax	10	-5.5	-3.9
Deferred tax	10	-42.7	-14.9
<b>Profit for the year</b>	<b>19</b>	<b>338.4</b>	<b>571.5</b>
<b>Other comprehensive income</b>			
Translation difference		7.3	-
<b>Comprehensive income for the year</b>		<b>345.7</b>	<b>571.5</b>
<b>Attributable to:</b>			
Parent Company's shareholders	19	345.7	571.5
Non-controlling interests		-	-
<b>Earnings per share</b>			
Earnings per share, SEK	19	10.20	22.11
Dividend per share, SEK		3.50 <sup>1)</sup>	3.00

1) The Board's proposed dividend.

### Quarterly profits, Group

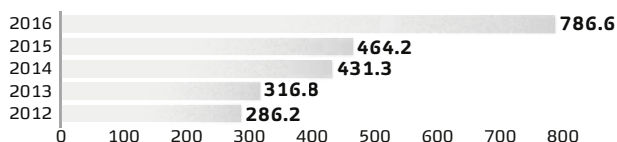
SEK M	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Rental income	176.8	201.2	208.9	199.7	114.6	113.0	117.5	119.1
Net operating surplus	126.6	151.3	152.0	148.2	85.8	87.2	91.9	88.4
Profit from property management	56.9	86.8	91.0	81.3	55.9	57.7	78.5	67.2
Profit before tax	7.4	90.4	88.4	200.4	87.7	270.8	67.1	164.7
Profit after tax	39.9	63.4	69.3	165.8	68.4	305.5	52.3	145.3

#### RENTAL INCOME

Rental income rose by 70 percent to SEK 786.6 million (464.2), mainly from the acquisition of Tribona.

► See the list of acquisitions and divestments on page 43.

Rental income, SEK M



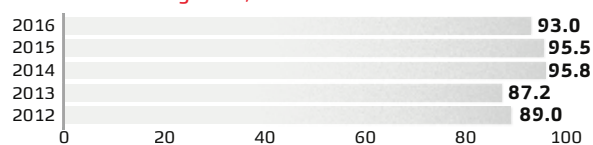


### Duration of leases

Duration	Number contracts	Contracted annual rent, SEK M	Contracted annual rent, %
2017	124	78.8	9
2018	59	62.5	7
2019	52	131.4	15
2020	59	141.0	16
2021	12	115.5	14
2022	13	64.6	8
2023+	49	266.9	31
<b>Total</b>	<b>368</b>	<b>860.7</b>	<b>100</b>

Income from contracts with a term of more than three years accounted for approximately 69 percent of Catena's contracted annual rent. The average remaining lease period rose from 4.3 to nearly 5 years.

### Economic letting ratio, %

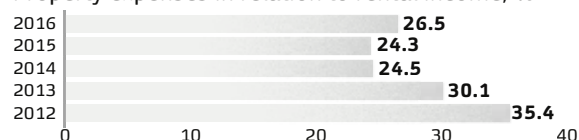


The occupancy rate was somewhat lower in 2016 than in 2015 as a result of a higher vacancy rate in acquired properties, which could not be fully reduced during the year. Completed projects where new tenants moved in had a positive impact on the occupancy rate.

### NET OPERATING SURPLUS

Net operating surplus increased by 65 percent in 2016 and the surplus ratio amounted to 73.5 percent, which is somewhat lower than 2015.

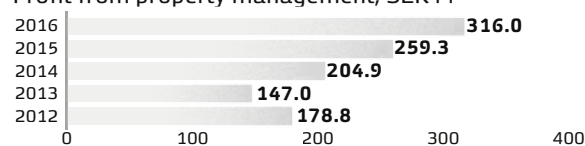
### Property expenses in relation to rental income, %



The property expenses, which increased by 85 percent, are still at a low level. The background of the increase is primarily a significantly larger property portfolio and greater vacancy. This means that a larger share of the utility costs are charged to the landlord.

### PROFIT FROM PROPERTY MANAGEMENT

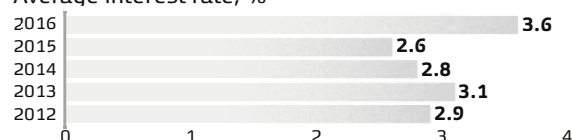
#### Profit from property management, SEK M



Despite being burdened by substantial non-recurring amounts, profit from property management rose by 22 percent. The expenses of approximately SEK 20 million comprise a large number of individual items associated with the acquisition of Tribona, the largest of which is the reassessment of the year's opening holding in Tribona, 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.

Catena's average interest rate over the year was 3.6 percent (2.6). The higher interest rate is primarily attributable to the acquisition of Tribona, which financed its property portfolio at a higher interest rate than Catena.

### Average interest rate, %



### Fixed interest

Year	SEK M	Interest rate, % <sup>1)</sup>	Share, %
2017	1,618.3	2.4	25.1
2018	764.0	3.4	11.8
2019	300.0	4.8	4.6
2020	562.0	4.1	8.7
2021	751.7	4.4	11.6
2022	883.9	4.4	13.7
2023	1,070.0	3.8	16.6
>2024	507.3	3.0	7.9
<b>Total</b>	<b>6,457.2</b>	<b>3.6</b>	<b>100</b>

<sup>1)</sup> Refers to the current average interest rate as per 31 December 2016. Interest rates are adjusted in pace with the changes in the general interest rate, but are limited by current interest-rate caps.

### Interest rate hedges through interest-rate swaps

Start year	End year	Interest rate, %	SEK M
2011	2018	2.8	502.0
2011	2021	2.9	500.0
2012	2019	3.3	300.0
2012	2020	3.2	450.0
2012	2021	2.7	60.0
2012	2021	2.7	191.7
2012	2022	2.3	500.0
2012	2023	2.7	570.0
2013	2022	3.6	320.0
2013	2022	3.6	63.9
2014	2023	1.7	500.0
2014	2024	1.4	500.0
<b>Total</b>			<b>4,457.6</b>

### Interest rate hedges through interest-rate caps

Start year	End year	Interest-rate cap, %	SEK M
2013	2018	2.0	262.0
<b>Total</b>			<b>262.0</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 464.5 million (neg: 115.7). 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 73 percent of consolidated liabilities to credit institutions.

### PROFIT

Net profit for the year was SEK 233.1 million lower than the previous year, mainly as a result of lower gains from property sales and unrealised changes in value of properties. The positive change in the value of properties during the year was partially offset by a change in goodwill from the acquisition of Tribona.

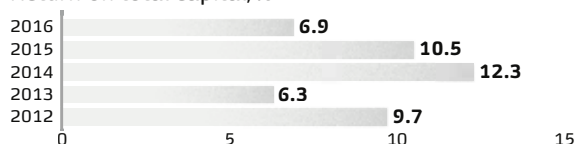
Change in value of derivatives is negative as a result of long-term market interest rates decreasing.

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

### RETURN ON TOTAL CAPITAL

Return on total capital dropped from 10.5 to 6.9 percent. This is overwhelmingly attributable to lower value changes in properties compared with the previous year, as well as a relatively lower profit from property management encumbered by non-recurring costs.

#### Return on total capital, %



## Consolidated Statement of Financial Position

SEK M	Note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	11	613.5	-
Investment properties	12	10,786.4	4,781.5
Property, plant and equipment	13	2.3	1.6
Participations in associated companies	14	82.4	665.7
Deferred tax assets	10	135.6	57.8
Other non-current receivables	20,21	5.8	617.0
<b>Total non-current assets</b>		<b>11,626.0</b>	<b>6,123.6</b>
<b>Current assets</b>			
Accounts receivable	15	28.3	1.9
Assets available for sale	16	-	559.2
Other receivables	17	477.2	46.2
Prepaid expenses and accrued income	18	67.9	15.5
Cash and cash equivalents	20	145.5	201.5
<b>Total current assets</b>		<b>718.9</b>	<b>824.3</b>
<b>TOTAL ASSETS</b>	<b>21</b>	<b>12,344.9</b>	<b>6,947.9</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		157.2	112.8
Other capital contributions		1,870.0	733.9
Profit brought forward		1,872.7	1,626.7
Equity attributable to Parent Company shareholders		3,899.9	2,473.4
Non-controlling interests		4.4	4.4
<b>Total equity</b>	<b>19</b>	<b>3,904.3</b>	<b>2,477.8</b>
Liabilities to credit institutions	20,21,22	2,788.0	2,409.4
Deferred tax liabilities	10	1,125.7	395.7
Liabilities to associated companies	20	23.7	-
Other non-current liabilities	20	493.8	125.9
<b>Total non-current liabilities</b>	<b>21</b>	<b>4,431.2</b>	<b>2,931.0</b>
Liabilities related to assets held for sale	16	-	386.3
Liabilities to credit institutions	20,21,22	3,669.2	997.5
Accounts payable		85.6	45.9
Current tax liabilities		11.2	4.5
Liabilities to associated companies		46.4	14.9
Other liabilities		20.2	24.4
Accrued expenses and deferred income	23	176.8	65.6
<b>Total current liabilities</b>	<b>21</b>	<b>4,009.4</b>	<b>1,539.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,344.9</b>	<b>6,947.9</b>

The change in the financial position is pervaded by the gradual acquisition of Tribona. At the start of the year, the holding was recognised according to the equity method, which meant that Catena's share of Tribona's combined assets were recognised on a single line in the balance sheet.

The acquisition of Tribona constitutes a business combination and is recognised in accordance with IFRS 3 Business Combinations. This means, in addition to all of the assets and liabilities of the acquired Tribona being recognised distributed across all of the balance sheet items, the deferred tax should be taken into account on all temporary differences. This increase in deferred tax liabilities results in goodwill of SEK 696.6 million, which decreased by SEK 38.9 million beyond that realised from divestments. The effects of a business combination entail an increase in the balance sheet, thereby affecting the related key data.

### CAPITAL STRUCTURE

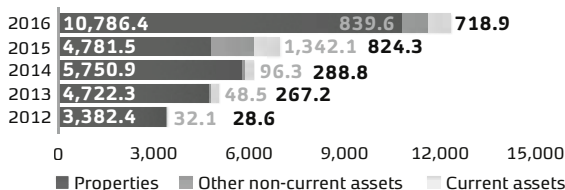
Catena manages its capital to generate a return to its owners. A well-considered balance between equity, debt and capital employed is pursued so that capital is sufficient considering the operations being conducted. As a result of the significant expansion during the year, the equity ratio has decreased somewhat, but remains above the financial target set by the Board.

## ASSETS

### Properties

Catena's capital employed is primarily placed in 94 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 83 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 52-53 and the fold out.

### Investment properties

Property portfolio development, SEK M	Fair value	Number of properties
Opening property portfolio	5,340.3	55
Acquisitions	5,875.5	49
Investments in existing properties	529.0	
Sales	-1,105.6	-10
Translation differences, etc.	8.9	
Unrealised changes in value	138.3	
<b>Total investment properties</b>	<b>10,786.4</b>	<b>94</b>

### Acquisitions

During the year, the property value increased by 102 percent, primarily as a result of the acquisition of Tribona and 12 other acquisitions of modern developable properties and land.

► The acquisitions are presented on page 43.

### Disposals

During the year, 10 fully developed properties without clear logistics profiles that were no longer deemed to be strategic holdings were divested.

► The disposals are presented on page 43.

### Investments

Continuous investments in existing properties were made in the e-commerce cluster E-City Engelholm, where stage 1 of 14,500 square metres has been completed and Phase 2 of 43,500 square metres of premises occupied by Boozt will be up and running in the spring of 2017. The second largest investment is the new 9,300 square metre terminal complex in Nässjö that has recently been occupied by a tenant and is now up and running.

Furthermore, major tenant customisations were also under way during the year on the properties Dikartorp 3:12, Stockholm and Tågarp 16:17, Burlöv.

### Unrealised changes in value

Reassessments of fair value over the course of the year take place through an internal valuation model, 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, %

	2016	2015
Gothenburg	12.92	12.16
Helsingborg	7.47	7.65
Jönköping	8.66	7.33
Malmö	25.01	18.22
Stockholm	11.41	8.44
Central administration	-8.55	-48.85
<b>Total</b>	<b>7.59</b>	<b>11.69</b>

### Goodwill

The increase in the deferred tax liability, which arose in connection with the acquisition of Tribona, is the main source of an original goodwill of SEK 696.6 million, which was reduced by SEK 38.9 million in addition to what was realised in sales.

### 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 total SEK 6,457.2 million (3,754.1). The capital tied-up had an average term of 1.5 years (2.5) on the balance sheet date. On the same date, the loan framework amounted to SEK 6,906.3 million (3,900.3). After the end of the year, Catena renegotiated financing agreements with total facilities of approximately SEK 3.2 billion, of which SEK 234 million related to bond financing secured by properties via SFF (Svensk FastighetsFinansiering AB).

### Bonds via SFF

Within the scope of SFF, Catena issued a two-year bond in 2016 for an amount of SEK 211 million with collateral in Nattskiftet 11 in Stockholm.

In total as of the balance sheet date, Catena had issued bonds for a total value of SEK 323 million. This constitutes 5 percent of the property portfolio's financing.

### Capital tied-up

Year	Contract volume, SEK M	Utilised, SEK M	Unutilised, SEK M
2017	4,084.3	3,635.2	449.1
2018	381.3	381.3	-
2019	1,378.9	1,378.9	-
2020	983.6	983.6	-
>2024	78.2	78.2	-
<b>Total</b>	<b>6,906.3</b>	<b>6,457.2</b>	<b>449.1</b>

## EQUITY

In addition to the 2016 profit less dividends, equity increased during the year through two new share issues for a total of SEK 1,180.5 million.

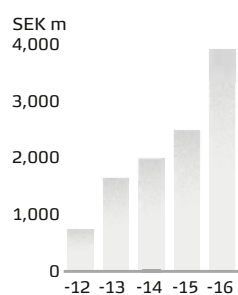
► Changes in equity are presented on page 72.

## Consolidated Statement of Changes in Equity

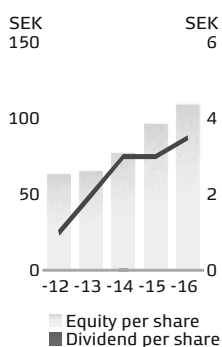
SEK M	Share capital	Other capital contributions	Profit brought forward	Total Parent Company's shareholders	Non-controlling interests	Total equity
<b>Opening equity, 1 Jan 2015</b>	<b>112.8</b>	<b>733.9</b>	<b>1,133.3</b>	<b>1,980.0</b>	<b>4.8</b>	<b>1,984.8</b>
Comprehensive income for the year	-	-	571.5	571.5	-	571.5
Dividend	-	-	-76.9	-76.9	-	-76.9
Acquisition of minority interest	-	-	4.4	4.4	-	4.4
Divestment of minority interest	-	-	-5.6	-5.6	-0.4	-6.0
<b>Closing equity, 31 Dec 2015</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>

SEK M	Share capital	Other capital contributions	Profit brought forward	Total Parent Company's shareholders	Non-controlling interests	Total equity
<b>Opening equity, 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 costs	-	-7.0	-	-7.0	-	-7.0
Issue costs, 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>Closing equity, 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>

Equity, SEK M



Equity and dividend per share, SEK

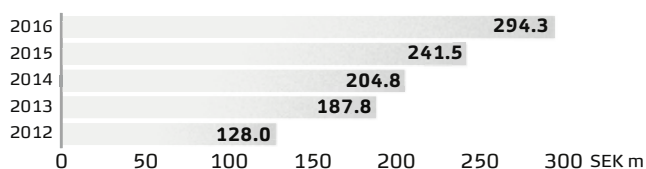


## Consolidated Cash-flow Statement

SEK M	Note 26	1 January 2016 -31 December 2016	1 January 2015 -31 December 2015
<b>Operating activities</b>			
Profit before tax		386.6	590.3
Adjustments for non-cash items		-90.7	-348.3
Tax paid		-1.6	-0.5
<b>Cash flow before changes in working capital</b>		<b>294.3</b>	<b>241.5</b>
<b>Changes in working capital</b>			
Change in operating receivables		-99.0	8.2
Change in operating liabilities		94.2	29.5
<b>Cash flow from operating activities</b>		<b>289.5</b>	<b>279.2</b>
<b>Investing activities</b>			
Acquisition of assets via subsidiaries		-827.8	-467.0
Divestment of assets via subsidiaries		462.2	771.9
Acquisitions of investment properties		-574.7	-142.6
Divestment of investment properties		140.0	1.4
Acquisitions of property, plant and equipment		-0.4	-0.3
Disposals of non-current assets		-	-
Acquisitions of other financial assets		-	-621.2
Divestment of financial assets		222.6	23.4
<b>Cash flow from investing activities</b>		<b>-578.1</b>	<b>-434.4</b>
<b>Financing activities</b>			
New share issue		323.0	-
Borrowings		1,936.5	1,641.4
Amortisation of loans		-1,927.3	-1,407.2
Dividend paid		-99.7	-76.9
<b>Cash flow from financing activities</b>		<b>232.5</b>	<b>157.3</b>
<b>Cash flow for the year</b>		<b>-56.1</b>	<b>2.1</b>
<b>Opening cash and cash equivalents</b>		<b>201.5</b>	<b>199.4</b>
Exchange rate difference in cash and cash equivalents		0.1	-
<b>Closing cash and cash equivalents</b>		<b>145.5</b>	<b>201.5</b>

### CASH FLOW BEFORE CHANGES IN WORKING CAPITAL

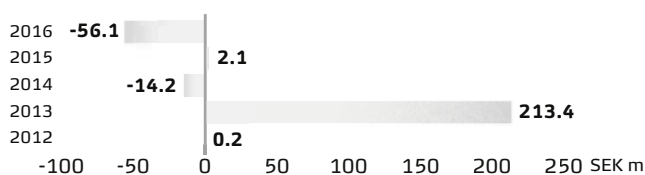
The cash flow before changes in working capital increased by SEK 52.8 million to SEK 294.3 million, primarily as a result of the improved profit from property management.



### CASH FLOW

Cash flow was affected by both significant acquisitions and disposals. The cash outflow from the acquisition of Tribona amounts to SEK 559.9 million. Part of the acquisition was financed through new share issues for a total SEK 855.9 million, which did not affect cash flow. The completed divestments of the Högsbo 21:2 property in Gothenburg, Partille 11:24 and eight properties in Malmö boosted cash flow by SEK 602.2 million.

At the end of the year, cash and cash equivalents amounted to SEK 145.5 million (201.5).



## 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 7A in Helsingborg.

Catena shall actively manage, enhance and proactively develop its property portfolio by identifying and conducting value-enhancing programmes 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 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 21 March 2017 and will be presented to the Annual General Meeting on 27 April 2017.

### Note 2. Accounting and valuation policies

*Amounts in SEK M 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 Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for 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. Those financial assets and liabilities that are recognised at fair value are 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 following years' financial statements are described in the note for the item that could be the subject of any such adjustment. This applies primarily in notes concerning investment properties.

The acquisition of Tribona AB (publ) took place through a takeover bid that was completed on 5 February 2016. Tribona was fully consolidated on 26 January (acquisition date) with advanced vesting of title to the outstanding shares for which compulsory redemption was invoked. The acquisition of Tribona constitutes a business combination and is recognised in accordance with IFRS 3 Business Combinations.

The accounting policies 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 policies 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 by the Group for the first time for financial years commencing 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments and modifications to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments and modifications to IAS 16 and IAS 38

Annual improvements of IFRS, the 2012-2014 improvement cycle, and

Disclosure Initiative: Amendments and modifications to IAS 1 Application of these modifications has not had any impact on the Group's accounting policies or disclosures in the current financial year or the previous financial year and are also not expected to have any impact on upcoming 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 2016 and have not been applied in the preparation of this financial report. These are not expected to have any 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 and introduces a new impairment model. The standard shall be applied for financial years commencing 1 January 2018. The Group does not intend to apply IFRS 9 in advance. Earlier application is permitted. The Group does not expect any material impact on the classification, measurement or recognition of the Group's assets and liabilities.

IFRS 15 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 revenues are recognised when customers obtain control over the sold good or service – a principle that replaces the previous principle that revenues are recognised when risks and benefits have transferred to the buyer. A company can choose between "full retroactivity" or prospective application with additional disclosures. The company's revenues essentially consist of rental income. Rental income is currently covered by IAS 17, which will be replaced by IFRS 16 in 2019. The revenues that

fall within this standard pertain to revenues such as services for management and the like, as well as the sale of investment properties. Considering that the company already recognised the revenue upon vacation of the property and that the company's revenues essentially consist of rental income, the initial assessment, based on the standard only being applicable to a small part of the revenues, is that this standard will not entail any material change with regard to recognition and measurement, but that certain disclosure requirements may be added. Another revenue covered by IFRS 15 is re-invoicing of various costs to tenants. In 2016, a clarification was published on IFRS 15, which has not yet been adopted by the EU. The clarification means in brief that the performance commitments shall be identified for principals versus agents. The distinction of a principal and an agent may affect revenue recognition in the re-invoicing to tenants. If the company is the principal, income and expenses shall be recognised gross, while they shall be recognised net if it is established that the company is an agent. This clarification may accordingly affect the classification and recognition, but is not deemed to have any effect on profit or loss or the time of revenue recognition. Re-invoiced costs currently account for around 10 percent of the turnover.

In January 2016, a new leasing standard was published that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The implementation of the standard will mean that almost all leases will be recognised in the balance sheet as a difference will no longer be made between operating and finance leases. According to the new standard, an asset (right to use a leased asset) and a financial commitment to pay leasing fees will be recognised. Contracts with short durations and contracts of minor value are exempt. The accounts of the lessor will essentially be unchanged. The standard is applicable to financial years beginning on 1 January 2019 or later. At present, the Group does not intend to apply the standard early. For the Group, in its capacity as a lessor, the standard is not deemed to provide any significant effects. However, indirect effects cannot be ruled out in conjunction with the introduction of IFRS 16 as it can conceivably affect certain customers' wishes for shorter leases to reduce the effect on their balance sheet. 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. 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 not yet entered into force 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

#### *Subsidiaries*

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 strategies 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. Except for the acquisition of Tribona AB, all acquisitions of subsidiaries in 2015 and 2016 were recognised as asset acquisitions.

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 carrying amount 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 account: 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. Catena reports derivatives under this category that are not held for hedge accounting purposes.

*Loans and receivables*

Loans and receivables 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. The values of interest-rate cap agreements are determined by 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.

*Offset 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

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

More information is available about accounting policies and financial risk management in Note 20, 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 subsequent expenses are expensed 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 model, 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 through taking samples of properties, which are then externally valued every year, after which a reconciliation is carried out for internal and external valuations. 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 receivables and accounts receivable, which are 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. Earnings per share for 2015 have been retroactively recalculated with consideration of the bonus issue element of the new share issue on 11 October 2016.

### **Employee benefits**

Current 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 2004-2016 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 2.7 million (0.7). For 2017, the company is expected to pay about SEK 2.2 million to Alecta. Alecta's surplus can be distributed to the policy owners and/or insured parties. At the end of 2016, Alecta's surplus in the form of the collective consolidation level was 149 percent (153). 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 0.01313 percent and the company's share of the total number of active insured parties amounts to 0.00561 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 outflow 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 liabilities**

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.

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Central administration and eliminations		Total	
2016	2015	2016	2015
-	-	786.6	464.2
-	-	-208.5	-112.9
-	-	<b>578.1</b>	<b>351.3</b>
-33.0	-26.7	-33.0	-26.7
10.3	15.1	10.3	23.1
-6.7	-13.7	-6.7	-13.7
-6.0	11.7	-6.0	12.4
-26.4	-34.9	17.6	7.2
-152.2	-50.1	-244.3	-94.3
<b>-214.0</b>	<b>-98.6</b>	<b>316.0</b>	<b>259.3</b>
-33.3	103.0	9.8	102.2
-	-	138.3	198.3
-	-	-38.9	-
-38.6	30.5	-38.6	30.5
<b>-285.9</b>	<b>34.9</b>	<b>386.6</b>	<b>590.3</b>
		-48.2	-18.8
		<b>338.4</b>	<b>571.5</b>

Central administration and eliminations		Total	
2016	2015	2016	2015
-	-	613.5	-
-	-	10,786.4	4,781.5
2.3	1.6	2.3	1.6
82.4	638.0	82.4	665.7
-	-	-	559.2
-900.4	-299.5	860.3	939.9
<b>-815.7</b>	<b>340.1</b>	<b>12,344.9</b>	<b>6,947.9</b>
<b>333.3</b>	<b>-90.1</b>	<b>3,904.3</b>	<b>2,477.8</b>
2,499.3	384.0	6,457.2	3,406.9
-	-	-	386.3
-3,648.2	46.2	1,983.5	676.9
<b>-815.7</b>	<b>340.1</b>	<b>12,344.9</b>	<b>6,947.9</b>
0.3	0.3	529.0	698.6
-0.8	-0.5	-0.8	-0.5

### 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 36 properties.

Gothenburg – comprised of 11 properties.

Helsingborg – comprised of 20 properties.

Jönköping – comprised of 13 properties.

Malmö – comprised of 14 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 in a reasonable and reliable manner are included in the earnings, assets and liabilities for each segment. The allocation of property administration expenses 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 2016

Information on operating leases – the Group as lessor.

Matures in	No. of contracts	Contractual annual rent, SEK M	Contractual annual rent, %
2017	124	78.8	9.1
2018	59	62.5	7.3
2019	52	131.4	15.3
2020	59	141.0	16.4
2021	12	115.5	13.4
2022	13	64.6	7.5
2023+	49	266.9	31.0
<b>Total</b>	<b>368</b>	<b>860.7</b>	<b>100.0</b>

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

	No. of contracts	Contractual rental income, %
>10.0	24	47.6
5.0 – 10.0	26	23.0
3.0 – 5.0	23	10.7
2.0 – 3.0	23	7.0
1.0 – 2.0	28	5.4
0.5 – 1.0	38	3.3
<0.5	206	3.0
<b>Total</b>	<b>368</b>	<b>100.0</b>

## NOTE 5. Property expenses and central administration

Property expenses	2016	2015
Operating expenses	69.4	27.4
Repair and maintenance	27.2	19.3
Property maintenance and technical inspection	20.4	11.3
Property tax and ground rent	33.3	20.3
Other external costs	13.0	8.2
Property administration	45.2	26.4
<b>Total</b>	<b>208.5</b>	<b>112.9</b>

Central administration	2016	2015
Personnel expenses	20.5	13.5
Services purchased	11.7	12.7
Depreciation of property, plant and equipment	0.8	0.5
<b>Total</b>	<b>33.0</b>	<b>26.7</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

	2016	2015
Auditing engagement	1.9	1.2
Audit activities in addition to the audit engagement	0.5	0.5
Tax consultancy	0.1	0.2
Other services	0.1	0.1
<b>Total</b>	<b>2.5</b>	<b>2.0</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 7. Leasing fees pertaining to operational leasing

	2016	2015
Minimum lease fees <sup>1)</sup>	10.6	9.5
<b>Total</b>	<b>10.6</b>	<b>9.5</b>

1) There were no variable fees.

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

	2016	2015
Within one year	11.8	9.6
Between one and five years	42.6	36.1
Later than five years	380.9	247.1
<b>Total</b>	<b>435.3</b>	<b>292.8</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		of whom	
	2016	men	2015	men
Employees in Sweden	33	70%	22	69%

Gender distribution	2016		2015	
	Men	Women	Men	Women
Board of Directors	67%	33%	67%	33%
Management	75%	25%	75%	25%

Salaries, fees, benefits and other remuneration	2016	2015
Chairman of the Board	0.2	0.2
Other Board members	0.4	0.4
Chief Executive Officer		
Base salary	2.8	2.7
Other remuneration	1.5	1.4
Other senior executives (9* and 7 individuals respectively)		
Base salary	7.8	5.6
Other remuneration	1.9	1.4
Other employees	18.7	10.1
<b>Total</b>	<b>33.3</b>	<b>21.8</b>

Pension expenses	2016	2015
Chief Executive Officer	1.6	1.3
Other senior executives (9* and 7 individuals respectively)	3.3	2.1
Other employees	4.5	1.2
<b>Total</b>	<b>9.4</b>	<b>4.6</b>

Statutory social security contributions incl. payroll tax	2016	2015
Chairman of the Board	0.1	0.1
Other Board members	0.1	0.1
Chief Executive Officer	1.7	1.6
Other senior executives (9* and 7 individuals respectively)	3.7	2.7
Other employees	6.7	3.4
<b>Total</b>	<b>12.3</b>	<b>7.9</b>
<b>Total</b>	<b>55.0</b>	<b>34.3</b>

Fees, Board member, SEK T	2016	2015
Henry Klotz (Chairman of the Board)	250	200
Gustaf Hermelin	-	-
Bo Forsén	125	100
Erik Paulsson	125	100
Andreas Philipson (resigned effective from the Annual General Meeting of 28 April 2015)	-	100
Catharina Elmsäter-Svärd (elected at the Annual General Meeting of 28 April 2015)	125	-
Katarina Wallin	125	100
<b>Total</b>	<b>750</b>	<b>600</b>

Remuneration to the Board and CEO pertains to the Board and CEO of the Parent Company. No fees were paid to Board members for participation in the Remuneration Committee.

\*) During the year, a change was made in the management team where two people resigned at the end of the year and one person joined in the latter part of the year.

### 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 nine individuals at Catena (7) who, together with the Chief Executive Officer, comprise the senior management. For the composition of management, see page 127.

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 fees in accordance with a decision by the Annual General Meeting. For 2016, fees totalled SEK 0.6 million (0.6), of which the Chairman received SEK 0.2 million. No other fees or benefits were paid to the Board.

Market-based remuneration of SEK 0.1 million (0.1) and 0.1 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. The Board fees to the Board members Katarina Wallin and Catharina Elmsäter-Svärd have been paid out to their own companies.

#### Bonus

Bonus is payable to the CEO in an amount of 1 percent of consolidated pre-tax profits, to the extent this amount exceeds the budget set by the Board, with a cap set at an amount corresponding to 50 percent of fixed salary in the same calendar year. 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. In addition, senior executives can receive a bonus in addition to their fixed salaries. Other senior executives can receive a maximum bonus of 25 percent of their fixed annual salary.

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 scope 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 5.0 million (4.6) for 2016, including social security contributions.

The bonus system only comprises one year at a time, currently only 2016. 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, 8 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.

#### Severance pay

On termination by the company, in addition to salary for the 12-month (6) notice period, a severance payment amounting to at most amount to 12 months' salary is payable to the Chief Executive Officer. Should the CEO secure other employment or start his own operations, the severance payment 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 six months. In addition to salary during the notice period, severance pay corresponds to four 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. In this case no severance payment is made.

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 met on one occasion in 2016.

**NOTE 9. Financial income and expenses**

<b>Financial income</b>	<b>2016</b>	<b>2015</b>
Interest income	8.6	7.2
Exchange gains	9.0	-
<b>Total</b>	<b>17.6</b>	<b>7.2</b>
<b>Financial expenses</b>	<b>2016</b>	<b>2015</b>
Interest expenses	-220.8	-89.7
Exchange losses	-10.0	-
Other financial expenses	-13.5	-4.6
<b>Total</b>	<b>-244.3</b>	<b>-94.3</b>
<b>Net financial items</b>	<b>-226.7</b>	<b>-87.1</b>

**NOTE 10. Tax**

<b>Recognised in the statement of comprehensive income</b>	<b>2016</b>	<b>2015</b>
<i>Current tax</i>		
Tax for the year	-7.9	-2.8
Tax attributable to amended tax assessment	2.4	-1.1
<b>Total</b>	<b>-5.5</b>	<b>-3.9</b>
<i>Deferred tax</i>		
Investment properties	-23.0	-5.9
Derivatives	7.5	-6.7
Tax loss carry-forwards	-10.4	-3.3
Untaxed reserves	-14.5	-1.1
Other deferred taxes	-2.3	2.1
<b>Total</b>	<b>-42.7</b>	<b>-14.9</b>
<b>Total recognised tax</b>	<b>-48.2</b>	<b>-18.8</b>

<b>Reconciliation of effective tax</b>	<b>2016</b>	<b>2015</b>
Profit before tax	386.6	590.3
Tax according to applicable tax rate; 22%	-85.1	-129.9
Non-deductible expenses	-0.4	-0.2
Taxes attributable to previous years	3.0	-1.1
Non-taxable sales of companies	41.4	108.8
Other non-taxable income	3.3	0.6
Tax on participations in profit of associated companies	-1.3	2.8
Dissolution of goodwill	-8.6	-
Other	-0.5	0.2
<b>Recognised effective tax</b>	<b>-48.2</b>	<b>-18.8</b>

The recognised effective tax rate in percent totalled 12.5 (3.2).

<b>Tax recognised in the financial statements</b>	<b>2015</b>				<b>2016</b>			
	<b>OB 2015</b>	<b>Recognised in profit or loss</b>	<b>Acquisitions/ divestments of companies</b>	<b>CB 2015</b>	<b>Recognised in profit or loss</b>	<b>Recognised in equity</b>	<b>Acquisitions/ divestments of companies</b>	<b>CB 2016</b>
<b>Deferred tax assets</b>								
Investment properties	11.1	6.6	-3.5	14.2	3.8	0.2	-	18.2
Tax loss carry-forwards	20.6	-3.3	-	17.3	-10.4	-	8.0	14.9
Derivatives	32.2	-6.7	-	25.5	7.5	-	69.5	102.5
Losses on sales of shares	-	0.8	-	0.8	-0.8	-	-	-
<b>Total deferred tax assets</b>	<b>63.9</b>	<b>-2.6</b>	<b>-3.5</b>	<b>57.8</b>	<b>0.1</b>	<b>0.2</b>	<b>77.5</b>	<b>135.6</b>
<b>Deferred tax liabilities</b>								
Investment properties	413.2	11.3	-8.3	416.2	26.8	-	655.7	1,098.7
Derivatives	-	-	-	-	-	-	-	-
Liabilities available for sale	-	-	-22.0	-22.0	-	-	22.0	-
Untaxed reserves	0.5	1.0	-	1.5	14.5	-	11.0	27.0
Issue costs	-	-	-	-	1.5	-1.5	-	-
<b>Total deferred tax liabilities</b>	<b>413.7</b>	<b>12.3</b>	<b>-30.3</b>	<b>395.7</b>	<b>42.8</b>	<b>-1.5</b>	<b>688.7</b>	<b>1,125.7</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



## NOTE 11. Goodwill

Goodwill	2016	2015
Opening cost	-	-
Acquisitions	696.6	-
Sales and disposals	-44.2	-
Impairment	-38.9	-
<b>Closing cost</b>	<b>613.5</b>	<b>-</b>

The acquisition of Tribona constitutes a business combination and is recognised in accordance with IFRS 3 Business Combinations. This means, in contrast to an asset acquisition, that deferred tax should be taken into account on all temporary differences. This recognised deferred tax liability results in goodwill of SEK 696.6 million.

## NOTE 12. Investment properties

Investment properties are recognised at fair value.

Change for the year	2016	2015
Opening balance	5,340.3	5,750.9
Acquisitions	5,875.5	566.7
New builds, extensions and conversions <sup>1)</sup>	529.0	131.6
Sales	-1,105.6	-1,307.2
Translation differences, etc.	8.9	0.0
Unrealised changes in value	138.3	198.3
<b>Total</b>	<b>10,786.4</b>	<b>5,340.3</b>
Assets available for sale	-	-558.8
<b>Carrying amount</b>	<b>10,786.4</b>	<b>4,781.5</b>

Taxable values	2016	2015
Taxable values, buildings	2,704.2	1,596.2
Taxable value, land (of which leaseholds, SEK 107.0 M)	1,007.2	748.1
<b>Total</b>	<b>3,711.4</b>	<b>2,344.3</b>

Impact on profit for the year	31 December 2016	31 December 2015
Rental income	786.6	464.2
Property expenses before property management for investment properties that generate rental income	163.3	86.5
Property expenses before property management for investment properties that do not generate rental income	-	-

Change for the year	Logistics properties	Solna project	2015
Opening balance	4,515.9	1,235.0	5,750.9
Acquisitions	566.7	-	566.7
New builds, extensions and conversions <sup>1)</sup>	131.4	0.2	131.6
Sales	-7.2	-1,300.0	-1,307.2
Unrealised changes in value	133.5	64.8	198.3
<b>Total</b>	<b>5,340.3</b>	<b>-</b>	<b>5,340.3</b>
Assets available for sale	-558.8	-	-558.8
<b>Carrying amount</b>	<b>4,781.5</b>	<b>-</b>	<b>4,781.5</b>

Change for the year	Logistics properties	Solna project	2016
Opening balance	5,340.3	-	5,340.3
Acquisitions	5,875.5	-	5,875.5
New builds, extensions and remodelling <sup>1)</sup>	529.0	-	529.0
Sales	-1,105.6	-	-1,105.6
Translation differences, etc.	8.9	-	8.9
Unrealised changes in value	138.3	-	138.3
<b>Total</b>	<b>10,786.4</b>	<b>-</b>	<b>10,786.4</b>
Assets available for sale	-	-	-
<b>Carrying amount</b>	<b>10,786.4</b>	<b>-</b>	<b>10,786.4</b>

Investment properties by region	Number of properties	Lettable area, '000 sq.m.	Fair value, SEK M
Gothenburg	11	201.6	1,642.8
Helsingborg	20	258.8	1,713.4
Jönköping	13	230.3	1,120.0
Malmö	14	173.5	1,351.0
Stockholm	36	626.7	4,959.2
<b>Total</b>	<b>94</b>	<b>1,490.9</b>	<b>10,786.4</b>

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 5.1 million (1.4).

### 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 had a significant project property that was divested in 2015. 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 net operating surplus, long-term vacancy rate 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 expenses).

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 recurring 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 deviation is accepted since there is always some uncertainty in estimated figures.

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

	Outcome						Normalised values <sup>1)</sup>
	Gothenburg	Helsingborg	Jönköping	Malmö	Stockholm	Total	Total
For definitions, see page 129.							
Rental value, SEK M	132.8	127.1	120.0	121.4	424.4	925.7	958.2
Economic letting ratio, %	96.8	91.7	90.1	92.2	93.2	93.0	89.0
Contractual annual rent, SEK M	128.5	116.5	108.1	111.9	395.7	860.7	852.8
Net operating surplus before property administration expenses, SEK M	103.6	85.7	59.1	64.9	264.8	578.1	786.3
Property yield before property administration expenses, %	6.3	5.0	5.3	4.8	5.3	5.4	7.3
Surplus ratio before property administration expenses, %	82.0	74.2	68.3	55.2	77.7	73.5	92.2
Discount rate							9.3
Assumed annual rent development, %							2.0

1) Based on the property portfolio at year-end. 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 2016, 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 include 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 95.7 percent of the portfolio, corresponding to a value of SEK 10.4 billion, during 2016.

No. of properties valued	2016	2015
No. of properties	83	29
External valuation, SEK M	10,380.7	3,374.0
Corresponding internal valuation, SEK M	10,321.3	3,356.8
Deviation, SEK M	59.4	17.2
Deviation, %	0.6	0.5
Carrying amount	10,786.4	5,340.3
Proportion valued externally, %	95.7	62.9

### 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. The discount rate includes assumptions, such as interest rates, debt/equity ratio, inflation assumptions, the required return on paid-in capital, property location, tenant structure, etc. 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	-1,475	1,652
Assumed annual rent development, SEK M	403	-665

## NOTE 13. Property, plant and equipment

Equipment	2016	2015
Opening cost	2.6	2.3
Acquisitions	1.6	0.3
Sales and disposals	-0.1	-
<b>Closing cost</b>	<b>4.1</b>	<b>2.6</b>
Reclassification	-	-
Sales and disposals	-	-
Depreciation for the year	-0.8	-0.5
<b>Closing depreciation</b>	<b>-1.8</b>	<b>-1.0</b>
<b>Carrying amount</b>	<b>2.3</b>	<b>1.6</b>

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

	2016	2015
Central administration	0.8	0.5

## NOTE 14. Participations in associated companies

Joint Venture	2016	2015
<i>Accumulated cost</i>		
Opening balance	27.7	27.0
Acquisitions	-	0.1
The year's participation in profit after tax	6.5	0.6
<b>Carrying amount at year end</b>	<b>34.2</b>	<b>27.7</b>

Associated companies	2016	2015
<i>Accumulated cost</i>		
Opening balance	638.0	1.0
Acquisitions	33.0	610.2
Reclassification	-610.2	-
Shareholder contributions	-	15.0
The year's participation in profit after tax	-12.6	11.8
<b>Carrying amount at year end</b>	<b>48.2</b>	<b>638.0</b>
<b>Total value associated companies at year-end</b>	<b>82.4</b>	<b>665.7</b>

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

PeBri Projektutveckling AB currently conducts no operations.

Log. Sunnanå AB owns and manages a property in Burlöv outside Malmö.

Log. Tostarp AB owns and manages a property in Helsingborg Östra.

Log. Sunnanå Två AB owns land in a logistics location in Burlöv, outside Malmö and will run projects and the development of this facility.

Log. Tostarp Två AB owns land in Helsingborg Östra and will run projects and development of this facility.

All of the joint ventures are owned together with Peab.

Intresseföretaget Törsjö Logistik AB owns land and develops logistics locations in Örebro. Catena owns 34 percent of the company together with Örebroporten Förvaltning AB with 33 percent and AB Lokalusman i Örebro 2 with 33 percent. Catena's associated company, SFF Holding AB (hereafter called SFF), will through the subsidiary Svensk FastighetsFi-

nansiering 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, Platzer 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 50.8 million (32.9).

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).



## 2016

Joint ventures/ Associated companies	Corp. reg. No.	Registered office	Participating interest	Assets	Liabilities	Income	Earnings	Carrying amount
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
Törsjö Logistik AB	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>

## 2015

Joint ventures/ Associated companies	Corp. reg. No.	Registered office	Participating interest	Assets	Liabilities	Income	Earnings	Carrying amount
PeBri Projektutveckling AB	556752-1108	Helsingborg	50.00%	0.8	0.0	-	-0.4	0.4
Log. Sunnanå AB	556699-7788	Helsingborg	50.00%	302.9	297.7	-	0.0	2.6
Log. Tostarp AB	556667-8784	Helsingborg	50.00%	118.9	69.7	4.1	1.7	24.6
Log. Sunnanå Två AB	559023-3911	Helsingborg	50.00%	0.4	0.3	-	-	0.1
Log. Tostarp Två AB	559025-2259	Helsingborg	50.00%	0.1	-	-	-	0.1
Tribona AB (publ) <sup>1)</sup>	556870-4646	Lund	29.55%	5,452.0	3,534.0	402.0	140.0	622.3
<b>Total property companies</b>				<b>5,875.1</b>	<b>3,901.7</b>	<b>406.1</b>	<b>141.3</b>	<b>650.1</b>
SFF Holding AB (financing)	556958-5606	Stockholm	20.00%	-	-	-	-0.7	15.6
<b>Total</b>				<b>5,875.1</b>	<b>3,901.7</b>	<b>406.1</b>	<b>140.6</b>	<b>665.7</b>

1) On 31 December 2015, Catena held 14,377,428 shares in Tribona. The Tribona share was listed on Nasdaq Stockholm and the market price was SEK 42.9 per share.

## Summary financial statements for Tribona for 2015:

Income Statement, SEK M	2015 Jan-Dec
Rental income	402.0
Profit before tax	180.0
<b>Total comprehensive income</b>	<b>138.0</b>

Balance Sheet, SEK M	31 December 2015
Investment properties	5,262.0
Other assets	190.0
<b>Total assets</b>	<b>5,452.0</b>
Equity	1,918.0
Other liabilities	3,534.0
<b>Total equity and liabilities</b>	<b>5,452.0</b>

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

	31 December 2016	31 December 2015
<b>Income Statement</b>		
Rental income	21.3	4.1
Net operating surplus	20.1	3.7
Net profit for the year	1.9	0.9

	31 December 2016	31 December 2015
<b>Balance Sheet</b>		
Non-current assets	396.3	333.8
Current assets	100.6	41.4
<b>Total assets</b>	<b>496.9</b>	<b>375.2</b>
Equity	10.8	8.4
Provisions	9.8	0.8
Other liabilities	476.3	366.0
<b>Total equity and liabilities</b>	<b>496.9</b>	<b>375.2</b>

The table above does not include the income statement and balance sheet for SFF. Read more about SFF on page 87.

## NOTE 15. Accounts receivable

Time analysis of accounts receivable that are past due but not impaired	31 December 2016	31 December 2015
< 30 days	1.3	0.1
31-60 days	0.5	0.2
61-90 days	0.6	0.3
>91 days	0.8	0.5
<b>Total</b>	<b>3.2</b>	<b>1.1</b>
Not yet due	25.1	0.8
<b>Total</b>	<b>28.3</b>	<b>1.9</b>
<b>Impaired receivables</b>		
Opening provision	0.1	2.3
Provision for probable losses	0.1	0.0
Previous probable losses, paid	0.0	0.0
Acquired provisions	0.0	0.0
Confirmed losses	-0.1	-2.2
<b>Closing provision</b>	<b>0.1</b>	<b>0.1</b>
<b>Total accounts receivable</b>	<b>28.4</b>	<b>2.0</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. Assets and liabilities available for sale

On 16 December 2015, an agreement was signed for the sale of the company Fastigheten Preppen HB, with the associated property Västra Frölunda Högsbo 21:2. The subsidiary's assets and liabilities have consequently been reported as held for sale in the Annual Report for 2015.

The buyers took possession of the subsidiary on 15 January 2016. Financial information on the divested company is given below:

No analysis is made of earnings and cash flow, since the sale is considered to have only a minor impact on these items.

At the end of the year, the carrying amounts for assets and liabilities were:	31 December 2016	31 December 2015
Investment properties	-	558.8
Current receivables	-	0.4
<b>Total assets</b>	-	<b>559.2</b>
Equity	-	-
Liabilities to credit institutions, non-current	-	347.2
Deferred tax liabilities	-	22.0
Other current liabilities	-	17.1
<b>Total equity and liabilities</b>	-	<b>386.3</b>
<b>Net assets</b>	-	<b>172.9</b>

## NOTE 17. Other receivables

	31 December 2016	31 December 2015
Receivable, associated companies	92.7	33.3
VAT and other tax receivables	44.2	12.7
Other receivables	340.3	0.2
<b>Total</b>	<b>477.2</b>	<b>46.2</b>

## NOTE 18. Prepaid expenses and accrued income

	31 December 2016	31 December 2015
Administration and property expenses	10.1	6.0
Prepaid fee for credit facility	8.0	2.6
Prepaid project expenses	3.2	2.0
Prepaid ground rent	2.2	2.9
Prepaid insurance premiums	1.4	0.1
Rental discounts allocated to periods	35.5	-
Accrued income	7.5	1.9
<b>Total</b>	<b>67.9</b>	<b>15.5</b>

## NOTE 19. Equity and earnings per share

		Number of shares	Total number of shares
<b>Number of registered shares</b>			
New share issue	17 May 1999	490,754	11,555,662
Bonus issue	9 March 2006	8,838	11,564,500
Private placement	18 October 2013	13,630,952	25,195,452
Private placement	10 March 2014	446,469	25,641,921
Private placement	22 January 2016	7,246,971	32,888,892
Private placement	15 February 2016	346,614	33,235,506
Private placement	11 October 2016	2,500,000	35,735,506
<b>Number of reg. shares</b>			<b>35,735,506</b>

Earnings per share, calculated on earnings attributable to the Parent Company's shareholders during the year, (expressed in SEK per share)	2016	2015
<i>Earnings per share</i>		
Net profit for the year	338.4	571.5
Ordinary shares outstanding	35,735,506	25,641,921
Weighted average of ordinary shares outstanding	33,166,546	25,851,694
<b>Earnings per share prior to and after dilution, SEK</b>	<b>10.20</b>	<b>22.11</b>

Earnings per share have been retroactively recalculated with consideration of the bonus issue element of the new share issue on 11 October 2016.

### 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 2016	Outcome 2016
In the long-term, dividends should amount to 50% of profit from property management less standard rate tax.	>SEK 123.2 M	125.1
Interest-coverage ratio	>1.75 multiple	2.3 multiple
Average capital tied-up	>2 years	1.5 years <sup>1)</sup>
Equity ratio	>30%	31.6%

<sup>1)</sup> After the end of the year, Catena signed a financing agreement with a total limit of around SEK 3.2 billion.

### 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, a loan-to-value ratio of less than 70-75 percent and an equity ratio in excess of 25 percent. Catena has met all external requirements on Group companies.

## NOTE 20. 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 shall take place in SEK except that pertaining to the property in Denmark. 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 2016, liabilities to credit institutions

amounted to SEK 6,457.2 million (3,754.1, of which SEK 347.2 million related to liabilities available for sale in accordance with IFRS 5, see Note 16).

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 1.5, the loan-to-value ratio may not exceed 70-75 percent of market value and the equity ratio must exceed 25 percent. See Note 19 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 2016, lines of credit totalling SEK 6,906.3 million (3,900.3) were available, of which SEK 449.1 million (146.2) 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 2016

	Financial assets	Financial liabilities				Accrued	Unutilised lines of credit	Payment flow	
		Loans	Supplier	Associated companies	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 years	-	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 the current interest rates.

### Maturity structure of financial assets and liabilities, 31 December 2015

	Financial assets	Financial liabilities				Accrued	Unutilised lines of credit	Payment flow	
		Loans	Supplier	Associated companies	interest on loans <sup>1)</sup>			interest on derivatives <sup>1)</sup>	
0-3 months	236.7	369.3	48	14.9	38.8	-	11.0	11.8	
3-12 months	-	975.4	-	-	-	115.8	30.2	35.6	
1-2 years	294.5	1,968.1	-	-	-	30.4	21.0	47.5	
2-5 years	-	169.9	-	-	-	-	6.5	142.5	
More than 5 years	318.6	271.4	-	-	-	-	59.2	88.2	
<b>Total</b>	<b>849.8</b>	<b>3,754.1</b>	<b>48.0</b>	<b>14.9</b>	<b>38.8</b>	<b>146.2</b>	<b>127.9</b>	<b>325.6</b>	

1) At the 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

Matures in	2016	2015
2016	-	1,344.7
2017	3,635.2	1,968.1
2018	381.3	169.9
2019	1,378.9	-
2020	983.6	112.0
>2024	78.2	159.4
<b>Total</b>	<b>6,457.2</b>	<b>3,754.1</b>

### Maturity structure for recognised liabilities to credit institutions

	31 December 2016	31 December 2015
Maturity, 1-5 years from balance-sheet date	2,709.8	2,250.0
Maturity, > 5 years from balance-sheet date	78.2	159.4
<b>Total</b>	<b>2,788.0</b>	<b>2,409.4</b>

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

	Nominal amount in original currency		Average effective interest rate	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Liabilities to credit institutions</b>	<b>6,457.2</b>	<b>3,754.1</b>	<b>3.6%</b>	<b>2.6%</b>

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

The total volume outstanding was SEK 4,457.6 million (2,000.0) for interest-rate swap agreements and SEK 262.0 million (0.0) 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.

On 31 December 2016, total interest-bearing loan liabilities amounted to SEK 6,457.2 million (3,754.1), SEK 347.2 million of which was liabilities available for sale (see Note 16), of which SEK 132.3 million (88.5) will be amortised over 2017. At the same time, the average effective interest rate was 1.4 percent (1.3) and the average fixed-interest term was about 0.3 years (0.4), without taking derivatives into consideration. Taking derivatives into account, the average effective interest rate was 3.6 percent (2.6) and the average fixed-rate period was 3.5 years (3.1). 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 or Cibur 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 4,457.6 million (2,000.0) and interest-rate cap agreements are held in an amount of SEK 262.0 million (0.0).

Two of Catena's loan facilities are affected by the negative Stibor rate with the marginal rate being reduced in these cases. Derivatives are affected when Catena must also pay the variable interest component since this is now negative. The net effect for 2016 of the negative Stibor rate is SEK -12.5 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 %
2017	1,618.3	2.4	25.1
2018	764.0	3.4	11.8
2019	300.0	4.8	4.6
2020	562.0	4.1	8.7
2021	751.7	4.4	11.6
2022	883.9	4.4	13.7
2023	1,070.0	3.8	16.6
>2024	507.3	3.0	7.9
<b>Total</b>	<b>6,457.2</b>	<b>3.6</b>	<b>100.0</b>

1) Pertains to the current average interest rate at 31 Dec 2016. Interest rates change 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 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Interest-rate swap contracts (receive floating, pay fixed interest)	4,457.6	2000.0	-464.5	-115.7	-464.5	-115.7
Interest-rate cap agreements	262.0	-	-	-	-	-

Of the carrying value of interest rate swap agreements and interest-caps, the full amount, SEK -464.5 million (-115.7), 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 2016.

#### 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.

2016	Net profit/loss in the income statement
Loans and receivables	-0.1
Financial assets and liabilities measured at fair value via profit or loss	-38.6
2015	Net profit/loss in the income statement
Loans and receivables	-
Financial assets and liabilities measured at fair value via profit or loss	30.5

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 18.5 M (neg: 16.0).

#### 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 2016, 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 2016, Catena's ten (10) largest tenants accounted for 52 percent (61) of the Group's contracted income from property.

Credit risk exposure	31 December 2016	31 December 2015
Cash and cash equivalents	145.5	201.5
Accounts receivable	28.3	1.9
Other current receivables	477.2	46.2
Other non-current receivables	5.8	617.0
<b>Total</b>	<b>656.8</b>	<b>866.6</b>

**NOTE 21. Classification of financial instruments**

2016	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and receivables	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 assets				-1,273.0
<b>Total</b>				<b>-8,440.6</b>

For all balance sheet items, the carrying amount essentially matches fair value as the items' durations are short or variable interest is applied.

2015	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and receivables	Carrying amount
<b>Financial assets</b>				
Other non-current receivables	-		613.1	613.1
Accounts receivable	-	-	1.9	1.9
Other current receivables	-	-	33.3	33.3
Cash and cash equivalents	-	-	201.5	201.5
<b>Total</b>	-	-	<b>849.8</b>	<b>849.8</b>
Non-financial assets				5,538.9
Non-financial assets available for sale				559.2
<b>Total</b>				<b>6,947.9</b>

<b>Financial liabilities</b>				
Non-current liabilities to credit institutions	-	-2,409.4	-	-2,409.4
Interest-rate derivatives	-115.7	-	-	-115.7
Non-current liabilities available for sale	-	-351.2	-	-351.2
Current liabilities to credit institutions	-	-997.4	-	-997.4
Accounts payable	-	-45.9	-	-45.9
Current liabilities to associated companies	-	-14.9	-	-14.9
Accrued expenses	-	-36.9	-	-36.9
<b>Total</b>	<b>-115.7</b>	<b>-3,855.7</b>	<b>-</b>	<b>-3,971.4</b>
Non-financial assets				-485.5
Non-financial liabilities available for sale				-13.2
<b>Total</b>				<b>-4,470.1</b>

For all balance sheet items, the carrying amount essentially matches fair value as the items' durations are short or variable interest is applied.



## NOTE 22. Pledged assets and contingent liabilities

	31 Decem- ber 2016	31 Decem- ber 2015
<b>Pledged assets</b>		
Property mortgages for liabilities to credit institutions	6,513.3	3,430.4
Shares for liabilities to credit institutions <sup>1)</sup>	2,069.5	2,157.9
Guarantee obligations	-	20.9
<b>Total</b>	<b>8,582.8</b>	<b>5,609.2</b>
<b>Contingent liabilities</b>		
Responsibility for Group companies' liabilities (HB/KB)	372.7	737.6
Guarantees given for Group companies	5,896.4	3,315.5
Guarantees given for associated companies	97.7	99.5
Other contingent liabilities	0.1	0.1
<b>Total</b>	<b>6,366.9</b>	<b>4,152.7</b>

1) Pertains to shares in Group companies.

## NOTE 23. Accrued expenses and deferred income

	31 Decem- ber 2016	31 Decem- ber 2015
Advance payment of rents	86.0	28.8
Accrued operating expenses	10.5	5.5
Prepaid media expenses	0.6	0.6
Accrued interest expenses	36.8	14.1
Accrued salary-related expenses	15.7	11.1
Accrued selling expenses	21.4	-
Other items	5.8	5.5
<b>Total</b>	<b>176.8</b>	<b>65.6</b>

## NOTE 24. Related parties

### Related-party transactions

The Group is under a significant influence from Erik Paulsson, with his family and companies. At 31 December 2016, his holding amounted to 31.4 percent (46.8) 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 Backahill AB and Hansan AB. Related party transactions also took place with AB Elmsätters in Enhörna, a company owned by Board Member, Catharina Elmsäter Svärd, for consulting services.

In addition to the above related party relationships, through subsidiaries, Catena owns the following associated companies: Log. Sunnanå AB, Log.Tostarp AB, PeBri Projektutveckling AB, Törsjö Logistik AB and SFF Holding AB. See Note 14 Participations in associated companies.

In 2016, 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 two cases, Catena has given guarantees for Group companies' associated companies, see Note 22 Pledged assets and contingent liabilities.

	2016	2015
<b>Transactions with the Group's associated companies</b>		
Sales	8.5	3.2
Interest income	1.5	1.5
Current receivables	92.7	67.0
Non-current receivables	0.7	-
Interest-bearing liabilities	46.4	14.9
Guarantees given	97.7	99.5
<b>Transactions with other related parties</b>		
Purchases	0.2	118.7
Sales	-	1,430.7
Non-current receivables	-	613.1

### Other information

Liabilities and receivables with related parties pertain to the settlement account, to which interest is charged.

The item Non-current receivables relates to the deferred purchase consideration incurred in connection with the sale of the project properties in Solna.

Transactions with related parties are priced at market rates.

## NOTE 25. Significant events after the end of the financial year

On 18 January 2017, Catena participated in a bond issue via SFF (Svensk FastighetsFinansiering AB) totalling SEK 234 million for the terminal Stockholm Drivremmen 1 acquired in December 2016. SEK 170 million matures on 20 April 2020 with a fixed annual nominal rate of 1.42, and SEK 64 million with a term to maturity until 9 March 2020 with a floating interest rate of 3 months Stibor plus 1 percent with effective margin of 1.1 percent.

On 23 February 2017, Catena divested 50 percent of the company Catena Regulatorn AB for a purchase consideration of SEK 77 million. The company owns the Regulatorn 2 property in Huddinge, which in the transaction had an appraised value of SEK 365 million. The buyer and future partner is WA Fastigheter AB, which will work to prepare a new detailed development plan for the property, which in the long term is not suitable for logistics purposes.

On 15 March, Catena signed an agreement of sale and the same day withdrew from the property Ädelmetallen 1 in Jönköping. The transaction is taking place as a company sale to Förvaltnings AB Lustgården for a purchase consideration of more than SEK 95 million with an underlying property value of SEK 96 million. The property has a lettable area of 21,000 square metres and is currently in a location better suited to commerce than logistics.

Otherwise, no significant events have taken place since the balance-sheet date that impact the assessment of the Group's financial position.

**NOTE 26. Cash-flow statement**

	<b>1 January 2016 -31 December 2016</b>	<b>1 January 2015 -31 December 2015</b>
<b>Supplementary disclosures to the cash-flow statement</b>		
<b>Interest paid and dividends received</b>		
Dividends received	-	-
Interest received	1.8	4.2
Interest paid	-203.1	-88.9
<b>Adjustments for non-cash items</b>		
Amortisation, depreciation and impairment of assets	0.8	0.5
Change in value of investment properties	-38.3	-198.3
Change in value of derivatives	38.5	-30.5
Participations in the earnings of associated companies	6.0	-12.4
Net capital loss from the divestment of non-current assets	-11.6	-101.3
Net capital loss from the divestment of operations	1.8	-0.9
Other non-cash profit/loss items	12.1	-5.4
	<b>-90.7</b>	<b>-348.3</b>
<b>Acquisition of assets via subsidiaries</b>		
The acquisition of Tribona constitutes a business combination in accordance with IFRS3, while the year's other acquisitions of shares in subsidiaries have been classified as asset acquisitions and the net proceeds consisted of the following items:		
<i>Assets acquired and liabilities assumed:</i>		
Goodwill	696.6	-
Investment properties	5,829.8	555.7
Property, plant and equipment	1.3	-
Deferred tax assets	77.3	-
Operating receivables	25.3	15.0
Cash and cash equivalents	32.9	3.2
Provisions	-310.0	-
Deferred tax liabilities	-704.1	-
Non-current liabilities	-3,240.0	-72.0
Current operating liabilities	-82.2	-31.8
<b>Total net assets</b>	<b>2,326.9</b>	<b>470.1</b>
Purchase consideration paid	2,326.9	235.9
Payment for redemption of the company's debt to the Parent Company	-	234.2
Non-cash issue	-1,466.2	-
<b>Total</b>	<b>860.7</b>	<b>470.1</b>
Less: Cash and cash equivalents in the acquisition	-32.9	-3.2
<b>Impact on cash and cash equivalents</b>	<b>827.8</b>	<b>466.9</b>
<b>Divestment of operations</b>		
<i>Divested assets and liabilities:</i>		
Goodwill	44.2	-
Investment properties	976.1	1306.7
Financial assets	6.7	-
Deferred tax assets	0.4	-
Operating receivables	7.4	47.1
Cash and cash equivalents	-	-
Provisions	-0.9	-
Deferred tax liabilities	-37.5	-0.5
Non-current liabilities	-222.9	-
Current liabilities	-269.5	-26.8
Remaining shareholding	-	-
Capital gains	95.4	95.4
<b>Total</b>	<b>502.2</b>	<b>1,421.9</b>
Purchase consideration received	502.2	1,421.9
Vendor's lien	-40.0	-650.0
<b>Total</b>	<b>462.2</b>	<b>771.9</b>
Less: Cash and cash equivalents in the acquisition	-	-
<b>Impact on cash and cash equivalents</b>	<b>462.2</b>	<b>771.9</b>
<b>Acquisitions of other financial assets</b>		
Capital contribution made	-	-
Acquisitions of associated companies	-	-621.2
Changes in interest-bearing items	-	-
<b>Total investments in financial assets</b>	<b>-</b>	<b>-621.2</b>
<b>Divestment of financial assets</b>		
Shareholder contribution received	-	-
Settlement of financial receivables	222.6	-
<b>Total divestment of financial assets</b>	<b>222.6</b>	<b>-</b>

## NOTE 27. Alternative performance measures

	Reference	Formula reference	31 December 2016	31 December 2015
<i>Property-related</i>				
<b>Surplus ratio, %</b>				
Net operating surplus	IS	A	578.1	351.3
Rental income	IS	B	786.6	464.2
Surplus ratio = A/B			73.5%	75.7%
<b>Loan-to-value ratio, %</b>				
Non-current liabilities to credit institutions	BS	A	2,788.0	2,409.4
Current liabilities to credit institutions	BS	B	3,669.2	997.5
– liabilities related to assets held for sale	Note 16	C	–	347.2
Investment properties	BS	D	10,786.4	4,781.5
– recognised as held for sale	Note 16	E	–	558.8
Loan-to-value ratio = (A+B+C)/(D+E)			59.9%	70.3%
<i>Financial</i>				
<b>Return on equity, %</b>				
Net profit for the year	IS	A	338.4	571.5
Total equity at beginning of year	BS	B	2,477.8	1,984.4
Total equity at end of year	BS	C	3,904.3	2,477.8
Return on equity = A/((B+C)/2)			10.6%	25.6%
<b>Return on total capital, %</b>				
Profit before tax	IS	A	386.6	590.3
Reversal of financial expenses	IS	B	244.3	94.3
Reversal of unrealised changes in values of derivatives	IS	C	38.6	–
Total assets at beginning of year	BS	D	6,947.9	6,136.0
Total assets at end of year	BS	E	12,344.9	6,947.9
Return on total capital = A+B+C/((D+E)/2)			6.9%	10.5%
<b>Interest-coverage ratio, multiple</b>				
Profit before tax	IS	A	386.6	590.3
Reversal of financial expenses	IS	B	244.3	94.3
Reversal of unrealised changes in value from investment properties	IS	C	-138.3	-198.3
Reversal of changes in value in goodwill	IS	D	38.9	–
Reversal of changes in value in derivatives	IS	E	38.6	-30.5
Interest coverage ratio = (A+B+C+D+E)/B			2.3	4.8
<b>Average interest rate, %</b>				
See Interest rate maturity structure in	Note 20		3.6	2.6
<b>Fixed interest, years</b>				
See Interest rate maturity structure in	Note 20		3.5	3.1
<b>Interest-bearing liabilities concerning properties, SEK M</b>				
Non-current liabilities to credit institutions	BS	A	2,788.0	2,409.4
Current liabilities to credit institutions	BS	B	3,669.2	997.5
– liabilities related to assets held for sale	Note 15	C	–	347.2
Interest-bearing liabilities concerning properties = A+B+C			6,457.2	3,754.1
<b>Capital tied-up, years</b>				
See Loan maturity structure in	Note 20		1.5	2.5
<b>Debt/equity ratio, multiple</b>				
Interest-bearing liabilities concerning properties, SEK M		A	6,457.2	3,754.1
Total equity at end of year	BS	B	3,904.3	2,477.8
Debt/equity ratio = A/B			1.7	1.5
<b>Equity ratio, %</b>				
Total equity at end of year	BS	A	3,904.3	2,477.8
Total assets at end of year	BS	B	12,344.9	6,947.9
Equity ratio = A/B			31.6%	35.7%
<b>Equity ratio, excluding goodwill, %</b>				
Total equity at end of year	BS	A	3,904.3	2,477.8
Total assets at end of year	BS	B	12,344.9	6,947.9
Deductions, goodwill	BS	C	613.5	–
Equity ratio excl. goodwill = A/(B-C)			33.3%	35.7%

	Reference	Formula reference	31 December 2016	31 December 2015
<i>Share-related</i>				
<b>Dividend yield, %</b>				
1		A	3.5	3.0
		B	128.50	115.75
2			2.7%	2.6%
<b>Total return on the share, %</b>				
3		A	3.5	3.0
		B	115.00	105.75
4		C	128.50	115.75
5			14.8%	12.3%
<b>Equity per share, SEK</b>				
6	BS	A	3,899.9	2,473.4
		B	35,735,506	25,641,921
7			109.13	96.46
<b>Profit from property management per share, SEK</b>				
8	IS	A	316.0	259.3
		B	33,166,546	25,851,694
9			9.53	10.03
<b>P/E ratio</b>				
10		A	10.20	22.11
		B	128.50	115.75
11			13	5
<b>Cash flow before changes in working capital per share, SEK</b>				
12	CFS	A	294.3	241.5
		B	33,166,546	25,851,694
13			8.87	9.34
<b>Non-current net asset value per share, EPRA NAV (including goodwill), SEK</b>				
14	BS	A	3,899.9	2,473.4
	BS	B	-135.6	-57.8
15	Note 20	C	464.5	115.7
	BS	D	1,125.7	395.7
16	Note 16	E	-	22.0
		F	35,735,506	25,641,921
17			149.8	115.0
<b>Non-current net asset value per share, EPRA NAV, SEK</b>				
18	BS	A	3,899.9	2,473.4
		B	-503.0	-
19	BS	C	-135.6	-57.8
	Note 20	D	464.5	115.7
20	BS	E	1,125.7	395.7
	Note 16	F	-	22.0
21		G	35,735,506	25,641,921
22			135.8	115.0

1) 2015 figures have been restated taking into account the bonus element of the new share issue 11 October 2016.

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 January 2016- 31 December 2016	1 January 2015- 31 December 2015
Net turnover	4	47.7	30.2
Cost of services performed	5,6,7,8	-70.0	-55.1
<b>Operating profit/loss</b>		<b>-22.3</b>	<b>-24.9</b>
<b>Financial income and expenses</b>	9		
Interest income and similar profit/loss items		101.1	73.2
Profit from participations in Group companies		146.2	102.7
Interest expense and similar profit/loss items		-241.6	-99.4
<b>Profit before tax</b>		<b>-16.6</b>	<b>51.6</b>
Appropriations		-0.1	-
Tax on profit for the year	10	-14.3	-17.7
<b>Comprehensive income for the year</b>	<b>16</b>	<b>-31.0</b>	<b>33.9</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.

## Balance Sheet, Parent Company

SEK M	Note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Equipment	11	2.3	1.6
<i>Financial fixed assets</i>			
Participations in Group companies	12	3,252.6	1,242.4
Participations in associated companies	13	–	610.2
Deferred tax assets	10	39.4	29.4
Other non-current receivables		4.1	3.8
<b>Total financial fixed assets</b>		<b>3,296.1</b>	<b>1,885.8</b>
<b>Total non-current assets</b>		<b>3,298.4</b>	<b>1,887.4</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	14	0.3	0.2
Receivables from Group companies		3,983.1	1,210.3
Receivables from associated companies		92.7	33.3
Other receivables		2.4	2.3
Prepaid expenses and accrued income	16	3.9	3.3
<b>Total current receivables</b>		<b>4,082.4</b>	<b>1,249.4</b>
<i>Cash and bank balances</i>		<b>113.7</b>	<b>201.2</b>
<b>Total current assets</b>		<b>4,196.1</b>	<b>1,450.6</b>
<b>Total ASSETS</b>	<b>22</b>	<b>7,494.5</b>	<b>3,338.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		157.2	112.8
Statutory reserve		10.0	10.0
<b>Total restricted equity</b>		<b>167.2</b>	<b>122.8</b>
<b>Unrestricted equity</b>			
Share premium reserve		1,998.8	962.4
Profit brought forward		33.9	–
Comprehensive income for the year		-31.0	33.9
<b>Total unrestricted equity</b>		<b>2,001.7</b>	<b>996.3</b>
<b>Total equity</b>		<b>2,168.9</b>	<b>1,119.1</b>
<b>Untaxed reserves</b>			
Excess depreciation		0.1	–
<b>Total untaxed reserves</b>		<b>0.1</b>	<b>–</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	18	0.4	0.5
<b>Total provisions</b>		<b>0.4</b>	<b>0.5</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	15.20	–	316.8
Deferred tax liabilities	10	–	–
Interest-rate derivatives	15	177.5	115.7
<b>Total non-current liabilities</b>		<b>177.5</b>	<b>432.5</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	15.20	316.8	67.2
Accounts payable		6.8	4.8
Liabilities to Group companies	15	4,740.3	1,667.5
Liabilities to associated companies		46.4	14.9
Other liabilities		6.6	4.9
Tax liability		0.1	–
Accrued expenses and deferred income	19	30.6	26.6
<b>Total current liabilities</b>		<b>5,147.6</b>	<b>1,785.9</b>
<b>Total liabilities</b>	<b>22</b>	<b>5,325.1</b>	<b>2,218.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,494.5</b>	<b>3,338.0</b>

## Parent Company changes in equity

SEK M	Restricted equity		Unrestricted equity			
	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Comprehensive income for the year	Total equity
<b>Opening equity, 1 Jan 2015</b>	<b>112.8</b>	<b>10.0</b>	<b>1,039.3</b>	-	-	<b>1,162.1</b>
New share issue	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	33.9	33.9
Dividend	-	-	-76.9	-	-	-76.9
<b>Closing equity, 31 Dec 2015</b>	<b>112.8</b>	<b>10.0</b>	<b>962.4</b>	-	<b>33.9</b>	<b>1,119.1</b>
<b>Opening equity, 1 Jan 2016</b>	<b>112.8</b>	<b>10.0</b>	<b>962.4</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 costs	-	-	-7.0	-	-	-7.0
Issue costs, tax	-	-	1.5	-	-	1.5
Comprehensive income for the year	-	-	-	-	-31.0	-31.0
Dividend	-	-	-99.7	-	-	-99.7
<b>Closing equity, 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>

## Parent Company Cash-flow Statement

SEK M	Note 21	1 January 2016 -31 December 2016	1 January 2015 -31 December 2015
<b>Operating activities</b>			
Profit before tax		-16.6	51.6
Adjustments for non-cash items		62.3	-30.1
<b>Cash flow before changes in working capital</b>		<b>45.7</b>	<b>21.5</b>
<b>Changes in working capital</b>			
Change in operating receivables		-2.5	-10.4
Change in operating liabilities		-14.9	10.1
<b>Cash flow from operating activities</b>		<b>28.3</b>	<b>21.2</b>
<b>Investing activities</b>			
Acquisition of subsidiaries		-589.3	-
Sale of subsidiaries		47.9	-
Acquisitions of property, plant and equipment		-1.5	-0.3
Acquisitions of financial assets		-	-625.2
Sales and net amortisation of financial assets		271.0	299.7
<b>Cash flow from investing activities</b>		<b>-271.9</b>	<b>-325.8</b>
<b>Financing activities</b>			
New share issue		323.0	-
Borrowings		-	384.0
Amortisation of loans		-67.2	-
Dividend		-99.7	-76.9
<b>Cash flow from financing activities</b>		<b>156.1</b>	<b>307.1</b>
<b>Cash flow for the year</b>		<b>-87.5</b>	<b>2.5</b>
<b>Opening cash and cash equivalents</b>		<b>201.2</b>	<b>198.7</b>
<b>Closing cash and cash equivalents</b>		<b>113.7</b>	<b>201.2</b>

# 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 20 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 turnover

Turnover primarily comprises intra-Group administration fees.

## Note 5. Cost of services performed

	2016	2015
Personnel expenses	47.4	34.1
Other external costs	21.8	20.5
Depreciation of property, plant and equipment	0.8	0.5
<b>Total</b>	<b>70.0</b>	<b>55.1</b>

## NOTE 6. Employee and personnel expenses

Average number of employees	of whom		of whom	
	2016	men	2015	men
Employees in Sweden	32	65%	21	69%

Gender distribution In company management	2016	2015	2016	2015
	Board of Directors		Senior executives	
Men	67%	67%	75%	75%
Women	33%	33%	25%	25%

	2016	2015
<b>Salaries, fees, benefits and other remuneration</b>		
Chairman of the Board	0.2	0.2
Other Board members	0.4	0.4
Chief Executive Officer		
Base salary	2.8	2.7
Other remuneration	1.5	1.4
Other senior executives (9 and 7 individuals respectively)		
Base salary	7.8	5.6
Other remuneration	1.9	1.4
Other employees	15.0	9.7
<b>Total</b>	<b>29.6</b>	<b>21.4</b>
<b>Pension expenses</b>		
Chief Executive Officer	1.6	1.3
Other senior executives (9 and 7 individuals respectively)	3.3	2.1
Other employees	2.3	1.2
<b>Total</b>	<b>7.2</b>	<b>4.6</b>
<b>Statutory social security contributions incl. payroll tax</b>		
Chairman of the Board	0.1	0.1
Other Board members	0.1	0.1
Chief Executive Officer	1.7	1.6
Other senior executives (9 and 7 individuals respectively)	3.7	2.7
Other employees	5.2	3.3
<b>Total</b>	<b>10.8</b>	<b>7.8</b>
<b>Total</b>	<b>47.6</b>	<b>33.8</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

	2016	2015
Auditing engagement	1.9	1.2
Audit activities in addition to the audit engagement	0.5	0.5
Tax consultancy	0.1	0.2
Other services	-	0.1
<b>Total</b>	<b>2.5</b>	<b>2.0</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

	2016	2015
Minimum lease fees <sup>1)</sup>	1.4	0.6

1) There were no variable fees.

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

	2016	2015
Within one year	1.4	0.7
Between one and five years	1.1	0.4
<b>Total</b>	<b>2.5</b>	<b>1.1</b>

The Parent Company's operational leases mainly comprise operational vehicle leases.

## NOTE 9. Financial income and expenses

Interest income and similar profit/loss items	2016	2015
Interest income, Group companies	86.7	39.6
Interest income, other	1.5	3.1
Interest-rate derivatives, changes in value	-	30.5
Exch. rate gain	12.9	-
<b>Total</b>	<b>101.1</b>	<b>73.2</b>

Profit from participations in affiliated companies	2016	2015
Group contributions received	226.5	131.2
Impairment of shares in subsidiaries	-80.3	-28.5
<b>Total</b>	<b>146.2</b>	<b>102.7</b>

Interest expense and similar profit/loss items	2016	2015
Interest expense, Group companies	-111.2	-49.9
Interest expense, other	-63.1	-44.4
Interest-rate derivatives, changes in value	-61.8	-
Other financial expenses	-5.5	-5.1
<b>Total</b>	<b>-241.6</b>	<b>-99.4</b>

<b>Net financial items</b>	<b>5.7</b>	<b>76.5</b>
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## Note 10. Tax

Recognised in profit or loss	2016	2015
<i>Current tax</i>		
Tax for the year	-22.8	-8.0
<i>Deferred tax</i>		
Deferred tax for temporary differences	8.5	-9.7
<b>Total recognised tax</b>	<b>-14.3</b>	<b>-17.7</b>

Reconciliation of effective tax	2016	2015
Profit before tax	-16.6	51.6
Tax according to applicable tax rate; 22%	3.7	-11.4
Non-deductible expenses	-17.8	-6.3
Taxes attributable to preceding years	-0.2	-
<b>Recognised effective tax</b>	<b>-14.3</b>	<b>-17.7</b>

The recognised effective tax rate in percent totalled -86.1 (34.3).

Deferred tax assets	Rec.			Rec.		
	OB 2015	in P/L 2015	CB 2015	equity 2016	in P/L 2016	CB 2016
Pension provisions	0.7	-0.2	0.5	-	-0.2	0.3
Derivative instruments	32.2	-6.7	25.5	-	13.6	39.1
Loss carry forwards	6.2	-2.8	3.4	-	-3.4	-
<b>Total deferred tax asset</b>	<b>39.1</b>	<b>-9.7</b>	<b>29.4</b>	<b>-</b>	<b>10.0</b>	<b>39.4</b>
<b>Deferred tax liability</b>						
Issue expenses	-	-	-	1.5	-1.5	-
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>-1.5</b>	<b>-</b>

## NOTE 11. Property, plant and equipment

Equipment	2016	2015
Opening cost	2.6	2.3
Acquisitions	1.6	0.3
Sales and disposals	-0.1	-
<b>Closing cost</b>	<b>4.1</b>	<b>2.6</b>
Opening depreciation	-1.0	-0.5
Sales and disposals	-	-
Depreciation for the year	-0.8	-0.5
<b>Closing depreciation</b>	<b>-1.8</b>	<b>-1.0</b>
<b>Carrying amount</b>	<b>2.3</b>	<b>1.6</b>

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

Cost of services performed	2016	2015
	<b>0.8</b>	<b>0.5</b>

## NOTE 12. Participations in Group companies

	31 December 2016	31 December 2015
<i>Accumulated cost</i>		
Opening balance	1,338.0	1,294.5
Acquisitions	2,058.1	-
Disposals	-47.9	-
Group contributions paid <sup>1)</sup>	80.3	28.5
Capital contribution made	-	15.0
<b>Closing balance</b>	<b>3,428.5</b>	<b>1,338.0</b>
<i>Accumulated write-downs</i>		
Opening balance	-95.6	-67.1
Impairment for the year <sup>2)</sup>	-80.3	-28.5
<b>Closing balance</b>	<b>-175.9</b>	<b>-95.6</b>
<b>Carrying amount at year end</b>	<b>3,252.6</b>	<b>1,242.4</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 December 2016	31 December 2015
Subsidiaries	Corp. reg. No.	Registered office	Number of participations	Share in % <sup>1)</sup>	Carrying amount	Carrying amount
Catena Logistik AB	556922-7365	Helsingborg	1,000	100.0	1,154.8	1,154.8
Catena Byggnads AB	556048-4726	Helsingborg	50,000	100.0	-	47.7
Catena Fastigheter AB	556754-0843	Helsingborg	1,000	100.0	0.1	0.1
Catena i Stenungsund AB	556754-0835	Helsingborg	1,000	100.0	-	0.1
Catena i Vinsta AB	556754-0868	Helsingborg	1,000	100.0	24.6	24.6
Catena i Täby AB	556754-7509	Helsingborg	1,000	100.0	-	0.1
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	2,058.1	-
<b>Total</b>					<b>3,252.6</b>	<b>1,242.4</b>

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

2) After invoking compulsory redemption, Catena received advanced vesting of title to the outstanding shares in Tribona. However, legal proceedings are under way concerning what price the final shares shall be redeemed at.

### Specification of indirectly owned subsidiaries

Name	Corp. Reg. No.	Registered office	Name	Corp. Reg. No.	Registered office
Catena Adaptern 1 AB	556606-3631	Helsingborg	Catena Godsvagnen AB	556740-8801	Helsingborg
Catena Backa 23:5 KB	916624-0797	Helsingborg	Catena Gävle AB	556697-7194	Helsingborg
Catena Backa 23:9 AB	556822-2433	Helsingborg	Catena Haninge AB	556660-1596	Helsingborg
Catena Backa 97:10 AB	556595-0002	Helsingborg	Catena Holding 11 AB	556914-7522	Helsingborg
Catena Backa Invest AB	556758-6838	Helsingborg	Catena Holding 5 AB	556877-4243	Helsingborg
Catena Basfiolen AB	556697-7129	Helsingborg	Catena Holding 6 AB	556877-4250	Helsingborg
Catena Batteriet AB	559083-7182	Helsingborg	Catena Holding 8 AB	556905-3951	Helsingborg
Catena B-Kråkebo 1:56 AB	559016-9198	Helsingborg	Catena Holding 9 AB	556912-0313	Helsingborg
Catena Boländerna 22:9 AB	559083-7125	Helsingborg	Catena Holding I AB	556707-7580	Helsingborg
Catena Borlänge AB	556605-0620	Helsingborg	Catena Holding II AB	556706-9660	Helsingborg
Catena Borås AB	556519-4155	Helsingborg	Catena Holding IV AB	556750-7891	Helsingborg
Catena Borås Tre AB	556691-3223	Helsingborg	Catena Holding NO AS	991,742,328	Oslo
Catena Borås Två AB	556537-6141	Helsingborg	Catena Hästhagen AB	556252-1616	Helsingborg
Catena Bronsringen AB	556702-8153	Helsingborg	Catena Invest AB	556649-9108	Helsingborg
Catena Bröndby AS	DK 30926080	Copenhagen	Catena Jakobsberg AB	556607-0925	Helsingborg
Catena Bulten 1 AB	556968-2478	Helsingborg	Catena Jordbromalm 4:41 AB	556731-8554	Helsingborg
Catena Bunkagården M 1 AB	556445-0087	Helsingborg	Catena Järfälla AB	556605-0737	Helsingborg
Catena Bunkagården M 2 AB	556912-0339	Helsingborg	Catena Jönköping AB	556536-7587	Helsingborg
Catena Burlöv AB	556605-0992	Helsingborg	Catena Jönköping Två AB	556691-3215	Helsingborg
Catena Drivremmen 1 AB	559083-7117	Helsingborg	Catena Karlstad AB	556605-0695	Helsingborg
Catena Däcket 1 AB	559083-7166	Helsingborg	Catena Klippan AB	556536-7579	Helsingborg
Catena Ekeby 2:2 AB	559081-1880	Helsingborg	Catena Klippan Mega AB	556594-2603	Helsingborg
Catena Fosie 4 AB	556775-7819	Helsingborg	Catena Konen AB	556802-4771	Helsingborg
Catena Fräsaren 12 AB	556987-6773	Helsingborg	Catena Kopparkerket AB	556700-1275	Helsingborg
Catena Fröträdet 1 AB	556605-2139	Helsingborg	Catena Korsberga 1 AB	556834-6539	Helsingborg
Catena Fördelaren 1 AB	556605-2097	Helsingborg	Catena Kristianstad AB	556697-7202	Helsingborg
Catena Förmannen AB	556667-7299	Helsingborg	Catena Kungsbacka AB	556969-5439	Helsingborg

Name	Corp. Reg. No.	Registered office	Name	Corp. Reg. No.	Registered office
Catena Köpingegården HB	916626-8806	Helsingborg	Catena Södertälje AB	556524-7433	Helsingborg
Catena Lagret 1 AB	556660-1539	Helsingborg	Catena Söderåsen Fastighets AB	556634-8776	Helsingborg
Catena Lagret 2 AB	559007-5544	Helsingborg	Catena Tahe AB	556102-5304	Helsingborg
Catena Linköping AB	556605-0471	Helsingborg	Catena Tankbilen 9 AB	556956-0690	Helsingborg
Catena Logistikposition Helsingborg AB	556688-6635	Helsingborg	Catena Terminal AB	559081-1948	Helsingborg
Catena Malmö AB	556537-6166	Helsingborg	Catena Terminalen 1 AB	556312-0236	Helsingborg
Catena Malmö Två AB	556824-2944	Helsingborg	Catena Transportstaden Örebro AB	556591-2309	Helsingborg
Catena Misteln AB	559011-1307	Helsingborg	Catena Tågarp 16:22 AB	559018-0880	Helsingborg
Catena Mosås AB	556710-4459	Helsingborg	Catena Umeå AB	556605-0562	Helsingborg
Catena Muskötgatan AB	556633-8157	Helsingborg	Catena Vanda AB	556672-1402	Helsingborg
Catena Mållås 4:4 AB	559083-7133	Helsingborg	Catena Varalöv AB	556663-0025	Helsingborg
Catena Mölnlycke AB	556990-3379	Helsingborg	Catena Vasslan AB	556697-7137	Helsingborg
Catena Mörby AB	556713-8572	Helsingborg	Catena Vindtunneln 2 AB	556685-3064	Helsingborg
Catena Obl. AB	556984-8426	Helsingborg	Catena Vissol AB	556140-0135	Helsingborg
Catena Projekt AB	556824-7570	Helsingborg	Catena Vissol Två AB	556717-7653	Helsingborg
Catena Regulatorn AB	556584-0005	Helsingborg	Catena Vångagärdet AB	559086-8021	Helsingborg
Catena Service AB	556750-7917	Helsingborg	Catena Vårdshuset AB	556697-7145	Helsingborg
Catena Skogskojan 1 AB	556972-7547	Helsingborg	Catena Värnamo AB	556950-7592	Helsingborg
Catena Slottshagen 2:1 AB	556703-2809	Helsingborg	Catena Växjö Ett AB	556222-2595	Helsingborg
Catena Slätthög 1 AB	556929-6873	Helsingborg	Catena Årsta AB	556605-0760	Helsingborg
Catena Slätthög 4 AB	556872-7639	Helsingborg	Catena Ädelmetallen AB	556740-9874	Helsingborg
Catena Slätthög 6 AB	556929-6881	Helsingborg	Catena Ättehögen AB	556659-9360	Helsingborg
Catena Smeden 1 AB	556950-7584	Helsingborg	Catena Örebro AB	556636-3270	Helsingborg
Catena Sockret 1 AB	559054-1099	Helsingborg	Catena Östanvinden AB	556697-7111	Helsingborg
Catena Sockret 2 AB	559054-1107	Helsingborg	Hallsbergs Kombiterminal AB	556643-8023	Helsingborg
Catena Sockret 4 AB	559025-6698	Helsingborg	Hallsbergs Terminal AB	556317-5966	Helsingborg
Catena Sockret 6 AB	559054-0968	Helsingborg	Logistikposition Karlshamn AB	556752-6040	Karlshamn
Catena Stockholm AB	556519-4148	Helsingborg	Logistikposition Katrineholm AB	556692-4147	Katrineholm
Catena Sundsvall AB	556605-0596	Helsingborg	Queenswall AB	559001-6696	Ängelholm
Catena Sunnanå 5:16 AB	559071-0090	Helsingborg			

## NOTE 13. Participations in associated companies

Associated companies	31 December 2016	31 December 2015
<i>Accumulated cost</i>		
Opening balance	610.2	-
Acquisitions	-	610.2
Reclassification	-610.2	-
Shareholder contributions	-	-
The year's participation in profit after tax	-	-
<b>Carrying amount at year end</b>	<b>-</b>	<b>610.2</b>

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

### 2015

Joint ventures/ Associated companies	Corp. reg. No.	Registered office	Participation	Assets	Liabilities	Income	Earnings	Carrying amount
Tribona AB (publ)	556870-4646	Lund	29.55%	5,453.0	3,534.0	402.0	140.0	610.2
<b>Total</b>				<b>5,453.0</b>	<b>3,534.0</b>	<b>402.0</b>	<b>140.0</b>	<b>610.2</b>

For more information, see Group Note 13, Participations in associated companies.

## Note 14. Accounts receivable

The Parent Company's accounts receivable amounted to SEK 0.3 million (0.2). Of these, SEK 0.2 million (0.0) has not fallen due. No bad debt losses arose for the Parent Company during the year.

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 for 2015, SEK million (100 percent).

## 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 December 2016	31 December 2015	31 December 2016	31 December 2015
Liabilities to credit institutions	316.8	384.0	2.6%	2.6%
Liabilities to Group companies	4,740.3	1,667.5	3.0%	3.0%
Liabilities to associated companies	46.4	14.9	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 December 2016	31 December 2015	31 December 2016	31 December 2015
Interest-rate swaps	2,000.0	2,000.0	-177.5	-115.7

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 30.6 million (neg: 0.5).

## NOTE 17. Equity

### Number of shares in issue at 31 December 2016

Class of shares	Number of registered shares	Quotient value per share, SEK	Total quotient value, SEK	Number of votes per share	Total number of votes
Ordinary shares	35,735,506	SEK 4.40	SEK 157,236,226.40	1	35,735,506

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 outstanding shares
1999	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

The dividends adopted by the Annual General Meeting and paid in 2016 were SEK 3.00 per share or a total of SEK 99.7 million. For 2016, the Board proposes an ordinary dividend of SEK 3.50 per share. Based on the number of shares outstanding entitled to receive a dividend for the 2016 financial year, the proposed dividend means a total dividend amount of

## NOTE 16. Prepaid expenses and accrued income

	31 December 2016	31 December 2015
Prepaid fee for credit facility	2.1	2.6
Prepaid rent for premises	0.5	0.1
Other prepaid expenses	1.3	0.6
<b>Total</b>	<b>3.9</b>	<b>3.3</b>

SEK 125.1 million. The dividend amount corresponds to 101 percent of the dividend target in Catena's financial targets, SEK 123.2 million.

The Parent Company's target for asset management and the financial targets correspond with the Group's and are detailed in Note 19 for the Group.

**NOTE 18. Other provisions**

	2016	2015
Special payroll tax	0.4	0.5
<b>Payments</b>		
	2016	2015
Amount for which a provision is expected to be paid after more than 12 months	0.2	0.4
	2016	2015
Opening balance	0.5	0.7
Settled commitments	-0.1	-0.2
<b>Closing balance</b>	<b>0.4</b>	<b>0.5</b>

**NOTE 19. Accrued expenses and deferred income**

	31 December 2016	31 December 2015
Accrued salary-related expenses	15.3	11.0
Accrued interest expenses	11.2	10.6
Other accrued expenses	4.1	5.0
<b>Total</b>	<b>30.6</b>	<b>26.6</b>

**NOTE 20. Pledged assets and contingent liabilities**

<b>Pledged assets</b>	2016	2015
Guarantee obligations	-	20.9
<b>Total</b>	<b>-</b>	<b>20.9</b>
<b>Contingent liabilities</b>	2016	2015
Guarantees given for Group companies	4,441.9	2,631.2
Guarantees given for associated companies	97.7	99.5
<b>Total</b>	<b>4,539.6</b>	<b>2,730.7</b>

**NOTE 21. Cash-flow statement**

	1 January 2016 -31 December 2016	1 January 2015 -31 December 2015
<b>Supplementary disclosures</b>		
<b>Interest paid and dividends received</b>		
Interest received	88.2	42.7
Interest paid	-173.7	-104.6
<b>Adjustments for non-cash items</b>		
Amortisation, depreciation and impairment of assets	0.7	0.4
Change in value of derivatives	61.8	-30.5
Other non-cash profit/loss items	-0.2	-
<b>Total</b>	<b>62.3</b>	<b>-30.1</b>

**NOTE 22. Classification of financial instruments**

2016	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and receivables	Carrying amount
<b>Financial assets</b>				
Other non-current receivables	-		1.6	1.6
Accounts receivable	-	-	0.3	0.3
Interest-rate derivatives	-	-		-
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>				
Non-current liabilities to credit institutions	-	-	-	-
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	-	-4,793.3
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>-5,325.1</b>
Non-financial assets				-0.5
<b>Total</b>				<b>-5,325.6</b>

For all balance sheet items, the carrying amount essentially matches fair value as the items' durations are short or variable interest is applied.

2015	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and receivables	Carrying amount
<b>Financial assets</b>				
Other non-current receivables	-		-	-
Accounts receivable	-	-	0.2	0.2
Interest-rate derivatives	-	-		-
Other current receivables	-	-	1,249.2	1,249.2
Cash and cash equivalents	-	-	201.2	201.2
<b>Total</b>	-	-	<b>1,450.6</b>	<b>1,450.6</b>
Non-financial assets				1,887.4
<b>Total</b>				<b>3,338.0</b>
<b>Financial liabilities</b>				
Non-current liabilities to credit institutions		-316.8	-	-316.8
Interest-rate derivatives	-115.7	-	-	-115.7
Current liabilities to credit institutions		-67.2	-	-67.2
Accounts payable	-	-4.8	-	-4.8
Other current liabilities	-	-1,687.3	-	-1,687.3
Accrued expenses	-	-26.6	-	-26.6
<b>Total</b>	<b>-115.7</b>	<b>-2,102.7</b>	-	<b>-2,218.4</b>
Non-financial assets				-0.5
<b>Total</b>				<b>-2,218.9</b>

For all balance sheet items, the carrying amount essentially matches fair value as the items' durations are short or variable interest is applied.

## 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 24, the Parent Company exercises controlling influence over its subsidiaries, see Note 12 Participations in Group companies.

	2016	2015
<b>Transactions with subsidiaries</b>		
Purchases	3.9	0.8
Sales	46.8	28.9
Interest income	86.7	39.6
Interest expenses	111.2	49.9
Group contributions received	226.6	131.2
Group contributions paid	102.9	36.5
Current receivables	3,983.1	1,210.3
Interest-bearing liabilities	4,740.3	1,667.5
Guarantees given	4,441.9	2,631.2
<b>Transactions with the Group's associated companies</b>		
Sales	8.5	3.2
Interest income	1.5	1.5
Current receivables	92.7	67.0
Non-current receivables	0.7	-
Interest-bearing liabilities	46.4	14.9
Guarantees given	97.7	99.5
<b>Transactions with other related parties</b>		
Purchases	0.2	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.

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## ► Signing of the Annual Report

The Board of Directors and CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated financial statements 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 Report 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 Report and consolidated financial statements were approved for release by the Board on 21 March 2017. The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 27 April 2017.

Solna, 21 March 2017

Henry Klotz

*Chairman of the Board*

Katarina Wallin

*Board member*

Catharina Elmsäter-Svärd

*Board member*

Bo Forsén

*Board member*

Erik Paulsson

*Board member*

Gustaf Hermelin

*Board member  
Chief Executive Officer*

Our auditor report was submitted on 21 March 2017

PricewaterhouseCoopers AB

Lars Wennberg

*Authorised Public Accountant*



# ► Audit report

## To the Annual General Meeting of Catena AB Corporate Registration Number: 556294-1715

### Report on the annual accounts and consolidated financial statements

#### Statements

We have conducted an audit of the annual accounts and consolidated financial statements of Catena AB (publ) for 2016. The annual accounts and consolidated financial statements of the company are included in the printed version of this document on pages 18-108.

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 2016 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. 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 2016 and of its earnings and cash flows for the year pursuant to International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The Administration Report is consistent with the other parts of the annual report and the consolidated financial statements.

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.

#### 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.

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 is for various reasons structured and legally organised in a number of legal units. However, Catena is in practice to be considered a company that owns properties in various locations in Sweden. All accounting and consolidation is done centrally at the head office. Based on this, in the audit, we viewed the Group as one company and we included all properties and companies in the population from which we make our spot check selections.

In addition, the Group team conducted, among other things, the review of the Parent Company, consolidation, the annual accounts and significant assumptions and judgements. Based on the above review efforts made, we deem that we obtained sufficient audit evidence to be able to express an 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 AREAS

## HOW OUR AUDIT TOOK INTO ACCOUNT PARTICULARLY SIGNIFICANT AREAS

*Valuation of properties*

See pages 50-51 in the Administration Report and Note 2 (Accounting and valuation policies) and Note 12 (Investment properties).

The Group recognised SEK 10.8 billion related to investment properties. In 2016, the Group recognised SEK 148 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 2016, a total of 96 per cent 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 budget established or presented to the Board.

*We did not note any material deviations in connection with the examination done.*

*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 done.*

## PARTICULARLY SIGNIFICANT AREAS

## HOW OUR AUDIT TOOK INTO ACCOUNT PARTICULARLY SIGNIFICANT AREAS

**Acquisition of Tribona**

See Note 2 (Accounting policies) and page 70 (Statement of financial position).

In October 2015, 29.55 percent of the shares were acquired in Tribona, which is a different pure property company with a focus on logistics properties. The acquisition of Tribona entailed a material increase in Catena's business.

In connection with the acquisition, a public takeover bid was submitted, resulting in Catena AB owning 94.55 percent whereby a compulsory redemption procedure was begun. Tribona is recognised as a Group company as of January when it was clear that Catena's holdings exceeded 90 percent. The classification of the transaction as an asset or business acquisition was an area that has been discussed, and the distribution of the purchase consideration was another, both areas that have required the management's assessment.

We studied the management's analysis of the transaction and assessed their reasons to ultimately determine that the transaction constituted a business acquisition.

We studied relevant documents, such as purchase contracts and verified the payment made.

We studied the management's distribution of the purchase consideration and particularly challenged them as to what the difference is between the purchase consideration paid and the market price at the time of the transaction, another view of the value of the properties or goodwill.

We discussed the management's principle for handling goodwill in subsequent property sales and any negative value changes in the purchased stock.

Lastly, we checked the completeness and accuracy of the disclosures made in the annual accounts.

*We did not note any material deviations in connection with the examination done.*

**Financing and compliance with loan terms**

See pages 60-61 (Interest-bearing liabilities) and Note 20 (Financial instruments and financial risk management).

The Group's access to financing was an area that we monitored carefully in the audit during the year. The acquisition of Tribona, Catena's large construction in progress and the continued future expansion plans have strained the Group's supply of financing. In addition to this, SEK 3.6 billion of the Group's liabilities falls due in 2017. During the year, Catena had continuous follow-up at the level arranged to ensure that they have continued financing of the business.

Catena's financing is also associated with some loan terms, including interest-coverage ratio, loan-to-value ratio and equity ratio. If Catena does not meet the loan terms, there is a risk that the bank cancels the credit or demands penalty charges. A cancellation of the credits would affect Catena's conditions for continued operation. Catena has continuous follow-up of the compliance to the loan terms, which is regularly reported to the Board.

We studied the management's plans to ensure continued financing and the liquidity forecasts prepared by management. The liquidity forecast was discussed and challenged, and we also continuously checked the outcome against the forecast to assess the reliability in the forecast made.

We continuously followed the discussions that the management held regarding the sale of properties as necessary. In October, Catena also conducted a new share issue to secure access to liquidity.

We read through the loan agreements to ensure that Catena describes them accurately in the annual accounts and that no material loan terms have been left out.

*We did not note any material deviations in connection with the examination done.*

### *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 1-17 and 128-139. 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 2016.

We recommend that the General Meeting appropriate the company's profit or loss in accordance with the proposal presented in the statutory administration report and that the directors and the CEO be discharged from liability for the financial year.

### Basis for the statements

We conducted our audit in accordance with 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.

We believe that the audit evidence we gathered is sufficient and appropriate as a basis for our statements.

### Responsibility of the Board of Directors and the CEO

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/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.

Malmö, 21 March 2017

PricewaterhouseCoopers AB

Lars Wennberg  
Authorised Public Accountant  
Auditor in charge

# Responsible corporate governance

## ► Terminal

### **Postiljonen 1, Växjö.**

Close to an airport and through-roads, a strategically located terminal that is technically advanced to effectively be able to distribute large amounts of daily products



## ► Responsible and transparent corporate governance creates value

The year was characterised by a significant expansion. In addition to the acquisition of Tribona, we bought 12 other logistics properties. We were able to finance this using divestments of properties that we no longer deemed to be strategic and a new share issue at terms advantageous to both investors and Catena, which was oversubscribed four times. Consistent governance of the company contributed to these transactions being able to be successfully carried out.

I have had the benefit of leading the Board's work and following Catena's development for a decade. The work of recent years has been a journey, from a company with one project property, to the leading property company in logistics properties. A period that was characterised by a clear focus on value creation. Since 2013, we have streamlined and developed the company's mixed property portfolio, which at the time contained a stock of logistics properties. The company's expertise in the field was already extensive. Today, the company is not only leading, but also the largest in the field. This is a development fully in line with the Board's overall mission: to build a financially strong and profitable company that can generate a sound and stable return for the shareholders. The road there mainly goes through our ability to deliver attractive logistics facilities that generate value for both new and existing customers. It is in this context that the transactions should be viewed, to strengthen our offering, as we have done recently. The Board of Directors also has a responsibility for all of the stakeholders on which Catena is dependent. Such as employees, various partners and not least the public authorities we cooperate with to tie together Scandinavia's goods flows. A responsible, clear and particularly transparent corporate governance with well-balanced decisions that take into consideration the various, large and small, stakeholders' wishes creates the trust that is crucial to Catena's continued development.

The experiences and characteristics that the Board members possess are central to all of the considerations, supported by established processes and control systems, that must continuously be made in all Board work. This applies not only to meeting the expectations of all stakeholders. It is just as important to consider the short-term perspective compared to the long-term perspective and ultimately balance the risks to the business opportunities that are continuously provided. These considerations have been highly present when we significantly expanded operations during the year. An expansion that could naturally limit our business opportunities to some extent at any time. Divestments of properties that we no longer



deem to be strategic holdings and not least the new share issue we conducted at the end of the year have, however, continuously ensured our possibilities of continuing to develop the operations. Our consistent management of the operations, which also includes a present auditor who has continuously been informed by management and participated in four Board meetings, has contributed to these transactions being able to be successfully carried out. This is further evidence of the value that a responsible and transparent corporate governance can achieve.

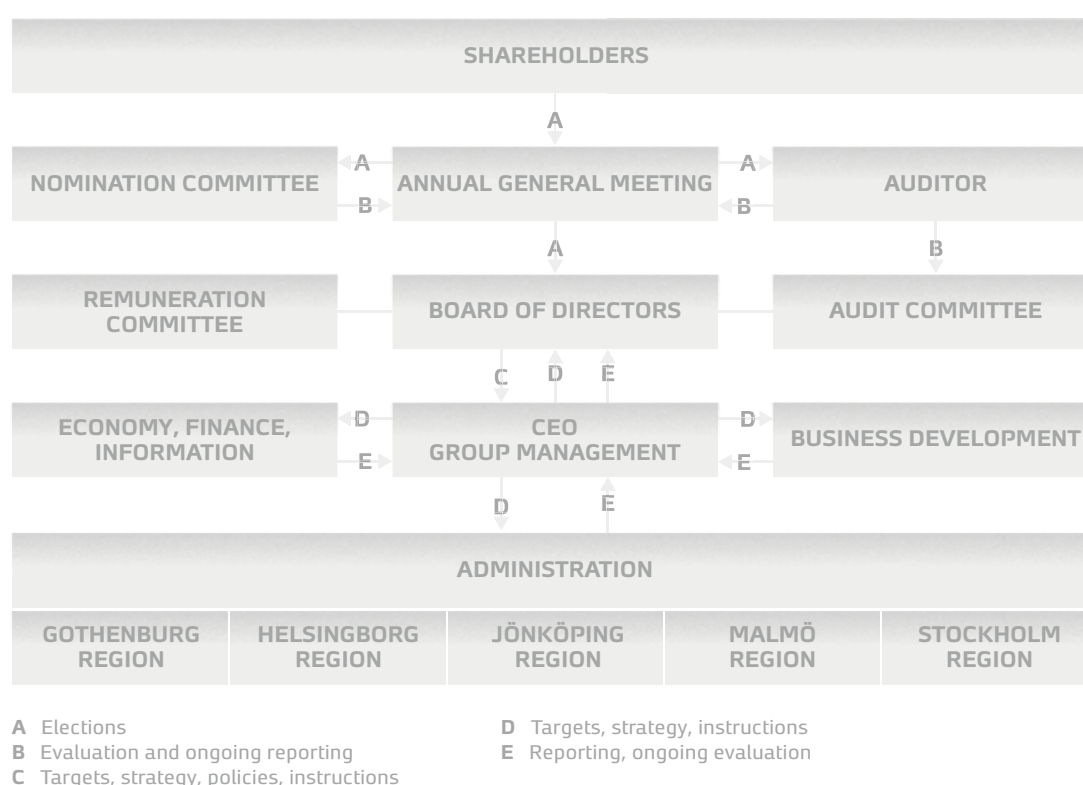
A well-conceived corporate governance with clear guidelines creates good conditions for the well-functioning cooperation that prevails between the Board of Directors and company management. This provides the management extensive opportunities to focus on the development of our business. Clear guidelines also make it easier for all of our employees to whom I would also like to express the Board's gratitude. It is our employees who run the daily operations when they meet our customers and improve our facilities.

Catena well prepared to continue developing the business.

Solna, March 2017  
Henry Klotz, Chairman of the Board  
hklotz@clsholdings.com

# Corporate Governance Report

All business decisions at Catena must be justifiable from a financial and ethical perspective. Through active and responsible Board work, the Board balances the risks and opportunities associated with all commercial operations, and thereby generate value for shareholders and other stakeholders at the same time. Through transparency and availability, our shareholders and other stakeholders are provided insight into decision paths, responsibility, powers and control systems.



## 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 2016.

#### *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 28 February 2017, the share capital in Catena AB totalled SEK 157,236,226.40 distributed among 35,735,506 ordinary shares. On that date, the Catena AB had 15,149 shareholders (14,090). The largest shareholder is the Backahill Group with 31.4 percent (33.8) of the capital and EndicottSweden AB with 11.1 percent (11.2). No other shareholder 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 62-65.

#### Ownership structure at 28 February 2017, 10 largest owners

	No. of shares, 000s	Votes, %
Backahill	11,221	31.4
Endicott Sweden AB (CLS Holding plc)	3,971	11.1
Länsförsäkringar fondförvaltning AB	3,539	9.9
SFU Sverige AB	1,847	5.2
Nordea Investment Funds	1,595	4.5
CGML PB Client Acct-Sweden Treaty (Carve Capital)	1,127	3.2
JP Morgan Bank Luxembourg SA	848	2.4
Danske Capital Sverige AB	806	2.3
CRHE Invest AB	770	2.2
Skagen Vekst Verdipapirfond	747	2.1
Other shareholders	9,265	25.7
<b>Total</b>	<b>35,736</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 on 27 April 2016*

After the Annual Report's balance sheet and income statement were adopted, the AGM resolved in accordance with the Board's proposal to approve a dividend of SEK 3.00 per share. The AGM resolved that the number of Board members elected by the AGM should be six ordinary members without deputies. The AGM approved the Nomination Committee's proposal on the re-election of Board members Bo Forsén, Gustaf Hermelin, Henry Klotz, Erik Paulsson, Katarina Wallin and Catharina Elmsäter-Svärd as ordinary Board members, with the re-election of Henry Klotz as the Chairman of the Board.

The registered accounting firm PricewaterhouseCoopers AB was elected as auditor, with authorised public accountant Lars Wennberg as the principal auditor.



► Catena continuously provides information through a number of activities to investors, lenders and shareholders. The photo shows Günther Mårder's interview at the capital market day in June that Catena traditionally participates in.

The AGM granted the Board members and the CEO discharged from liability for the 2016 financial year.

The Board also approved the Nomination Committee's proposal on instructions for the Nomination Committee.

The AGM also approved the Nomination Committee's proposal on fees of SEK 250,000, previously SEK 200,000, for the Chairman of the Board and SEK 125,000, previously SEK 100,000, for the other Board members who are not employed by the company.

Fees for the auditor are paid according to approved invoices on an on-going basis.

The Board's proposal on principles for the remuneration of senior executives was also approved; salary, other benefits and pension savings for the CEO and other senior executives are presented by the Group's Note 8. In 2016, variable remuneration paid to the CEO and management amounted to just under SEK 2.8 million.

The Annual General Meeting also resolved 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 the emission of at most a combined 1/10 of the total number of shares outstanding at the time of the Board's first decision to is-

sue shares. New share issues are to be implemented on the usual market terms.

The complete minutes are available 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 2016 decided to appoint a Nomination Committee consisting of representatives of the four largest shareholders and the Chairman.

In accordance with the decision, the following Nomination Committee was formed:

Name	Appointed by
Henry Klotz	Endicott Sweden AB (CLS Holdings plc)
Anders Nelson	Backahill Kil AB
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Fondförvaltning AB
Klas Andersson	SFU Sverige AB

The Chairman of the Nomination Committee is Anders Nelson, while the Chairman of the Board Henry Klotz convenes the meetings. The four shareholder representatives together hold around 58 percent of the votes in Catena as of 28 February 2017.



Anders Nelson  
Chairman of the Nomination Committee  
[nelson@backahill.se](mailto:nelson@backahill.se)

In accordance with applicable decisions, new shareholder representatives are to be appointed when ownership changes.

### 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 law, 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 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 six members who were elected at the Annual General Meeting (AGM) on 27 April 2016. For further information about the Board members, refer to the presentation of the Board and company management on pages 126-127.

*The work of the Board of Directors*

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 Board's work, the Chairman continuously monitors the Group's development through contact with the CEO on strategic issues. During 2016, ten minuted Board meetings were held, one of which was statutory. The Board member's attendance is included in the Board presentation on page 126. 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 Lars Wennberg, PwC, was called in to the Board meetings in February, March, July and November.

*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.

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 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

Principal content of the Board meetings in 2016



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 the Board performs 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. The individual Board members' competence, commitment and suitability (from a variety of perspectives) are tested by means of an extensive questionnaire that each member is required to respond to in isolation. The responses received are followed up in a private discussion based on the company's planning and its expectations of that member. The results are discussed in the Nomination Committee, which, based on the completed evaluation and other considerations, proposes a Board for the coming year of operations. Well-functioning Board work demonstrates that the process has been effective.

#### **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 2016, the Remuneration Committee comprised Henry Klotz (Chairman), Bo Forsén 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 policies and requirements are progressing. The Board has decided that all its members, with the exception of the CEO, are to be part of the Committee during the year.

#### **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.

Lars Wennberg, Auditor PwC  
lars.wennberg@pwc.com

#### **CEO**

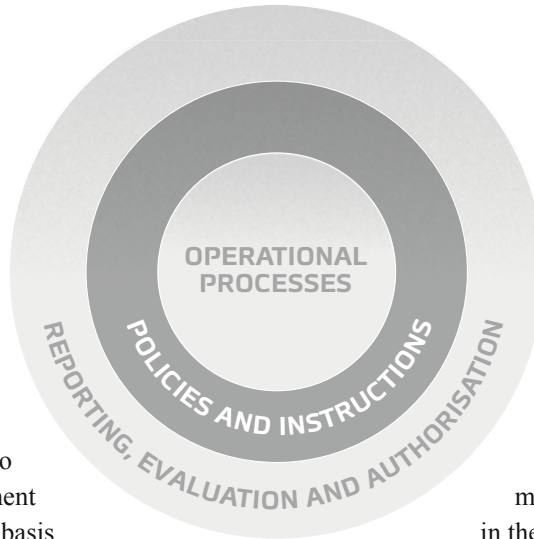
The CEO leads operations on the basis of the CEO's instructions drawn up by the Board. According to the instructions, the CEO is tasked with ensuring that the Board members receive regular information and reports on Catena's progress to enable them to make sound assessments and well-founded decisions. 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, policies 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.



► Sunnanå 12:51, Malmö.  
 Adjacent to the terminal, there is also a distribution centre that supplies goods to the local market.

# 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	PRIORITY																
<p><b>Rental income and expenses</b></p> <p><b>Vacancies</b></p> <p>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 that influence the income.</p>	<p>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.</p>	<p>Letting ratio</p> <table border="1"> <caption>Letting ratio (%)</caption> <tr><th>Year</th><td>-12</td><td>-13</td><td>-14</td><td>-15</td><td>-16</td></tr> <tr><th>Value</th><td>~85</td><td>~85</td><td>~90</td><td>~90</td><td>~90</td></tr> </table>	Year	-12	-13	-14	-15	-16	Value	~85	~85	~90	~90	~90	<b>H</b>				
Year	-12	-13	-14	-15	-16														
Value	~85	~85	~90	~90	~90														
<p><b>Cancelled leases</b></p> <p>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.</p>	<p>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.</p>	<p>Distribution lease durations, per year</p> <table border="1"> <caption>Distribution lease durations (%)</caption> <tr><th>Year</th><td>-17</td><td>-18</td><td>-19</td><td>-20</td><td>-21</td><td>-22</td><td>-23+</td></tr> <tr><th>Value</th><td>9</td><td>7</td><td>15</td><td>16</td><td>14</td><td>8</td><td>31</td></tr> </table>	Year	-17	-18	-19	-20	-21	-22	-23+	Value	9	7	15	16	14	8	31	<b>M</b>
Year	-17	-18	-19	-20	-21	-22	-23+												
Value	9	7	15	16	14	8	31												
<p><b>Bad debt loss</b></p> <p>Commercial tenants are not always able to discharge their obligations.</p>	<p>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.</p>	<p>Customer losses/rental income SEK m</p> <table border="1"> <caption>Customer losses/rental income (SEK m)</caption> <tr><th>Year</th><td>-12</td><td>-13</td><td>-14</td><td>-15</td><td>-16</td></tr> <tr><th>Value</th><td>~0.1</td><td>~0.1</td><td>~0.1</td><td>~0.1</td><td>~0.1</td></tr> </table>	Year	-12	-13	-14	-15	-16	Value	~0.1	~0.1	~0.1	~0.1	~0.1	<b>M</b>				
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RISK	MANAGEMENT	EXPOSURE	PRIORITY
<p>► <b>Rental income and expenses, cont.</b></p> <p><b>Increased operating and maintenance costs</b></p> <p>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.</p>	<p>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.</p>	<p>Index contract: share of the contract volume</p>	
<p><b>Increased ground rents</b></p> <p>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.</p>	<p>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.</p>	<p>Proportion of freehold properties</p>	
<p><b>Taxes</b></p> <p>In Sweden, there are extensive opportunities for tax deferral when an asset is divested within a group. Instead, taxation takes place when the asset leaves the group. Through so-called packaging, tax credits can also be obtained in situations where assets are sold externally. In 2015, the Swedish government assigned a special investigator the task of reviewing certain aspects in the area of property tax and stamp duty. A report is to be presented by 31 March 2017. It may affect Catena's earnings.</p>	<p>Progress is monitored carefully.</p>		
<p>► <b>Changes in value</b></p> <p><b>Properties</b></p> <p>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.</p>	<p>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.</p>	<p>Internal property valuation vs. external</p>	
<p><b>Corporate acquisitions</b></p> <p>Catena sometimes acquires properties under corporate formats. In 2016, Catena also acquired an operational property company with a broader risk profile. Historical decisions and actions, as well as the future financial performance of the acquired companies could affect Catena's earnings.</p>	<p>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.</p>	<p><i>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.</i></p>	

RISK	MANAGEMENT	EXPOSURE	PRIORITY																																								
<p>► <b>Changes in value, cont.</b></p> <p><b>Project</b> 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.</p>	<p>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.</p>	<p>Project development</p>																																									
<p><b>Financial instruments</b> 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.</p>	<p>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.</p>	<p>Catena's average interest rate and 5-year swap interest rate</p>																																									
<p>► <b>Financing risks</b></p> <p><b>Liquidity risks</b> Insufficient access to the liquid funds or credit facilities necessary to meet payment obligations could negatively impact Catena's earnings and financial position.</p>	<p>As of the balance sheet date, Catena had unutilised lines of credit totalling SEK 449.1 million and cash and cash equivalents of SEK 145.5 million.</p>	<p>Cash funds available</p>																																									
<p><b>Refinancing</b> 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.</p>	<p>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 1 March 2017, when SEK 3.2 billion was renegotiated, existing credit lines amount to a per of tied-up capital of 2.2 years. Catena also has opportunities to secure funding on the bond market through Svensk FastighetsFinansiering.</p>	<p>Capital tied-up</p>																																									
<p><b>Interest</b> 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 73 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 20 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>2017</td> <td>1,618.3</td> <td>2.4</td> <td>25.1</td> </tr> <tr> <td>2018</td> <td>764.0</td> <td>3.4</td> <td>11.8</td> </tr> <tr> <td>2019</td> <td>300.0</td> <td>4.8</td> <td>4.6</td> </tr> <tr> <td>2020</td> <td>562.0</td> <td>4.1</td> <td>8.7</td> </tr> <tr> <td>2021</td> <td>751.7</td> <td>4.4</td> <td>11.6</td> </tr> <tr> <td>2022</td> <td>883.9</td> <td>4.4</td> <td>13.7</td> </tr> <tr> <td>2023</td> <td>1,070.0</td> <td>3.8</td> <td>16.6</td> </tr> <tr> <td>&gt;2024</td> <td>507.3</td> <td>3.0</td> <td>7.9</td> </tr> <tr> <td><b>Total</b></td> <td><b>6,457.2</b></td> <td><b>3.6</b></td> <td><b>100</b></td> </tr> </tbody> </table>	Year	SEK M	Interest rate, % <sup>1)</sup>	Share, %	2017	1,618.3	2.4	25.1	2018	764.0	3.4	11.8	2019	300.0	4.8	4.6	2020	562.0	4.1	8.7	2021	751.7	4.4	11.6	2022	883.9	4.4	13.7	2023	1,070.0	3.8	16.6	>2024	507.3	3.0	7.9	<b>Total</b>	<b>6,457.2</b>	<b>3.6</b>	<b>100</b>	
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<p>► <b>Indemnity risks</b></p> <p><b>Acquired environmental damage</b> 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>																																									

1) Pertains to the current average interest rate at 31 Dec 2016. Interest rates change in line with the changes in the general interest rate but are limited by interest-rate caps.



RISK	MANAGEMENT	EXPOSURE	PRIORITY
<p>► <b>Indemnity risks, cont.</b></p> <p><b>Injury to person or property</b> 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 one fire in 2016. The insurance company compensated Catena for the damage.</i></p>	
<p>► <b>Other risks</b></p> <p><b>Shortage of skills</b> 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 been active in the company or its predecessor, Brinova, for up to 13 years. Before the turn of the year, minor changes were made to management as newly appointed Executive Vice President Benny Thøgersen joined, and Michael Halling and Lena Haraldsson left management.</i></p>	
<p><b>Deficient procedures and irresponsible behaviour</b> 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 seven years, the company has not suffered any damage attributable to criminal or irresponsible behaviour.</i></p>	
<p><b>Unsound business practices</b> 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> 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>Catena has no significant disputes, nor has it had any for the past four years.</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, %	Earnings effect, SEK M
Contractual rental income	+/- 1.0	+/- 8.6
Economic letting ratio	+/- 1.0 percentage point	+/- 9.3
Interest on interest-bearing liabilities*	+/- 1.0 percentage point	- 18.5 / -49.6
Property expenses	+/- 1.0	+/- 2.1
Changes in value of investment properties	+/- 1.0	+/- 107.9

\* taking swaps into account

## ► Board of Directors



	Henry Klotz	Bo Forsén	Gustaf Hermelin	Erik Paulsson	Catharina Elmsäter-Svärd	Katarina Wallin
<b>Born</b>	1944	1948	1956	1942	1965	1970
<b>Position on the board</b>	Chairman	Board member	Board member	Board member	Board member	Board member
<b>Year elected</b>	2007	2012	2013	2013	2015	2013
<b>Education</b>	Engineer in property engineering, M.Sc. Economics.	Business administration studies, Lund University.	Business administration studies, Stockholm School of Economics.	Elementary school.	Advertisement and marketing, Berghs School of Communication. Diploma in market economics.	M.Sc. Engineering, Royal Institute of Technology. Behavioural Science and Business Administration, Stockholm University.
<b>Principal Employment</b>	Working Chairman of the Board, CLS Holding.	Board work.	CEO, Catena AB.	Company leader and entrepreneur since 1959.	Self-employed and advisor at AB Elmsäter i Enhörna.	Strategy Consultant and Partner at Evidensgruppen.
<b>Other assignments</b>	Board Member of a large number of companies in the CLS Group.	Chairman of the Board of Victoria Park AB, Norén Fastigheter AB, Scandinavian Resort AB. Board Member of Knäckeårr Holding AB, Forsiva AB, Cale Access AB and Backahill AB.	Board member of a large number of subsidiary companies within or associated with the Catena Group and SFU Sverige AB.	Chairman of the Board of Fabege AB, SkiStar AB, Wihlborgs Fastigheter AB, Backahill AB and a number of regional companies. Board Member of a number of regional companies.	Chairman of the Board of Södertäljes Sportklubb (SSK), Chairman of the Board of Institutet för framtidsstudier, Chairman of the Board of Drive Sweden and Chairman of the Board of Railcare AB. Member of the Board of Ellevio.	Chairman of the Board of Ekologi-gruppen Ekoplan AB, Belatchew Arkitekter AB, Evimetrix AB, Bernow Lindqvist Wallin AB and BFAB's Property Committee. Member of the Boards of Au Point AB, Evidens blw AB and Kavaljer AB. Deputy Board Member of Belatchew Fastigheter AB.
<b>Terminated Assignments</b>	Chairman of the Board of COOD Investments AB. Board Member of 24 Media Network AB, Fielden House Investment Ltd and Note AB.	Deputy CEO of the Trelleborg Group. CEO of the Wihlborgs Group. Various board assignments	CEO and Board Member of Klövern AB, Brinova Fastigheter AB and a large number of subsidiaries within the Brinova Group. Board Member of AMF Fastigheter AB, Diös Fastigheter AB, Fabege AB and Platzer Fastigheter Holding AB (publ).	Chairman of the Board of Diös Fastigheter AB, Brinova Fastigheter AB and a number of regional companies. Board Member of Nolato AB, Klövern AB and Platzer Fastigheter Holding AB.	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.	CEO of Evidens blw AB. Board Member of REIM Real Estate Interim Management Sweden AB and Evidens Fastighetsutveckling AB. Board member of Temaplan AB and the Association for Future Studies. Adj. member of the Board of STF Ingenjörsutbildning AB.
<b>Own and related party shareholdings in 2016</b>	-	1,000 shares via companies.	1,848,899 shares via companies and related parties.	11,990,751 shares via companies.	200 shares via companies.	-
<b>Dependent on: the company major shareholders</b>	No Yes	No No	Yes Yes	No Yes	No No	No No
<b>Attendance Board meetings</b>	10/10	10/10	10/10	10/10	10/10	9/10
<b>Attendance, Audit Committee</b>	2/2	2/2		2/2	2/2	2/2
<b>Attendance, Remuneration Committee</b>	1/1	1/1				1/1

► Additional and updated information on assignments and holdings is available at [www.catenafastigheter.se](http://www.catenafastigheter.se)

## ► Management Team



	Gustaf Hermelin	Peter Andersson	Sofie Bennsten
<b>Born</b>	1956	1966	1969
<b>Position</b>	CEO	CFO	HR Manager
<b>E-mail</b>	gustaf.hermelin@catenafastigheter.se	peter.andersson@catenafastigheter.se	sofie.bennsten@catenafastigheter.se
<b>Employee since</b>	1 October 2013.	1 October 2013.	1 October 2013.
<b>Education</b>	Business administration studies, Stockholm School of Economics.	M.Sc. in Business Administration.	M.Sc. Economics.
<b>Previous positions</b>	CEO of Klöver AB and Strömfastigheter, Norrköping.	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 and related-party shareholdings in 2016</b>	1,848,899 shares via companies and related parties.	-	-

	Christian Berglund	Maths Carreman
<b>Born</b>	1970	1958
<b>Position</b>	Regional Manager, Malmö and Jönköping	Regional Manager, Stockholm
<b>E-mail</b>	christian.berglund@catenafastigheter.se	maths.carreman@catenafastigheter.se
<b>Employee since</b>	26 January 2016	1 October 2013.
<b>Education</b>	Engineer.	Structural Engineer.
<b>Previous positions</b>	Director of Property at Tribona and Regional Manager at Dalkia AB	Unit Manager at Klöver AB and supervisor/purchasing manager and project developer at Skanska.
<b>Own and related-party shareholdings in 2016</b>	-	2,000

	Johan Franzén	Göran Jönsson	Benny Thøgersen
<b>Born</b>	1978	1961	1966
<b>Position</b>	Regional Manager, Gothenburg	Regional Manager, Öresund	Deputy CEO
<b>E-mail</b>	johan.franzen@catenafastigheter.se	goran.jonsson@catenafastigheter.se	benny.thogersen@catenafastigheter.se
<b>Employee since</b>	1 October 2013.	1 October 2013.	15 November 2016.
<b>Education</b>	Business administration studies, School of Economics, Business and Law, Gothenburg.	Structural Engineer.	Halmstad University.
<b>Previous positions</b>	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.	CEO of Knapp AB and various positions at Consafe, Ica and Akzo Nobel.
<b>Own and related-party shareholdings in 2016</b>	-	-	-

► Additional and updated information on assignments and holdings is available at [www.catenafastigheter.se](http://www.catenafastigheter.se)

Mikael Halling resigned as the Deputy CEO and from the Management Team on 1 December 2016 and serves as Senior Advisor since. In 2016, Lena Haraldsson was a member of the Management Team and resigned at year-end.

## Multi-year overview

### Alternative performance measures

The company presents certain financial measurements in the report in addition to what is defined according to IFRS. The company considers that these measurements provide valuable supplementary information for investors

and management, since they permit an assessment of the company's performance. Since not all companies calculate financial measurements in the same way, these are not always comparable with measurements that are used by other companies.

### Key financial figures for the Group

	2016	2015	2014	2013	2012
<b>Key performance indicators according to IFRS</b>					
Rental income, SEK M	786.6	464.2	431.3	316.8	286.2
Net operating surplus, SEK M	578.1	351.3	325.7	221.3	184.9
Profit from property management, SEK M	316.0	259.3	204.9	147.0	178.8
Profit before tax, SEK M	386.6	590.3	440.3	184.7	232.3
Profit for the year, SEK M	338.4	571.5	344.2	138.4	220.3
Earnings per share, SEK	10.20	22.11	13.38	9.67	18.91
Cash flow before changes in working capital, SEK M	294.3	241.5	204.8	187.8	128.0
Fair value of the properties, SEK M	10,786.4	5,340.3	5,750.9	4,722.3	3,382.4
Total assets, SEK M	12,344.9	6,947.9	6,136.0	5,038.0	3,443.1
Number of shares outstanding, millions	35.7	25.6	25.6	25.2	11.6
Average number of shares outstanding, millions <sup>1)</sup>	33.2	25.9	25.8	14.5	11.8
<b>Alternative performance measures</b>					
<b>Property-related</b>					
Surplus ratio, %	73.5	75.7	75.5	69.9	64.6
Loan-to-value ratio, %	59.9	70.3	60.1	62.7	60.9
<b>Financial</b>					
Return on equity, %	10.6	25.6	19.0	11.7	34.1
Return on total capital, %	6.9	10.5	12.3	6.3	9.7
Interest-coverage ratio, multiple	2.3	4.8	3.1	2.8	4.0
Average interest rate, %	3.6	2.6	2.8	3.1	2.9
Fixed interest, years	3.5	3.1	3.5	3.0	0.2
Interest-bearing liabilities, SEK M	6,457.2	3,754.1	3,457.6	2,963.0	2,058.9
Capital tied-up, years	1.5	2.5	2.9	2.3	5.1
Debt/equity ratio, multiple	1.7	1.5	1.7	1.8	2.8
Equity ratio, %	31.6	35.7	32.4	32.6	21.4
Equity ratio, excluding goodwill, %	33.3	35.7	32.4	32.6	21.4
<b>Share-related</b>					
Dividend yield, %	2.7	2.6	2.8	2.0	1.6
Total return on the share, %	14.8	12.3	7.8	60.3	13.0
Equity per share, SEK	109.13	96.46	77.22	64.95	62.93
Profit from property management per share, SEK	9.53	10.03	7.95	10.14	15.19
P/E ratio	13	5	8	10	3
Cash flow before changes in working capital per share, SEK <sup>1)</sup>	8.87	9.43	10.24	12.95	10.87
Non-current net asset value per share, EPRA NAV (including goodwill), SEK	149.80	115.00	96.60	75.00	80.80
Non-current net asset value per share, EPRA NAV, SEK	135.80	115.00	96.60	75.00	80.80
<b>Other key figures</b>					
<b>Property-related</b>					
No. of properties	94	55	47	45	45
Lettable area, 000s sq. m.	1,490.9	816.8	753.1	690.6	575.8
Rental value, SEK M	925.7	511.5	480.1	419.3	356.3
Economic letting ratio, %	93.0	95.5	95.8	87.2	89.0
<b>Share-related</b>					
Share price, SEK	128.50	115.75	105.75	100.00	63.00
Market capitalisation, SEK M	4,592	2,968	2,712	2,520	729
Highest price paid during the year, SEK	145.00	141.00	115.00	103.50	102.00
Lowest price paid during the year, SEK	109.25	103.00	94.00	62.00	48.10
Dividend per share, SEK	3.50	3.00	3.00	2.00	1.00

1) Key figures have been restated taking into account the bonus issue element of the new share issue 11 October 2016. Calculation of alternative performance measures is presented in Note 27 Alternative performance measures.

## Definitions

Rental income according to the Statement of comprehensive income.  
 Rental income less operating and maintenance costs, property tax, ground rents and property administration expenses.  
 Profit before tax with reversal of changes in value.  
 Profit before tax according to the Statement of comprehensive income.  
 Profit for the year according to the 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 before changes in working capital according to the Cash-flow statement.

Number of shares as of 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 year end.

Net profit for the year as a percentage of average equity.  
 Pre-tax profit plus financial expenses as a percentage of average total assets.  
 Profit before tax 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 minority 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 weighted number of shares outstanding at year-end.  
 Share price at year end in relation to earnings per share for the year.

Equity per share 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.  
 Equity per share 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) for the fourth consecutive year. The sustainability reporting is primarily comprised of the CEO's message, the sustainability section in the Administration Report and these GRI notes. The sustainability reporting follows GRI G4 at the Core level. The part of the sustainability information that is in the Administration Report is exempt from audit except page 30, and pages 36-37 were generally reviewed by PwC. 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 the GRI index and

reports on certain supplemental tables and diagrams, as well as sources for the data, assumptions and conversion factors used in the reporting.



► **Sothönan 3, Katrineholm.**

An environmentally efficient and cost-effective volume terminal newly built in 2016 located next to a container terminal.

## GRI index

The following list provides references to the GRI aspects and indicators that Catena presents within the framework of the company's reporting on its sustainability work.

*DMA refers to Disclosures on management approach, in other words a reference to the company's management of the respective sustainability aspect.*

Indicators and description	Reference/Comment	
G4-1	Statement from the CEO on the organisation's sustainability strategy.	6-7
G4-3	Organisation name.	1
G4-4	The most important products and services.	2-3
G4-5	Location of the organisation's head office.	1
G4-6	Countries where operations are conducted.	18
G4-7	Ownership structure and legal form.	62-65
G4-8	Markets that the organisation is active in.	18-24, 54
G4-9	Organisation's size.	4, 37, 70
G4-10	Total number of employees.	135
G4-11	Percentage of employees covered by collective bargaining agreements.	36
G4-12	Describe the organisation's supply chain.	32
G4-13	Significant changes during the reporting period.	4-5
G4-14	If the organisation follows the precautionary approach.	137
G4-15	Externally developed initiatives followed by the organisation.	137
G4-16	Associations that the organisation is a member of.	33, 137
G4-17	Entities included in the reporting.	134
G4-18	Process for defining the report content.	132-134
G4-19	Identified material sustainability aspects.	133
G4-20	Internal boundaries for the respective sustainability aspect.	134
G4-21	External boundaries for the respective sustainability aspect.	134
G4-22	Effects of changes in previously reported information.	134
G4-23	Significant changes from previous reporting.	134
G4-24	Stakeholder groups that the organisation has contact with.	132
G4-25	The principles for the identification and selection of stakeholders.	132
G4-26	Approach to communication with stakeholders.	132
G4-27	Important issues raised through communication with stakeholders and how the organisation has handled these issued.	132
G4-28	Reporting period.	Front page of the Annual Report
G4-29	Publication of the most recent report.	139
G4-30	Reporting cycle.	130
G4-31	Contact person for questions regarding the report.	137
G4-32	Reporting level & GRI index.	130-131
G4-33	External review.	130
G4-34	Report of the company's corporate governance.	115-127
G4-56	Describe the organisation's values, code of conduct, etc.	36
DMA	<b>Economic performance</b>	6-7, 31
G4-EC1	Generated and distributed economic value	31
DMA	<b>Indirect economic impact</b>	9, 18-19 30 -31
G4-EC8	Significant indirect economic impact	31
DMA	<b>Energy</b>	30, 33-34
G4-EN3	Organisation's energy consumption	33
G4-CRE1	Energy consumption per square metre	33
DMA	<b>Emissions</b>	30, 33-35
G4-EN15	Direct greenhouse gas emissions	135-137
G4-EN16	Indirect greenhouse gas emissions from energy consumption	135-137
G4-EN17	Other indirect greenhouse gas emissions	135-137
DMA	<b>Environmental impact from products &amp; services</b>	30, 33-35
G4-EN27	Reduced environmental impact from products and services	33-35
DMA	<b>Supplier evaluation regarding environmental impact</b>	35
DMA	<b>Employment</b>	30, 36-37
G4-LA1	Employee turnover	36, does not report age distribution due to the low number of individuals
DMA	<b>Health &amp; safety</b>	36
G4-LA6	Sickness absence & work-related injuries	36
DMA	<b>Education</b>	30, 36-37
G4-LA9	Training for employees	37
G4-LA11	Development reviews	37
DMA	<b>Equality</b>	30, 37
G4-LA12	Composition of the company	37
DMA	<b>Non-discrimination</b>	30, 37
G4-HR3	Number of cases of discrimination	None
DMA	<b>Anti-corruption</b>	32
G4-SO5	Confirmed cases of corruption	None
DMA	<b>Labelling of products and services</b>	30, 33
G4-CRE8	Environmentally certified buildings	135

### Dialogue with stakeholders

Catena's operations aim to generate returns for the shareholders, and to succeed, Catena needs to meet the needs of the customers, which is to say the tenants in the properties the company owns. 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 politi-

cal 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 & 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>• Income</li> <li>• Growth</li> <li>• Earnings</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>• Proximity to road/rail/port</li> <li>• Access to multiple modes of transport</li> </ul>

In connection with Catena preparing the company's first sustainability report according to GRI G4 in 2014, an evaluation was done of what aspects in the sustainability area are the most significant to work on and report. Together with the Narva communication agency, an internal process was conducted where the company identified nine sustainability aspects that are more or less significant to Catena as a company based on the type of operation and its possibility to influence its surroundings. The sustain-

ability aspects are based on the aspects presented in GRI G4, but have been reworked to provide a stronger connection to Catena's operations and to give the company's stakeholders a better possibility of deciding what they believe are most important to focus on. The following table lists the sustainability aspects Catena has identified as significant and what sustainability aspects in GRI G4 they correspond to.



CATENA'S SUSTAINABILITY ASPECTS	SUSTAINABILITY ASPECTS IN GRI G4
Working on energy efficiency & renewable energy	Energy, Emissions
Offering training and skills development for employees	Employment, Health & safety, Education
Preventing bribery & corruption	Anti-corruption
Creating financial returns	Economic performance
Establishing the conditions for logistics flows with a minimal environmental impact	Indirect economic impact
Disseminating knowledge about sustainable logistics	Indirect economic impact
Aiming for a low environmental impact in new builds and conversions.	Environmental impact from products & 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	Supplier evaluation regarding environmental impact

In connection with the materiality analysis in 2014, Catena sent out online questionnaires to five groups: the company's largest customers and suppliers, to the management group and all employees and Board members. Catena chose to ask these stakeholders since they represent several of the most important stakeholder groups and have a good knowledge of Catena.

In the questionnaires that were sent out, two of the questions were common to all questionnaires and were about the nine sustainability aspects the company identified as significant.

1 What sustainability aspects do you feel are most important for Catena to work with?

2 How well do you think Catena handles these sustainability aspects today?

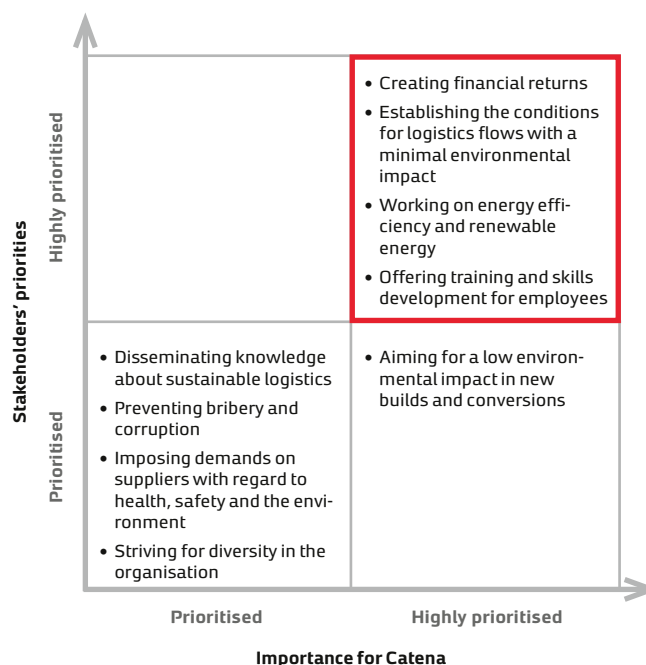
In the first question, the task was to rank the various aspects from the most important (1st place) to the least important (9th place). In the second question, the task was to give each aspect a point from 1 (lowest) to 6 (highest) on how well Catena handles the area today. The average response rate to the questionnaires for the six stakeholder groups was 61 percent, and varied from 21 percent for suppliers to 100 percent for the management team.

Among all stakeholder groups, financial returns and logistics flows with minimal environmental impact are among the three most highly prioritised areas. Catena's work with energy efficiency and renewable energy were also raised as being important by most groups. The Board and management team bring in the work of being a good workplace as one of the most important aspects, and the Board also has low environmental impact in projects as a shared third place. Read more on pages 28-37 about how

the company works with the sustainability aspects prioritised the highest.

The illustration below shows how Catena's nine most significant aspects are prioritised among themselves by Catena and the company's stakeholders.

#### Prioritised areas



The nine aspects represent the areas deemed critical for Catena. The aspects to the top right of the chart are those valued highest by both Catena and its stakeholders. Consequently, these are the areas on which Catena's sustainability targets are based and the three areas of focus in the company's sustainability work. These focus areas and the targets set for the work are explained in the table on page 30.

### Focus & 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.

CATENA'S SUSTAINABILITY ASPECTS	IMPACT BEYOND CATENA'S LEGAL BOUNDARIES
Working on energy efficiency & renewable energy	In logistics properties, the tenant is often directly responsible for the supply of both heating and electricity, which means that collaboration between Catena and its tenants is necessary for a low resource consumption at the properties.
Offering training and skills development for employees	-
Preventing bribery & corruption	Catena's business principles aim to ensure that collaboration between the company and customers, suppliers and partners takes place responsibly, which can impact players who want to collaborate with Catena.
Creating financial returns	Catena's financial returns benefit the company's shareholders, but also generate income for the state in the form of taxes.
Establishing the conditions for logistics flows with a minimal environmental impact	Work on logistics flows with minimal environmental impact takes place together with Catena's customers and the goal is to reduce the environmental impact from their transports.
Disseminating knowledge about sustainable logistics	The goal is to increase knowledge of what is required for more sustainable logistics at customers, employees, partners, opinion leaders and legislators.
Aiming for a low environmental impact in new builds and conversions.	Catena's efforts for a low environmental impact in a project can have an impact on suppliers and customers, such as in the form of the requirements set regarding material selection and waste in new construction and renovation.
Striving for diversity in the organisation	-
Imposing demands on suppliers with regard to health, safety and the environment	Supplier requirements have a direct impact on the companies that want to supply products or services to Catena.

### Background data for key performance indicators & GRI 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.

#### Employees

The table below presents the total number of employees at Catena, divided by form of employment, employment contract and gender.

#### Total workforce, count

	2016		2015		2014	
	Number	% women	Number	% women	Number	% women
No. of employees	38	26%	26	35%	21	33%
Employees on permanent contracts	37	27%	26	35%	21	33%
– Of which full time	37	27%	25	36%	20	30%
– Of which part time	0	0%	1	0%	1	100%
Employees on fixed-term contracts	1	0%	0	0%	0	0%

The table presents the number of employees and percentage of women at Catena divided by various types of employment.

#### 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. Information on the percentage of renewable energy is provided from the respective energy provider.

Catena measures and monitors greenhouse gas emissions annually in accordance with the Greenhouse Gas Protocol (GHG Protocol). The table with information on the calculations of energy consumption and greenhouse gas emissions presents which activities Catena reports on in the respective scope, as well as data sources and as-

sumptions that form the basis of the reporting of greenhouse gas emissions. The conversion factor are updated once a year in connection with the preparation of the sustainability report.

Catena uses conversion factors to the furthest extent possible that comprise all relevant greenhouse gases, in other words 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 no conversions of its own from other greenhouse gases to CO<sub>2</sub>e and therefore has no general value for Global Warming Potential (GWP).

Just like fossil fuels, combustion of renewable fuels gives rise to greenhouse gas emissions, but since these emissions are a part of an ecocycle, Catena does not report the emissions in the scope of the company's emissions. The conversion factors that refer to the use of renewable fuels are comprised of the part of the fuel that is fossil, i.e. the roughly 15 percent of E85 that is petrol.

#### Greenhouse gas emissions per scope (ton CO<sub>2</sub>e)

	2016	2015	2014
<b>Scope 1</b> (Use of oil, natural gas and fuel company cars)	54	29	23
<b>Scope 2</b> (Electricity and district heating that is not individually measured for the respective tenant)	1,248	315	441
<b>Scope 3</b> (Oil, natural gas, electricity and district heating that is individually measured for the respective tenant, business travel and employee commutes)	3,461	634	711
<b>Total</b>	<b>4,763</b>	<b>978</b>	<b>1,175</b>

The table shows Catena's GHG emissions allocated according to the respective scope.

#### Environmentally certified properties (sq.m.)

	2016	2015	2014
EU GreenBuilding	43,209	14,959	14,959
<b>Total certified area</b>	<b>43,209</b>	<b>14,959</b>	<b>14,959</b>
<b>% of total lettable area</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>

The table shows Catena's GHG emissions allocated according to the respective scope.

SCOPE	ACTIVITY	ACTIVITY DATA	CONVERSION FACTOR
Scope 1	Consumption of oil in properties where the tenant does not have separate measurement and invoicing of actual consumption.	Internal collection of statistics regarding consumption in the properties heated with oil.	Heating oil: 280 g CO <sub>2</sub> /kWh Source: GHG Protocol
Scope 1	Consumption of natural gas in properties where the tenant does not have separate measurement and invoicing of actual consumption.	Internal collection of statistics regarding consumption in the properties heated with natural gas.	Natural gas: 202 g CO <sub>2</sub> /kWh Source: GHG Protocol
Scope 1	Business travel with company car & leased car.	Internal collection of statistics. Travel with company cars is based on meter readings and travel with leased cars is based on employee reporting to obtain mileage allowance for business travel.	GHG emissions over mileage and average consumption mixed driving for the respective car combined with the following.  Petrol: 2,300 g CO <sub>2</sub> /litre Diesel: 2,540 g CO <sub>2</sub> /litre E85: 363 g CO <sub>2</sub> /litre Natural gas: 2,352 g CO <sub>2</sub> /litre Biogas: 0 g CO <sub>2</sub> /litre  A conversion factor for vehicle gas is given from the above combined with statistics from Statistics Sweden for the sale of natural gas/biogas in the respective county.  Source: Network for Transport Measures (NTM), Statistics Sweden
Scope 2	Consumption of electricity in properties where the tenant does not have separate measurement and invoicing of actual consumption.	Internal collection of statistics in the properties where Catena has electricity subscriptions.	The selection of conversion factors is based on what electricity supplier the respective property has. For the current company and factors used in 2016, see below. Data has a one-year delay as information from suppliers has not generally been released for the year when the report is prepared.  Vattenfall: 0.04 g CO <sub>2</sub> /kWh DONG Energy: 468 g CO <sub>2</sub> /kWh Scandem: 336 g CO <sub>2</sub> /kWh EON (renewable electricity): 0 g CO <sub>2</sub> /kWh  Source: The respective electricity supplier.
Scope 2	Consumption of district heating in properties where the tenant does not have separate measurement and invoicing of actual consumption.	Internal collection of statistics in the properties where Catena is contracted for district heating.	Statistics from the respective supplier of district heating; data has a one-year delay as information from suppliers has not generally been released for the year when the report is prepared.
Scope 3	Consumption of energy in properties where the tenant has separate measurement and invoicing of actual consumption.	Statistics on consumption of oil, natural gas, electricity and district heating combined with information on which tenants have separate individual measurement and invoicing of actual consumption.	See the respective energy type in Scope 1 and Scope 2; i.e. oil, natural gas, electricity and district heating.
Scope 3	Business travel by private car	Internal collection of statistics. Mileage driven is based on employee reporting to receive mileage allowance for business travel.	Assumption of petrol car, 194g CO <sub>2</sub> /km  Source: Swedish Transport Administration, NTM.

SCOPE	ACTIVITY	ACTIVITY DATA	CONVERSION FACTOR
Scope 3	Business travel, taxi	Internal collection of statistics. Mileage is based on booked expenses for taxi.	Assumption of comparable travel by average Taxi Stockholm, 2.6g CO <sub>2</sub> /SEK (2016).
Scope 3	Business travel, train	Statistics from travel agency and book-keeping of period tickets and travel by train.	Assumption of SJ2000, 0.0019g CO <sub>2</sub> /pkm
Scope 3	Business travel, air travel	Statistics from travel agency and book-keeping of period tickets and travel by air.	Conversion factors depend on the flight route on the respective trip. Travel shorter than 700 km: 171 g CO <sub>2</sub> /km Trips between 700 and 3,000 km: 97 g CO <sub>2</sub> /km Travel longer than 3,000 km: 113 CO <sub>2</sub> /km  <i>Source: Greenhouse Gas Protocol, Swedish Transport Agency</i>
Scope 3	Employee's commutes to and from the workplace.	Average distance travelled by various means of travel calculated from the average number of employees during the year and answers in the employee surveys sent to all employees once a year.	For commuter travel, statistics for CO <sub>2</sub> emissions per kilometre for various means of transport are used. Petrol car, 194g CO <sub>2</sub> /km Diesel car, 165g CO <sub>2</sub> /km Environmentally classified petrol/diesel car, 120g CO <sub>2</sub> /km Ethanol car, 91g CO <sub>2</sub> /km Gas car, 73g CO <sub>2</sub> /km Motorcycle/Moped, 91g CO <sub>2</sub> /km Rail traffic: 2g CO <sub>2</sub> /pkm Bus: 44g CO <sub>2</sub> /pkm  <i>Source: Swedish Transport Administration, NTM</i>

### Initiatives & principles

In the GRI guidelines, companies are asked to describe if and if so, how the organisation supports the so-called precautionary approach and whether the company supports any other externally developed principles. Catena works to comply with the precautionary approach and strives for a sound risk assessment in the entire operation. The company strives to develop the operation in a direction that reduces the negative impact and maximises the positive impact on society and the environment. In addition to Catena's ISO certification, the company has not actively become affiliated with any voluntary externally developed principles.

### Supplier evaluation

Catena currently measures none of the GRI indicators for the aspect of supplier evaluation of the environmental impact. The company will continue to deem the aspect to be significant, but is evaluating appropriate indicators to measure and follow up performance in a relevant and cost-effective manner.



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## ► Catena through the year

Catena strives to provide an accurate portrayal of the company, with continuous, immediate, 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 27 April 2017 at 4:00 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 2017:

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

Interim and annual reports are sent by post to those who request this.

### Follow Catena on the website

Catena’s website [www.catenafastigheter.se](http://www.catenafastigheter.se), provides current information on Catena’s operations and financial information, such as press releases and financial statements and 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 and in various ways drives current logistics trends. Including by organising the Logistics Trends seminar, at which various aspects of logistics are discussed. The 2017 seminar will be held in Helsingborg on 4 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 optimized for rapid and short-distance freight distribution activities, of fast moving goods such as perishable goods.

#### 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 2016

### 19 December 2016

Catena sells six properties without strategic significance for a value of SEK 250 million.

### 14 December 2016

Catena acquires six modern terminal buildings in strategic locations for SEK 474 million.

### 7 December 2016

Catena invests SEK 200 million in Mölnlycke.

### 17 November 2016

Catena acquires property in Helsingborg for SEK 102 million.

### 31 October 2016

Catena announces increase in the number of shares and votes.

### 20 October 2016

Catena's Nomination Committee for the Annual General Meeting 2017.

### 6 October 2016

Catena implements private placement of 2.5 million shares to raise approximately SEK 330 million.

### 5 October 2016

Catena examines conditions for private placement.

### 15 September 2016

Catena recruits Benny Thögersen.

### 13 September 2016

Catena acquires terminal property from PostNord for SEK 56 million.

### 17 June 2016

Catena invests an additional SEK 20 million in its food cluster in Malmö.

### 27 May 2016

Catena make major stake in Örebro.

### 23 May 2016

Catena does a barter transaction with the City of Malmö.

### 2 May 2016

Catena invests SEK 30 million in Malmö.

### 1 April 2016

Catena sells property in Partille.

### 29 March 2016

Catena's annual report for 2015 is published.

### 23 March 2016

Catena lets and builds in Nässjö.

### 23 March 2016

Notification of Annual General Meeting.

### 29 February 2016

Increase in the total number of shares and votes in Catena.

### 22 February 2016

Catena builds new logistics building for Boozt Fashion AB in Ängelholm.

### 8 February 2016

Catena obtains 94.5 percent of the shares in Tribona and will shortly invoke compulsory redemption.

### 29 January 2016

Increase in the total number of shares and votes in Catena.

An English version will as from approx. 7 April 2017 be available at [www.catenafastigheter.se](http://www.catenafastigheter.se).

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 29 March 2017. Printed copies are distributed to shareholders and other stakeholders on demand. The Administration Report comprises pages 18-65. The financial reports comprise the pages 67-113 and were prepared in accordance with IFRS. All amounts are stated in SEK M unless otherwise specified. The figures in parenthesis pertain to 2015 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 also contains forward-looking statements. 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 129.

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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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