

The image shows the cover of the CATENA 2018 Annual Report. The background is a photograph of a modern building at dusk. The building has a dark facade with large, illuminated, geometric metal mesh structures that resemble stylized letters or cargo containers. The sky is a deep blue with some clouds. In the top right corner, there is a red rectangular box containing the text 'CATENA 2018 Annual Report' in white. At the bottom, there is a white text overlay on a dark background.

CATENA 2018 Annual Report

We link Scandinavia's cargo flows

Notification of General Meeting

Time and location

The Annual General Meeting (AGM) of Catena AB (publ) will be held on 25 April 2019, at 4:00 p.m. at the World Trade Center, Klarabergsviadukten 70, 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 17 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.

Registration

Notification of participation in the AGM must be made not later than 17 April at 2:00 p.m. by e-mail to bolagsstamma@catenafastigheter.se. Notification can also be provided by telephone on +46 (0)730 70 22 22 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 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.

Contents

Catena

Catena in brief	2-3
-----------------	-----

The year in brief

Improved profit from property management generates continued strong cash flow	4-7
---	-----

CEO's comments

Positioned for growth as trade is redefined	8-9
---	-----

Our market

Strong mega trends drive the need for more efficient goods flows	12-13
Continued growth in consumption despite economic downturn	14-17

▶ Property operations

Another strong year for Catena	20-22
Property valuation	23
Organisation and business structure	24-25
Regional development	26-27
List of properties by region	28-29 + fold-out
Important events	30-31
Current earnings capacity	32
Market outlook and appropriation of surplus	33

▶ Funding

Well-diversified financing	36-37
Strong development for Catena share	38-39

▶ Business model

How Catena generates value	42-43
A complete offering	44-45
Active management	46
Continuously evolving property portfolio	47-50

▶ Financial information

Contents	55
Financial reports, Group	56-61
Notes, Group	62-84
Financial reports, Parent Company	85-87
Notes, Parent Company	88-95
Signing of the Annual Report	96
Auditors' report	97-100

▶ Corporate governance report

Chairman of the Board: Responsible governance builds confidence in continued development	104
Corporate governance	105-110
Risks and opportunities	111-115
Board and management	116-117

Sustainability work

CEO: We take long-term responsibility	120
Sustainable operations	121
Sustainable logistics and societal development	122-123
Sustainable properties	124-127
Attractive employer	128-130
Sustainability Notes	131-135

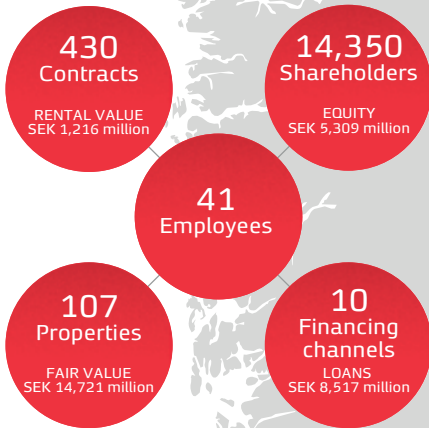
Overviews and information

Multi-year overview and definitions	136-137
Catena through the year	138
Press releases and glossary	139
Index of diagrams and tables	Fold-out

▶ Audited section.

Catena – this is who we are

Catena's objective is to own, efficiently manage and actively develop well-situated logistics properties that have the potential to generate steadily growing cash flow and good growth in value. Catena's overriding goal, based on its focused orientation, is to give shareholders a favourable long-term total return.



Focused business concept

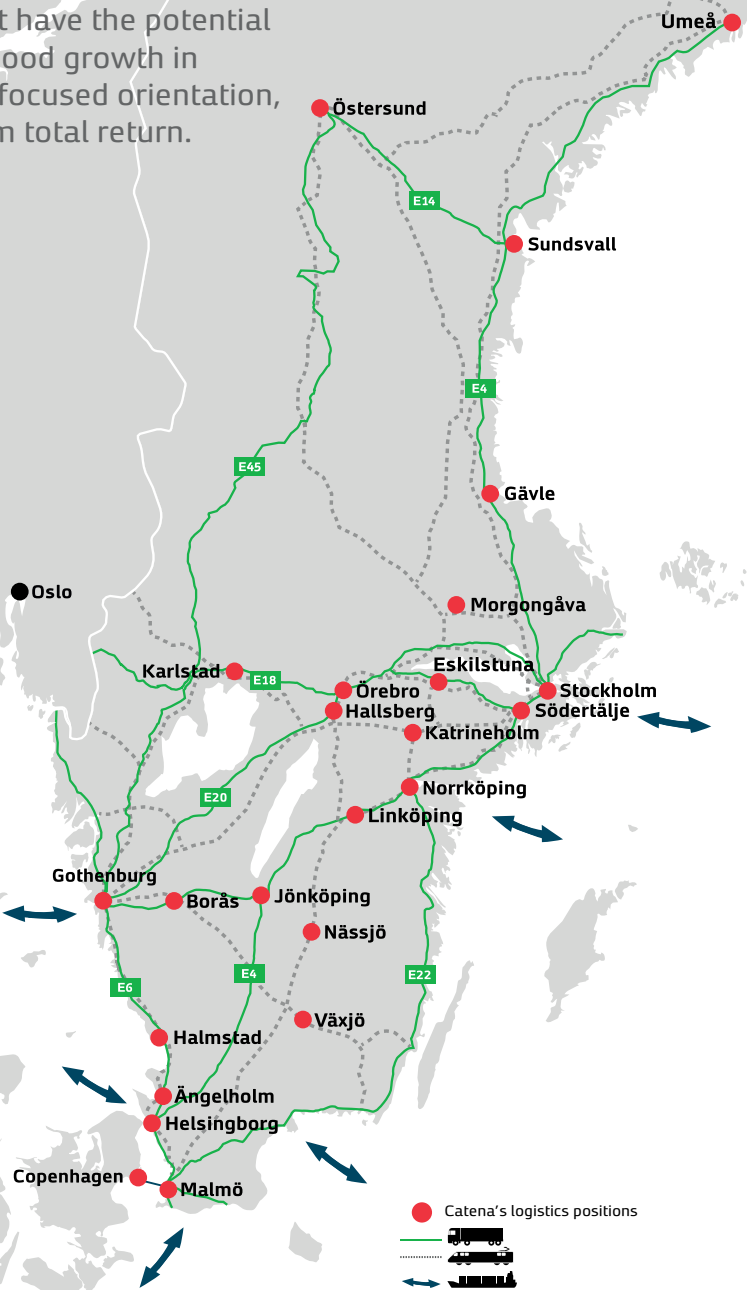
Catena offers logistics facilities for today's and tomorrow's goods flows adjacent to key transport routes and hubs. Efficient logistics and transport represent an important success factor, providing both financial and environmental benefits. We are developing our part in the chain in close cooperation with our customers and with good knowledge of the market. Our business concept clarifies our mission – *We shall sustainably and through partnerships develop efficient logistics facilities that serve the metropolitan regions of Scandinavia.*

Driven towards our vision

Catena's favourable insights into future cargo and goods flows are crucial to our capacity to offer suitable locations, suitable premises and suitable service. The operations are conducted in accordance with a business model according to which property development and active property management are fundamental to generating strong cash flows and an attractive return to shareholders. The model and our approach allow us to develop steadily towards our vision – *We link Scandinavia's cargo flows.*

Clear strategies and objectives

With concrete and clear financial targets in its sights, Catena works according to four strategic horizons – property development, customers and market, sustainability and financing.



The best logistics locations

In this year's Annual Report, we highlight seven logistics locations that are significant geographically, demographically and with unique logistical advantages. We also present some of Catena's customers and how we have been able to offer them an optimal solution.

➤ You will find the presentations on pages 11, 19, 35, 41, 53, 103 and 119.

3 reasons for investing in Catena

Since Catena chose to focus on logistics properties in 2013, the Company has generated shareholder value with a steady return on equity averaging about 17 percent. In the long-term, Catena's dividends to shareholders should amount to 50 percent of profit from property management after standard tax. The share is traded on the Nasdaq Stockholm exchange, MidCap.

Focused business model adds value

With a focus on strategically located logistics properties adjacent to key logistic hubs, Catena has amassed a particularly deep knowledge of logistics and trade – insights that safeguard Catena's strong position in the market and provide customers with a proactive and ambitious partner.

Project development as value driver

Development and refinement are important components in Catena's overall business model. They create conditions for value growth in the existing portfolio or through completely new construction projects. The large land reserve in strategically important positions is an important prerequisite for growing with new and existing customers.

Strong cash flow provides a stable platform

Maintaining a considerable breadth of customers, several of whom are among the largest distributors in the market, safeguards strong cash flow with a secure and stable base for the Company.

3 external factors favouring Catena

The global economy and trade drive demand for improved logistics solutions able to meet needs for efficient flows in an increasingly complex and integrated world market.

Extensive structural changes, with technological innovation as the common denominator, are bringing new consumption patterns. Digitally driven trade brings major changes that increase the need for logistics space, but that also place demands on fast, individualised and climate-smart deliveries. The logistics chain is becoming even more critical, bringing increased demand for modern logistics properties in appropriate locations.

Demographic conditions affects Catena's operations. Urbanisation is driving a concentration of logistics positions closer to the customer and digitally driven trade is established most strongly among younger people, suggesting an accelerating growth rate.



Improved profit from property management generates continued strong cash flow

Active project development, with a higher total project volume than in previous years, underlies the Company's continued growth and strong financial position. Overall, this results in a proposed dividend of SEK 5.75 per share to shareholders.

The year in figures

+22% Rental income increased as a result of contract renegotiation, acquisitions and newly-built space occupied during the year and an improved letting ratio.

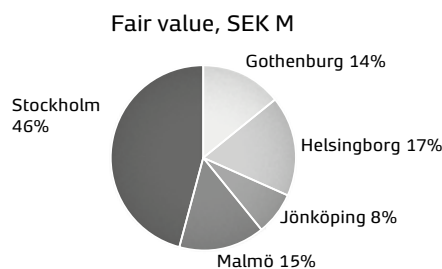
+12% The property portfolio grew due to the refinement of spaces and changes in value driven by coordination, well-executed projects and good management work, but also through acquisitions and new construction.

+30% Profit from property management increased as a result of an improved net operating surplus and relatively lower interest expenses.

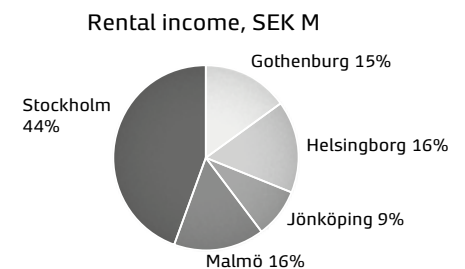
Key share data

	2018	2017	Change, %
Fair value of the properties, SEK M	14,721.1	13,131.1	12.1
Economic letting ratio, %	95.9	94.7	1.3
Rental income, SEK M	1,090.7	892.0	22.3
Surplus ratio, %	75.9	75.2	0.9
Profit from property management, SEK M	571.3	440.1	29.8
Cash flow before change in working capital, SEK M	550.8	418.7	31.6
Pre-tax profit, SEK M	940.1	758.6	23.9
Equity ratio, %	33.2	32.3	2.8
Equity per share, SEK	140.82	122.86	14.6
Net asset value per share, EPRA NAV, SEK	169.53	149.85	13.1
Share price at year-end, SEK	220.50	155.50	41.8

Regions

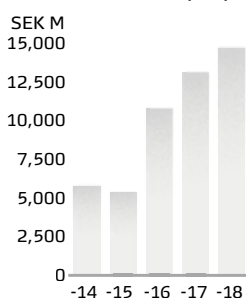


Total: SEK 14,721.1 M

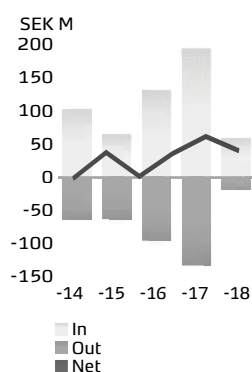


Total: SEK 1,090.7 M

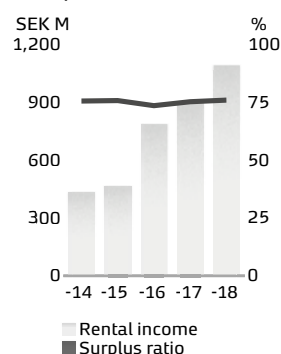
Fair value of the properties



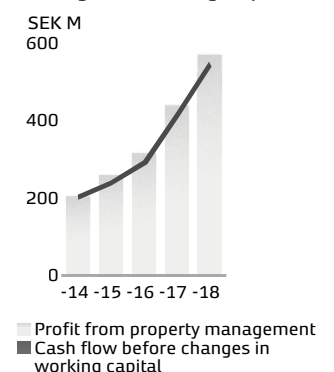
New tenancies/vacancies



Rental income and surplus ratio



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



Properties

Over the year, operations were extended by 130,900 square metres, with this being achieved through both acquisitions and project development. The combined value of the increase amounts to SEK 1,291.8 million. To maintain the focus of the portfolio, 13,100 square metres were also divested for a value of SEK 46.5 million.

During the year, SEK 684.3 million was invested in the portfolio – investments that provide increased lettable space, that develop the properties, that help reduce property expenses and that improve the net operating surplus.

The year’s property transactions mean that 13,100 square metres of older space were replaced with 96,900 square metres of logistics space adapted for current and future logistics.

Continued major investments in the Sunnanå and Tostarp Logistics Positions

At both of these attractive locations, adjacent to Malmö and Helsingborg, extensive investments are being made in new logistics facilities as a result of extensive and ongoing site development efforts.



New agreements on acquisitions of strategically located logistics land

With an additional 600,000 square metres of land adjacent to E-City Engelholm and 450,000 square metres of land adjacent to the new Stockholm South, the ambition is to secure strategically important logistics locations that meet the needs arising as flows, trade and consumption patterns change.

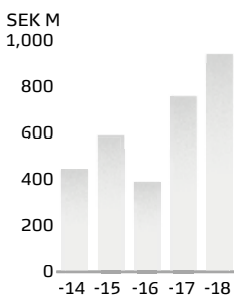


3 significant events during the year

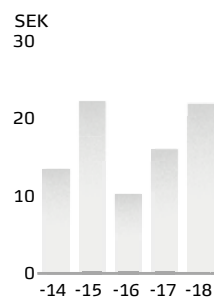
Acquisition of logistics property in Morgongåva
E-commerce pharmacy Apotea is the tenant at the efficient and the climate-smart facility.



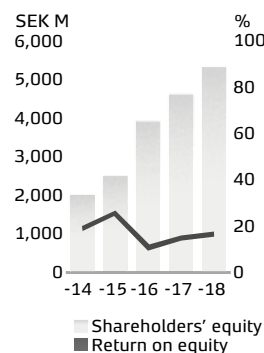
Profit before tax



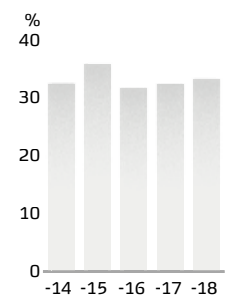
Earnings per share



Equity and return



Equity ratio



Strategies and operational objectives

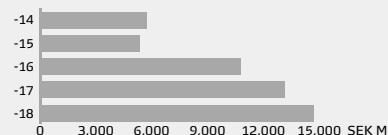
Property development

Catena's property portfolio shall continue to grow through proprietary project development and acquisitions that broaden the customer base. Modern, cost-efficient and sustainable properties with stable cash flows make Catena the best alternative for customers, investors and employees. The geographical location is crucial for successful site development, as are a well-considered context and the usage and design of the area and the buildings.

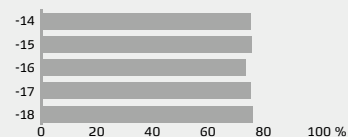
The value of the property portfolio rose by 12 percent over the year to SEK 14,721.1 million. Of the year's increase, proprietary projects accounted for SEK 684.3 million compared with SEK 502.2 million in 2017. The surplus ratio increased from 75.2 to 75.9 percent, approaching the internal target of 80 percent. The improvements are explained by a larger total project volume than previously, lower vacancy rates and significant energy efficiency enhancements.

► Read more about property development on pages 47–50.

Property value/growth



Surplus ratio



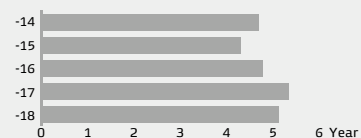
Clients and markets

Catena strives for long-term relationships with innovative and sustainable customers. Proactive business intelligence providing insights into changing consumption patterns and cargo flows enables Catena to add value in close customer relationships by offering properties that meet ambitious requirements. Catena is an active speaking partner who understands logistics and flows and can challenge from its perspective – with active branding and a digital marketing strategy, Catena's position in the industry is further strengthened.

The average contract period decreased slightly in 2018 but remains high at 5.1 years (5.3). This reflects a high proportion of new properties adapted to customers' operations, providing longer contract periods.

► Read more about Clients and Markets on pages 12–17.

Average contract period



Sustainability

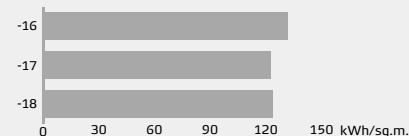
Catena is active in developing society through its commitment in priority logistics areas and contributing to a better environment by developing economic and environmentally-efficient logistics locations and energy-efficient enhancements in the property portfolio. Catena also strives to be an attractive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

Both total energy consumption and energy per square metre have increased somewhat compared with the previous year. Despite a colder winter and a warmer summer than normal, we managed to limit the increase to only SEK 1 per square metre, thanks to several major energy efficiency projects.

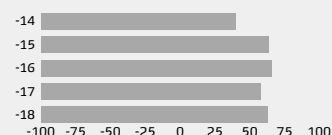
In the employee survey conducted in December 2018, the eNPS result was +63, which was higher than the +58 achieved in the preceding year and high in comparison with other companies both in Sweden and internationally.

► Read more about our sustainability work on pages 120–135.

Energy use



eNPS



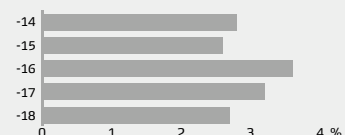
Financing

Catena shall continuously ensure a stable balance between equity and external capital, while current and future financing is secured on terms that are as favourable as possible.

On the balance sheet date, the average interest rate on interest-bearing liabilities was 2.7 percent, which was 50 points lower than in the corresponding comparison period.

► Read more about financing on pages 36–37.

Average interest rate



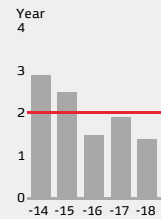
Financial targets

Average capital tied-up

The average period during which capital is tied-up should be at least two years.

Comments on 2018

With this target, the Company has secured financing over a period of time that reduces financing risk, while the Company can, at any time, facilitate optimum credit terms for the continued financing of operations. The average period during which capital was tied up amounted to 1.4 years (1.9). During 2019, we expect to increase the period for which capital is tied up.

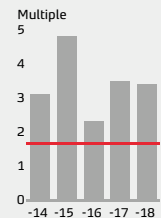


Interest coverage ratio

The interest-coverage ratio shall not be less than a multiple of 1.75.

Comments on 2018

This level has been set to provide a satisfactory safety margin in anticipation of rising market interest rates, for example. The continued high level from 2017 remains largely unchanged at a multiple of 3.4 compared with 3.5, and is mainly explained by continued efficient property management, an improved letting ratio and low and stable financing costs.

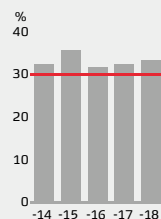


Equity ratio

The equity ratio should be at least 30 percent.

Comments on 2018

The target is considered well balanced with regard to the Company's cash flow. This provides good opportunities for returns with a balanced level of risk in the operations. The equity ratio of 33.2 percent in 2018 was slightly higher than the target of 30 percent and had, on the balance sheet date, risen compared with 2017, despite the acquisitions conducted and the dividend paid during the year in accordance with the Company's dividend policy – which was an effect of strong cash flow from operating activities.



Share performance

Price trend and turnover

During 2018, the share price rose by 38.3 percent (21.0), from the opening price of SEK 159.40 to SEK 220.50. The lowest price quoted for the share was SEK 148.00 on 6 February, and the highest price was SEK 224.50 on 28 December. The exchange as a whole, the Nasdaq Stockholm's all share index OMXSPI, fell by 7.7 percent (6.4) The Carnegie Real Estate Index (CREX) rose by 12.9 percent (11.0).

Dividend yield

For the 2018 financial year, the Board of Directors proposes a dividend of SEK 5.75 per share (4.50). This corresponds to a yield of 2.6 percent (2.9).

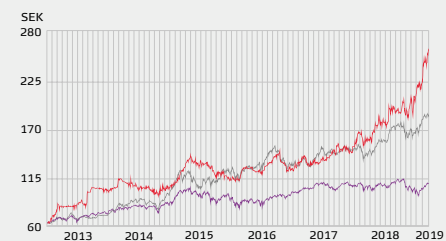
Total return on the share

The total return on the share was 2018 to 44.7 percent (23.7), which can be compared with the stock market's total index OMX Stockholm GI (including reinvested dividends) during the year, which fell by 4.2 percent (9.8).

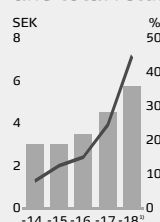
➤ Read more about the share on pages 38–39.

Share price trend 1 January 2013 – 28 February 2019

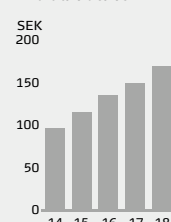
■ Catena ■ OMX Stockholm PI ■ Carnegie Real Estate Index



Dividend per share and total return



Net asset value, EPRA NAV



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

Positioned for growth as trade is redefined

Best year to date in 2018

Summing up the 2018 financial year, I must say that Catena performed very strongly – the year being our best to date. Compared with the preceding year, we increased our profit from property management by SEK 131.2 million to SEK 571.3 million and, over a three-year period, it has risen by 81 percent. With unchanged resources, we managed to improve almost all of our key performance indicators over the year – the increased profit from property management is reflected in a continued strong cash flow trend, providing us, in turn, with excellent conditions for project development and scope for action as we look ahead.

Excellent conditions for project development and freedom of action as we look ahead.

More people seeing the potential

With our streamlined focus on efficient and sustainable logistics properties and thanks to our ability to analyse how goods flow to, through and from Scandinavia, we have been early to identify strategic logistics positions that serve customers as their needs change in line with patterns of trade and consumption. We have actively chosen to work with trade-oriented customers. Unlike industrial goods and commodities, the goods flows handled at Catena's facilities usually end up with consumers. This imposes particularly stringent demands on logistics solutions, with fast, individualised and climate-smart deliveries being a prerequisite. This also means that we operate in a market that is expanding as it benefits from global trade patterns and the driving forces of online trade. Where there is demand, other players will also seek to enter the market and there are those who aspire to copy the business model that we have worked with purposefully for many years. We could not have clearer proof of the validity of our focus and business model, and this attention further inspires us to be the best and remain at the forefront of what we do – at the same time, we know that we are never better than our latest transaction or customer contact.

Continued growth

Given the strong cash flows that Catena's existing property portfolio generates, we see favourable financial capacity for continued growth, with asset transactions constantly fine tuning our property portfolio. Over the year, we acquired six properties, with the Snesholm 1:16 property, with Apotea as the tenant, being the largest at 38,000 square metres. Our ambition is to continue assessing and implementing acquisitions of additional logistics properties and attractive land. The land reserve of 1.7 million square metres with associated development rights and options is growing and, with the agreements to acquire 450,000 square metres of land at the new Stockholm South logistics location in the municipality of Nykvarn and 600,000 square metres of land adjacent to the e-commerce cluster E-City in the municipality of Ängelholm, we have secured important logistics positions for the future. These spaces provide substantial opportunities for project development and the continued expansion of the property portfolio, which can be activated as demand increases. We perceive an opportunity like this in, for example, our developable land in Törsjö, Örebro – a logistics location that is hard to beat at the demographic heart of Sweden and close to key transport routes in the Nordic region.

Over the year, we also invested approximately SEK 684 million in our existing properties. A great deal is happening at the Tostarp Logistics Position, where we completed Nowaste's 30,400 square-metre logistics warehouse and commenced construction of an additional 11,000 square metres for the same tenant. Outside Malmö at the Sunnanå Logistics Position, Svensk Cater's distribution centre is ready and work is in progress on Chefs Culinär's 7,600 square-metre warehouse and the 36,000 square-metre multi-tenant warehouse.

Developing a site

Our high tempo and intensive project development efforts are possible because we have a clear idea of what we want to achieve at strategic locations. Catena's hubs in the logistic network are being developed as a result of careful analysis and in-depth knowledge of how goods flow. For Catena, site development is a core skill and, in our experience, logistics properties, like offices and homes,

We have a clear idea of what we want to achieve at strategic locations.

add value through well-considered and carefully balanced offerings and clear concepts in terms of both function and design. As physical and digital commerce merge and new goods flows arise, both responsiveness and innovation are needed to capture needs of which customers are perhaps as yet unaware.

A sustainable approach builds commitment

Most of what we establish are newly-built premises or conversions. This facilitates provision of a product that is fully optimised for our customers and better conditions for a favourable return. Taking a long-term perspective on the property portfolio is favourable, both financially and in reducing our ecological footprint. Our development projects facilitate balanced and sustainable urban development and community planning in which both the logistics network in general, as well as the individual property, better meet our customers' current and future needs.

At Catena, we are proud of the close relationship we have with our customers and the opportunities this affords us to share important insights that can strengthen their operations in the long term. This trust is not achieved automatically but derives from Catena maintaining a team of skilled and committed employees who constantly strive to exceed expectations, who always take that extra effort and who dare to be innovative. With that approach and a very good year behind us, we enter 2019 stronger than ever.

Helsingborg, March 2019
Benny Thøgersen, CEO







MALMÖ A PART OF GREATER COPENHAGEN

The Öresund region has a significant population base and Malmö forms part of Greater Copenhagen. Very good infrastructure and access to new logistics spaces in Norra Hamnen, with cooperation with the Port of Copenhagen through the company CMP, binding the region together. Established programmes in transport and logistics at an academic level are offered at Malmö University and Lund University's Faculty of Engineering. Copenhagen and Malmö airports with numerous cargo flights also contribute to the uniqueness of the location.

It is said that Sweden's southernmost region, Skåne, feeds half of the country – it is Sweden's breadbasket and with both substantial imports through agents as well as local production, food logistics are of particular importance here.

10 Ranking of the logistics location in 2018, *Intelligent Logistik*.



"We are pleased to be taking this step, moving into a modern and resource-efficient logistics property, as a stage in establishing our operations in the Swedish market. The location of the property allows us to maintain flexibility in our customer offering and to support local food production in our sales channels in a highly innovative market."

Marcus Ahlm, Chefs Culinar.

Chefs Culinar expands with establishment in Sunnanå

Chefs Culinar is a family-owned restaurant wholesaler with operations in six European markets.

In Sweden, the company has been a total supplier for restaurants, cafés and caterers in the southern part of the country for the past three years, and it has producers and suppliers both in Sweden and abroad.

In the municipality of Burlöv, just outside Malmö, at the Sunnanå Logistics Position, construction of a 7,600 square-metre distribution centre commenced in 2018, which will support Chefs Culinar's expansion into the Swedish market. The building will include warehouse section for both imported specialities, and chilled and frozen foods.

The Sunnanå Logistics Position has the best possible location, with a direct exit from main road 11 and just a further 300 metres to the exit from the E6/E20 motorway. Chefs Culinar, which is expected to move into the property in the spring of 2019, will also have opportunities to expand its operations on the property.

Other properties nearby owned by Catena:

At the Sunnanå Logistics Position, Catena has invested in and constructed properties for other fast moving consumer goods (FMCG) companies, such as Svensk Cater, as well as for DHL, DS Smith and Lekia. In Arlöv, just outside Malmö, Catena hosts another FMCG cluster with customers such as Espresso House and Mathem.

Strong megatrends drive the need for more efficient goods flows

The development of faster, better and smarter logistics is driven by global currents such as increasing urbanisation with more and more people in our urban areas, new purchasing patterns, an increased focus on climate and the environment, and technology development that allows for 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. Shorter delivery times can also reduce the retailers' expenses for stock, capital and obsolescence.

Better

With deliveries to both retailers and consumers, it is important to deliver attractive products that can in a controlled manner be delivered flexibly, efficiently, rapidly and precisely. New consumption patterns force retailers to broaden and continually update their assortments without needing to increase capital tied-up with increased stock and warehouse space in expensive city locations or to burden their margins with increased costs associated with this and other items such as increased obsolescence. Technological development and increasing e-commerce also give suppliers great opportunities to improve consumers' purchasing experience in different ways. For example, through convenience, transparency and design, which in various ways are crucial to the future success of the retail trade.

Smarter

Smarter means new innovative solutions for the frequent and flexible distribution of goods with continual cost-savings and reduced environmental impact. A fundamental aspect throughout the chain is the right mode of transport and full capacity of load carriers.

The cost and environmental impact of the distribution of goods to consumers, relative to both the product price and its carbon dioxide emissions, are generally relatively marginal up to the final transport. Therefore, the highest margin benefit is derived from "Last Mile Logistics", that is, when the goods are to be distributed to the store or directly to the consumer. It is then that the number of traffic movements, and hence the cost and environmental impact, sky-rocket.



Specialised properties in strategic locations

Faster, better and smarter logistics with frequent and flexible deliveries allow consumers to receive the goods they have ordered quickly and, if necessary, to also return them quickly, as changes in demand build on modern logistics facilities for efficient cargo flows.

Efficient goods flows are based on large, strategically located terminals adjacent to the most important transport routes designed for same day transshipments of large quantities of goods and products. This makes it possible to exploit the advantages offered by mixed-load global container transports of large volumes.

Efficient goods flows also build on large regional logistics warehouses, which acts as hubs in efficient distribution solutions. There, cargo and goods can be handled and

stored safely and efficiently for shorter or longer periods before delivery to retailers or distributors.

The distribution centre collects goods in larger shipments from different units or suppliers, breaks these shipments down and compiles packages of smaller volumes of several different products. Increasingly, efficient goods flows also build on efficient city logistics, for the final leg to smaller, centrally located shops, or Last Mile Logistics to end-customers. City logistics facilities are usually located on the outskirts of urban areas or centrally in cost-efficient but functional spaces, for example underground or near multi-storey car parks. The facilities are equipped for immediate combined deliveries of general cargo of different types from different suppliers, so that the goods can quickly be available in the shops where there is demand. City logistics can be expanded with service-oriented logistics hubs for delivery to pick-up points or directly to consumers.

Better, faster and smarter logistics also involve automated logistics facilities. These improve the flow of goods, reduce handling and picking costs and utilise available storage space optimally. In turn, immediate access to inventory balances and increased control over the availability of goods in different locations provides opportunities for frequent and flexible transports with fully loaded vehicles.



Contacts Benny Thøgersen, CEO
benny.thogersen@catenafastigheter.se

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. An appreciated meeting place for new knowledge and inspiration in the area is the Logistics Trends conference that Catena arranges each year. The 2018 event was fully booked a month in advance and in focus on the day was the digital goods flow, which is developing at a furious pace and changing what trade and logistics will look like in the future.

► See more from LogistikTrender 2018 at www.catenafastigheter.se



Nick Axford – Global Head of Research, CBRE – gave a global perspective, focusing on trends in logistics properties.



Anna Felländer – Senior Adviser, BCG, Swedish Government Digitisation Council, Royal Institute of Technology – explained threats and opportunities associated with artificial intelligence.



Paul Svensson – TV chef and food waste ambassador – explained how logistics plays a role in meeting the UN's goal of halving food waste by 2030.

Continued growth in consumption despite slowing economy

Although, according to the December 2018 forecast from the National Institute of Economic Research (NIER), the Swedish economy is heading into a slacker phase, the strong economic trend is expected to continue over the next two years. Approved tax cuts will contribute to real disposable income continuing to increase in 2019. All in all, it is expected that household consumption will increase roughly in line with income in 2019.

CONSUMPTION AND GOODS FLOWS > The Swedish economy is performing well, largely because international performance is also good. According to a report by the National Institute of Economic Research (NIER), Swedish GDP grew by 2.2 percent over 2018 as a whole. Although the labour market remains strong, employment is expected to rise more slowly in the future. Unemployment has bottomed out and is expected to end up at about 6.5 percent for 2019 and 2020, according to NIER. The SEK is weaker than it has been for a very long time, benefiting Swedish exports.

The scope for consumption remains relatively intact, although households took a more cautious approach in the second half of 2018, largely as a result of the Riksbank's (Swedish central bank) interest rate hike at the end of the year.

It is hoped that exports will take over the rudder as housing construction and domestic investment slow down. Having slowed down in 2018, Swedish exports are expected to increase somewhat faster in 2019, according to NIER.

Every day, approximately 750,000 tonnes of goods are transported to consumers and companies around Sweden. According to a study of goods flows by the Swedish public authority for traffic analysis, Trafikia, the total weight of departing freight consignments amounted to 264 million tonnes in 2016, corresponding to a value of SEK 2,126 billion. Nearly 70 percent of the total weight consists of

digitisation redrawing the entire trading landscape. The structural transformation of trade is continuing – with rapid digitisation driving increased competition and growth in e-commerce globally. Many of yesterday's business models are not adapted to this trend. Physical trade is under pressure from the aforementioned, with lower flows and eroded profitability. Between 2005 and 2016, traditional retail trade lost 14 percentage points of its share of sales to digitally driven trade and markets.

GROWING RETAIL > Retail development was somewhat of a roller coaster in 2018. A strong start was superseded by a few weak months in the summer that transitioned into a more stable progression during the autumn, corresponding to a full-year growth forecast of 2.5 percent (HUI, December 2018), and the economy continues to show resilience. At the same time, the strong economic trend conceals imbalances, with the consequences of a further slow-down in housing construction being one of several major question marks.

HUI continues to emphasise the importance of the structural transformation in retail, with a rapid wave of

Although trade in durable goods remains steady at the overall level, it is confronted with the ongoing structural transformation and the challenges facing the housing

shops. PostNord/HUI's forecast for 2019 is that e-commerce will grow by 14 percent, amounting to SEK 88 billion.

HISTORIC YEAR FOR E-COMMERCE > For e-commerce, 2018 was a historic year. Growth was measured at 15 percent compared with 2017. That was an increase of SEK 10 billion, with e-commerce sales totalling SEK 77 billion in 2018. E-commerce accounted for 9.8 percent of total retail sales in Sweden, which can be compared with 3.0 percent in 2007.

Regarding trade in durable goods, 2018 was to become a significant milestone for growth in e-commerce as, according to Statistics Sweden's preliminary figures, e-commerce accounted for all growth in trade in durable goods and even took some shares of sales from physical

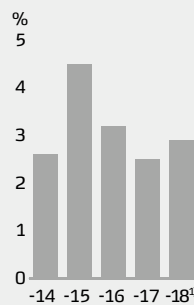
The products most commonly purchased online (39 percent) are still fashion items, which have topped online sales for many years, followed by the beauty and health segment at 32 percent and media products at 27 percent. Among the fastest growers in 2018, development was strongest in FMCG, furniture and sporting goods.

Online consumers impose strict demands with regard to service, with more than eight out of ten consumers considering it important to choose how a product should

transports within Sweden, while the remaining 30 percent consists of foreign transport.

Shipping is crucial for products and goods being able to leave and enter Sweden, while road and rail transport contribute to delivering those goods to consumers and companies. Road transport is the dominant mode of transport for domestic consignments in terms of weight and value, about 84–85 percent according to Transport Analysis. Although this development is natural given the build-out of the road network over a long period of time, much of this traffic could be reloaded to rail using container terminals. Sweden’s container terminals are like the spider in the web and form an important link in the efficient functioning of logistics flows.

GDP fixed prices, percentage change

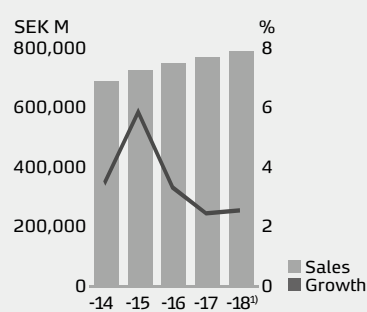


Household consumption expenditure, excl. HIO



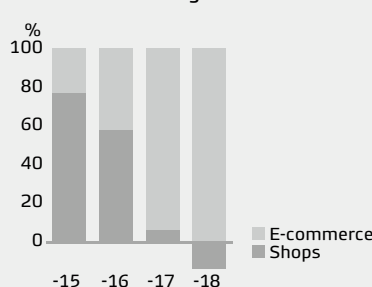
market, which risk causing people to hold on to their money more tightly. FMCG trade is rising steadily, benefiting from growth in the restaurant industry having abated somewhat compared with recent highs. E-commerce is continuing to increase. Sales of food products are growing most, increasing by 30 percent. The only sub-sector to grow by only a single-digit number (6 percent) was books/media.

Retail trend, current prices

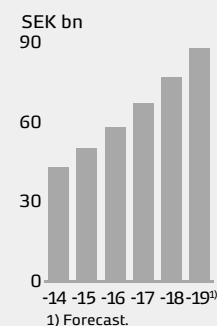


be delivered. It is also of great importance for online retailers to have procedures for returns that meet consumers’ expectations, with 11 percent of Swedish consumers having returned goods and 87 percent considering clear information on returns to be important.

Share of growth in sales of durable goods



E-commerce sales



1) Forecast.

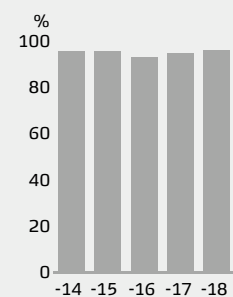
CONSUMPTION AND
GOODS FLOWSGROWING
RETAILHISTORIC YEAR
FOR E-COMMERCE**Stable rental market**

As the cargo flow increases, retailing increases and particularly e-commerce increases, the need for modern well-situated logistics spaces is growing. From an international perspective, Sweden has high rent levels for warehouse and logistics properties, attributable to higher building costs and limited speculative development. Despite the limited supply of space, development in rent levels has been weak, particularly in the regional towns. Closer to the metropolitan cities where the availability of land is limited, an increase in rent levels can be discerned. Rent levels for newly produced homes are determined largely by the costs for land and production. Even looking ahead, rent hikes are generally expected to be limited by the considerable supply of developable land and stable production costs, but also by strong competition among contractors and project developers for new assignments in the segment. However, increasing differentiation can be discerned. The rent for well-placed terminals as well as e-commerce warehouses and specialised premises for e.g. food, for which demand is also high, is somewhat higher than for warehouses. In Stockholm, as well as both in and around other major cities, the supply of developable land is decreasing compared with the rest of the country in pace with increasing residential construction, for example.

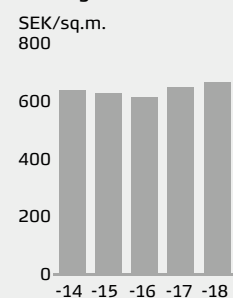
Labour costs are also generally higher there, driving up rents for newly produced spaces in attractive locations. The tendency is therefore to establish warehouses strategically, but further away from the centre of the major cities. The share of railway transports in the overall logistics mix is also expected to increase, due to increased environmental focus. The government declaration states that more long-distance freight is to transfer from road to rail and maritime transport. This places demands on better access to container terminals where cargo can be moved between rail and road, for example. Larger logistics warehouses can be supplemented with local distribution terminals. The trend is towards larger distribution centres that serve increasingly large areas, as European infrastructure improves and transportation times decrease. On the other hand, distribution centres for food and other fast-moving consumer goods that require frequent deliveries are located a little more densely and closer to retailers and consumers.

Accordingly, such facilities are decreasing and can be combined with city logistics in omni-facilities. There, located in close proximity to residential areas, e-commerce functions can also be placed for distribution directly to end customers or through delivery points.

Economic letting ratio



Average rent levels



Customers

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

The largest companies in the area are, to name a few, DHL, PostNord, Schenker, DSV, Bring and Green Cargo, which covers the entire country with primarily rail traffic. 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 e-commerce companies such as Boozt, Dustin, Mathem and Mat.se.

Other companies, logistics properties

A small number of 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. Some of the established property companies have increased their focus in the logistics segment. Castellum, Fast-Partner and Stendörren are all companies that have increased their share of logistics properties. Privately owned Bockasjö and Kilenkryssset and international companies ProLogis and Goodman also operate in Sweden. In addition, Logistic Contractor develops and builds logistics facilities.

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

Corem, 1,439.8

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



Catena, 1,792.5

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

Sagax, 1,051.0

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

Source: Websites.

Active investment market

There is a clear increase in demand for new warehouse and logistics properties, which is a sub-segment of the larger property market. Between 2015 and 2017, more than half a million square metres of warehouse and logistics space have been newly produced. In 2018, more than 600,000 square metres of space was completed.

We see no signs of new production decreasing in 2019. In particular, demand for parcel handling terminals is expected to increase steadily over a five-year period. 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 in which institutional players also want to have indirect or direct exposure.

The logistics and warehouse market continues to be characterised by a wide spread with respect to such parameters as ownership, size, modernity and efficiency. This means that most institutional investors still have a smaller allotment, particularly of logistics properties, than the segment's portion of the total commercial property stock.

Transaction activity in the segment has increased since the financial crisis in 2008–2009, when the level of activity in the property market was generally low. In 2012 and 2013, total transaction volumes approached the levels noted in the years preceding the financial crisis. In terms of transactions solely involving warehouse and logistics properties, the volume decreased from approximately SEK 16 billion in 2017 to around SEK 11 billion in 2018. The average for the 2010s is SEK 8.6 billion. In 2018, Hemfosa acquired a major property portfolio of approximately 460,000 square metres, including offices, warehouses and logistics properties, for SEK 3.6 billion. The seller was Sveareal/Starwood. In addition, Pareto company Halmslätten, for example, acquired two properties from Axfast for a value of nearly SEK 1.1 billion. Through two property sales, with 55,000 square metres being sold to NRP Fund VIII and 48,000 square metres being sold to Arctic, Logistic Contractor sold properties for approximately SEK 1 billion.





HELSINGBORG GATEWAY TO SWEDEN

Helsingborg ranks as one of Sweden's five best logistics locations. The Helsingborg logistics location has very good infrastructure, with Sweden's second-largest container port, as well as large and well-situated container terminals. The country's leading fruit and fresh produce cluster is also located here, with a large population base in the Öresund region and a good location for reaching Denmark and Germany. The E4 and E6 motorways divide at Helsingborg and it is also, to a large extent, the gateway to the rest of Sweden. The regional business cooperation within the 11 "Helsingborg Family" municipalities and skills initiatives in packaging and return logistics at Campus Helsingborg further strengthen the location.



4 *Ranking of the logistics location in 2018, Intelligent Logistik.*



"We are growing organically and by securing additional assignments, and we want to create the logistics conditions that our customers need to be able to grow. We can achieve all of this in Tostarp!"

Christian Hallberg, Deputy CEO, Nowaste.

Unique design and environmental thinking as Nowaste grows in Helsingborg

Nowaste Logistics is a leading third-party logistics company with major clients, including Sweden's largest fruit and vegetable company, Everfresh, the Bolist DIY chain, food company Atria and furniture company Trademax.

On 1 September 2018, Nowaste moved into its new logistics warehouse at Tostarp, adjacent to the E6 and E4 motorways just outside Helsingborg. Catena constructed and owns the building, which has an area of 30,400 square metres. An exciting façade design with a runic inscription in large-patterned stretch metal meets the drivers passing on the motorway. The logistics warehouse has been constructed in accordance with the Green Building standard and a special heating solution has been selected in which air energy and geothermal energy are combined for optimum results. The facility gives Nowaste the opportunity to optimise its business and eliminate unnecessary processes by means of, for example, self-driving forklifts. Immediately adjacent, an additional logistics facility of approximately 11,000 square metres, is being built for Nowaste, of which 1,250 square metres will be a 20 metre-tall high-bay warehouse. In total, Catena invested SEK 101 million in this third stage at the Tostarp Logistics Position, which is expected to be ready for occupancy in November 2019.

Other properties nearby owned by Catena:

The E-city e-commerce cluster in Ängelholm with Boozt's robotically controlled e-warehouse, for example, received the 2017 Logistics Establishment of the Year award.

Another strong year for Catena

For Catena, 2018 was another strong year. Prioritised ongoing project development, supplemented by strategic transactions, continues to increase and refine the portfolio of attractive logistics facilities at established locations. Together with active management, this is improving the letting ratio. The increased surplus ratio combined with more favourable financing generates profit from property management which, as planned, amounts to at least half the rental income. In principle, this profit from property management also constitutes the Company's cash flow before changes in working capital.

The property portfolio

On 31 December 2018, following transactions and property settlements, Catena's property portfolio comprised 107 logistics properties (109) located along important transport routes and population centres mainly in southern and central Sweden. The total lettable area amounted to 1,792,500 square metres (1,661,600). The total rental value amounted to SEK 1,216.1 million (1,109.9) and contractual annual rental income totalled SEK 1,166.7 million (1,051.4). Following active leasing efforts, the economic letting ratio increased to 95.9 percent (94.7).

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, Sothönan 3, Sunnanå 12:52 and Plantehuset 3 properties, as well as the jointly-owned Törsjö 13:2 properties and others, as well as significant expansion opportunities at many of the Company's other properties. In total, the land reserve amounts to 1.7 million square metres (1.7). 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. This includes the conditional acquisitions of part of the Ånsta 1:1 property, referred to more commonly as Stockholm South, and the Kärra 1:9 property in the municipality of Ängelholm. The largest ongoing project in 2018 was the Plantehuset

3 property at the Tostarp Logistics Position in Helsingborg, where Catena has erected a 30,400-square-metre logistics warehouse for Nowaste. In addition, construction began of an additional 11,000 square metres of logistics warehousing for the same tenant. At the Sunnanå Logistics Position outside Malmö, Svensk Cater's distribution warehouse was completed.

Work also continued there on Chefs Culinar's 7,600 square-metre distribution centre, as well as the construction of a 36,000 square-metre multi-tenant warehouse. At the Mappen 4 property in Linköping, a new warehouse of slightly more than 6,000 square metres was completed, with Bring, Pågen and ICA having moved in. At the Björrodd 1:205 property in the Municipality of Härryda, Cramo has now moved into its new 3,400 square-metre logistics warehouse.

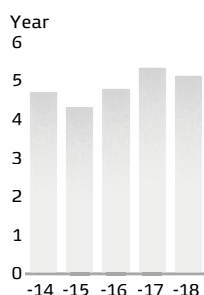
➤ Read more about Catena's projects on pages 47–50.

➤ A complete list of properties is given on pages 28–29 + fold-out.

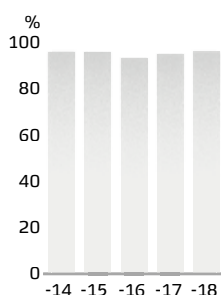
Income and rent

Rental income increased by slightly more than 22 percent to SEK 1,090.7 million (892.0), mainly as a result of acquisitions and completed projects. Despite the increased area, the letting ratio increased to 95.9 percent (94.7). This is a result of strategically placed logistics facilities and focused leasing efforts. Income from contracts with terms of more than three years accounted for approximately 67 percent (68) of Catena's contracted annual rent. This entails stable income with no appreciable variation

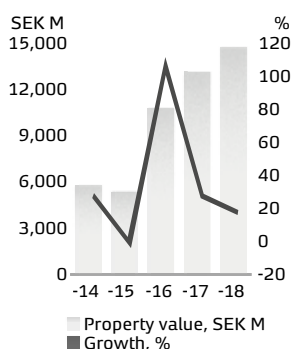
Average contract period



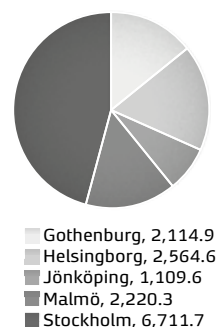
Economic letting ratio



Development of property portfolio



The property portfolio per region, SEK M



between periods, except in connection with acquisitions and sales. The average remaining lease period is approximately five years.

Letting and occupancy

During the year, 60 tenants entered into new contracts with a total area of 73,700 square metres. The contract value for new tenancies was SEK 58.2 million (194.5), while that for discontinued tenancies ended up at SEK 18.5 million (133.1) for 74 terminated contracts with a total area of 26,800 square metres. This entails a net increase in new tenancies at a value of SEK 39.7 million (61.4).

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 2018, Catena's ten largest tenants accounted for 43.9 percent (44.2) of the Group's contractual rental income.

The leases for these ten tenants expire within one to 15 years. On the balance sheet date, the average remaining lease term remained stable, although it decreased slightly to 5.1 years (5.3). The table to the right 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.

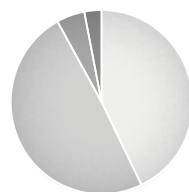
► A table showing the maturity structure of the leases is presented on page 57.

Net operating surplus and surplus ratio

The net operating surplus, that is, rental income less property expenses and property administration, increased by slightly more than 23 percent over the year to SEK 827.6 million (671.2).

This is primarily a result of the increased space, the improved letting ratio and efficiency improvements, not least in the area of energy. Among other things, Catena has continued to invest in energy-saving technology, more sustainable heating and better lighting and ventilation systems. Increased letting has also led to reduced media costs for the properties in pace with tenants taking them over, since media costs for vacant premises are paid by the property owner.

Customer categories



Logistics companies, 43%
Trading companies, 49%
Industrial companies, 5%
Other, 3%

Catena's ten largest customers as at 31 December 2018

1. DHL
2. ICA Fastigheter
3. PostNord
4. Martin & Servera
5. Intervare
6. Boozt Fashion
7. Menigo Food Service
8. Alwex Lager & Logistik
9. Nowaste Logistics
10. Apotea

Partly due to a snowy winter, property expenses rose by slightly more than 19 percent to SEK 263.1 million (220.8), although most of this is due to the larger property portfolio. In summary, the surplus ratio increased from 75.2 to 75.9 percent.

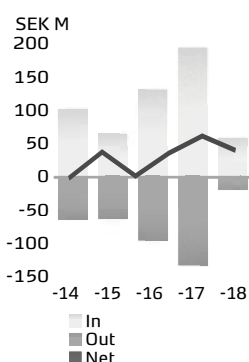
There are seasonal variations in the operation and maintenance of properties. Winters with much cold and snow entail higher costs for heating and snow removal. A hot summer can mean increased expenses for cooling. These variations are offset, to some extent, through onward invoicing of expenses to tenants.

Profit from property management

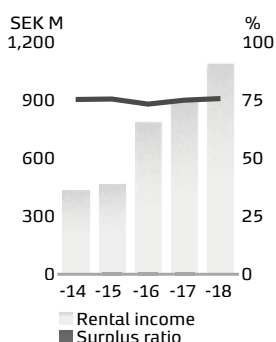
Profit from property management, meaning the carrying amount from profit with reversals of changes in value and tax, increased compared with the previous year by SEK 131.2 million, or 30 percent, to SEK 571.3 million (440.1). Prominent reasons for the improved profit from property management are an increase in the portfolio and a higher letting ratio.

Profit from property management was also positively affected by a decrease in financial expenses during the year relative to the increased volume of properties. These amounted to SEK 238.6 million for the year (213.2). In addition to the larger property portfolio, the increase in financial expenses is due primarily to the reorganisation of swaps implemented in the first quarter of 2017, which, at that time, affected financing expenses positively by SEK 16.6 million as a non-recurring effect. Adjusted for the

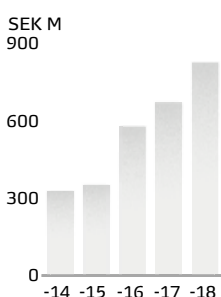
New tenancies/ vacancies



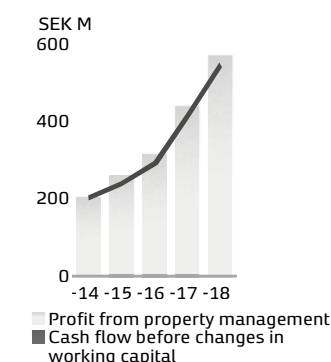
Rental income and surplus ratio



Net operating surplus



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



previous year's reorganisation of swaps, financial expenses, increased by 4 percent, while the loan volume has increased by 13 percent. Compared with 2017, Catena has lowered its average interest rate by 0.5 percentage points to 2.7 percent (3.2).

► Read more about financing on pages 36–37.

Profit for the year

Profit for the year increased by almost 30 percent to SEK 823.4 million (634.7), which was SEK 188.7 million higher than for the preceding year. Changes in the values of properties and goodwill were SEK 41.1 million higher than in 2017. Changes in the values of derivatives were SEK 9.2 million higher than in the preceding year, as an effect of long-term market interest rates increasing over the year. The unrealised changes in value are of an accounting nature and do not affect cash flow.

On 14 June, the Riksdag (Swedish Parliament) adopted new tax rules for the corporate sector, entailing among other things, a reduction in corporate tax in two steps to 21.4 percent as of 2019 and to 20.6 percent as of 2021. The decision entails a reduction of the year's tax expense by SEK 79 million relative to tax calculated according to the current tax rate of 22 percent, due to deferred tax assets and liabilities being valued at these new, lower tax rates.

► Read more about profit for the year on pages 56–57.

Development of property portfolio

In recent years, the property portfolio has gradually been replaced in favour of modern, sustainable logistics and developable land with increased potential for further improved profit from property management.

SEK M	Fair amount	Number of properties
Property portfolio at beginning of year	13,131.1	109
Acquisitions*	607.5	4
Investments in existing properties	684.3	
Sales	-46.5	-3
Translation difference, etc.	15.6	
Property regulations, etc.	0.0	-3
Unrealised changes in value	329.1	
Total investment properties	14,721.1	107

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

Acquisitions

In order to increase the business volume, strengthen the Company's positions in central logistics locations, broaden the customer base and develop the concepts within e-commerce, omni warehouses and food logistics, Catena acquired six properties during the year, of which two were merged into existing properties, with a total area of 96,900 square metres at a total fair value of SEK 607.5 million (1,960.6).

Investments

Continual investments in existing properties have been made for SEK 684.3 million.

The largest ongoing project is at the Plantehuset 3 property at the Tostarp Logistics Position in Helsingborg, where a 30,400 square-metre logistics warehouse has been completed for Nowaste. New construction of 11,000 square metres of logistics warehousing for the same tenant has also begun. At the Sunnanå Logistics Position outside Malmö, Svensk Cater's distribution centre has been completed. At Sunnanå, the investments in Chefs Culinar's distribution warehouse, as well as a 36,000 square-metre multi-tenant warehouse, have continued. At the Mappen 4 property in Linköping, work on a new warehouse building of slightly more than 6,000 square metres has been completed for Bring, Pågen and ICA.

At the Björrod 1:205 property in the Municipality of Härryda, Cramo has now moved into its new 3,400 square-metre logistics warehouse.

Disposals

During the year, three properties with a total area of 13,100 square metres and a carrying amount of SEK 46.5 million (419.9) were divested with the purpose of refining the Company's portfolio of attractive logistics properties that Catena no longer considers strategic.

Unrealised changes in value

The unrealised changes in value of Catena's properties have arisen as an effect of coordination, well-executed projects and good property management work. In 2018, these amounted to SEK 329.1 million. This corresponds to slightly more than 2 percent of the value before adjustment.

► Read more on property valuation on page 23.

Related party transactions

This year's earnings include minor related-party transactions with Hansan AB.



Contacts

Peter Andersson, Deputy CEO, CFO
peter.andersson@catenafastigheter.se

Property valuation

Clear guidelines and precision linked to well-functioning procedures engender conditions for fair valuation of assets.

Valuation model

Like most listed property companies, Catena has opted to recognise its investment properties at fair value, in accordance with IAS 40. Catena performs quarterly internal valuations of all of its investment properties.

The internal valuation is used to determine the fair values recognised in the balance sheet. The valuation is based on a six-year cash-flow model for each individual property. The model is based on actual income and expenses, adjusted for a normalised future earnings capacity in terms of both income and expenses.

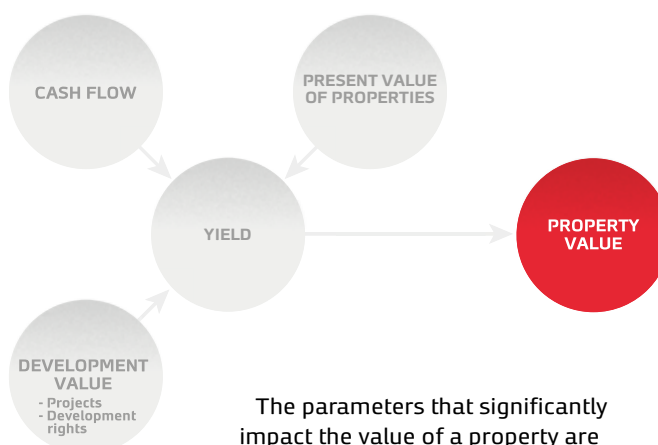
When assessing the future earnings capacity, factors taken into account include the expected changes in the rent level based on the current rent of the individual lease compared with the market rent for each date of maturity, and changes in letting ratio and property costs. The yield value has then been calculated in a cash-flow statement per property.

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

Significant variables

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

	Actual outcome, SEK M	Normalised values, total
Rental value, SEK M	1,216.1	1,299.5
Economic letting ratio, %	95.9	90.2
Contractual annual rent, SEK m	1,166.7	1,172.5
Operating surplus before property administration, SEK M	863.0	985.3
Property yield before property administration costs, %	5.9	7.2
Surplus ratio before property admin. %	79.1	84.0
Discount rate, %		9.2
Assumed annual rent development, %		2.0



The parameters that significantly impact the value of a property are the discount rate and the rental value.

Assumptions including interest rates, debt/equity ratio, inflation assumptions, the required return on paid-in capital, property location, tenant structure, etc. are included in the discount rate.

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

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

Change	+1%	-1%
Discount rate, SEK M	-2,103	2,534
Assumed annual rent development, SEK M	632	-842

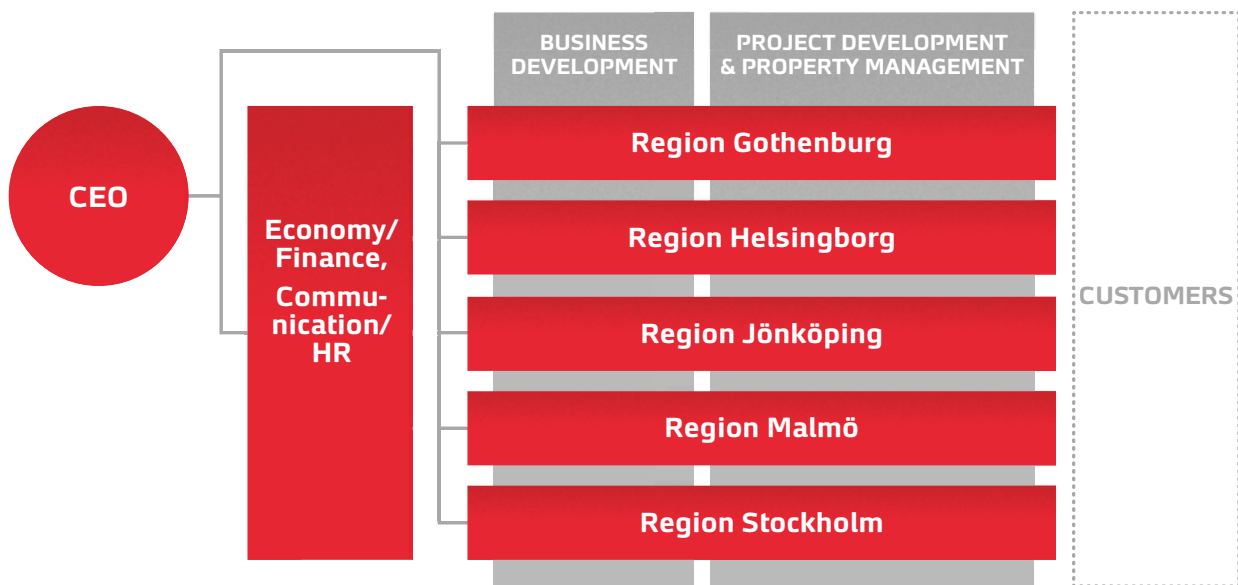
Changes in value of investment properties

To verify the internal valuations, external valuations of a selection of the Company's properties are also carried out. During the year, Newsec and Cushman & Wakefield valued approximately 66.7 percent of the portfolio, representing a value of SEK 10.0 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 fair value adjusted. This discrepancy is accepted since there is always an element of uncertainty in the estimated value.

Organisation and business structure

Catena's position as a leader in logistics properties is attributable largely to the capacity existing throughout the organisation. Extensive experience and specialist expertise in logistics, property development, property management and transactions generate value for customers but also enable short decision paths and scope for action.



Property portfolio by region

Regions	Number of properties	Lettable area, thousand sq. m.	Fair value, SEK M	Rental value, SEK M	Economic letting ratio, %	Contractual annual rent, SEK M	Surplus ratio, %
Gothenburg	14	223.2	2,114.9	172.0	99	170.4	87
Helsingborg	23	382.4	2,564.6	214.6	94	201.3	70
Jönköping	12	209.6	1,109.6	117.1	91	106.4	67
Malmö	16	219.3	2,220.3	179.3	98	175.1	65
Stockholm	42	758.0	6,711.7	533.1	96	513.5	80
Total	107	1,792.5	14,721.1	1,216.1	96	1,166.7	76

► See also the list of properties on pages 28–29.

Catena's organisation is divided into five regions. There are also Group-wide functions for Economy/Finance and Communications/HR. Management bears the overall responsibility for business development, financial control and performance review. 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 transactions and the communication with finance markets and society.

Strong regions

Property management is organised into regions according to the geographical location of the properties: Gothenburg, Helsingborg, Jönköping, Malmö and Stockholm.

The Property Management function is responsible for service and contact with the tenants to thereby identify and resolve problems and also evaluating the possibilities of developing both customer relationships and premises. Catena employs in-house managers and technicians, and also engaging external property managers.

The regions are also responsible for the development of Catena’s business regionally through contacts with the local business community and the local authorities. In this way, the regions can initiate transactions and development. The regional management organisations are supported by Catena’s staff units, with qualified expertise in key functions such as transactions, financing, sustainability and property management.

The flexible and customer-oriented business structure affords Catena considerable opportunities to manage its growing portfolio and develop the operations over both the long and short term and has enabled the Company to significantly strengthen its customer relations and increase the number of customers.

Shared values

Catena’s growth rate and success builds largely on a coordinated team of employees, work together to achieve established objectives. An important component of that work comprises the shared values that all executives and employees can use as the starting point for major and minor decisions. The work for a value-driven organisation grows increasingly important as Catena expands to ensure that everyone works efficiently together toward the Company’s objectives.

In 2018, Catena has worked actively with the Company’s values and discussed what they mean in practice, both in the management team and in the organisation as a whole.

Catena’s values

We exceed expectations



We are professional in everything we do, both large and small, and our knowledge matches current and future needs. Based on this, we always go a little further, daring to be innovative.

We take long-term responsibility



Both our own working environment and society in general are affected by how we act and the decisions we make. What we deliver must be sustainable over time – ecologically, socially and economically.

We are committed



We work close to our customers and one another and we are passionate about what we do. At Catena, we believe in having fun at work and we do not fear this joy being contagious – we are happy to share!

The process of developing Catena’s new core values has engaged all employees in the Company.



Regional development

Comments on 2018

Priorities in 2019

GOTHENBURG



Contacts

Johan Franzén, Regional Manager Gothenburg
johan.franzen@catenafastigheter.se

- Cramo's hub for equipment leasing in western Sweden was completed. The property comprises a total of 43,000 square metres of land. Occupancy took place on 1 July.
- The property portfolio was further refined towards modern logistics properties through the divestment of the Tappen 1 property in Borås.
- The customer-oriented property management organisation was strengthened to further improve service to existing customers and to reduce operating expenses, including through energy saving projects.

- Increase the land reserve for new construction in the Gothenburg region.
- Defend a high surplus ratio through continued fine-tuning of working methods and customer-oriented property management.
- Continued focus on green energy solutions at properties in the region, with both photovoltaic and geothermal solutions.

HELSINGBORG



Contacts

Göran Jönsson, Regional Manager Helsingborg
goran.jonsson@catenafastigheter.se

- Third-party logistics company, Nowaste, moved into new premises of 30,400 square metres in Tostarp outside Helsingborg. The construction of a high-bay warehouse for Nowaste commenced.
- In October, an agreement was signed to acquire an additional 600,000 square metres of land adjacent to E-city in Ängelholm.
- The region's portfolio was further refined towards larger players with the divestment of the multi-tenant Kroksabeln 17 property.

- Completion of Nowaste's high-bay warehouse in Tostarp.
- Commence new construction at the properties in Tostarp and E-City, Ängelholm.
- Continued efforts to secure access to developable land.

JÖNKÖPING



Contacts

Johan Franzén, Regional Manager Jönköping
johan.franzen@catenafastigheter.se

- A new agreement was signed with third party logistics company Alwex for 52,000 square metres of the Fröträdet 1 property in Växjö. The agreement extends until the end of 2024.
- In Jönköping, a seven-year agreement was signed with Procurator for a 23,000 square-metre central warehouse, 16,000 square metres of which is being newly constructed. The warehouse is scheduled for completion in 2019. At the same Tahe 1:64 property, a five-year contract was signed for 3,500 square metres of educational premises for the municipality of Jönköping.

- Commence a new construction project or major extension during the year.
- Increase the surplus ratio through investments in energy efficiency enhancements and active efforts to fill vacancies.
- Continued focus on increasing the land reserve.

MALMÖ



Contacts

Jörgen Eriksson, Regional Manager Malmö
jorgen.eriksson@catenafastigheter.se

- The Sunnanå Logistics Position was in focus. Svensk Cater's new FMCG warehouse was completed during the autumn. Construction of Catena's 36,000 square-metre multi-tenant warehouse and Chefs Culinar's FMCG warehouse commenced (completed in the spring of 2019).
- Several energy-saving projects were launched, aimed at both improving environmental performance and lowering expenses.
- All key performance indicators improved, the decline in the number of properties being attributable to the merger of four properties into one.

- Completion of ongoing construction projects at the Sunnanå Logistics Position. A section of land remains to be completed and negotiations are in progress, following which, the original plan for Sunnanå will have been completed. Stage 1 of the multi-tenant warehouse is expected to be completed by the summer, and stage 2 at the end of the year.
- The detailed development plan for the further expansion of the Sunnanå site is in focus.

STOCKHOLM



Contacts

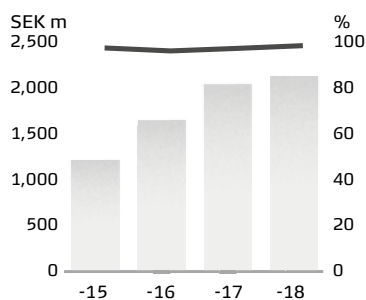
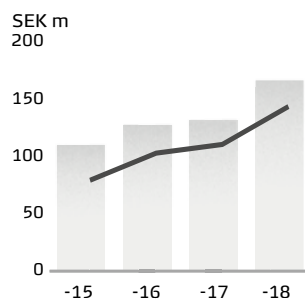
Maths Carreman, Regional Manager Stockholm
maths.carreman@catenafastigheter.se

- A strategic property was acquired in Morgongåva (Apotea), adapted for e-commerce and with Sweden's largest roof-mounted photovoltaic cell plant.
- The expansion around priority location Umeå continued with the acquisition of land at the Magneten 6 site and the Lagret 1 property (PostNord Thermo).
- Leasing increased in more complex locations (Karlstad, Katrineholm, Linköping, Sundsvall), thereby raising the letting ratio and increasing income significantly.
- The property portfolio was refined, resulting in optimised property management and staffing.

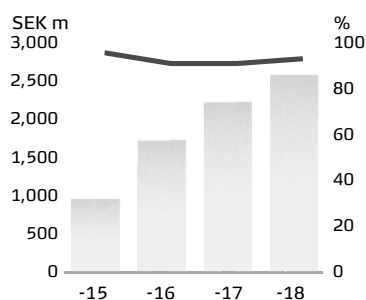
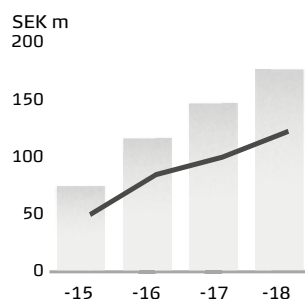
- Detailed development plan and timetable for the new Stockholm South Logistics Position.
- With a low vacancy rate, the ambition is to commence two to three new construction projects on proprietary land.
- Work to reduce operating costs and further improve the surplus ratio.

Rental income ■ Net operating surplus ■ Property value ■ Letting ratio

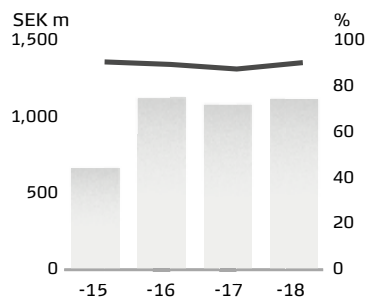
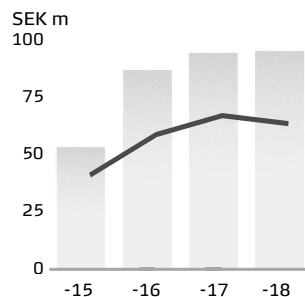
Key share data



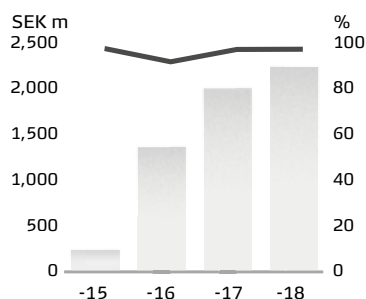
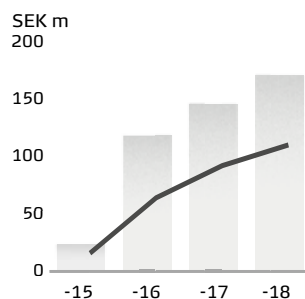
	2018	2017	Change, %
Surplus ratio, %	87.2	85.3	2.2
Contractual annual rent, SEK M	170.4	162.0	5.2
Rental value, SEK M	172.0	165.4	4.0
Profit from property management, SEK M	144.9	115.4	25.6
Lettable area, thousand m ²	223.2	224.9	-0.8
No. of properties	14	15	-6.7
No. of contracts	46	43	7.0



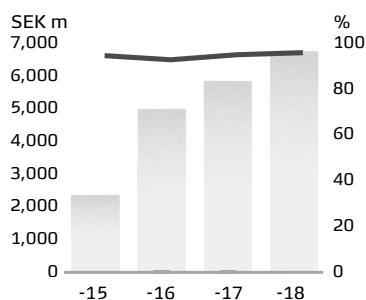
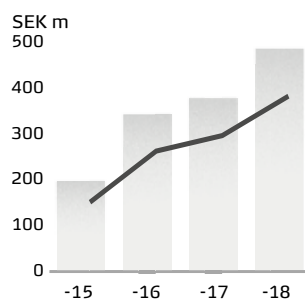
	2018	2017	Change, %
Surplus ratio, %	70.2	69.1	1.6
Contractual annual rent, SEK M	201.3	171.6	17.3
Rental value, SEK M	214.6	187.2	14.6
Profit from property management, SEK M	114.6	87.6	30.8
Lettable area, thousand m ²	382.4	347.8	9.9
No. of properties	23	24	-4.2
No. of contracts	128	160	-20.0



	2018	2017	Change, %
Surplus ratio, %	67.4	71.8	-6.1
Contractual annual rent, SEK M	106.4	100.6	5.8
Rental value, SEK M	117.1	114.2	2.5
Profit from property management, SEK M	63.8	64.9	-1.7
Lettable area, thousand m ²	209.6	209.6	0.0
No. of properties	12	12	0.0
No. of contracts	50	42	19.0



	2018	2017	Change, %
Surplus ratio, %	65.2	64.1	1.7
Contractual annual rent, SEK M	175.1	162.6	7.7
Rental value, SEK M	179.3	166.6	7.6
Profit from property management, SEK M	97.8	76.5	27.8
Lettable area, thousand m ²	219.3	211.0	4.0
No. of properties	16	18	-11.1
No. of contracts	55	50	10.0



	2018	2017	Change, %
Surplus ratio, %	79.5	79.3	0.3
Contractual annual rent, SEK M	513.5	454.6	13.0
Rental value, SEK M	533.1	476.5	11.9
Profit from property management, SEK M	371.4	293.7	26.5
Lettable area, thousand m ²	758.0	668.3	13.4
No. of properties	42	40	5.0
No. of contracts	144	140	2.9

CATENA

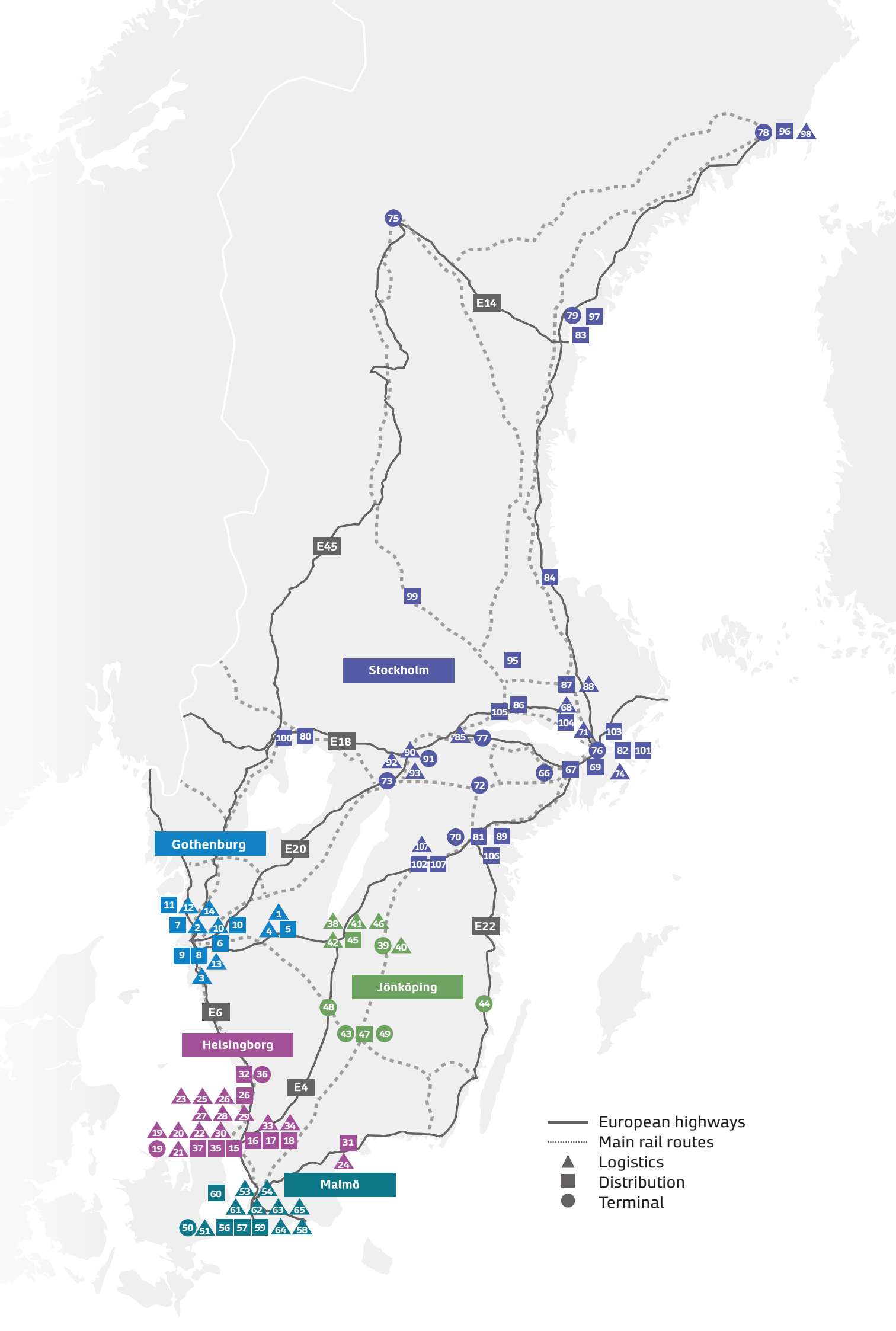


List of properties by region

Property	Postal address	Address	Value-year	Taxable value, SEK T	Rental value, SEK T	Con-tractual rent, SEK T	Type, m ²				Total
							Logistics warehouse	Distri-bution	Terminal	Other	
Gothenburg											
1 Vindtunneln 1	Borås	Vevgatan 18	2002	69,011	10,670	10,670	16,897	0	0	0	16,897
2 Backa 97:10	Hisings Backa	Exportgatan 43	1979	48,873	9,753	9,753	13,983	0	0	0	13,983
3 Varla 6:15	Kungsbacka	Kabelgatan 5	1980	69,164	15,243	13,996	25,006	0	0	0	25,006
4 Vindtunneln 2	Borås	Segloravägen 6	2006	72,000	8,018	8,018	16,391	0	0	0	16,391
5 Källbäckeryd 1:408	Brämhult	Tvinnargatan 17	1990	4,580	557	557	0	1,247	0	0	1,247
6 Björröd 1:205	Landvetter	Västra Björröds- vägen 4	0	0	5,995	5,995	0	3,380	0	0	3,380
7 Backa 23:2	Hisings Backa	Exportgatan 20 A	2006	33,000	5,314	5,314	0	3,984	0	0	3,984
8 Generatoren 11	Mölnadal	Aminogatan 32 C	2006	12,148	2,779	2,779	0	1,995	0	0	1,995
9 Klarinetten 1	Mölnadal	Arnegårdsgatan 12	2007	23,000	5,324	5,324	0	3,667	0	0	3,667
10 Backa 23:5	Hisings Backa	Exportgatan 14-16	1992	702	16,992	16,992	7,670	7,659	0	0	15,329
11 Fördelaren 1	Kungälv	Truckgatan 15	1979	154,812	40,032	40,032	0	54,000	0	0	54,000
12 Bulten 1	Kungälv	Bultgatan 27	1997	56,187	15,901	15,581	23,090	0	0	0	23,090
13 Solsten 1:102	Mölnlycke	Fibervägen 2-8	1992	102,568	32,673	32,673	42,437	0	0	0	42,437
14 Backa 23:9	Hisings Backa	Exportgatan 20	2009	14,251	2,708	2,708	1,824	0	0	0	1,824
Total, Gothenburg Region				660,296	171,959	170,391	147,298	75,932	0	0	223,230
Helsingborg											
15 Plantehuset 3	Helsingborg	Mineralgatan 15, 17	0	14,200	18,149	18,149	0	30,400	0	0	30,400
16 Remmen 1	Åstorp	Ji-Te gatan 9/ Persbogatan 1-3	1985	11,519	3,718	3,718	0	6,782	0	0	6,782
17 Lejonet 6	Åstorp	Bangatan 7	1973	2,401	933	933	0	1,785	0	0	1,785
18 Lejonet 7	Åstorp	Bangatan 9 A	1995	8,232	1,777	1,777	0	3,624	0	0	3,624
19 Köpingegården 1	Helsingborg	Trintegatan 10, 13, 15	2004	120,849	25,690	25,690	14,403	0	24,522	0	38,925
20 Kopparverket 11	Helsingborg	Stormgatan 11	2007	96,000	7,057	7,057	26,600	0	0	0	26,600
21 Plantehuset 2	Helsingborg	Mineralgatan 11	2011	12,271	4,067	4,067	4,694	0	0	0	4,694
22 Hästhagen 4, 5, Prop. merger	Helsingborg	Landskronav 5, 7/ Rännarbanan 30	2005	96,915	25,829	19,999	50,056	0	0	0	50,056
23 Förmannen 4	Ängelholm	Transportgatan 13	1993	58,150	11,868	11,868	22,241	0	0	0	22,241
24 Misteln 1	Åhus	Täppetleden 1	2011	9,428	1,489	1,489	1,900	0	0	0	1,900
25 Rebbelberga 26:37	Ängelholm	Framtidsgatan 3	1999	57,270	8,904	8,904	15,960	0	0	0	15,960
26 Norra Varalöv 31:11 etc.	Ängelholm	Produktionsvägen 10 m.fl.	2017	131,209	36,856	36,856	43,927	14,545	0	0	58,472
27 Kärra 1:23	Ängelholm	Helsingborgsvägen 528	1929	1,296	120	120	0	0	0	200	200
28 Norra Varalöv 31:5	Ängelholm	Produktionsvägen 11	2011	7,988	1,843	1,843	4,056	0	0	0	4,056
29 Rebbelberga 26:38	Ängelholm	Framtidsgatan 5	1998	3,088	739	739	849	0	0	0	849
30 Vångagårdet 20	Helsingborg	Landskronavägen 23, 25 A & B	1974	86,569	22,873	17,150	25,690	0	0	0	25,690
31 Arnulf Öfverland 1	Kristianstad	Estrids väg 2	1992	6,102	967	967	0	2,236	0	0	2,236
32 Konen 5	Halmstad	Kristinehedsvägen 16	2011	4,586	1,076	1,076	0	727	0	0	727
33 Hammaren 1	Klippan	Stackarpsvägen 8	1977	19,795	5,362	4,620	18,456	0	0	0	18,456
34 Hammaren 2	Klippan	Stackarpsvägen 10	2002	57,389	17,805	17,805	32,550	0	0	0	32,550
35 Bunkagården Mellersta 2	Helsingborg	Bunkagårdsgatan 5	Spec.	0	12,487	12,487	0	28,250	0	0	28,250
36 Fräsaren 12	Halmstad	Fräsaregatan 6	Spec.	0	3,912	3,912	0	0	5,435	0	5,435
37 Bunkagården Mellersta 1	Helsingborg	Bunkagårdsgatan 1	1985	10,540	1,085	100	0	2,463	0	0	2,463
Total, Helsingborg Region				815,797	214,606	201,325	261,382	90,812	29,957	200	382,351

Property	Postal address	Address	Value-year	Taxable value, SEK T	Rental value, SEK T	Contractual rent, SEK T	Type, m ²				Total
							Logistics warehouse	Distribution	Terminal	Other	
Jönköping											
38 Barnarps-Kråkebo 1:44	Jönköping	Möbelvägen 39	1991	50,383	15,778	15,778	34,126	0	0	0	34,126
39 Lagret 1	Nässjö	Terminalgatan 6	2004	52,158	20,214	20,214	0	0	24,404	0	24,404
40 Lagret 4	Nässjö	Terminalgatan 6	2016	31,378	5,307	5,307	9,252	0	0	0	9,252
41 Tahe 1:64	Taberg	Målövågen 2	1980	69,112	11,367	6,754	29,209	0	0	0	29,209
42 Barnarps-Kråkebo 1:56	Jönköping	Stolsvägen 2	2001	15,988	2,778	2,778	4,030	0	0	0	4,030
43 Postiljonen 1	Växjö	Nylandavägen 2	Spec.	0	6,417	6,416	0	0	6,702	0	6,702
44 Däcket 1	Oskarshamn	Lövgrensvägen 4	Spec.	0	1,337	1,337	0	0	2,908	0	2,908
45 Älghunden 3	Jönköping	Mutternvägen 3	1983	13,030	1,843	1,843	0	3,738	0	0	3,738
46 Ätthögen 2	Jönköping	Herkulesvägen 56	1987	24,825	5,929	5,357	8,709	0	0	0	8,709
47 Fröträdet 1	Växjö	Högsbyvägen 3	1990	156,980	35,778	30,225	0	68,580	0	0	68,580
48 Rockan 2	Värnamo	Torpvägen 2	Spec.	0	5,099	5,099	0	0	9,729	0	9,729
49 Smeden 1	Växjö	Ljungadalsgatan 10	Spec.	0	5,297	5,297	0	0	8,210	0	8,210
Total, Jönköping Region				413,854	117,142	106,402	85,326	72,318	51,953	0	209,597
Malmö											
50 Sunnanå 12:51	Arlöv	Flansbjersvägen 10 and 12	Spec.	0	18,949	18,949	0	0	16,940	0	16,940
51 Sunnanå 12:52	Arlöv	Flansbjersvägen 14-18	0	12,400	7,530	7,530	8,362	0	0	0	8,362
52 Sunnanå 1:20 & 1:21	Arlöv	Tullstorpsvägen 110	Land	7,999	1,202	1,202	0	0	0	0	0
53 Sockret 4	Malmö	Lodgatan 9-13/ Tånggatan 4	1979	44,720	3,945	3,484	14,796	0	0	0	14,796
54 Tågarp 16:22	Arlöv	Företagsvägen 14	1974	28,200	7,688	7,656	9,849	0	0	0	9,849
55 Sunnanå 5:16	Arlöv		Land	1,581	46	46	0	0	0	0	0
56 Morup 5	Malmö	Kosterögatan 12-14	Spec.	0	18,930	18,272	0	24,931	0	0	24,931
57 Bronsringen 1, 3	Oxie	Bronsgjutaregatan 4	2008	45,159	8,347	8,347	0	5,510	0	0	5,510
58 TERMINALEN 1	Trelleborg	Terminalsgatan 2	1971	56,400	11,121	10,773	24,292	0	0	0	24,292
59 Tågarp 16:17	Arlöv	Lagervägen 4	1978	143,280	39,058	37,070	0	47,682	0	0	47,682
60 Kornmarksvej 1	Bröndby	Kornmarksvej 1	0	0	46,760	46,760	0	47,121	0	0	47,121
61 Slätthög 6	Malmö	Olsgårdsgatan 8 B	2014	22,683	2,779	2,779	3,158	0	0	0	3,158
62 Tankbilen 9	Trelleborg	Godsvägen 9	2008	29,053	5,425	5,425	8,700	0	0	0	8,700
63 Olsgård 4	Malmö	Olsgårdsgatan 11	0	2,201	1,696	1,227	1,409	0	0	0	1,409
64 Slätthög 4	Malmö	Olsgårdsgatan 8 A	2015	17,263	2,233	2,233	2,123	0	0	0	2,123
65 Slätthög 1	Malmö	Olsgårdsgatan 6	2015	23,834	3,622	3,297	4,486	0	0	0	4,486
Total, Malmö Region				434,773	179,333	175,051	77,175	125,244	16,940	0	219,359

Property	Postal address	Address	Value-year	Taxable value, SEK T	Rental value, SEK T	Contractual rent, SEK T	Type, m ²				Total
							Logistics warehouse	Distribution	Terminal	Other	
Stockholm											
66 Mörby 5:28	Nykvarn	Mörbyvägen 21	2009	33,000	10,668	10,668	0	0	186	0	186
67 Tuvängen 1	Södertälje	Morabergsvägen 25	2000	19,587	2,434	2,434	0	2,640	0	0	2,640
68 Dikartorp 3:12	Järfälla	Passadvägen 8, 10	2002	139,701	22,179	22,179	29,005	0	0	0	29,005
69 Nattskiftet 11	Stockholm	Elektravägen 11-23/ Drivhjulsvägen 42	1996	13,689	36,265	35,134	0	25,617	0	0	25,617
70 Slottshagen 2:1	Norrköping	Kommendantvägen 5	Spec.	0	10,135	8,582	0	0	15,126	0	15,126
71 Vanda 1	Kista	Vandagatan 3	1990	168,200	22,310	20,523	23,240	0	0	0	23,240
72 Sothönan 3	Katrineholm	Industrigatan 7	1986	10,974	14,329	14,028	10,000	0	14,755	0	24,755
73 Terminalen 1	Hallsberg	Hallsbergsterminalen 12-20	Spec.	0	12,253	12,253	0	0	25,850	0	25,850
74 Jordbromalm 4:33	Haninge	Lillsjövägen 19	2005	157,267	18,273	18,273	23,547	0	0	0	23,547
75 Skogskojan 1	Östersund	Grindvägen 3	Spec.	0	3,923	3,923	0	0	3,466	0	3,466
76 Drivremmen 1	Hägersten	Drivhjulsvägen 17/ Västberga Allé 41	Spec.	0	25,946	25,946	0	0	33,123	0	33,123
77 Ekeby 2: 2	Eskilstuna	Folkestaleden 3	Spec.	6,709	3,493	3,493	0	0	7,976	0	7,976
78 Batteriet 7 & 8	Umeå	Spårvägen 26 A & B	Spec.	0	1,872	1,872	0	0	4,376	0	4,376
79 Måtås 4:4	Sundsvall	Förmanslänken 9A	Spec.	0	3,659	3,659	0	0	8,120	0	8,120
80 Östanvinden 5	Karlstad	Östanvindsgatan 4	1983	2,585	745	745	0	1,330	0	0	1,330
81 Basfiolen 7	Norrköping	Moa Martinsons gata 10 A	1983	4,196	541	541	0	1,318	0	0	1,318
82 Vasslan 1	Årsta	Sockengränd 2	1986	42,510	6,311	6,311	0	5,433	0	0	5,433
83 Vårdshuset 3	Sundsvall	Vårdshusvägen 5	1985	3,114	784	784	0	1,512	0	0	1,512
84 Sörby Ur fjäll 38:2	Gävle	Elektrikergatan 4	1990	4,427	785	785	0	1,427	0	0	1,427
85 Källstalöt 1:6 & 1:7	Eskilstuna	Brunnsta 19	1975	82,992	17,932	17,932	32,200	0	0	0	32,200
86 Stenvreten 8:33	Enköping	Varggatan 17	2010	41,600	15,353	15,353	0	10,873	0	0	10,873
87 Rosersberg 11:81	Rosersberg	Metallvägen 31	2006	153,800	15,416	15,416	0	22,605	0	0	22,605
88 Rosersberg 11:116	Rosersberg	Metallvägen 60	2013	94,800	9,669	9,669	10,171	0	0	0	10,171
89 Statorn 31	Norrköping	Malmgatan 14	1972	55,697	6,976	5,835	0	15,708	0	0	15,708
90 Törsjö 2:49	Örebro	Paketvägen 1, 3	2004	172,620	30,784	30,784	55,255	0	0	0	55,255
91 Mosås 4:66	Örebro	Paketvägen 10	Spec.	0	7,355	7,355	0	0	8,885	0	8,885
92 Mosås 4:57	Örebro	Paketvägen 6	1970	31,199	4,302	4,272	12,089	0	0	0	12,089
93 Godsvagnen 6	Örebro	Terminalgatan 2	1992	65,916	9,894	9,894	19,600	0	0	0	19,600
94 Magneten 6	Umeå	Kontaktvägen 20	Land	3,500	588	588	0	0	0	0	0
95 Snesholm 1:16	Morgongåva	Molnebovägen 10/ Tjusarevägen 40	0	964	18,740	18,740	0	38,000	0	0	38,000
96 Lagret 1	Umeå	Depåvägen 1	1991	74,918	14,792	14,792	0	24,892	0	0	24,892
97 Sköns Prästbord 2:4	Sundsvall	Timmervägen 4	1973	29,899	18,768	16,845	0	24,600	0	0	24,600
98 Mätaren 6	Umeå	Mätarvägen 3	1977	56,852	13,335	11,538	24,484	0	0	0	24,484
99 Planeraren 2	Borlänge	Planerargatan 3	1979	64,122	25,091	25,091	0	32,758	0	0	32,758
100 Bleket 2	Karlstad	Brisgatan 4	1973	35,774	12,073	7,735	0	22,605	0	0	22,605
101 Frukthallen 3	Årsta	Frukthandlarvägen 3-9	1968	108,200	20,435	18,146	0	21,696	0	504	22,200
102 Mappen 3	Linköping	Köpetorpsgatan 8	1977	76,790	18,411	15,721	0	28,500	0	0	28,500
103 Jordbromalm 4:41	Jordbro	Lillsjövägen 52	Spec.	0	22,030	22,030	0	32,898	0	0	32,898
104 Slammertorp 3:3	Järfälla	Mejerivägen 5	2000	119,532	15,813	15,813	0	17,545	0	0	17,545
105 Korsberga 1	Västerås	Saltängsvägen 50	2011	51,802	7,840	7,840	0	10,100	0	0	10,100
106 Adaptorn 1	Norrköping	Blygatan 25	1975	111,277	16,801	16,801	0	28,429	0	0	28,429
107 Mappen 4	Linköping	Köpetorpsgatan 6, 10	1979	61,619	13,764	13,186	22,388	3,165	0	0	25,553
Total, Stockholm Region				2,099,832	533,065	513,509	261,979	373,651	121,863	504	757,997
TOTAL				4,424,552	1,216,104	1,166,679	833,160	737,957	220,713	704	1,792,534





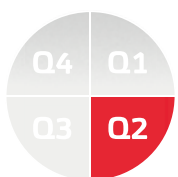
Important events



In late February, Catena signed a seven-year agreement with Chefs Culinar and is investing SEK 115 million in a new distribution centre at the Sunnanå 12:52 property outside Malmö. In the spring, construction commenced of the 7,600 square-metre warehouse which, when completed, will contain a warehouse section for dry goods as well as chilled and frozen goods. The agreement is expected to generate a net operating surplus of approximately SEK 8 million annually. The building will be the third built by Catena in its development area at the Sunnanå logistics location outside Malmö.

On February 28, Catena acquired and took possession of the Mappen 1 property in Linköping. The acquisition is being conducted as a property transaction at a value of SEK 68.1 million. The lettable area comprises 22,600 square metres and the building plot area is 110,000 square metres with development rights for approximately 30,000 square metres. The rental value, for the more or less fully leased property, amounts to more than SEK 9 million with a remaining lease term of approximately two years. The property is located next to Catena's two other properties in the area, Mappen 3 and Mappen 4.

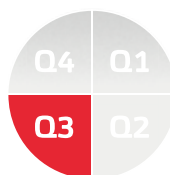
In cooperation with Foodhills AB and Backahill AB, Catena has started a jointly owned company, Foodhills Fastighet AB. Catena has a 45 percent holding, Backahill 45 percent, and Foodhills AB owns the remaining 10 percent of the property company. The appointed CEO of the Company is Mikael Halling, who was previously Executive Vice President and Senior Advisor at Catena for many years. On 1 March, Foodhills Fastighet AB acquired the properties Bjuv 23:1, part of Selleberga 17:1 and Lunnahus 4:2 in Bjuv Municipality from Findus, which had been the owner of the property for many years with both its headquarters and production at the site. The transaction was conducted as a property transaction at a value of SEK 85 million, with possession as of 1 March. The property has a lettable area of approximately 100,000 square metres. At the time of acquisition, the property had no tenants. The estimated rental value amounts to approximately SEK 35 million.



In mid-April, Catena established a commercial paper programme with a framework amount of SEK 2 billion. The programme is arranged by Swedbank AB, which also functions as an issuing institute together with Danske Bank. To manage the refinancing risk, the programme has secured backup facilities (through property mortgages). On 4 May, an investor presentation was held and, on 7 May, Catena issued commercial papers for SEK 750 million with maturities of four, six and nine months under the newly established commercial paper programme, with an average interest rate of 0.39 percent. The commercial papers will have a maximum maturity of 364 days.

On 27 April, Catena signed a lease with DS Smith and Lekia and is investing a further SEK 358 million at the Sunnanå logistics location, just outside Malmö. This will be the fourth facility that Catena establishes in the area and will encompass two buildings with a shared loading yard and parking area. The buildings will provide warehousing for multiple tenants, with a total of 36,000 square metres of warehouse and office space. Lekia will be leasing 6,000 square metres and DS Smith 5,800 square metres, and they are scheduled to move in during the third quarter of 2019. Fully leased, the two new buildings are estimated to have a rental value of approximately SEK 26 million.

On 8 May, Catena signed a seven-year contract with Procurator with an annual rent of SEK 9.4 million and will be investing SEK 107 million in the Tahe 1:64 property, located on the Torsvik industrial estate, adjacent to the E4 motorway in Jönköping. The property is being extended by 16,000 square metres to a total 41,800 square metres. With this contract, almost all of the property's logistics space has been leased. Procurator is expected to be able to move into the property towards the end of 2019.



On 2 July, Catena and Domarbo Skog AB signed an agreement for Catena to acquire the Snesholm 1:16 property in the Municipality of Heby in the County of Uppsala, north of Stockholm. The property was acquired through a corporate transaction at a predetermined property value of SEK 280 million. The purchase consideration for the shares amounted preliminarily to SEK 77 million, of which SEK 50 million was paid with newly issued shares in Catena. The subscription price for the issue of approximately SEK 175 per Catena share was based on the average closing price over the ten trading days preceding the possession date, meaning that Domarbo Skog AB holds 285,330 new shares in Catena, corresponding to 0.76 percent of the total number shares following the issue. The property sits on a plot of approximately 83,000 square metres and has a lettable area of approximately 38,000 square metres that is fully leased to Apotea, a rental value of slightly more than SEK 18 million and a remaining lease term of 11.5 years.

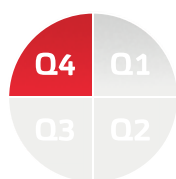
Catena signed an agreement to sell the remaining 50 percent of Huddinge Regulatorn 2 AB at an underlying property value of SEK 390 million. The transaction was conducted as a corporate disposal with the buyer being, as previously, WA Fastigheter AB, which took possession of the entire property on 3 September 2018. The purchase consideration for the remaining participation in the joint venture amounted to slightly more than SEK 95 million, which was on the same level as the carrying amount. The property has more than 45,000 square metres of lettable space and a land area of 62,000 square metres. The annual rental income amounts to more than SEK 32 million and the property is currently almost fully leased. In Catena's assessment, the location of the property is not suited to logistics purposes in the longer term.

On 31 July, Catena announced an increase in the number of shares and votes in Catena AB (publ) due to a directed new share issue. The total number of shares in Catena increased by 285,330 shares and votes. On 31 July 2018, Catena's registered share capital amounted to SEK 165,874,953.20 distributed between 37,698,853 shares. All shares are of the same class of shares and each share entitles the holder to one (1) vote at Catena's General Meetings.

In mid-September, Catena signed an agreement with Smedberg Logistik- & Industrimark AB for the acquisition of 450,000 square metres of land at the new Stockholm South logistics location in the Municipality of Nykvarn. The area, which is part of the Ånsta 1:1 property is located alongside the E20 motorway and close to the E4 motorway, just 45 kilometres south of central Stockholm. The area forms part of the emerging Stockholm South logistics centre between Södertälje and Nykvarn, which, in addition to its motorway-adjacent location, also offers proximity to ports, industrial rail sidings and an airport. Planning for the acquired property is ongoing and the detailed development plans for warehouses, logistics buildings and industrial buildings at the site are expected to come into force in 2019. The acquisition will be conducted as a corporate transaction at a predetermined property value of SEK 315 million. The transaction also includes a number of commitments, including surface water treatment, streets, etc., which are paid for by the seller. The agreement is conditional on the detailed development plan being approved and coming into force by 2020, which is also when Catena will gain access.



Snesholm 1:16, Heby



New Nomination Committee for the 2019 Annual General Meeting appointed for Catena. The Nomination Committee consists of representatives of the four largest shareholders and the Chairman of the Board. Fredrik Widlund appointed by Endicott Sweden AB (CLS Holdings plc)

Anders Nelson appointed by Backahill Kil AB, Johannes Wingborg appointed by Länsförsäkringar Fondförvaltning AB Gustaf Hermelin, Chairman of the Board and appointed by SFU Sverige AB.

Catena has signed an agreement with land owner Peter Valtinat to acquire 600,000 square metres of land adjacent to E-City Engelholm where, for example, e-commerce

company Boozt has its warehouse. The acquired Kärra 1:9 property in the Municipality of Ängelholm is situated in an excellent logistics location with nearby access to both the E6 and E4 motorways. The acquisition will allow construction of modern and efficient logistics facilities with an estimated area of more than 200,000 square metres with an investment over time of approximately SEK 1 billion. The acquisition is being conducted through Catena's wholly owned subsidiary Queenswall Två AB, at a property value of SEK 42.5 million. The agreement is conditional on an acquisition license being granted. Planning for the acquired property has commenced and is expected to take slightly more than two years.

On 31 October, Catena acquired the Lagret 1 property in Umeå at a property value of SEK 174 million. The property is situated on a plot of approximately 77,000 square metres and has a lettable area of approximately 25,000 square metres. The rental value amounts to SEK 14.8 million and the property is fully leased with a remaining lease term of seven years. The building mainly houses warehouse and logistics premises with both low and high-bay storage and is connected to the rail network.

In November, an eight-year lease was signed with No-waste for a new logistics warehouse of approximately 11,000 square metres at the Tostarp Logistics Position in Helsingborg. The warehouse, which will be Catena's third at the site, is adapted for e-commerce and 1,250 square metres of the building will be a 20 metre-tall high-bay warehouse. Catena is investing SEK 101 million and will receive annual rent of SEK 7 million.

In early December, Jörgen Eriksson was appointed as the new Regional Manager for Malmö and Johan Franzén, Regional Manager for Gothenburg, will also be the new Regional Manager for the Jönköping region. The former Regional Manager, Christian Berglund, is leaving Catena.

Significant events after the end of the year

The Nomination Committee has submitted a proposal regarding the composition of the Board of Directors to the Annual General Meeting to be held on 25 April 2019. The following is proposed: re-election of Henry Klotz, Katarina Wallin, Tomas Andersson, Ingela Bendrot and Hélène Brigert and that Gustaf Hermelin be re-elected as the Chairman of the Board. The new election of Magnus Swärd is also proposed, since Bo Forsén has declined re-election.

On 26 February 2019, Catena signed a 15-year lease agreement with PostNord and is commencing new construction of an 18,300 square-metre terminal at the Tostarp Logistics Position, outside Helsingborg. The investment amounts to SEK 250 million with a 15-year lease. The annual rent amounts to approximately SEK 16 million. PostNord is expected to move into the new premises during the summer of 2020.

Current earnings capacity

Earnings capacity

SEK M	31 Dec 2018	31 Dec 2017
Rental income	1158.0	1,042.6
Property expenses	-276.0	-260.6
Net operating surplus	882.0	782.0
Central administration	-32.4	-32.0
Share of profit of associates	-5.0	8.0
Net financial items	-223.9	-230.5
Profit from property management	620.7	527.5
Tax for the year	-132.8	-116.0
Profit for the year	487.9	411.5
Key share data		
Profit for the year, SEK per share	12.9	11.0
Number of shares outstanding, millions	37.7	37.4

In the table, Catena presents its earnings capacity on a 12-month basis. As the table is not equivalent to a forecast, but is intended to reflect a normal year, actual outcomes may differ because of decisions that affect the outcome positively as well as negatively in relation to normal years, like unforeseen events. The presented earnings capacity does not include any assessment of changes in rent, vacancy or interest rate. Catena's income statement is also affected by changes in value and changes in the property portfolio as well as changes in

the value of derivative instruments. None of this has been taken into account in the current earnings capacity. The net operating surplus is based, at the balance sheet date, on contracted leases and normalised property expenses for the current portfolio. Financial expenses are based on Catena's average interest rate level including hedges for current loan debt less capitalized interest at normal project volumes. The tax is calculated on a conventional basis according to the tax rate at any given time.

Direct return

%	31 Dec 2018	31 Dec 2017
EPRA NIY (initial yield)	6.2	6.3
EPRA "topped-up" NIY (normalised yield)	6.4	6.7

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

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

Market outlook

Over time, the market for logistics properties is driven by increased cargo flows and growing retail trade, particularly e-commerce. Demand for Catena's well-situated, purpose-appropriate and environmentally efficient logistics spaces is therefore expected to remain favourable in the first part of 2019.

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

Concluded agreement negotiations also indicate stable rent levels in our existing portfolio. In addition, as a result of increased space efficiency, we expect increased

rental income per square metre for our newer holdings of larger buildings and newly-constructed properties.

We foresee a generally more sluggish financial market in the winter of 2019, affecting price levels for bonds, among other things. Relatively speaking, however, Catena is well-equipped with a small proportion of bonds maturing in 2019 and with a large proportion of bank loans among its total loan stock.

We believe that the transaction market for efficient, energy-smart and appropriately situated logistics properties is stable, and we see good opportunities, through acquisitions and property development, to expand the operations over the upcoming years. We are monitoring closely developments in the world's financial markets and are well-prepared regardless of the direction these take. Opportunities for transactions are not generated by upswings alone.

Appropriation of earnings

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

Appropriation of earnings

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

Proposed appropriation of accumulated profit

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

	SEK
Profit brought forward	1,834,681,581.65
Profit for the year	1,023,847,358.46
Total	2,858,528,940.11

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

	SEK
To be distributed to shareholders: SEK	
5.75 per share	216,768,404.75
To be carried forward	2,641,760,535.36
Total	2,858,528,940.11

The Board of Directors' proposal

In the proposed appropriation of earnings, the Board of Directors proposes to the 2019 Annual General Meeting that Catena pay a dividend of SEK 5.75 per share for the 2018 financial year, which entails a total dividend pay-

ment of SEK 216,768,404.75 (168,360,853.50). From the annual accounts it can be seen that Catena's consolidated equity ratio amounts to 33.2 percent. After deduction of the proposed dividend, the Group's equity ratio amounts to approximately 32.3 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, Paragraphs 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 56–60.





JÖNKÖPING AT THE CROSSROADS

Jönköping is strategically located where cargo flows from trunk road 40 and the E4 motorway meet, and offers a natural rail connection in Nässjö. The region has long held a strong position as one of the best logistics locations in the Nordic region, with good conditions for supplying Finland, Denmark and Norway alike with next-day delivery. The rail connection to Gothenburg and a number of container terminals make it easy to receive imported goods. The location offers extensive experience in the management of logistics issues and service, with logistics and supply research at Jönköping University and strong business networks in Jönköping and Nässjö.



6 Ranking of the logistics location in 2018, Intelligent Logistik.



"There are not many who are knowledgeable about logistics at this level. Catena's contacts and process approach were crucial when we took the decision to gather our forces at a central logistics point!"

Stefan Strand, Logistics Director, Procurator.

Procurator gathers its forces at a central warehouse for the whole of Sweden

Procurator, part of OptiGroup, supplies customers in the Nordic countries with clothing, personal protective equipment, cleaning products, hygiene articles, packaging solutions and restaurant supplies to customers in the industry, construction and transport and FMCG sectors, among service companies and in the public sector.

Back in 2014, Procurator took the strategic decision to gather its forces and reduce its number warehouses around Sweden. For customers, the benefits include combined deliveries; for the environment, the benefit is reduced traffic; and for Procurator itself, the value of its inventories can clearly be optimised. The final stage in the strategy is to merge the three warehouses in Jönköping into one that meets Procurator's requirements in terms of location and opportunities for customised premises. Catena has used an existing building immediately adjacent to one of Procurator's warehouses and is investing SEK 107 million to enable a partially automated central warehouse in the total 41,800 square-metre property, the largest part of which Procurator is leasing. Procurator is expected to move into the property towards the end of 2019.

Other properties nearby owned by Catena:

In Nässjö, Intersport has an automated omni-facility for fast transshipment, a logistics warehouse to even out supply and demand, a distribution centre that effectively supply retailers and, particularly, an e-commerce warehouse.

Well-diversified financing

The cost of the Company's interest-bearing liabilities decreased during the year, while the Group broadened its funding with additional options. Well-diversified financing, combined with strong cash flow, creates scope for continued growth.

Owning, managing and developing logistics properties requires good access to capital. In addition to its key strategic locations, Catena's property portfolio, which consists entirely of logistics properties, is characterised by stable customers with strong credit. Long-term customer relationships pave the way for stable cash flow and ensure that the Company is able to continue financing its operations on favourable terms, now and in the future.

The Group's finance operations, which are conducted within the Parent Company, Catena AB, are responsible for ensuring that funding and liquidity are secured at the lowest possible cost and that payment systems are appropriate. This is to be done taking into account, in part, the financial policy, which is tested and approved annually by the Board of Directors and, in part, the Group's business plan. The financial policy serves as a framework for the management of the Group's financial risks, primarily counterparty risk, liquidity risk, refinancing risk and interest rate risk.

Policy

	Objectives	Outcome
Average period for which capital is tied up, years	> 2	1.4
Credit providers, number	> 5	10
Interest-coverage ratio, multiple	> 1.75	3.4
Equity ratio, %	> 30	33.2

► Read more about financial risks and targets on pages 113–114.

Capital structure

The relationship between equity and borrowed capital is of considerable significance for the operations. Catena works continuously to adapt this to external developments.

At the end of the year, Catena had assets amounting to SEK 15,984.9 million (14,246.6), of which property values accounted for SEK 14,721.1 million (13,131.1), with these

being financed in part with equity of SEK 5,308.8 million (4,596.5) and in part with liabilities amounting to SEK 10,676.1 million (9,650.1). Catena's long-term equity ratio target is a quotient that should exceed 30 percent, balancing a satisfactory safety margin against an attractive return.

► Read more about the balance sheet on page 58.

Interest-bearing liabilities

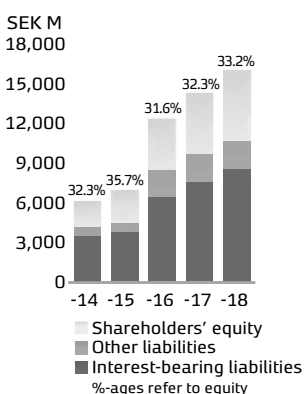
In 2018, Catena negotiated new credit agreements and renegotiated existing ones totalling SEK 1.7 billion (5.5). In total, the Group's net borrowing rose by SEK 948.6 million. The change is primarily an effect of an increased property portfolio and has largely occurred through the new commercial paper programme described below.

At the end of the year, interest-bearing liabilities amounted to SEK 8,516.8 million (7,568.2), all of which were secured through property mortgages. The liabilities consisted, in part, of SEK 6,390.2 million (6,690.2) in traditional bank loans, in part, SEK 1,228.0 million (878.0) in covered bonds and, in part, SEK 898.6 million (0) in commercial papers. Consequently, interest-bearing liabilities amounted to 57.9 percent (57.6) of the value of the properties. In addition to loans raised, there were, at the time, confirmed and unutilised credit commitments from banks amounting to SEK 539.8 million (428.1). Combined, the period for which capital was tied up in interest-bearing liabilities averaged 1.4 years (1.9) and, over the ensuing year, approximately 27 percent (16) of the portfolio will be refinanced under current agreements.

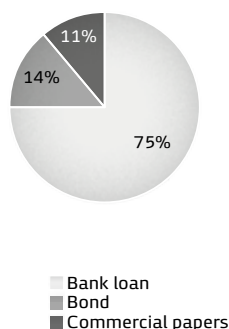
Bank borrowing

Traditional and bilateral credit agreements with financial institutions constitute Catena's main source of financing. At the end of the year, these amounted to 75 percent of total interest-bearing liabilities and were distributed

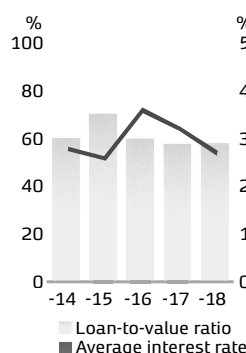
Capital structure



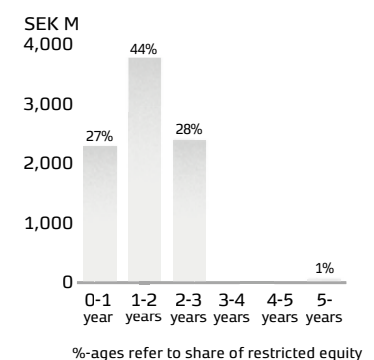
Source of financing



Borrowing and interest expenses



Capital tied-up, loans



among eight (eight) different banks. This diversified bank borrowing affords Catena scope and security in future acquisitions and renegotiations.

Bonds

Within the framework of Svensk FastighetsFinansiering (SFF), a company owned jointly with four other listed property companies, Catena has issued covered bonds with an outstanding volume at the end of the year of SEK 1,228.0 million (878.0), corresponding to 14 percent of total interest-bearing liabilities. The MTN programme, which is secured through property mortgages, amounts in its entirety to SEK 12,000 million and may be exercised by all shareholders, subject to certain predetermined parameters and commitments.

➤ Read more at www.svenskfastighetsfinansiering.se.

Commercial papers

In 2018, Catena established a commercial paper programme traded through Swedbank and Danske Bank. This financing option offers an attractive opportunity to finance projects that have been initiated but that are as yet incomplete.

The programme amounts to a framework amount of SEK 2,000 million and the papers have a maximum maturity of one year. At the end of the year, the outstanding volume issued amounted to a nominal SEK 900 million, corresponding to 11 percent of total interest-bearing liabilities. The commercial papers are at all times backed up by unutilised credit facilities secured, through property mortgages.

Interest expenses and sensitivity

On the balance sheet date, the average interest rate, including the cost of derivatives and unutilised lines of credit, was 2.7 percent (3.2). The lower real interest expense is primarily an effect of the commercial paper programme’s favourable interest expense and of the average market interest rate, Stibor 3 months, being marginally higher in 2018. Given that a majority of the Group’s loans are subject to interest rate floors, Catena’s interest expenses are affected positively even when the market interest rate rises, assuming that it is a negative rate.

If the market interest rate, defined as Stibor 3 months, were to rise by 1 percentage point, Catena’s interest ex-

penses would, all else being equal, increase by approximately SEK 14 million and, if the market interest rate were to fall by one percentage point, the interest expenses would increase by approximately SEK 36 million.

With Catena’s capacity to deliver stable cash flow, the interest-coverage ratio for the year was a multiple of 3.4 (3.5).

➤ See also the sensitivity analysis on page 115.

Interest-rate risk management

Interest expenses are a significant item in the income statement and are affected mainly by changes in the market interest rate and changing conditions in the credit market, which can, in turn, alter credit margins. Catena works continuously and strategically to limit the effect of these in various ways.

To limit the Group’s interest-rate risk, Catena mainly uses fixed-rate loans and interest-rate derivatives, primarily traditional interest-rate swaps.

At the end of the year, fixed-rate loans, excluding commercial papers, amounted to SEK 920 million (359) and the nominal volume of outstanding interest rate swaps amounted to SEK 4,528.6 million (4,535.6). Combined, they comprised an interest-rate hedge of 64 percent (68) of the total loan portfolio. Approximately 37 percent (35) of the portfolio had a fixed interest term of less than one year per the balance sheet date. The average fixed interest term for the entire portfolio, including derivatives, was 3.0 years (4.1).

Sustainable financing

Catena works purposefully and long term to improve the environmental profile of its operations, focusing on enhancing energy efficiency, reducing negative environmental effects and environmental certification of properties. As part of this objective, Catena has initiated processes to ensure that future financing consists of green alternatives.

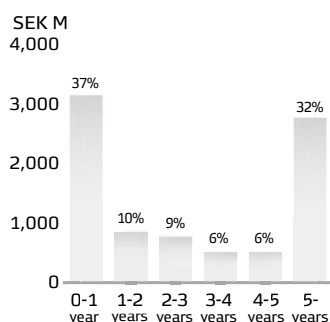
Liquidity

During the year, the Group also financed its operations with stable cash flow from its operating activities in the amount of SEK 517.7 million (403.9), contributing strongly to investment in 2018. At the end of the year, cash and cash equivalents amounted to SEK 281.2 million (94.8) and together with confirmed lines of credit, liquid funds amounted to SEK 821.0 million (522.9).

Derivatives and valuation

On the balance sheet date, Catena had a nominal volume of SEK 4,528.6 million in interest rate swaps. 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 410.5 million (445.5). The change in value of the derivatives does not affect cash flow and, on reaching maturity, the value of derivatives is always zero.

Fixed interest, including derivatives



%-ages refer to share of fixed interest



Contacts Peter Andersson, Deputy CEO, CFO
peter.andersson@catenafastigheter.se

Strong development for Catena share

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 44.7 percent. Accurate, clear, current and transparent information facilitates the market valuation of the Company.

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 2018, the share price rose by 38.3 percent (21.0), from the opening price of SEK 159.40 to SEK 220.50. The lowest price quoted for the share was SEK 148.00 on 6 February, and the highest price was SEK 224.50 on 28 December. The total return on the share in 2018 amounted to 44.7 percent (23.7).

During the year, 8,441,556 shares (8,067,818) were traded on Nasdaq Stockholm, corresponding to a turnover rate of 22.5 percent (22.5) based on the average number of shares.

Dividend policy and dividends

In the long-term, Catena's dividends to shareholders should amount to 50 percent of profit from property management after standard tax. For the 2018 financial year, the Board of Directors and the CEO propose a total dividend of SEK 216.8 million (168.4), corresponding to 48.7 percent of total profit from property management after standard tax. Taking the increased number of shares following the non-cash issue into account, that amounts to SEK 5.75 per share (4.50). This corresponds to a yield of 2.6 percent (2.9).

► Read more about the share and dividend on page 33.

EPRA

Since 2017, Catena has been included in the EPRA international property index on the London Stock Exchange, positively affecting the Company's ability to attract both existing and new investors.

Liquidity guarantee

Since April 2015, Erik Penser Bankaktiebolag is the liquidity guarantor for the Company's share. Erik Penser

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

Shares and share capital

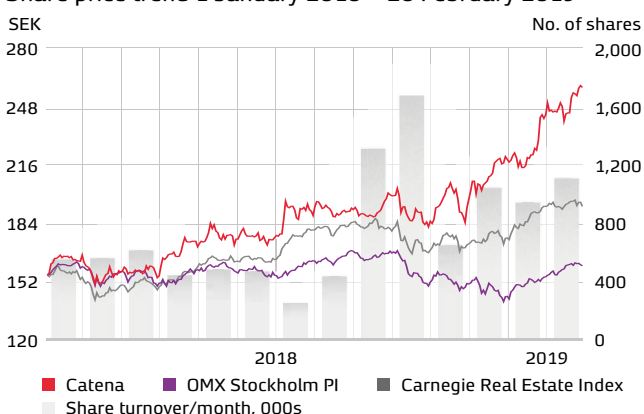
The share capital of Catena AB is to be no less than SEK 55,000,000 and no more than SEK 220,000,000. The total number of shares is not permitted to be less than 12,500,000 and more than 50,000,000. The share capital in Catena AB after the share issue conducted during the year, referred to below, amounted to SEK 165,874,953.20 as at 31 December 2018 distributed among 37,698,853 ordinary shares. The quotient value per share is SEK 4.40. Each share confers one vote and each person entitled to vote at the General Meeting of shareholders may vote for the full number of shares held and represented. All shares confer equal rights to participate in the Company's assets and earnings. The shares are not subject to any limitations as regards the right to transfer of ownership.

► The development of share capital is described in Note 18 Equity and under Earnings per share on page 77.

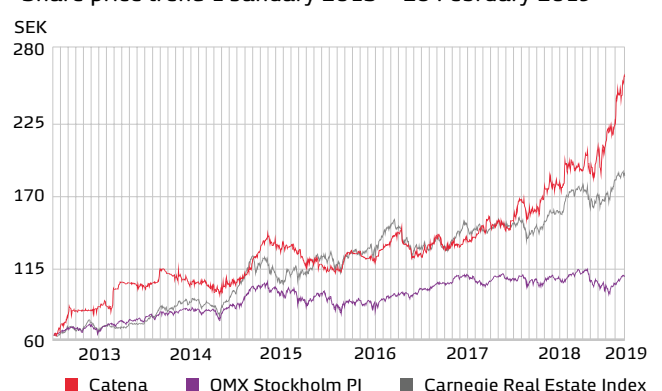
Non-cash issue

To partly finance the acquisition of the Snesholm 1:16 property in the County of Uppsala, Catena implemented a directed issue of shares aimed at the seller of the property, Domarbo Skog AB, supported by the authorisation granted to the Board of Directors by the 2018 Annual General Meeting. The share issue entailed a capital contribution of SEK 50 million. The subscription price for the issue of approximately SEK 175 per Catena share was based on the average share price ten days prior to the issue. Following the issue, Domarbo Skog AB held 285,330 new shares

Share price trend 1 January 2018 – 28 February 2019



Share price trend 1 January 2013 – 28 February 2019



in Catena, corresponding to 0.76 percent of the total number of shares.

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 169.53/share (149.85). This corresponds to 77 percent of Catena's share price at year-end.

	SEK M	SEK/share
Equity as per balance sheet	5,308.8	
Reversal		
Goodwill	-503.0	
Interest-rate derivatives according to the balance sheet	410.5	
Deferred tax as per balance sheet	1,174.7	
Long-term net asset value, EPRA NAV	6,391.0	169.53

Owners

As at 28 February 2019, Catena AB had 14,350 shareholders (14,782). The largest shareholder is the Backahill Group with 29.8 percent (30.0) of the capital and Endicott Sweden AB with 10.5 percent (10.6). No other shareholder held 10 percent or more of the shares outstanding. Shareholders resident outside Sweden accounted for 42.4 percent (33.3) of the share capital. Shareholders resident in Sweden accounted for 57.6 percent (66.7) of the share capital and votes, of which legal entities accounted for 52.9 percentage points (59.8) and private individuals for 4.8 percentage points (6.9) of the share capital and votes. On 28 February 2019, Catena AB held no treasury shares.

► Read about Catena's ownership structure and the largest owners on page 106.

Incentive programmes

Catena has no share-based incentive programmes, options or convertible securities issued. Nor were there any authorisations to issue any such financial instruments in

2018. Accordingly, none of the Board members or any of the senior executives in Catena hold any warrants in Catena as per 31 December 2018.

Data per share	2018	2017
Share price at year-end, SEK	220.50	155.50
Price trend over the year, %	38.3	21.0
Beta value	0.566	0.170
Standard deviation, %	1.39	1.08
Highest price paid during the year, SEK	224.50	158.50
Lowest price paid during the year, SEK	148.00	124.25
Profit from property management per share, SEK	15.21	12.30
Earnings per share, SEK	21.93	16.08
Dividend per share, SEK	5.75 ¹⁾	4.50
Dividend yield, %	2.6	2.9
Total return on the share, %	44.7	23.7
P/E ratio	10	10
Cash flow before change in working capital per share, SEK	14.67	11.70
Equity per share, SEK	140.82	122.86
Net asset value per share, EPRA NAV, SEK	169.53	149.85
Turnover rate, %	22.5	22.5
No. of shares at year-end, 000s	37,699	37,414
Average number of shares, 000s	37,550	35,787

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

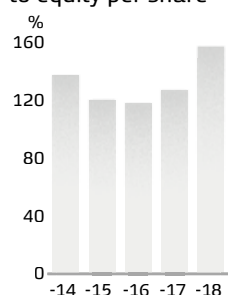
Analysts monitoring Catena

ABG Sundal Collier	Philip Hallberg
Erik Penser Bank	Rikard Engberg
Kempen	John Vuong
Kepler Cheuvreux	Jan Ihrfelt
Pareto Securities	Markus Henriksson

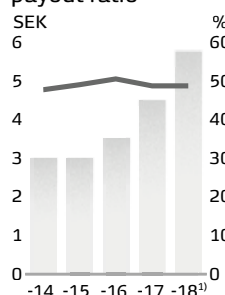


Contacts Peter Andersson, Deputy CEO, CFO
peter.andersson@catenafastigheter.se

Market price relative to equity per share

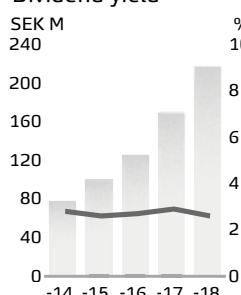


Dividend and payout ratio

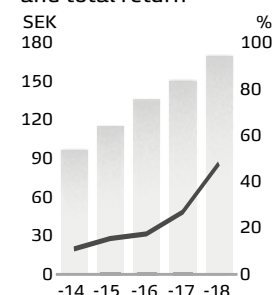


1) According to the proposal by the Board of Directors and the CEO.

Dividend yield



Net asset value, EPRA NAV and total return







HALLSBERG DEMOGRAPHIC CENTRE OF SWEDEN

The Örebro region shares first place in the list of Sweden's 25 best logistics locations in 2018 with the Gothenburg region. An optimum geographical location, with Sweden's demographic centre in the municipality of Hallsberg. The region has very good infrastructure in the form of roads, railways, the country's largest container terminal and one of Sweden's largest freight airports. The region, which includes Örebro, Hallsberg, Arboga and Kumla, has a well-functioning regional cooperation that has yielded documented results in recent years, in the form of several new central warehouses. A new logistics course within the Master programme in engineering at Örebro University earns the region additional credits. With a new logistics area being developed in Törsjö and expertise in logistics increasing, the entire region is becoming even more attractive.



1 Ranking of the logistics location in 2018, Intelligent Logistik. Shares first place with Gothenburg.



"Hallsberg is a strategic hub for us. That means it is also important to maintain a close dialogue on how we can change and grow in that location to be able to assist our customers. That dialogue works very well with Catena."

*Mikael Sköld,
Business Development Manager, Logent Group.*

Unique logistics combination for Logent in Hallsberg

Logent is a comprehensive logistics partner with extensive experience and a service offering ranging from local operating solutions to global business support.

Logent offers several services at its approximately 26,000 square-metre Logent Logistics Center in Hallsberg, which is also a strategic hub for Logent, unique in its design with three different functions. One part is a container terminal that can efficiently handle lifting and rail transports at a location that functions well for the entire Nordic region. Another part comprises the cross-dock halls where conventional rail cars are efficiently unloaded for onward distribution and transport. The third function in Hallsberg is a logistics warehouse with both heated and cold storage. Customer areas that Logent covers in Hallsberg include FMCG, building goods and the automotive industry.

Other properties nearby owned by Catena:

In Törsjö, Örebro, Catena is planning a larger logistics position that will combine city logistics, e-commerce and a container terminal.

How Catena generates value

Through a streamlined offering of attractive logistics facilities able to supply growing Scandinavian metropolitan regions with goods, Catena generates sustainable values for its various stakeholders. The facilities that generate stable cash flow facilitate the continued development of the operations while providing shareholders a favourable return.

Catena's overall objective is clear: To generate strong cash flow enabling the stable development of the operations and dividends to shareholders.

It all starts with our vision

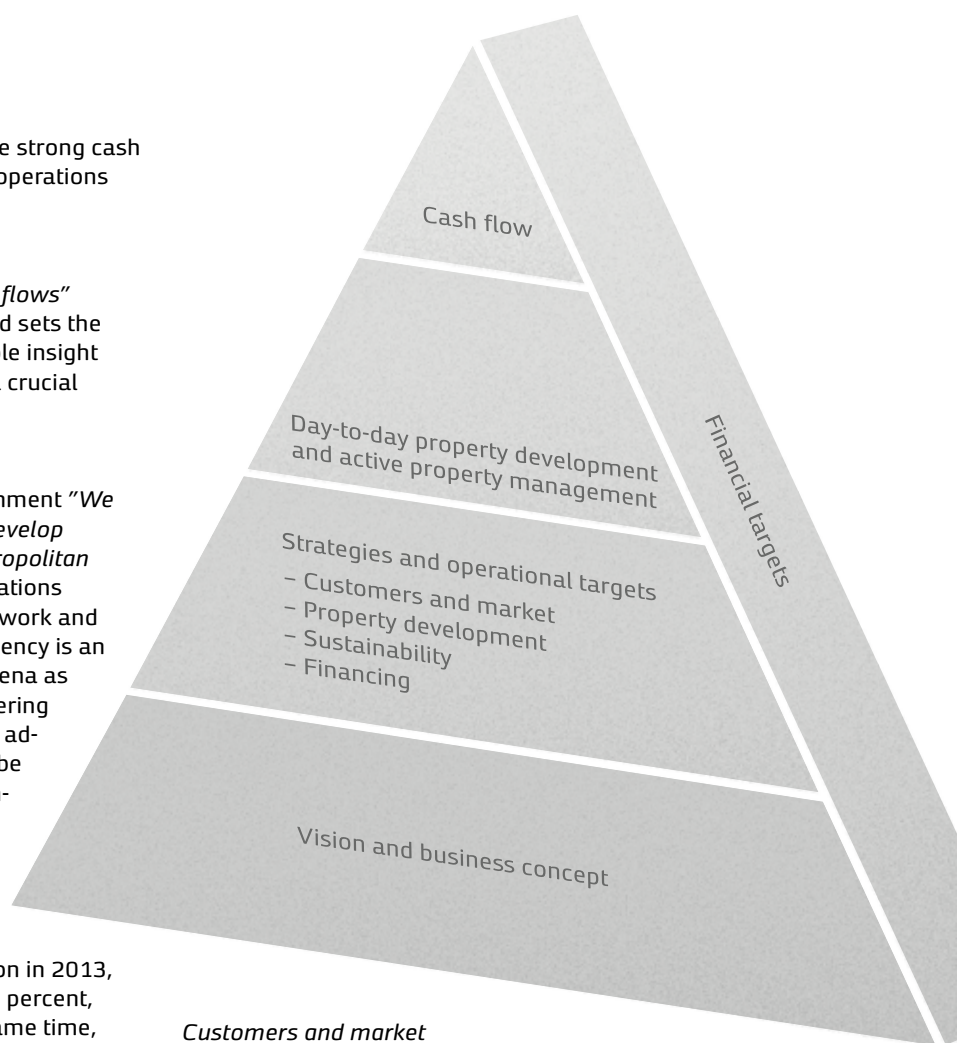
Catena's vision *"We link Scandinavia's cargo flows"* constitutes a solid base for the operations and sets the long-term direction. The Company's favourable insight into future flows of goods and products are a crucial success factor in achieving this.

A focused business concept that holds up

Catena's business concept clarifies the assignment *"We shall sustainably and through partnerships develop efficient logistics facilities that serve the metropolitan regions of Scandinavia"*. The day-to-day operations include both intensive property development work and active property management. Transport efficiency is an important factor for Catena's customers, Catena as a company and for society as a whole. By offering and developing customised logistics facilities adjacent to key transport routes, efficiency can be enhanced, yielding both financial and environmental benefits.

Clear strategies and operational objectives

By virtue of its continuously strong cash flow, Catena has succeeded, since its inception in 2013, to increase its property volume by a total 212 percent, while maintaining financial stability. At the same time, the Company was able to pay dividends totalling approximately SEK 533 million to the shareholders in the period 2014–2018. The route to strong cash flow progresses via clear operational goals based on four strategic horizons and supplemented by financial targets serving as an external control framework for continued stable onward development.



Customers and market

Catena strives for long-term relationships with innovative and sustainable customers. The Company also works closely with its customers to be able to streamline their operations and add value. Monitoring external development and trends is a key factor in efforts to pro-actively meet new needs while building a strong brand. The positive trend for the average contract period continued in 2018, increasing to 5.1 years.

► Read more about clients and markets on pages 12–17.

Property development

Through proprietary project development and acquisitions that broaden the offering and customer base, the property portfolio will expand with strategically located, modern and cost-efficient logistics properties. A number of targets are linked to the strategy, including that the property value shall have grown to SEK 20 billion by 2020, with at least SEK 600 million of annual growth being achieved through proprietary projects. Average project development over the past five years has amounted to SEK 405.5 million. For the surplus ratio, the target is 80 percent, and over the year, the surplus ratio improved to 75.9 percent. Behind this improvement lies active project development and management.

➤ Read more about property development on pages 47–50.

Sustainable development

Catena participates in community development by engendering conditions for more sustainable logistics and community planning. The Company also works actively to reduce the environmental impact of the properties. The more central operational sustainability objectives include reduced energy consumption. Several energy efficiency projects have been successfully implemented.

Catena works actively to be an attractive and responsible employer and, in 2018, Catena continued its shared efforts to formulate the Company’s values to ensure that all employees work together, applying a common approach, to achieve the Company’s objectives. The target for employee loyalty and willingness to recommend Catena as an employer, measured as eNPS (Employer Net Promoter Score), is +40. This remains very high, suggesting that employees enjoy their work and are good ambassadors for the Company.

➤ Read more about sustainable development on pages 120–135.

Income

Catena shall continuously ensure a stable balance between internal and external capital, while current and future financing is secured on terms that are as favourable as possible.

Elements of a more operational nature also occur in the Company’s business plan. It involves endeavouring to have at least five creditors in the loan portfolio and at least two property acquisitions annually being financed by non-

contributory elements as long as the share is traded at a premium.

Financial targets

In addition to the operational targets, the Board of Directors and Management steer the operations based on three overarching financial targets that, by focusing on profitability and financial stability, build long-term stability in the model.

Average capital tied-up

- The average period during which capital is tied-up should be at least two years. This ensures financing over a reasonable period of time to reduce refinancing risk while, at the same time, the Company is able to secure optimal credit terms for continued financing. In recent years, the period for which capital has been tied up has varied between 1.9 and 1.4 years (the latter pertaining to 2018).

Interest-coverage ratio

- The interest-coverage ratio shall not be less than a multiple of 1.75. The target provides an adequate safety margin in the event of rising market interest rates, for example. After renegotiations and interest rate hedges, the average interest rate fell to 2.7 percent. Over the past 3.5 years, the interest-coverage ratio has varied between 3.5 and 3.4 percent.

Equity ratio

- The equity ratio should be at least 30 percent. The target provides good opportunities for returns and is well balanced given the Company’s cash flow.

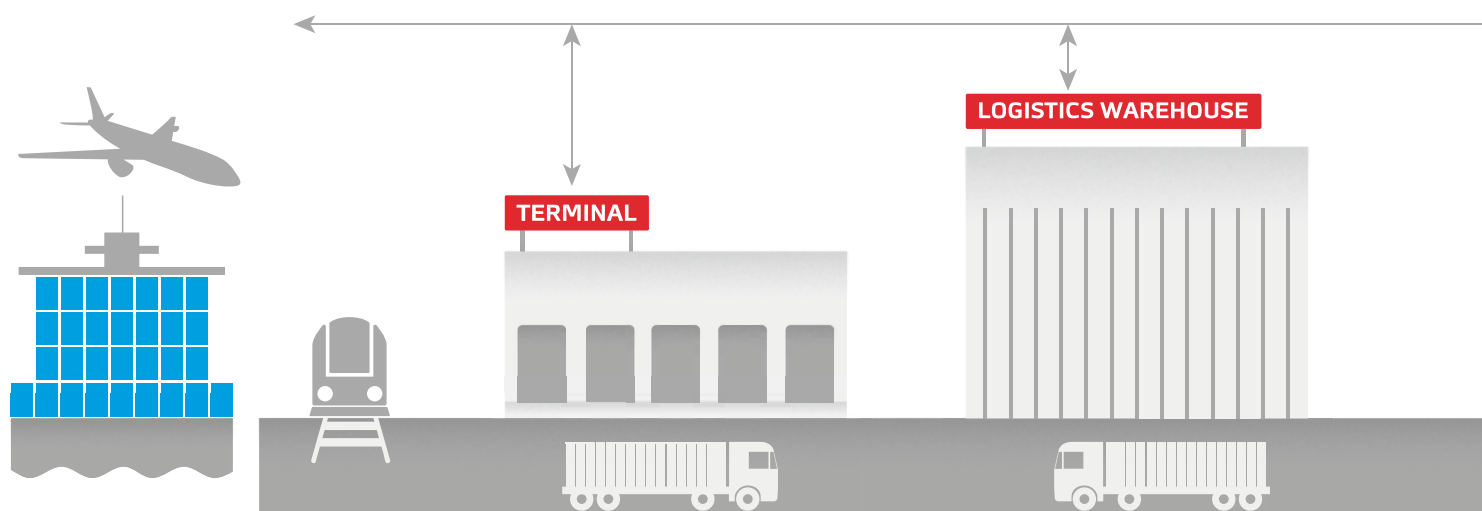
➤ Read more about the outcome in relation to the financial targets in 2018 on page 7.

Making a difference is achieved on a day-to-day basis

It is when strategies can be translated into day-to-day efforts that the Company approaches its vision and the possibilities of achieving the overall objective are determined. Through a structured process in which all employees participate in the annual revision of the business plan, Catena’s model for generating value is kept up to date – an inclusive process for operational management that increases awareness in the organisation of what is required.

A complete offering

Logistics properties is a collective term for buildings the purpose of which is the collection, storage and distribution of goods. The product, the volume, the time aspect and the purpose impose different demands on the property. Catena offers all kinds of facilities and these interact in a more or less complex flow that can occur in different directions and sequences, but that ultimately lead to consumers.



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, as well as favourable access, making it easy to reach the property and to leave it. Terminals are often the first establishment at a new logistics position.

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. Among others, Catena has terminals in the following locations: Mölnlycke, Örebro, Eskilstuna, Malmö, Helsingborg and Stockholm.

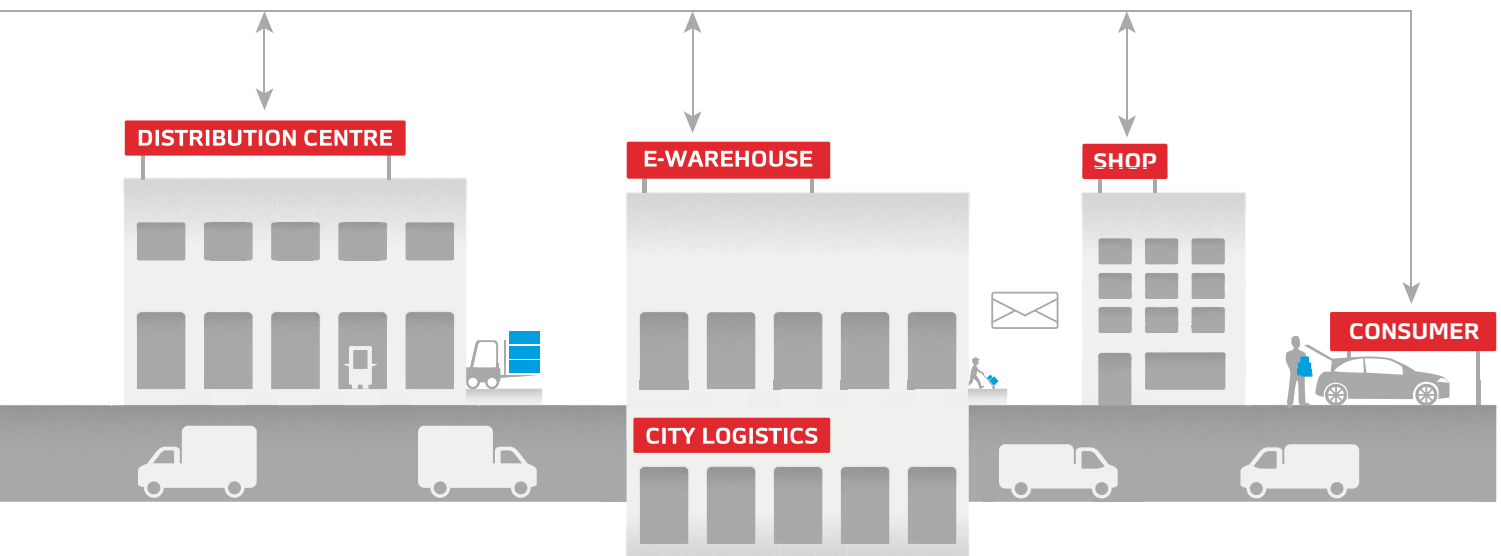
Logistics warehouses for storage

A logistics warehouse is where goods awaiting sale are placed. The warehouse thus represents a buffer between the customer and the supplier, regardless of whether

consumer products or industrial input goods are concerned. They are therefore also equipped differently in terms of, for example, furnishings that can range from pallet racks to full automation often with universal systems suited to a number of different products. An optimal storage and handling environment improves efficiency as well as control. Logistics warehouses are often located at the producer's facilities or importer's port, or at collection points for one or more units that are placed so that the stages in the logistics chain can be minimised. The logistics warehouse is also often located adjacent to a terminal. Operations at a logistics warehouse are normally 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 cargo flow, is always attractive to multiple operators and thus easily leased. Catena's logistics warehouse locations include Nässjö, Växjö, Trelleborg and Gothenburg.

Distribution centre – for onward distribution

A distribution centre is designed to store goods in a central location, defined by the nature of the product, for a short period of time before transport to retailers in the distribu-



tion centre's service region. In particular, this requires good loading and unloading opportunities. Distribution centres are usually located along the ring roads encircling population centres or, based on the nature of the goods, centrally within a region. Operations are often conducted by third-party logistics companies such as DHL, Schenker, PostNord and others.

E-commerce warehouses

An E-commerce warehouse is a type of distribution centre that specialises in serving the growing e-commerce segment. They also often have equipment for packing goods prior to delivery to distribution points where end users can collect their goods. They can also be centrally located in urban areas or otherwise easily accessible to consumers in order to streamline and improve the supplier's distribution in the last stage – reaching consumers.

Here, Catena has, for example, expanded E-city in Ängelholm as well the facilities for city logistics in locations including Malmö and Helsingborg. Facilities that have been connected to distribution centres in an omni-facility for efficient operation.

During the year, Catena acquired an additional property adapted for e-commerce handling in Morgongåva.

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 not seldom situated in expensive locations, can minimise storage space, save costs and tie up less capital. Producers also get their products out to the shops where there is current demand.

Omni warehouse

An omni-facility is a hybrid between, for example, a terminal and a logistics warehouse. It has the numerous gates characteristic of the terminal and the space required to receive and dispatch incoming and outgoing goods on the same day. Where necessary, the volume terminal also has the height characteristic of a logistics warehouse, which is needed to cost-efficiently warehouse goods, even over extended periods. An omni facility or an omni warehouse can include virtually any combination of logistics functions required, depending on location and area.

Active property management

Catena offers strategically-located, cost and environmentally efficient logistics facilities that are adapted to their tasks and equipped for different customers' needs. Three basic conditions recur as crucial for the properties' attractiveness and profitability.

The right location

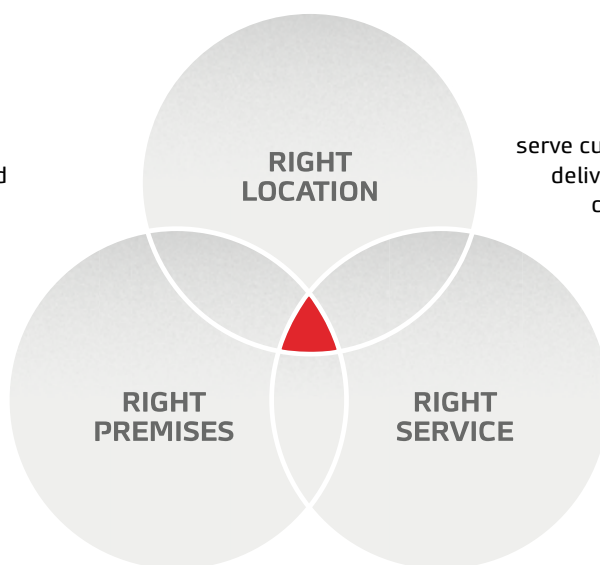
Through continuous studies and analyses, Catena has a good understanding of where in Scandinavia goods and products from different parts of the world arrive and how they are redistributed. This knowledge forms the basis for Catena's investments in new logistics facilities, but also for divestments of facilities no longer fully meeting their purpose.

Some of the Company's logistics locations are optimum for container terminals, at which several modes of transport converge. These are expected to become increasingly important, not least due to cost and environmental reasons. Terminals and logistics warehouses are located along principal transport routes. Distribution centres and facilities for city logistics and e-commerce are often located in more central urban locations, in specially designed premises. At an overall level, Catena works long-term to minimise customers' transport times, costs and environmental impact.

► Read more about the locations of the logistics facilities on pages 28–29 and the pages separating the various sections of the Annual Report.

The right premises

As a leading manager of logistics properties, Catena offers various types of premises, designed in accordance with their principle tasks. Terminals must handle same-day transshipments, warehouse premises must be designed for products pending sale, distribution centres must work for goods that are stored for shorter periods, and city logistics properties must be equipped to best



serve customers with small, combined deliveries. Several logistics functions can also be combined at an omni warehouse.

Catena's properties are continuously improved. Sometimes, particularly when it comes to cost or energy efficiency enhancements, the refinement process is initiated by Catena, and sometimes this occurs in collaboration with an existing or new tenant.

► Read more about different logistics facilities on pages 44–45.

The right service

The Company's extensive and diverse property portfolio makes it possible to regulate space flexibly and in pace with customer development. By being a customer-oriented logistics partner, Catena can understand and meet needs arising among customers, quickly making the necessary adjustments itself or in partnership with others. Regardless of whether safety functions, IT control systems, handling equipment or fully automated solutions are involved, Catena is a competent speaking partner able to speedily present rational solutions.

Having a skilled and efficient property management organisation in place in prioritised regions safeguards relations, not only with customers, but also with the local business community and society in general. This makes it possible to respond quickly to the problems that can arise. At the same time, new needs are identified that can lead to new business. Catena's active property management resulted in the Company continuing to strengthen its customer relations over the year and increasing the number of customers.

Continuously evolving property portfolio

Catena’s stated ambition is to grow both by refining and developing the opportunities offered by existing properties, as well as by establishing new strategic logistics positions for current and future flows of goods.

At defined strategic points, Catena has through acquisition, development and entirely new production, 107 attractive logistics facilities located at major transport routes and population centres in primarily southern and central Sweden. These consist of terminals as well as logistics warehouses and distribution centres have been built and equipped based on Catena’s unique logistics and property expertise in order to improve customers’ cargo flows. Many years of close customer relations, proactive business intelligence and continuous monitoring of trends enable the establishment and refinement of properties that match needs arising as purchasing behaviours and flows of goods change. Catena is addressing changes in trading structure with adapted facilities for e-commerce, city logistics and occasionally omni facilities – logistics hubs that are completely crucial in ensuring sustainable and efficient flows in current and future transport systems. This has also resulted in Catena’s advanced position in digitally driven trade.

Development of existing facilities

Continuously developing existing properties in consultation with customers is an important part of the operations. Catena’s facilities are refined on an ongoing basis to improve the customer’s cargo flows, regardless of whether this involves the efficient storage of goods pending sale

or enabling several large vehicles to easily, quickly and simultaneously dock at the terminal with incoming goods. This imposes varying demands on space, the number of docks and the capacity to serve different types of vehicles, from trailers to smaller vehicles. Delivery vans should, for example, easily be able to load both full pallets, as well as individual items to be delivered to shops or directly to consumers. Some facilities are optimised to facilitate marshalling and repackaging of goods and to minimise internal transport, while others are adapted for automated solutions. Catena has the experience and expertise to meet strict demands on logistics efficiency and is an active speaking partner who understands logistics and flows.

Energy efficiency that spares the environment and cuts costs

Energy efficiency is a priority area. Heating and energy are the single largest operating cost item for properties, meaning that optimised use of energy leads to both improved environmental performance and positive financial effects for both Catena and its tenants. Catena makes major investments to save energy at its properties. The facilities can, for example, be heated using geothermal systems and can be further insulated to minimise heat losses. Other examples include more efficient ventilation and modern LED lighting technology.

► Read more about our sustainability work on pages 120–135.



Sunnanå 12:52, Burlöv.

Prioritised project development and innovative site development

Catena's priority growth path entails expanding the customer base and the offering by extending existing logistics locations and building new ones. This provides the Company with optimum opportunities to deliver the best customer solutions and, in the current economic situation, the best return. On the balance sheet date, projects were in progress for a total value of SEK 550 million.

A central element of the operations involves developing existing logistics locations and the opportunities they offer in terms of development rights and complementary acquisitions, for example. Over the year, Catena extended and cemented logistics positions in several locations. By taking a holistic approach and working with site development encompassing an entire area, synergies are derived that benefit both Catena and its tenants. The Sunnanå Logistics Position is excellently situated outside Malmö, which appeals to a large number of players, with a multi-tenant warehouse providing scope for flexibility at the site, even in the future.

In 2018, Catena, completed a 30,400 square-metre, modern and efficient logistics facility for Nowaste at the Tostarp Logistics Position, with an attractive façade and optimal signage position facing the E6 motorway. Immediately adjacent, an additional logistics facility of approximately 11,000 square metres, is currently being built for the same customer, of which 1,250 square metres will be a 20 metre-tall high-bay warehouse.

During the year, agreements were also signed to acquire 600,000 square metres of logistics land to enable further development of E-City Engelholm with the vision of creating a sustainable e-commerce cluster with different actors at the site being able to share ancillary services.

An attractive project portfolio

Today, Catena has an attractive portfolio of projects that it is advancing on its own behalf and in the form of development rights and options, for continued project development. 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. Among other things, the portfolio includes the two aforementioned major objects: Sunnanå, where we are developing properties with a total area of 270,000 square metres and Tostarp, with an equally large area. The project portfolio also includes other well-positioned projects having reached various stages ranging from lease negotiations to detailed development planning, for example in Stockholm, Katrineholm, Örebro, Norrköping, Jönköping, Nässjö, Borås, Göteborg and Ängelholm.

On the balance sheet date, Catena's land reserve totals approximately 1,700,000 square metres.



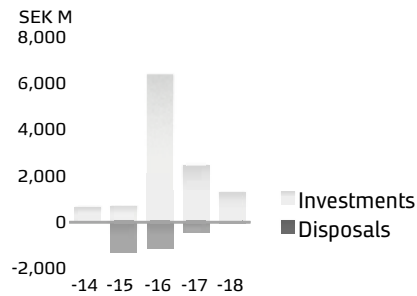
In addition to the existing portfolio, Catena actively invests in the development of new logistics positions in selected strategic positions. In 2018, Catena signed an agreement to acquire 450,000 square metres of land at the new Stockholm South logistics location and 600,000 square metres of land at E-city in Ängelholm. These locations and the acquired land offer substantial potential for future warehouse and terminal facilities.

Certain key criteria for the basis for Catena’s portfolio development, regardless of whether this involves development of existing stocks, project development or acquisitions of new properties. The portfolio shall be able to generate durably stable cash flows. It must also be possible to develop the various properties and logistics locations in a way that generates customer benefit, opportunities for long-term leases and lasting value for Catena.

Acquisitions complement project development

During the year, Catena acquired six properties with good cash flow potential. This way, the Company can grow faster, more quickly establish itself in a new position or broaden its customer base. The acquisitions complementing project development are made for amounts where the cost of producing corresponding facilities acts as a basic yardstick.

Investments and disposals



Divestments generate development resources

New consumption patterns, cargo flows and other developments in society or customers’ requests to buy the properties mean that, as time passes, logistics properties become better suited to other purposes. Catena disposes these properties to responsible buyers. Other disposals are driven by individual customers’ wishes to own the property in which they operate. This resulted in a total of three properties, deemed to be of limited strategic interest, being divested during the year at a value of SEK 46.5 million. The disposals free up resources and ensure that Catena always has an attractive property portfolio that generates strong cash flows.

Björred 1:205, Härryda.



Property	Tenant	Region	Type	Space, sq. m.	Rental value, SEK M	Economic letting ratio, %	Total investment, SEK M	Expected finish/completed
Completed projects								
Plantehuset 3	Nowaste	Helsingborg	Logistics warehouse	30,400	18	100	220	1 September 2018
Sunnanå 12:52	Svensk Cater	Malmö	Distribution centre	8,500	7.5	100	106	1 November 2018
Björrod 1:205	Cramo	Gothenburg	Logistics warehouse	3,400	6	100	82	1 July 2018
Mappen 4	Bring, Ica and Pågen	Stockholm	Logistics warehouse	6,000	7	40	80	1 October 2018
Nattskiftet 11	Sorunda Frukt och Grönt and Västberga Åkeri	Stockholm	Logistics warehouse	25,617	10.9 *	100	50	1 December 2018
Ongoing projects								
Sunnanå 12:52	Chefs Culinar	Malmö	Distribution centre	7,600	8	100	115	Spring 2019
Sunnanå 12:52	Multi-tenant	Malmö	Logistics warehouse	36,000	26	50	358	Winter 2020
Plantehuset 3	Nowaste	Helsingborg	Logistics warehouse	11,000	7	100	101	Autumn 2019
Take 1:64	Procurator	Jönköping	Logistics warehouse	22,704	9.4	100	107	Winter 2019

* Refers to the rental value for investment made.

Property acquisition

Property designation	Transfer date	Region	Municipality	Space, sq. m.	Property value, SEK M	Rental income/year, SEK M
Mappen 1*	28 February 2018	Stockholm	Linköping	22,388	68.1	9.0
Magneteten 6	2 July 2018	Stockholm	Umeå	Land	20.0	0.6
Snesholm 1:16	2 July 2018	Stockholm	Heby	38,000	280.2	19.0
Sunnanå 1:20 and 1:21	4 September 2018	Malmö	Burlöv	Land	21.7	1.1
Hästhagen 5*	17 September 2018	Helsingborg	Helsingborg	11,575	45.0	0.2
Lagret 1	31 October 2018	Stockholm	Umeå	24,892	174.0	14.8
Total				96,855	609.0	44.7

* Merged with existing property.

Property sales

Property designation	Vacated	Region	Municipality	Space, sq. m.	Property value, SEK M	Profit, SEK M
Sothönan 19	6 March 2018	Stockholm	Katrineholm	Land	1.8	0.7
Tappen 1	18 May 2018	Gothenburg	Borås	5,700	25.0	1.3
Kroksabeln 17	14 August 2018	Helsingborg	Helsingborg	7,416	21.2	0.1
Part of Sköns Prästbord 2:4	24 September 2018	Stockholm	Sundsvall	Part of plot	2.7	2.6
Total				13,116	50.7	4.7



Catena's organisation masters both the challenges of modern logistics, as well as customer-oriented property development.





GOTHENBURG STRONG GROWTH AND NORDIC REGION'S LARGEST PORT

Gothenburg is Sweden's undisputed logistics capital – 150 million tonnes of goods pass through the city every year. The city is home to many large companies in trade and industry. Regional collaboration on logistics and freight issues is also well-developed and cutting-edge education and research are conducted on sustainable logistics at both the School of Business, Economics and Law at Gothenburg University and at the Chalmers University of Technology. The role of the city and the region in imports and exports builds on Gothenburg's history as a port and trading centre and is today evident in the Port of Gothenburg, Göteborg Landvetter Airport, and the region's railways and roads. Strategically placed, efficient warehouses and distribution centres contribute to the region's strong logistics profile. Major logistics companies are also represented here. The logistics location encompasses the 13 municipalities in the Business Region Göteborg network and the municipality of Borås.



1 Ranking of the logistics location in 2018, *Intelligent Logistik*. Shares first place with Hallsberg.



"The location is optimal for our operations and the facility has been tailor-made to meet our customers' current and future needs. Catena has been responsive and adaptable throughout the construction process and it is reassuring to lease from a major player with a local presence in the region."

Pär Bäck, District Manager, Cramo Construction Liason West.

Cramo grows with establishment at expansive Landvetter

Cramo is Sweden's largest and Europe's second-largest company in the leasing of machines, equipment and lease-related services and leasing of movable premises. The company is listed on Nasdaq Helsinki Ltd. Cramo serves the construction and engineering industries, the public sector and private customers in 14 countries in the Nordic Region and Central and Eastern Europe.

In the spring of 2018, the new logistics building, which Catena leases to Cramo, was completed on the Björnröds industrial estate in the municipality of Härryda near Göteborg Landvetter Airport. The 3,400 square-metre facility includes storage space for machinery and equipment to be rented, space for movable premises for construction operations, as well as workshops and offices. An additional approximately 34,000 square metres have been paved to provide parking and storage for Cramo's vehicles and equipment.

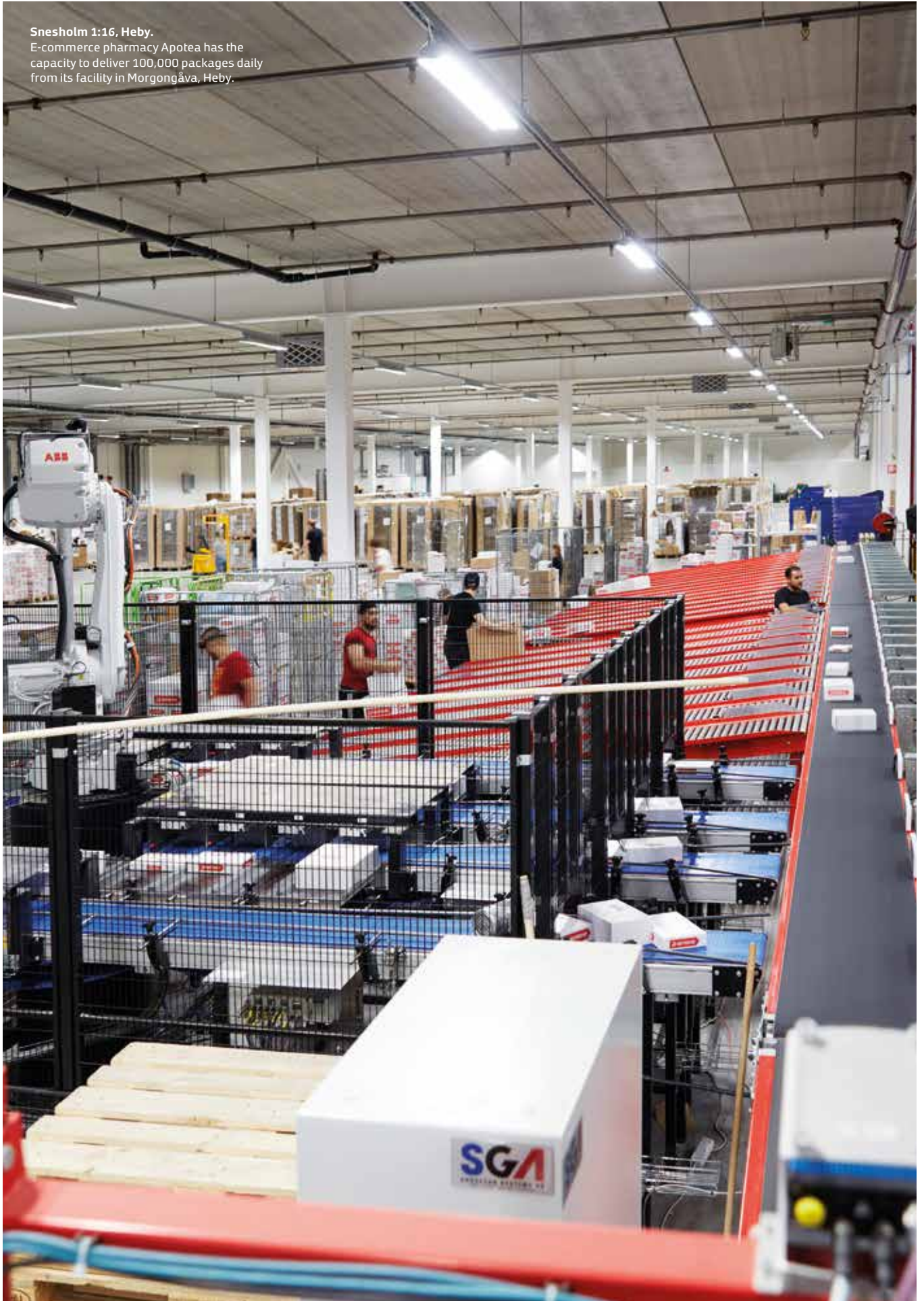
With the new facility, Cramo gains a presence in the expansive area surrounding Göteborg Landvetter Airport and is thus able to provide rental equipment to key customers in the area and throughout the Gothenburg metropolitan region.

Other properties nearby owned by Catena:

Catena has a broad portfolio of logistics properties in the Gothenburg region. Customers include the major third-party logistics companies, such as Bring and PostNord, in addition to well-established institutions such as Oriola, NetOnNet, Ahlsell and Ica.

Snesholm 1:16, Heby.

E-commerce pharmacy Apotea has the capacity to deliver 100,000 packages daily from its facility in Morgongåva, Heby.



Contents

The Group

Financial Statements

Statement of Comprehensive Income	56–57
Statement of Financial Position	58–59
Statement of Changes in Equity	60
Cash-flow Statement	61

Notes

Note 1. General information	62
Note 2. Accounting and valuation principles	62–67
Note 3. Operating segment information	68–69
Note 4. Rental income	70
Note 5. Property expenses and central administration	70
Note 6. Fees and expenses to auditors	70
Note 7. Leasing fees pertaining to operational leasing	70
Note 8. Employee and personnel expenses	70–72
Note 9. Financial income and expenses	72
Note 10. Tax	72–73
Note 11. Goodwill	73
Note 12. Investment properties	73–75
Note 13. Property, plant and equipment	75
Note 14. Participations in associated companies	75–76
Note 15. Accounts receivable	76
Note 16. Other receivables	77
Note 17. Prepaid expenses and accrued income	77
Note 18. Equity and earnings per share	77
Note 19. Financial instruments and Financial risk management	77–79
Note 20. Classification of financial instruments	80
Note 21. Pledged assets and contingent liabilities	81
Note 22. Accrued expenses and deferred income	81
Note 23. Related parties	81
Note 24. Significant events after the end of the financial year	81
Note 25. Cash-flow Statement	82
Note 26. Reconciliation of alternative performance measures	83–84

Parent Company

Financial Statements

Income Statement	85
Balance sheet	86
Statement of Changes in Equity	87
Cash-flow Statement	87

Notes

Note 1. Accounting policies	88
Note 2. Financial risk management	88
Note 3. Significant estimates and assumptions for accounting purposes	88
Note 4. Net turnover	88
Note 5. Cost of services performed	88
Note 6. Employee and personnel expenses	88–89
Note 7. Fees and expenses to auditors	89
Note 8. Leasing fees pertaining to operational leasing	89
Note 9. Financial income and expenses	89
Note 10. Tax	89–90
Note 11. Property, plant and equipment	90
Note 12. Participations in Group companies	90–91
Note 13. Participations in associated companies	92
Note 14. Accounts receivable	92
Note 15. Financial instruments and financial risk management	92
Note 16. Prepaid expenses and accrued income	93
Note 17. Equity	93
Note 18. Other provisions	93
Note 19. Accrued expenses and deferred income	93
Note 20. Pledged assets and contingent liabilities	93
Note 21. Cash-flow Statement	94
Note 22. Classification of financial instruments	94–95
Note 23. Significant events after the end of the financial year	95
Note 24. Related parties	95

Consolidated financial Statements

Consolidated Statement of Comprehensive Income

SEK M	Note	1 Jan 2018 -31 Dec 2018	1 Jan 2017 -31 Dec 2017
	3		
Rental income	4	1,090.7	892.0
Property expenses	5	-263.1	-220.8
Net operating surplus		827.6	671.2
Central administration	5,6,7,8	-31.4	-30.9
Other operating income		2.5	1.7
Other operating expenses		-0.3	-1.1
Participations in profit of associated companies	14	8.6	8.3
Financial income	9	2.9	4.1
Financial expenses	9	-238.6	-213.2
Profit from property management		571.3	440.1
Realised changes in value of investment properties	12	4.7	86.3
Unrealised changes in value of investment properties	12	329.1	291.1
Changes in value of goodwill	11	-	-84.7
Changes in values of derivatives	20	35.0	25.8
Profit before tax		940.1	758.6
Current tax	10	-7.8	-15.4
Deferred tax	10	-108.9	-108.5
Profit for the year	18	823.4	634.7
Other comprehensive income			
Translation difference		7.3	4.2
Comprehensive income for the year		830.7	638.9
Attributable to:			
Parent Company's shareholders	18	830.7	579.5
Non-controlling interests		-	59.4
Earnings per share			
Earning per share, SEK	18	21.93	16.08
Dividend per share, SEK		5.75 ¹⁾	4.50

1) The Board's proposed dividend.

Consolidated quarterly earnings

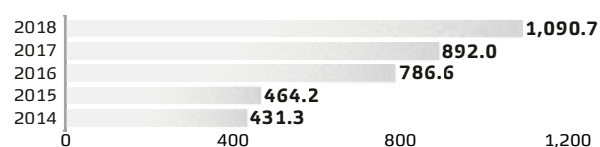
SEK M	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	285.3	277.9	264.3	263.2	233.4	225.0	222.1	211.5
Net operating surplus	217.1	213.9	204.0	192.6	170.3	170.6	173.6	156.7
Profit from property management	148.5	148.6	138.3	135.9	107.1	113.7	110.9	108.4
Profit before tax	191.5	365.5	160.4	222.7	130.3	254.9	206.5	166.9
Profit after tax	158.1	294.1	194.6	176.6	103.7	194.8	159.9	176.3

RENTAL INCOME

Rental income increased by 22 percent to SEK 1,090.7 million (892.0), mainly thanks to acquisitions and completed projects during 2018.

► See list of acquisitions and divestments on page 50.

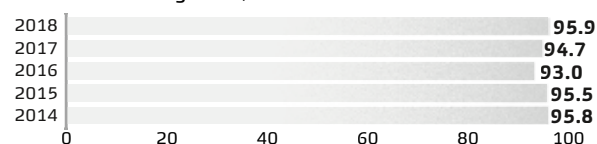
Rental income, SEK M



Duration of leases as per 31 December 2018

Year of maturity	Number of contracts	Contractual annual rent, SEK M	Contractual annual rent, %
2019	149	97.8	8
2020	90	86.9	8
2021	45	202.7	17
2022	42	132.7	11
2023	35	140.6	12
2024	13	99.0	9
2025+	56	407.0	35
Total	430	1,166.7	100

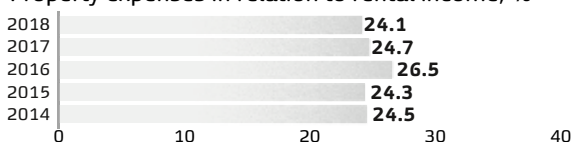
Income from contracts with terms of more than three years accounted for approximately 67 percent of Catena's contracted annual rent. Although the average remaining lease term has decreased somewhat, it remains high at 5.1 years (5.3), due to properties newly developed on of customers' behalf, which normally have longer contract periods. A large proportion of the year's acquisitions entailed agreements with longer maturities.

Economic letting ratio, %


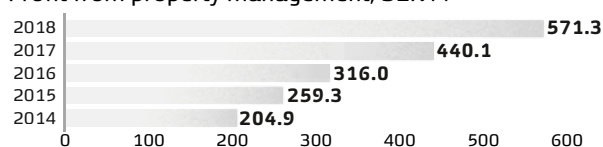
The letting ratio increased in 2018 as a result of active leasing efforts and properties newly developed on customers' behalf.

NET OPERATING SURPLUS

The net operating surplus increased by 23 percent in 2018, reaching 75.9 percent. The net operating surplus increased, primarily due to acquisitions and completed projects.

Property expenses in relation to rental income, %

PROFIT FROM PROPERTY MANAGEMENT

Profit from property management increased by 30 percent. Underlying the improvement is an expanded portfolio and lower financing expenses in relation to the size of the loan portfolio.

Profit from property management, SEK M


Over the year, Catena's average interest rate was 2.7 percent (3.2), as an effect of loan renegotiations, borrowing via the commercial paper market and the market interest rate trend having a positive impact on swap rates.

Average interest rate, %


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 410.5 million (445.5). The change in 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 53 percent of consolidated interest-bearing liabilities.

Fixed interest, including derivatives

Year	SEK M	Interest rate, % ¹⁾	Share, %
2019	3,145.2	1.4	36.9
2020	843.0	0.8	9.9
2021	762.7	4.9	8.9
2022	500.0	3.8	5.9
2023	500.0	3.2	5.9
2024	500.0	2.9	5.9
2025	1,122.0	3.8	13.2
2026	1,143.9	4.2	13.4
Total	8,516.8	2.7	100.0

¹⁾ Refers to the current average interest rate per 31 December 2018. The margin is distributed evenly across the fixed-interest period.

Reduction in the rate of interest through interest-rate swaps

Start year	End year	Interest rate, %	SEK M
2011	2021	2.9	500.0
2012	2021	2.7	191.7
2012	2022	2.3	500.0
2014	2023	1.7	500.0
2014	2024	1.4	500.0
2017	2021	2.8	22.0
2017	2021	2.8	49.0
2017	2025	2.3	561.0
2017	2025	2.3	561.0
2017	2026	2.7	572.0
2017	2026	2.7	572.0
Total		2.3	4,528.6

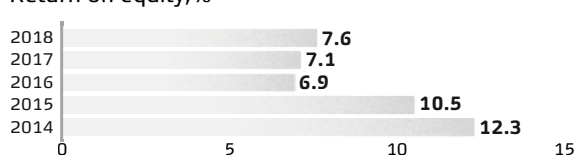
PROFIT

Profit for the year was SEK 188.7 million higher than for the preceding year. This is primarily an effect of improved profit from property management. Changes in the property values and goodwill also had a positive effect on profit for the year and were SEK 41.1 million higher than in 2017.

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

RETURN ON TOTAL EQUITY

The return on total equity increased from 7.1 to 7.6 percent. This was predominantly attributable to the improved net operating surplus. Changes in the property values also contributed, although they also increased the balance sheet total.

Return on equity, %


Consolidated Statement of Financial Position

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Fixed assets			
Goodwill	11	503.0	503.0
Investment properties	12	14,721.1	13,131.1
Property, plant and equipment	13	1.5	2.0
Participations in associated companies	14	165.8	194.2
Deferred tax assets	10	96.9	136.2
Other non-current receivables	19,20	61.2	47.4
Total non-current assets		15,549.5	14,013.9
Current assets			
Accounts receivable	15	12.7	9.4
Other receivables	16	66.2	67.7
Prepaid expenses and accrued income	17	75.3	60.8
Cash and cash equivalents	19	281.2	94.8
Total current assets		435.4	232.7
TOTAL ASSETS	20	15,984.9	14,246.6
EQUITY AND LIABILITIES			
Share capital		165.9	164.6
Other capital contributions		2,161.3	2,112.6
Profit brought forward		2,981.6	2,319.3
Shareholders' equity attributable to Parent Company shareholders		5,308.8	4,596.5
<i>Non-controlling interests</i>		-	-
Total equity	18	5,308.8	4,596.5
Interest-bearing liabilities	19, 20, 21	6,170.2	6,251.5
Deferred tax liability	10	1,271.6	1,203.5
Liabilities to associated companies	19	79.0	59.4
Other non-current liabilities	19	412.6	476.5
Total non-current liabilities	20	7,933.4	7,990.9
Interest-bearing liabilities	19, 20, 21	2,346.6	1,316.7
Accounts payable		105.4	76.2
Current tax liabilities		22.6	27.1
Liabilities to associated companies		1.0	6.1
Other liabilities		75.4	47.5
Accrued expenses and deferred income	22	191.7	185.6
Total current liabilities	20	2,742.7	1,659.2
TOTAL EQUITY AND LIABILITIES		15,984.9	14,246.6

CAPITAL STRUCTURE

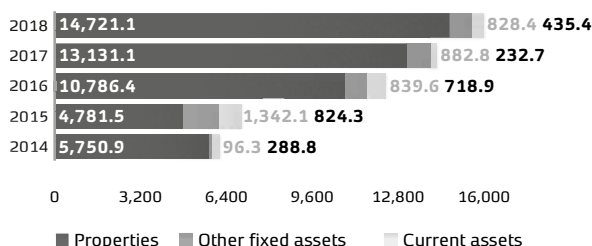
Catena manages its capital to generate a return to its owners. A well-considered balance between equity, debt and capital employed is pursued so that capital is sufficient considering the operations being conducted. Over the year, the equity ratio rose to 33.2 percent (32.3), following the financial target set by the Board of Directors.

ASSETS

Properties

Catena's capital employed is primarily placed in 107 logistics properties at strategic locations next to transport routes and hubs and in locations adjacent to cities or nearby. The lettable area has increased by 7.9 percent over the year, following acquisitions and divestments. In recent years, 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 28–29 and in the fold-out.

Investment properties

Property portfolio development, SEK M	Fair amount	Number of properties
Property portfolio at beginning of year	13,131.1	109
Acquisitions*	607.5	4
Investments in existing properties	684.3	
Sales	-46.5	-3
Translation differences, etc.	15.6	
Property settlements, etc.	0.0	-3
Unrealised changes in value	329.1	
Total investment properties	14,721.1	107

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

Acquisitions

During the year, the net property value increased by 12 percent. Among other things, six properties were acquired, including the Snesholm 1:16 property in Heby, at a property value of SEK 280.2 million and the Lagret 1 property in Umeå at a value of SEK 174.0 million.

► The acquisitions are presented on page 50.

Divestments

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

► The divestments are reported on page 50.

Investments

In addition to acquisitions, ongoing investments have been made in existing properties. The largest ongoing projects during the year were at the Tostarp Logistics Position in Helsingborg, where Catena completed a 30,400 square-metre logistics warehouse for Nowaste and started another 11,000 square-metre warehouse for the same customer. At the Sunnanå Logistics Position outside Malmö, Catena completed one building during the year and started construction of two additional units totalling 52,000 square metres.

Unrealised changes in value

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

Goodwill

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

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

Interest-bearing liabilities

Interest-bearing liabilities amounted to SEK 8,516.8 million (7,568.2). The average period for which capital was tied up amounted to 1.4 years (1.9) as per the balance sheet date. On the same date, the loan framework amounted to SEK 9,056.6 million (7,996.3).

Capital tied-up

Year	Contract volume, SEK M	Utilised, SEK M	Unutilised, SEK M
2019	2,733.6	2,293.8	439.8
2020	3,772.8	3,772.8	-
2021	2,489.0	2,389.0	100.0
>2023	61.2	61.2	-
Total	9,056.6	8,516.8	539.8

Bonds via SFF

Within the scope of SFF, Catena issued new financing agreements for SEK 350 million in 2018. As of the balance sheet date, Catena had issued bonds for a total value of SEK 1,228 million. This constitutes 14 percent of the property portfolio's financing.

Commercial paper financing

Catena has established a commercial paper programme with a framework amount of SEK 2 billion. On the balance sheet date, the outstanding volume was nominally SEK 900 million. The programme is backed up by secured credit facilities.

EQUITY

In addition to the 2018 profit less dividends, equity increased during the year through a new share issue for a total of SEK 50 million.

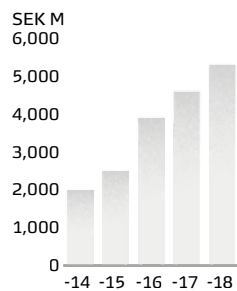
► Changes in equity are presented on page 60.

Consolidated changes in shareholders' equity

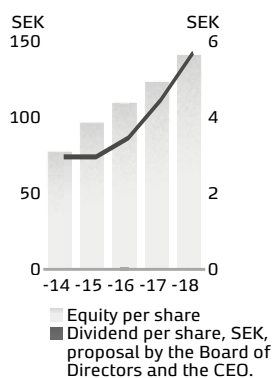
SEK M	Share capital	Other capital contributions	Profit brought forward	Total Parent Company shareholders	Non-controlling interests	Total equity
Equity brought forward 1 Jan 2017	157.2	1,870.0	1,872.7	3,899.9	4.4	3,904.3
New share issue	7.4	242.6	-	250.0	-	250.0
Comprehensive income for the year	-	-	579.5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

SEK M	Share capital	Other capital contributions	Profit brought forward	Total Parent Company shareholders	Non-controlling interests	Total equity
Equity brought forward 1 Jan 2018	164.6	2,112.6	2,319.3	4,596.5	-	4,596.5
New share issue	1.3	48.7	-	50.0	-	50.0
Comprehensive income for the year	-	-	830.7	830.7	-	830.7
Dividend	-	-	-168.4	-168.4	-	-168.4
Equity carried forward 31 Dec 2018	165.9	2,161.3	2,981.6	5,308.8	-	5,308.8

Equity, SEK M



Equity and dividend per share, SEK

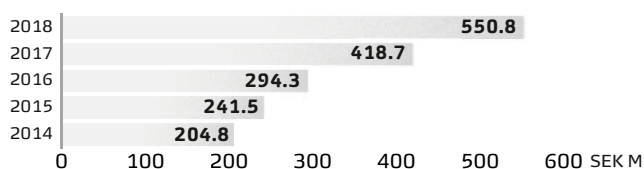


Consolidated cash flow analysis

SEK M	Note 25	1 Jan 2018 -31 Dec 2018	1 Jan 2017 -31 Dec 2017
Operating activities			
Profit before tax		940.1	758.6
Adjustments for non-cash items		-375.6	-337.0
Tax paid		-13.7	-2.9
Cash flow before changes in working capital		550.8	418.7
Changes in working capital			
Change in operating receivables		-13.9	26.2
Change in operating liabilities		-19.2	-41.0
Cash flow from operating activities		517.7	403.9
Investing activities			
Acquisition of assets via subsidiaries		-75.3	-632.0
Divestment of assets via subsidiaries		24.3	174.3
Acquisition of minority share		-	-71.6
Investments in investment properties		-796.6	-520.3
Divestment of investment properties		4.8	-
Investments in property, plant and equipment		-0.4	-0.6
Acquisitions of other financial assets		-92.0	-101.3
Divestments of financial assets		120.1	340.0
Cash flow from investing activities		-815.1	-811.5
Financing activities			
New share issue		-	-
Borrowings		2,423.0	5,531.4
Amortisation of loans		-1,771.1	-5,049.6
Dividend paid		-168.4	-125.1
Cash flow from financing activities		483.5	356.7
Cash flow for the year		186.1	-50.9
Opening cash and cash equivalents		94.8	145.5
Exchange rate difference in cash and cash equivalents		0.3	0.2
Closing cash and cash equivalents		281.2	94.8

CASH FLOW BEFORE CHANGES IN WORKING CAPITAL

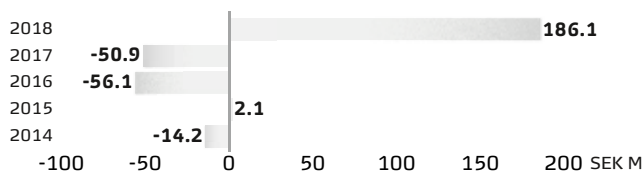
Primarily due to the improved profit from property management, cash flow for the year before changes in working capital increased by SEK 132.1 million to SEK 550.8 million.



CASH FLOW

Cash flow has been affected by significant investments in investment in existing properties and by Catena having acquired the Magneten 6, Snesholm 1:16, Sunnanå 1:20 and 1:21 and the Lagret 1 properties as share acquisitions and the Mappen 1 and Hästhagen 5 properties through property transactions.

During the year, Catena issued commercial papers as a complement to its loan financing.



Notes – Group

Note 1. General information

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

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

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

The Parent Company is listed on NASDAQ Stockholm, Mid Cap.

The Annual Report and the consolidated accounts were approved for publication by the Board of Directors and the CEO on 20 March 2019 and will be presented to the Annual General Meeting on 25 April 2019.

Note 2. Accounting and valuation principles

Amounts in SEK million unless otherwise specified.

Compliance with standards and legal requirements

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

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

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

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

Preparing the financial statements in accordance with IFRS requires that senior management makes assessments, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets,

liabilities, income and expenses. The estimates and the assumptions are based on historical experience and on a number of other factors that seem reasonable under the prevailing circumstances. The result of these estimates and assumptions is then used to assess the carrying amounts for assets and liabilities that are otherwise not clearly specified from other sources. The actual outcome may deviate from these estimates and assessments.

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

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

New and amended standards applied by the Group

The following standards are applied for the first time by the Group for financial years commencing 1 January 2018 or later:

Financial Instruments – the new IFRS9 standard is applied with retroactive application of the transition method without recalculation of comparison figures.

Revenue from contracts with customers – the new IFRS15 standard is applied prospectively.

The application of these changes has not had any impact on the Group's financial position and earnings and only a limited effect on disclosures for the current financial year compared with the preceding financial year, nor is it expected to have any impact on future periods. The following description of accounting principles is thus valid for both current and prior 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 2018 and have not been applied in the preparation of this financial report. None of these are expected to have a material impact on the consolidated financial statements except for the following:

In January 2016 the IASB published a new leasing standard, IFRS16 "Leases" that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. Implementation of the standard will entail almost all leases being reported in the Balance Sheet, since no distinction is made between operational and financial leases. According to the new standard, an asset (the right to use a leased asset) shall be reported, as well as a financial liability to pay lease payments. Short-term contracts and contracts of smaller value are excluded. The accounts of the lessor will be essentially unchanged. The standard is applicable to financial years commencing 1 January 2019 or later. The standard is deemed to have no significant effects for Catena as a lessor. In the Group's capacity as a lessee, the impact will be that the present value of ground rent and leased passenger cars will be reported in the Balance Sheet. Other identified leasing agreements for office machines and software, for example, are considered immaterial. With regard to ground rent agreements, Catena will report a lease asset and lease liability of SEK 349.2 and SEK 346.6 million, respectively, on transition to IFRS16 as of 1 January 2019, and SEK 3.5 million for passenger cars. The transition, in which the new rules are applied retroactively, will not affect equity and comparison figures for 2018 will not be recalculated. The Income Statement and Cash-Flow Statement will primarily be affected by ground rent being reclassified from Property expenses to Financial expenses. For 2018, ground rent amounted to SEK 10.4 million.

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. At Catena, this function is identified as the CEO and senior management, that is, the unit at Catena that makes strategic decisions.

Classification

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

Consolidation principles

Subsidiary

Subsidiaries are all companies (including structured companies) over which the Group has decisive control. The Group controls a company when it is exposed to, or is entitled to, variable returns from its holdings in that company and has the opportunity to affect the return through its influence over the Company. A controlling influence implies directly or indirectly a right to determine a company's financial and operational 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. All acquisitions of subsidiaries in 2017 and 2018 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 reported value of the Group's holdings, the value of the holdings is reduced to zero. The equity method is applied until the time the significant influence ceases.

Joint venture

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

Intra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising from intra-Group 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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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), 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

Revenue recognition occurs in the Income Statement when the control of a product or service has been transferred to the counterparty, unlike previously "when significant risks and benefits had been transferred to the counterparty". In practice, this entails no difference between the accounting periods. 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. Revenues from early redemption of leases are reported, in cases where no further performance is required from Catena, as revenue in the period in which compensation was received. Included in rental income are expenses invoiced on to customers, consisting primarily of property tax, electricity and heating, as well as other property services, since these are directly linked to the lease agreements. In all material respects, onward invoicing is deemed to correspond to performance commitments that, like rent, are settled over time and reported as revenue in the corresponding period. This represents no difference compared with reporting prior to 31 December 2017 when these expenses were reported in the period in which they were invoiced.

Income from property sales

Catena recognises income and costs from the acquisition and sale of property at the date on which control 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 essentially reflects the cash flow generated from its on-going property management operations. Changes in the value of investment properties and derivative instruments are not included in cash flow from on-going property management operations and are therefore not included in this performance measure.

Tax

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

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

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

Deferred tax is calculated by applying the tax rates and tax

rules that have been decided or were, for all practical purposes, decided at the balance-sheet date.

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

Financial instruments

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

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

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

On initial recognition, financial instruments are classified based on the type of asset and, for debt instruments, based on the business model. 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. For further information, please refer to the Impairment section below.

Financial assets measured at fair value via profit or loss

The category includes derivatives for which hedge accounting is not applied.

Financial assets reported at amortised cost

Loan receivables and accounts receivable are financial assets held for the purpose of collecting contractual cash flows. 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 reported at the amount expected to be received, less deductions for loss risk reserves. The expected maturity of accounts receivable is short and, accordingly, amounts are recognised at the nominal amount without discounting. The reserve for expected credit losses is calculated based on the loss risk for the entire maturity of the claim and is recognised on initial reporting of the claim. 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. On premature redemption of loans without new loans being secured, interest compensation is reported in the Income Statement on the date of redemption. 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 swaps is determined by discounting future cash flows by the quoted market interest rate for each maturity. Values of interest-rate cap agreements are determined using the option pricing model. In all cases level 2 is applied under IFRS 13. The Company's own credit risk is taken into account in the fair value valuation of the loans.

Set-off of financial assets and liabilities

Financial assets and liabilities are offset and the net amounts recognised in the Statement of Financial Position only when the following criteria are met:

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

Financial income and expenses are offset in profit or loss when they are connected to the offset financial assets and liabilities.

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

Cash and cash equivalents

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

Property, plant and equipment

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

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

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

The recognised amount of an item of property, plant and equipment is derecognised from the Balance Sheet on disposal or sale or when no future economic benefits can be

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26



expected from its use. Gains or losses from the disposal or scrapping of an asset consist of the difference between the selling price of the asset and its carrying amount less direct selling expenses. Gains or losses are recognised as other operating income/expenses.

Additional expenses

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

Depreciation methods for property, plant and equipment

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

Investment properties

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

Both unrealised and realised value changes are recognised in profit or loss. Realised value changes pertain to changes in value over the past quarterly reporting period for properties sold. Unrealised changes in value pertain to other value changes. In connection with acquisitions of properties or companies, the transaction is usually recorded per the date on which Catena gains access, since control of the item is normally transferred on 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 impairment testing of assets other than financial assets, which are tested in accordance with IFRS 9 (IAS 39 up to and including 31 December 2017), 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

As of 1 January 2018, Catena values the future expected credit losses associated with investments in debt instruments reported at amortised cost and at fair value with changes via other comprehensive income on the basis of forward-looking information. The Group selects reservation method based on whether or not there has been a significant increase in credit risk.

In accordance with the rules under IFRS 9, Catena applies a simplified method for impairment testing of accounts receivable. The simplification entails the reserve for expected credit losses being calculated based on the loss risk for the entire maturity of the claim and being recognised on initial reporting of the claim. The reserve in accordance with IFRS 9 has not had a material impact on the scale of the credit loss reserve.

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. Adjustments of amounts for expected credit losses relating

to loans, leases and accounts receivable are reported as an impairment gain loss or loss in profit or loss.

Cash-flow statement

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

Share capital

Buyback of Catena shares

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

Earnings per share

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

Employee benefits

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

Pensions

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

The Company has not been provided with information for the 2004-2018 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 3.6 million (2.9). For 2019, the Company is expected to pay about SEK 3.9 million to Alecta. Alecta's surplus can be distributed to the policy owners and/or insured parties. At the end of 2018, Alecta's surplus in the form of the collective consolidation level was 142 percent (154). 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 0.01469 percent and the Company's share of the total number of active insured parties amounts to 0.00643 percent.

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

Termination benefits

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

Provisions

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

Contingent liability

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

Leasing – lessee

For reporting periods up to and including 2018, leases are classified in the consolidated accounts either as financial or operational leases. 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. Catena has no financial leases reported in the Balance Sheet. 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.

As of 1 January 2019, leasing is reported in accordance with the description on page 62 under the heading "New standards and interpretations yet to be adopted by the Group". For further information, see also Note 7 Leasing fees pertaining to operational leasing.

Leasing – lessor

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Note 3. Operating segment information

Income Statement	Gothenburg		Helsingborg		Jönköping		Malmö		Stockholm	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	165.4	130.3	175.9	146.1	94.8	93.9	170.5	145.0	484.1	376.7
(Of which, re-invoiced expenses)	(7.8)	(6.0)	(12.5)	(10.4)	(12.1)	(10.8)	(37.7)	(32.0)	(40.0)	(25.7)
Property expenses	-21.1	-19.1	-52.4	-45.2	-30.9	-26.5	-59.4	-52.0	-99.3	-78.0
Net operating surplus	144.3	111.2	123.5	100.9	63.9	67.4	111.1	93.0	384.8	298.7
Central administration	-	-	-	-	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-
Participations in the earnings of associated companies	-	-	-	-	-	-	-	-	-	-
Financial income	19.0	17.6	8.3	7.2	9.3	7.8	8.7	7.4	39.1	27.9
Financial expenses	-18.4	-13.4	-17.2	-20.5	-9.4	-10.3	-22.0	-23.9	-52.5	-39.6
Profit from property management	144.9	115.4	114.6	87.6	63.8	64.9	97.8	76.5	371.4	287.0
Realised changes in value of investment properties	1.3	-	0.1	-	-	8.3	-	-	3.3	10.0
Unrealised changes in value of investment properties	36.8	27.6	87.7	174.7	23.8	4.3	20.8	6.6	160.0	77.9
Changes in value of goodwill	-	-	-	-	-	-	-	-	-	-
Changes in values of derivatives	-	-	-	-	-	-	-	-	0.3	0.3
Profit before tax	183.0	143.0	202.4	262.3	87.6	77.5	118.6	83.1	535.0	375.2
Tax										
Comprehensive income for the year										

Other disclosures	Gothenburg		Helsingborg		Jönköping		Malmö		Stockholm	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Goodwill	110.7	110.7	41.5	41.5	40.1	40.1	76.1	76.1	234.6	234.6
Investment properties	2,114.9	2,035.2	2,564.6	2,216.4	1,109.6	1,071.8	2,220.3	1,993.2	6,711.7	5,814.5
Investments through acquisitions	-	167.6	45.0	245.1	-	-	21.2	518.1	541.3	1,029.8
Investments in non-current assets	67.4	198.1	236.4	83.1	14.0	14.6	169.3	106.5	197.2	99.9
Amortisation and depreciation	-	-	-	-	-	-	-	-	-	-
Deferred tax receivables	1.7	2.4	0.3	7.9	3.3	8.5	-	0.7	6.4	14.2

Central administration and eliminations		Total	
2018	2017	2018	2017
-	-	1,090.7	892.0
-	-	(110.1)	(84.9)
-	-	-263.1	-220.8
-	-	827.6	671.2
-31.4	-30.9	-31.4	-30.9
2.5	1.7	2.5	1.7
-0.3	-1.1	-0.3	-1.1
8.6	8.3	8.6	8.3
-81.5	-63.8	2.9	4.1
-119.1	-105.5	-238.6	-213.2
-221.2	-191.3	571.3	440.1
-	68.0	4.7	86.3
-	-	329.1	291.1
-	-84.7	-	-84.7
34.7	25.5	35.0	25.8
-186.5	-182.5	940.1	758.6
		-116.7	-123.9
		823.4	634.7

Central administration and eliminations		Total	
2018	2017	2018	2017
-	-	503.0	503.0
-	-	14,721.1	13,131.1
-	-	607.5	1,960.6
0.4	0.5	684.7	502.7
-0.9	-0.9	-0.9	-0.9
85.2	102.5	96.9	136.2

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:

Gothenburg – comprising 14 properties.
 Helsingborg – comprising 23 properties.
 Jönköping – comprising 12 properties.
 Malmö – comprising 16 properties.
 Stockholm – comprising 42 properties.

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

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

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

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Note 4. Rental income

Duration of leases as per 31 December 2018

Information on operating leases – the Group as lessor.

Year of maturity	Number of contracts	Contractual annual rent, SEK M	Contractual annual rent, %
2019	149	97.8	8.4
2020	90	86.9	7.4
2021	45	202.7	17.4
2022	42	132.7	11.4
2023	35	140.6	12.0
2024	13	99.0	8.5
2025+	56	407.0	34.9
Total	430	1,166.7	100.0

Contracted rental income by contract size, SEK M

	Number of contracts	Contractual rental income, %
>10.0	32	51.2
5.0 – 10.0	38	23.7
3.0 – 5.0	32	10.6
2.0 – 3.0	23	5.1
1.0 – 2.0	34	4.4
0.5 – 1.0	40	2.6
<0.5	231	2.4
Total	430	100.0

Note 5. Property expenses and central administration

Property expenses	2018	2017
Operating expenses	86.4	71.7
Repair and maintenance	54.2	40.3
Property maintenance and technical inspection	28.5	22.6
Property tax and ground rent	37.7	33.5
Other external expenses	21.0	20.4
Property administration	35.3	32.3
Total	263.1	220.8

Central administration	2018	2017
Personnel expenses	15.0	16.3
Services purchased	15.5	13.7
Depreciation of property, plant and equipment	0.9	0.9
Total	31.4	30.9

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

Note 6. Fees and expenses to auditors

	2018	2017
Audit engagement	1.4	1.6
Audit activities in addition to the audit engagement	–	–
Tax consultancy	0.2	0.2
Total	1.6	1.8

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

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

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

Note 7. Leasing fees pertaining to operational leasing

	2018	2017
Minimum lease fees ¹⁾	11.8	10.9
Total	11.8	10.9

1) There were no variable fees.

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

	2018	2017
Within one year	11.7	11.6
Between one and five years	42.5	42.9
Longer than five years	381.3	370.5
Total	435.5	425.0

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

IFRS 16 – disclosures regarding transition

Leaseholds are deemed to have a perpetual term. Ground rent may be changed, resulting in a change in the lease asset and lease liability.

Commitments for operational leases per 31 December 2018	435.5
Leasehold commitments per 31 December 2018, discounted at an interest rate of 3%	230.4
Additional: Effect of leasehold contracts being deemed to have a perpetual term	116.2
Car leasing per 31 December 2018 discounted at an implicit contractual rate of interest	3.5
Lease liability recognised per 1 January 2019	350.1

Note 8. Employee and personnel expenses

Average number employees	of whom		of whom	
	2018	men	2017	men
Employees in Sweden	38	76%	38	76%

Gender distribution	2018		2017	
	Men	Women	Men	Women
Board of Directors	57%	43%	57%	43%
Management	86%	14%	86%	14%

Salaries, fees, benefits and other remuneration	2018	2017
Chairman of the Board (Henry Klotz, Jan-Apr 2017)	–	0.1
Chairman of the Board (special fee, Jan-Apr 2018)	0.3	0.2
Chairman of the Board (Gustaf Hermelin, Jan-Apr 2017)	0.6	1.2
Other Board Members	0.9	0.8
Chief Executive Officer (Gustaf Hermelin, Jan-Apr 2017)		
Base salary	–	1.0
Other remuneration	–	0.1
Chief Executive Officer		
Base salary	2.3	1.2
Other remuneration	0.5	0.2
Other senior executives (6* and 6 individuals respectively)		
Base salary	7.5	7.5
Other remuneration	1.5	1.5
Other employees	18.3	17.3
Total	31.9	31.1

Pension expenses	2018	2017
Chief Executive Officer (Gustaf Hermelin, Jan-Apr 2017)	-	0.5
Chief Executive Officer	1.1	0.4
Other senior executives (6* and 6 individuals respectively)	3.0	2.7
Other employees	3.2	3.5
Total	7.3	7.1

Statutory social security contributions incl. payroll tax	2018	2017
Chairman of the Board (Henry Klotz, Jan-Apr 2017)	-	0.0
Chairman of the Board	0.1	0.1
Chairman of the Board (special fee, Jan-Apr 2018)	0.2	0.4
Other Board members	0.2	0.2
Chief Executive Officer (Gustaf Hermelin, Jan-Apr 2018)	-	0.3
Chief Executive Officer	1.1	0.5
Other senior executives (6* and 6 individuals respectively)	3.4	3.4
Other employees	6.4	6.3
Total	11.4	11.2
Grand total	50.6	49.4

Remuneration to the Board and CEO pertains to the Board and CEO of the Parent Company. At the 2018 Annual General Meeting, it was decided, as at the 2017 Annual General Meeting, that compensation for participation in the Remuneration Committee should be paid in the amount of SEK 20,000 to the chairman of the Remuneration Committee and SEK 10,000 each to the other two members. Fees are also paid to the chairman of the Audit Committee in the amount of SEK 50,000 and of SEK 25,000 each to the other two members.

*) During the year there has been a change in the management team, with one person resigning from the management team in December 2018. In connection with this, one new person joined the management team.

Fees, Board Member, SEK T (annual Board fee determined by AGM, April 2018 and April 2017)	2018		2017	
	Board fee	of which, for committee work	Board fee	of which, for committee work
Gustaf Hermelin	300	-	250	-
Gustaf Hermelin (special fee, May 2017 - April 2018)	-	-	1,800	-
Henry Klotz	210	60	185	60
Bo Forsén	170	20	145	20
Erik Paulsson	-	-	125	-
Hélène Briggert	175	25	150	25
Catharina Elmsäter-Svärd	-	-	150	25
Katarina Wallin	160	10	135	10
Tomas Andersson	150	-	-	-
Ingela Bendrot	175	25	-	-
Total	1,340	140	2,940	140

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

Policies

Remuneration paid to the CEO and other senior executives comprises base salary, other remuneration (which comprises bonus and mileage allowance) and pension. The term senior executives refers to the six individuals at Catena (six) who, together with the Chief Executive Officer, comprise the senior management. For the composition of management, see page 116-117.

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 2018, fees totalled SEK 1.3 million (2.9), of which the Chairman received SEK 0.3 million. The amount for 2017 also includes a special fee of SEK 1.8 million to Chairman of the Board Gustaf Hermelin who, during the year between Annual General Meetings, from May 2017 to April 2018, served as Executive Chairman as an additional support to management.

Market-based remuneration of SEK 0.1 million (0.3) and 0 million (0.2) for services rendered in , operational control, financing and property advice was paid to companies owned by Board Member Erik Paulsson and Board Member Catharina Elmsäter-Svärd. The amounts are not included in the above table. Board fees to Board Members Katarina Wallin and Catharina Elmsäter-Svärd have been paid to their own companies.

Bonus

Bonuses to the CEO can amount to a maximum of 50 percent of annual fixed salary. Bonus decisions are made on an annual basis and do not imply any entitlement to bonuses in coming years. Effective from 2015, the bonus is pensionable. 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 framework of the remuneration policy. In some cases the target is not measurable. This type of bonus is only permitted to amount to 20 percent of the total bonus.

The bonus target for 2018 was that profit from property management result should exceed the adjusted budget by 5 percent.

The Remuneration Committee considers the matter of the Company's obligations and provisions have been made for bonus of SEK 3.7 million (4.0) for 2018, including social security contributions.

The bonus system only comprises one year at a time, currently only 2018. 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.

Retirement age for the Deputy CEO and other senior executives, six individuals in total (six), 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

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

The employment contracts with the Deputy CEO and other senior executives can be terminated by Catena with a notice period of four to twelve months. In addition to salary during the notice period, severance pay corresponds to three to six months' salary and is paid at the end of the notice period. Should Catena release the executives from the obligation to work during the notice period, any income from new employment or own operations is offset against salary from Catena. In the event of termination by a senior executive, a notice period of two to six months applies. 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 2018.

Note 9. Financial income and expenses

Financial income	2018	2017
Interest income ¹⁾	2.9	4.1
Total	2.9	4.1
Financial expenses	2018	2017
Interest expenses	-227.3	-203.2
Exchange losses	-1.3	-0.1
Other financial expenses	-10.0	-9.9
Total	-238.6	-213.2
Net financial items	-235.7	-209.1

1) All interest income refers to assets valued at amortised cost.

Note 10. Tax

Recognised in the Statement of Comprehensive Income	2018	2017
<i>Current tax</i>		
Tax for the year	-7.7	-14.8
Tax attributable to amended tax assessment	-0.1	-0.6
Total	-7.8	-15.4
<i>Deferred tax</i>		
Investment properties	-69.5	-89.6
Derivatives	-13.4	-5.9
Tax loss carry-forwards	-19.0	5.8
Untaxed reserves	-7.0	-20.2
Other deferred taxes	-	1.4
Total	-108.9	-108.5
Total recognised tax	-116.7	-123.9
Reconciliation of effective tax	2018	2017
Profit before tax	940.1	758.6
Tax according to current rate: 22%	-206.8	-166.9
Effect of changed tax rate	79.2	-
Non-deductible expenses	-0.8	-0.9
Tax attributable to preceding years	-0.1	-0.6
Non-taxable sales of companies	3.5	62.8
Other non-taxable income	2.1	1.5
Tax on participations in profit of associated companies	1.9	1.8
Impairment of goodwill	-	-18.6
Other	4.3	-3.0
Recognised effective tax	-116.7	-123.9

The recognised effective tax rate totalled 12.4 percent (16.3).

Deferred tax recognised in the financial statements						2018			
	OB	Recognised in profit or loss	Recognised in equity	Acquisitions/divestments of companies	CB	Recognised in profit or loss	Change in Equity	Acquisition/disposal of company	CB
	2017				2017	2018			2018
Deferred tax assets									
Investment properties	18.2	-0.2	-0.9	0.1	17.2	-8.0	-1.5	-	7.7
Tax loss carry-forwards	14.9	5.8	-	0.3	21.0	-19.0	-	2.6	4.6
Derivatives	102.5	-5.9	-	1.4	98.0	-13.4	-	-	84.6
Total deferred tax assets	135.6	-0.3	-0.9	1.8	136.2	-40.4	-1.5	2.6	96.9
Deferred tax liability									
Investment properties	1,098.7	88.0	-0.2	-33.9	1,152.6	61.5	-0.4	-	1,213.7
Untaxed reserves	27.0	20.2	-	3.7	50.9	7.0	-	-	57.9
Total deferred tax liabilities	1,125.7	108.2	-0.2	-30.2	1,203.5	68.5	-0.4	-	1,271.6

In addition to the above tax loss carry-forwards, there are no material unused tax losses for which deferred tax assets have not been recognised. Adjustment of the acquisition analysis regarding Tribona from 2017 is reported as acquisition of companies.

Note 11. Goodwill

Goodwill	2018	2017
Opening cost	503.0	613.5
Adjustment of acquisition analysis	-	-33.9
Impairment	-	-76.6
Closing cost	503.0	503.0

The acquisition of Tribona in 2016 constituted a business combination and is recognised in accordance with IFRS 3 Business Combinations. Unlike in the case of an acquisition of assets, this entails that deferred tax should be taken into account in all temporary differences. Acquired goodwill is mainly an effect of reported deferred tax liabilities. Since the acquisition, both goodwill from synergies as well as goodwill associated with deferred tax has been realised through divestments of properties that belonged to the Tribona stocks. In addition to this realised goodwill, impairment totalling SEK 115.5 million (of which 76.6 in 2017) was recognised following impairment testing, when it was found that the expected synergies had been realised in the forecast cash flows underlying the valuation of the investment properties. The remaining reported goodwill of SEK 503.0 million on the balance sheet date is, in full, an effect of the reporting in full of nominally deferred tax relating to temporary differences between fair value and taxation value. The item will change as properties including goodwill are sold or revalued at less than cost.

Note 12. Investment properties

Investment properties are recognised at fair value.

Change for the year	2018	2017
Opening balance	13,131.1	10,786.4
Acquisitions	607.5	1,960.6
New builds, extensions and conversions ¹⁾	684.3	502.2
Sales	-46.5	-419.9
Translation differences, etc.	15.6	10.7
Unrealised changes in value	329.1	291.1
Carrying amount	14,721.1	13,131.1

Taxable values	2018	2017
Taxable values, buildings	3,094.8	2,962.8
Taxable value, land (of which leaseholds, SEK 102.7 million)	1,329.8	1,289.0
Total	4,424.6	4,251.8

Impact on profit for the year	31 Dec 2018	31 Dec 2017
Rental income	1,090.7	892.0
Property expenses before property management for investment properties that generate rental income	227.7	188.5

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. The capitalised interest expense was SEK 6.0 million (7.0).

Investment properties by region	Number of Properties	Lettable Area, m ² 000s	Fair value, SEK M
Gothenburg	14	223.2	2,114.9
Helsingborg	23	382.4	2,564.6
Jönköping	12	209.6	1,109.6
Malmö	16	219.3	2,220.3
Stockholm	42	758.0	6,711.7
Total	107	1,792.5	14,721.1

Fair value

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

Valuation categories for investment properties

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

Yield and real growth

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

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

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

Net operating surplus and vacancy rate

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

The starting point is the current forecast for net operating surplus based on the previous year's outcome. However, income and operating and maintenance costs for an individual year can be impacted by factors that are not regularly 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 discrepancy is accepted since there is always an element of uncertainty in the estimated value.

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

For definitions, see pages 136–137.	Actual outcome					Normalised values ¹⁾	
	Gothenburg	Helsingborg	Jönköping	Malmö	Stockholm	Total	Total
Rental value, SEK M	172.0	214.6	117.1	179.3	533.1	1,216.1	1,299.5
Economic letting ratio, %	99.1	93.8	90.9	97.7	96.3	95.9	90.2
Contractual annual rent, SEK M	170.4	201.3	106.4	175.1	513.5	1,166.7	1,172.5
Net operating surplus before property administration costs, SEK M	149.1	131.3	68.2	115.3	399.1	863.0	985.3
Property yield before property administration costs, %	7.0	5.1	6.1	5.2	5.9	5.9	7.2
Surplus ratio before property admin. %	90.1	74.6	71.9	67.6	82.4	79.1	84.0
Discount rate, %							9.2
Assumed annual rent development, %							2.0

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

The discrepancy between the actual outcome for the net operating surplus before property administration and the normalised value depends largely on projects that, during parts of 2018, only generated costs but that, in the normalised values, have been calculated on the annualised values of the net operating surplus generated when the project is completed.

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

clude various assessment factors that contain an element of uncertainty.

To ensure the accuracy of the internal valuation, external valuations are conducted of a selection of the portfolio, with Newsec and Cushman & Wakefield valuing about 66.6 percent of the portfolio, corresponding to a value of SEK 10.0 billion, during 2018.

Number of properties valued	2018	2017
No. of properties	67	44
External valuation, SEK M	10,033.0	7,569.0
Corresponding internal valuation, SEK M	9,807.9	7,452.0
Deviation, SEK M	225.1	117.0
Deviation, %	2.3	1.6
Carrying amount, SEK M	14,721.1	13,131.1
Proportion valued externally, %	66.6	56.8

Valuation

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

Sensitivity analysis

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

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

Change	Impact	
	+1%	-1%
Discount rate, SEK M	-2,103	2,534
Assumed annual rent development, SEK M	632	-842

Note 13. Property plant and equipment

Equipment	2018	2017
Opening cost	4.6	4.1
Acquisitions	0.4	0.7
Sales and disposals	0.0	-0.2
Closing cost	5.0	4.6
Opening depreciation	-2.6	-1.8
Sales and disposals	0.0	0.1
Depreciation for the year	-0.9	-0.9
Closing depreciation	-3.5	-2.6
Carrying amount	1.5	2.0

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

	2018	2017
Central administration	0.9	0.9

Note 14. Participations in associated companies

Joint Venture	2018	2017
<i>Accumulated cost</i>		
Opening balance	82.5	34.2
Acquisitions	-	75.7
Sales	-99.3	-35.7
The year's participation in profit after tax	16.8	8.3
Carrying amount at year-end	0.0	82.5

Associated companies	2018	2017
<i>Accumulated cost</i>		
Opening balance	111.7	48.2
Acquisitions	0.3	1.5
Shareholder contributions	62.0	62.0
The year's participation in profit after tax	-8.2	-
Carrying amount at year-end	165.8	111.7

Total value associated companies at year-end	2018	2017
	165.8	194.2

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

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

In 2017, Catena Logistik AB sold 50 percent of its former wholly-owned subsidiary, Catena Regulatorn AB, renamed as Huddinge Regulator 2 AB, to WA Huddinge AB. The now jointly owned company owns and manages the Regulatorn 2 property in Huddinge and is developing the property. On 3 September 2018, Catena divested its remaining share of the Company to the other partner, WA Huddinge AB.

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

On 1 March 2018, Foodhills Fastighet AB acquired three properties in Bjuv and will own and manage these. The Company is owned by Catena and Backahill AB, with 45 percent each, and by Foodhills AB with a holding of 10 percent.

During the first quarter of 2017, Catena acquired from Peab the remaining portion of the four former joint venture companies, Log.Sunnanå AB, Log. Tostarp AB, Log. Sunnanå Två AB and Log. Tostarp Två AB. In their conversion to wholly owned companies, the transactions were first reported as sales of participations in a joint venture and subsequently as acquisitions of subsidiaries.

PeBri Projektutveckling AB was liquidated during 2017.

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

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 a negative SEK 8.9 million (positive 62.9).

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

2018

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Ownership share	Assets	Liabilities	Income	Earnings	Carrying amount
Törsjö Logistik AB	559014-0272	Örebro	34.0%	27.2	17.9	0.2	0.0	9.3
Huddinge Regulatorn 2 AB	556584-0005	Stockholm	0.0%	-	-	9.7	16.8	-
Urban Services Sweden AB	559108-8397	Solna	25.0%	1.5	0.7	2.4	-0.2	0.8
Foodhills Fastighet AB	559122-6617	Bjuv	45.0%	83.0	65.7	3.3	-8.0	17.3
Total property companies				111.7	84.3	15.6	8.6	27.4
SFF Holding AB (financing)	556958-5606	Stockholm	20.0%	-	-	-	0.0	138.4
Total				111.7	84.3	15.6	8.6	165.8

2017

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Ownership share	Assets	Liabilities	Income	Profit	Carrying amount
PeBri Projektutveckling AB	556752-1108	Helsingborg	0.0%	-	-	-	-0.1	-
Log. Sunnanå AB	556699-7788	Helsingborg	0.0%	-	-	-	1.6	-
Log. Tostarp AB	556667-8784	Helsingborg	0.0%	-	-	-	0.1	-
Log. Sunnanå Två AB	559023-3911	Helsingborg	0.0%	-	-	-	-	-
Log. Tostarp Två AB	559025-2259	Helsingborg	0.0%	-	-	-	-	-
Törsjö Logistik AB	559014-0272	Örebro	34.0%	23.5	14.2	-	-	9.4
Huddinge Regulatorn 2 AB	556584-0005	Stockholm	50.0%	198.6	116.1	14.2	6.7	82.5
Urban Services Sweden AB	559108-8397	Solna	25.0%	1.1	0.1	0.1	-	1.0
Foodhills Fastighet AB	559122-6617	Bjuv	45.0%	-	-	-	-	-
Total property companies				223.2	130.4	14.3	8.3	92.9
SFF Holding AB (financing)	556958-5606	Stockholm	20.0%	-	-	-	-	101.3
Total				223.2	130.4	14.3	8.3	194.2

Associated companies' summary income statements and
balance sheets, SEK M (100%)

	31 Dec 2018	31 Dec 2017
Income statement		
Rental income	37.4	28.9
Net operating surplus	-4.7	21.1
Profit for the year	-15.4	7.3
	31 Dec 2018	31 Dec 2017
Balance Sheet		
Fixed assets	213.2	274.4
Current assets	22.6	11.7
Total assets	235.8	286.1
Shareholders' equity	34.5	13.2
Provisions	-	4.5
Other liabilities	201.3	268.4
Total shareholders' equity and liabilities	235.8	286.1

The above table does not include the income statement and balance sheet for SFF. Read more about SFF on page 37.

Note 15. Accounts receivable

Maturity structure, accounts receivable	31 Dec 2018	31 Dec 2017
< 30 days	3.0	0.1
31-60 days	0.8	1.9
61-90 days	0.4	0.8
>91 days	1.4	-1.1
Total	5.6	1.7
Not yet due	8.6	8.3
Total	14.2	10.0
Impaired receivables		
Opening provision	-0.6	-0.1
Provision for probable losses	-3.0	-0.5
Reclassification as contract asset	1.9	-
Confirmed losses	0.2	0.0
Closing provision	-1.5	-0.6
Total accounts receivable	12.7	9.4

The Group applies the simplified method for calculating expected credit losses. The method is based on the application of expected losses across the entire the maturity of the claim.

To calculate expected credit losses, accounts receivable have been grouped based on their credit characteristics and the number of days by which they are overdue. Historical loss data are used together with current and forward-looking data that can affect customers' ability to pay the claim. Delayed payments (more than 30 days overdue) constitute a presumption that a heightened credit risk prevails.

The transition from credit risk reserves in accordance with IAS 39 (closing balance on 31 December 2017) to reserves in accordance with IFRS 9 (opening balance on 1 January 2018) has not had any significant effect on the size of the credit loss reserve.

Note 16. Other receivables

	31 Dec 2018	31 Dec 2017
Receivable, associated companies	20.1	0.2
VAT and other tax receivables	44.0	50.4
Other receivables	2.1	17.1
Total	66.2	67.7

Note 17. Prepaid expenses and accrued income

	31 Dec 2018	31 Dec 2017
Administration and property expenses	3.9	13.1
Prepaid fee for credit facility	4.1	5.7
Prepaid project expenses	6.3	4.9
Prepaid ground rent	3.0	3.3
Prepaid insurance premiums	8.5	0.0
Periodised rent discounts	38.6	25.3
Accrued income	10.9	8.5
Total	75.3	60.8

Note 18. Equity and earnings per share

		Number of Total number	
Number of registered shares		shares	of shares
New share issue	17 May 1999	490,754	11,555,662
Bonus issue	9 March 2006	8,838	11,564,500
Private placement	18 Oct 2013	13,630,952	25,195,452
Private placement	10 March 2014	446,469	25,641,921
Private placement	22 Jan 2016	7,246,971	32,888,892
Private placement	15 Feb 2016	346,614	33,235,506
Private placement	11 Oct 2016	2,500,000	35,735,506
Private placement	19 Dec 2017	1,678,017	37,413,523
Private placement	9 July 2018	285,330	37,698,853
Number of reg. shares		37,698,853	

Earnings per share, calculated on earnings attributable to the Parent Company's shareholders during the year, (expressed in SEK per share)	2018		2017	
<i>Earnings per share</i>				
Profit for the year	823.4		575.3	
Ordinary shares outstanding	37,698,853		37,413,523	
Weighted average of ordinary shares outstanding	37,549,847		35,786,779	
Earnings per share, SEK	21.93		16.08	

Note 19. Financial instruments and financial risk management

Financial policy

Catena is exposed to financial risks and Catena AB's central financial management bears the operational responsibility for the implementation of the financial operations. The Board of Directors of Catena AB reviews the financial policy annually and determines its contents, regulating the mandate of the financial management and determining the financial risks to which the Group is exposed and how these are to be managed. The overall objectives of the financial operations can be summarised in four parts: i) safeguarding the Group's capital requirements in the short and long term, ii) minimising the Group's financial expenses within the framework and guidelines of the financial policy, iii) ensuring that the Group has access to liquidity of a satisfactory level and that its payment capacity is secured in the short and long term and iv) ensuring that the financial operations are conducted with good internal control.

Financing and financing risks

Interest-bearing liabilities in Catena consist primarily of traditional loans from credit institutions but also of bonds and commercial papers. Per 31 December 2018, interest-bearing liabilities amounted to SEK 8,516.8 million (7,568.2).

Financing consists of property loans with mortgages as collateral. In some cases, the subsidiaries' shares are also pledged and guarantees are provided by the Parent company. The principal external capital requirements to which Catena is subject with regard to property loans are an interest-coverage ratio of a multiple of 1.5–1.75, a loan-to-value ratio of less than 65–75 percent and an equity ratio exceeding 25 percent. The Group's companies have met all external requirements.

Financial targets	Target 2018	Outcome 2018
In the long-term, dividends should amount to 50% of profit from property management less standard rate tax	>SEK 222.8 million	SEK 216.8 million
Average capital tied-up	>2 years	1.4 years
Credit providers	> 5	10
Interest coverage ratio	>1.75 multiple	3.4 multiple
Equity/assets ratio	>30%	33.2%

To safeguard financing today and in the future and to minimise the cost of borrowing, Catena uses several sources of financing with capital tied up for varying periods of time. In addition, Catena renegotiates confirmed loan commitments that, at any given time, safeguard capital needs, particularly in the short term. As at 31 December 2018, lines of credit totalling SEK 9,056.6 million (7,996.3) were available, of which SEK 539.8 million (428.1) was unutilised.

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

Maturity structure of financial assets and liabilities, 31 December 2018

	Financial liabilities					Payment flows		
	Financial assets	Loans	Supplier	Associated company	Accrued	Unutilised lines of credit	Interest on loans ¹⁾	Interest on derivatives ¹⁾
0-3 months	293.9	683.1	105.4	1.0	87.0	-	25.1	24.9
3-12 months	20.3	1,610.7	-	5.3	-	439.8	58.4	74.6
1-2 years	59.3	3,772.8	-	57.1	-	-	41.4	99.5
2-5 years	-	2,389.0	-	16.6	-	100.0	9.3	92.2
More than 5 years	-	61.2	-	-	-	-	11.0	206.7
Total	373.5	8,516.8	105.4	80.0	87.0	539.8	145.3	497.9

1) At current interest rates.

Maturity structure of financial assets and liabilities, 31 December 2017

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

1) At current interest rates.

Loan maturity structure

Year of maturity	2018	2017
2018	-	1,261.9
2019	2,293.8	2,529.3
2020	3,772.8	3,098.3
2021	2,389.0	612.7
>2022	61.2	66.0
Total	8,516.8	7,568.2

Maturity structure for recognised long-term interest-bearing liabilities

	31 Dec 2018	31 Dec 2017
Maturity, 1-5 years from balance-sheet date	6,109.0	6,190.3
Maturity later than five years from balance-sheet date	61.2	61.2
Total	6,170.2	6,251.5

Loan terms and conditions, effective interest rate and maturity structure

	Nominal amount		Average effective interest rate	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Interest-bearing liabilities	8,516.8	7,568.2	2.7%	3.2%

The average interest rate takes interest-rate derivatives into consideration.

The total volume outstanding was SEK 4,528.6 million (4,535.6) for interest-rate swaps and SEK 0 million (248.3) 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 mainly accomplished by adapting the loan portfolio to the risk strategy by means of fixed-rate loans and interest-rate derivatives.

At 31 December 2018, total interest-bearing liabilities were SEK 8,516.8 million (7,568.2), of which SEK 70.5 million (58.9) will be amortised in 2019. At the same time, the average effective interest rate was 1.4 percent (1.4) and the average fixed-interest term was about 0.3 years (0.2), without taking derivatives into consideration. Using derivatives, the average effective interest rate amounted to 2.7 percent (3.2) and the average fixed-interest term was 3.0 years (4.1). 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 with the addition of a margin. To limit the interest-rate risk of variable-rate loans, interest-rate swaps are held for a nominal SEK 4,528.6 million (4,535.6) and interest-rate cap agreements for SEK 0 million (248.3).

Interest rates on approximately 37 percent (35) of the portfolio will change within one year and a change in the base rate (Stibor, Cibar) by one percentage point at any given time, will, all else being equal, increase Catena's interest expenses on an annual basis by approximately SEK 14.2 million if rates increase, and by approximately SEK 35.5 million if rates decrease. The difference in sensitivity is explained by several credit agreements containing interest floor provisions limiting interest rate fluctuations on the downside, preventing the base rate from becoming negative, for example, while the cost of outstanding and purchased interest-rate derivatives can increase when market interest rates are negative.

Interest rate maturity structure

Year	SEK M	Effective interest rate, % ¹⁾	Share in %
2019	3,145.2	1.4	36.9
2020	843.0	0.8	9.9
2021	762.7	4.9	8.9
2022	500.0	3.8	5.9
2023	500.0	3.2	5.9
2024	500.0	2.9	5.9
2025	1,122.0	3.8	13.2
2026	1,143.9	4.2	13.4
Total	8,516.8	2.7	100.0

1) Refers to the current average interest rate as per 31 December 2018.
 The margin is distributed evenly across the fixed-interest period.

	Nominal value		Fair value (excl. accrued interest)		Carrying amount	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Interest-rate swap contracts (receive floating, pay fixed interest)	4,528.6	4,535.6	-410.5	-445.5	-410.5	-445.5
Interest-rate cap agreements	-	248.3	-	-	-	-

The full carrying amount, SEK -410.5 million (-445.5) pertains to the non-current portion.

The above table shows that the fair values and carrying amounts of the Group's derivatives do not differ. The fair values of other contracted financial assets and liabilities in the Group and the Parent Company also correspond to their carrying amounts as per 31 December 2018.

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

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

	Net profit/loss via profit or loss
2018	
Loan receivables and accounts receivable	-2.8
Financial assets and liabilities measured at fair value via profit or loss	35.0
2017	
Loan receivables and accounts receivable	-0.5
Financial assets and liabilities measured at fair value via profit or loss	25.8

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 2018, 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 Accounts receivable.

Concentration risk

Concentration risk means, for example, the risk of substantial dependence on a few customers. As of 31 December 2018, Catena's ten (ten) largest tenants accounted for 43.9 percent (44.2) of the Group's contractual rental income.

Credit risk exposure	31 Dec 2018	31 Dec 2017
Cash and cash equivalents	281.2	94.8
Accounts receivable	12.7	9.4
Other current receivables	66.2	67.7
Other non-current receivables	61.2	47.4
Total	421.3	219.3

Note 20. Classification of financial instruments

2018	Measurement categories				Carrying amount
	Measured at fair value via profit or loss	Measured at fair value via other comprehensive income	Measured at amortised cost		
Financial assets					
Other non-current receivables	-	-	59.3		59.3
Accounts receivable	-	-	12.7		12.7
Other current receivables	-	-	20.3		20.3
Cash and cash equivalents	-	-	281.2		281.2
Total	-	-	373.5		373.5
Non-financial assets					15,611.4
Total					15,984.9
Financial liabilities					
Long-term interest-bearing liabilities	-	-	-6,170.2		-6,170.2
Non-current liabilities to associated companies	-	-	-79.0		-79.0
Interest-rate derivatives	-410.5	-	-		-410.5
Current interest-bearing liabilities	-	-	-2,346.6		-2,346.6
Accounts payable	-	-	-105.4		-105.4
Current liabilities to associated companies	-	-	-1.0		-1.0
Other current liabilities	-	-	-24.4		-24.4
Accrued expenses	-	-	-86.1		-86.1
Total	-410.5	-	-8,812.7		-9,223.2
Non-financial liabilities					-1,452.9
Total					-10,676.1

Carrying amounts correspond, to all intents and purposes, to fair values for all balance-sheet items.
During the year, Catena has renegotiated financing agreements with a total framework of approximately SEK 1.7 billion.

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

Carrying amounts correspond, to all intents and purposes, to fair values for all balance-sheet items. In connection with the transition to IFRS 9, loans and receivables have been reclassified to Financial assets measured at amortised cost.

Note 21. Pledged assets and contingent liabilities

Pledged assets	31 Dec 2018	31 Dec 2017
Property mortgages for liabilities to credit institutions	8,950.2	7,476.6
Shares for liabilities to credit institutions ¹⁾	4,876.5	2,908.8
Guarantee obligations	-	-
Total	13,826.7	10,385.4

Contingent liabilities

Responsibility for Group companies' liabilities (HB/KB)	355.3	358.1
Guarantees given for Group companies	7,590.9	7,097.2
Guarantee obligations for the benefit of associated companies	35.0	200.5
Other contingent liabilities	-	-
Total	7,981.2	7,655.8

1) Pertains to shares in Group companies.

Note 22. Accrued expenses and prepaid income

	31 Dec 2018	31 Dec 2017
Advance payment of rents	104.7	91.8
Accrued operating expenses	11.9	13.7
Prepaid media expenses	0.9	1.3
Accrued interest expenses	33.4	31.4
Accrued salary-related expenses	14.9	14.1
Accrued selling expenses	17.0	26.2
Other items	8.9	7.1
Total	191.7	185.6

Note 23. Related parties

Related-party transactions

The Group is under a significant influence from Erik Paulsson, with his family and companies. At 31 December 2018, his holding amounted to 29.8 percent (30.0) of the voting rights in the Group's Parent Company. Erik Paulsson's influence means that the Group has related-party transactions with Erik Paulsson's wholly owned company, Hansan AB. No other transactions with related parties occurred in 2018.

In addition to the above related-party transactions, Catena AB itself or via Group companies, has holdings in the following associated companies: Törsjö Logistik AB, Urban Services Sweden AB, Foodhills Fastighet AB and SFF Holding AB. See Note 14 Participations in associated companies.

In 2018, no Board Member or senior executives in Catena AB or its subsidiaries have themselves, via companies or related parties, had any direct involvement in business transactions carried out by Catena that were or are unusual in their nature or their terms and conditions. See Note 8 Employee and personnel expenses.

In one case, Catena has given guarantees for Group companies' associated companies, see Note 21 Pledged assets and contingent liabilities.

	2018	2017
Transactions with the Group's associated companies		
Sales	0.7	0.7
Interest income	0.4	0.5
Current receivables	20.1	0.2
Non-current receivables	9.7	4.7
Interest-bearing liabilities	1.0	-
Current liabilities	-	6.1
Guarantees given	35.0	200.5
Transactions with other related parties		
Purchases	0.1	0.7

Other information

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

Transactions with related parties are priced at market rates.

Note 24. Significant events after the end of the financial year

The Nomination Committee has submitted a proposal regarding the composition of the Board of Directors to the Annual General Meeting to be held on 25 April 2019. The following is proposed: re-election of Henry Klotz, Katarina Wallin, Tomas Andersson, Ingela Bendrot and Hélène Briggert and that Gustaf Hermelin be re-elected as the Chairman of the Board. The new election of Magnus Swärd's is also proposed, since Bo Forsén has declined re-election.

Catena invests SEK 250 million in a new terminal at the To-starp Logistics Position in Helsingborg. An additional part will now be made use of for the new construction of an 18,300 square-metre terminal intended for the handling of parcels, packages and letters. The tenant, PostNord, is signing a 15-year lease with Catena, the rental value of which amounts to slightly more than SEK 16 million. PostNord is scheduled to move into the new premises in the summer of 2020, provided that a construction permit is granted before the summer of 2019.

No other significant events affecting the Group's financial position have taken place following the balance sheet date.

Note 25. Cash-flow statement

Supplementary disclosures to the cash-flow statement	1 Jan 2018 -31 Dec 2018	1 Jan 2017 -31 Dec 2017
Interest paid and dividends received		
Interest received	2.9	4.1
Interest paid	-231.3	-215.7
Adjustments for non-cash items		
Amortisation, depreciation and impairment of assets	0.9	0.9
Change in value of investment properties	-329.1	-291.1
Impairment of goodwill	-	76.6
Change in value of derivatives	-35.0	-25.8
Participations in the profits/losses of associated companies	-8.6	-8.3
Net capital loss from the divestment of non-current assets	-3.5	-68.0
Net capital loss from the divestment of operations	-1.2	-19.3
Other non-cash profit/loss items	0.9	-2.0
	-375.6	-337.0
Acquisition of assets via subsidiaries		
All acquisitions during the year have been classified as asset acquisitions with net proceeds comprised of the following items:		
<i>Assets acquired and liabilities assumed:</i>		
Investment properties	495.3	1,942.5
Financial non-current assets	-	-92.7
Deferred tax assets	2.6	-
Operating receivables	8.2	28.6
Cash and cash equivalents	25.2	34.4
Provisions	-	-11.0
Loans	-347.3	-820.7
Operating liabilities	-33.5	-61.2
Total net assets	150.5	1,019.9
Purchase consideration paid	150.5	1,019.9
Non-cash issue and new share issue through settlement of pre-acquisition liabilities	-50.0	-353.5
Total	100.5	666.4
Less: Cash and cash equivalents in the acquisition	-25.2	-34.4
Impact on cash and cash equivalents	75.3	632.0
Divestment of operations		
<i>Divested assets and liabilities:</i>		
Investment properties	44.9	419.9
Operating receivables	0.4	0.9
Cash and cash equivalents	-	-
Provisions	-	-0.1
Loans	-19.3	-202.0
Operating liabilities	-2.9	-11.0
Capital gain	1.2	41.3
Total	24.3	249.0
Purchase consideration received	24.3	249.0
Conversion to proportion of equity in joint venture holdings	-	-74.7
Total	24.3	174.3
Less: Cash and cash equivalents in the acquisition	-	-
Impact on cash and cash equivalents	24.3	174.3
Acquisitions of other financial assets		
Investments in associated companies	-62.4	-62.3
Changes in interest-bearing items	-29.6	-39.0
Total investments in financial assets	-92.0	-101.3
Divestment of financial assets		
Disposals of associated companies	99.3	-
Settlement of financial receivables	20.8	340.0
Total divestment of financial assets	120.1	340.0

Reconciliation of net debt	Cash and cash equivalents	Liability to associated companies	Property loans	Total
Net debt as at 31 December 2017	94.8	-65.5	-7,568.2	-7,538.9
Cash flow	186.1	-14.5	-618.8	-447.2
Acquisitions	-	-	-347.3	-347.3
Disposals	-	-	19.3	19.3
Exchange rate differences	0.3	-	-1.8	-1.5
Net debt as at 31 December 2018	281.2	-80.0	-8,516.8	-8,315.6

Note 26. Reconciliation of alternative performance measures

			31 Dec 2018	31 Dec 2017
	Refer- ence	Formula reference		
<i>Property-related</i>				
Surplus ratio, %				
Net operating surplus	IS	A	827.6	671.2
Rental income	IS	B	1,090.7	892.0
Surplus ratio = A/B			75.9%	75.2%
Loan-to-value ratio, %				
Long-term interest-bearing liabilities	BS	A	6,170.2	6,251.5
Current interest-bearing liabilities	BS	B	2,346.6	1,316.7
Investment properties	BS	C	14,721.1	13,131.1
Loan-to-value ratio = (A+B)/C			57.9%	57.6%
<i>Financial</i>				
Return on equity, %				
Profit for the year	IS	A	823.4	634.7
Total equity at beginning of the year	BS	B	4,596.5	3,904.3
Total equity at end of the year	BS	C	5,308.8	4,596.5
Return on equity = A/((B+C)/2)			16.6%	14.9%
Return on total capital, %				
Profit before tax	IS	A	940.1	758.6
Reversal of financial expenses	IS	B	238.6	213.2
Reversal of unrealised changes in value of derivatives	IS	C	-35.0	-25.8
Total assets at beginning of the year	BS	D	14,246.6	12,344.9
Total assets at end of the year	BS	E	15,984.9	14,246.6
Return on total capital = A+B+C/((D+E)/2)			7.6%	7.1%
Interest-coverage ratio, multiple				
Profit before tax	IS	A	940.1	758.6
Reversal of financial expenses	IS	B	238.6	213.2
Reversal of unrealised changes in value of investment properties	IS	C	-329.1	-291.1
Reversal of changes in value of goodwill	IS	D	-	84.7
Reversal of changes in value of derivatives	IS	E	-35.0	-25.8
Interest coverage ratio = (A+B+C+D+E)/B			3.4	3.5
Average interest rate, %				
See Interest rate maturity structure in	Note 19		2.7	3.2
Fixed interest, years				
See Interest rate maturity structure in	Note 19		3.0	4.1
Interest-bearing liabilities concerning properties, SEK M				
Long-term interest-bearing liabilities	BS	A	6,170.2	6,251.5
Current interest-bearing liabilities	BS	B	2,346.6	1,316.7
Interest-bearing liabilities concerning properties = A+B			8,516.8	7,568.2
Capital tied-up, years				
See loan agreement maturity structure in	Note 19		1.4	1.9
Debt/equity ratio, multiple				
Interest-bearing liabilities concerning properties, SEK M		A	8,516.8	7,568.2
Total equity at end of the year	BS	B	5,308.8	4,596.5
Debt/equity ratio = A/B			1.6	1.6
Equity ratio, %				
Total equity at end of the year	BS	A	5,308.8	4,596.5
Total assets at end of the year	BS	B	15,984.9	14,246.6
Equity ratio = A/B			33.2%	32.3%
Equity ratio, excluding goodwill, %				
Total equity at end of the year	BS	A	5,308.8	4,596.5
Total assets at end of the year	BS	B	15,984.9	14,246.6
Deductions, goodwill	BS	C	503.0	503.0
Equity ratio excl. goodwill = A/(B-C)			34.3%	33.4%

	Refer- ence	Formula reference	31 Dec 2018	31 Dec 2017
<i>Share-related</i>				
Dividend yield, %				
Dividend per share, SEK		A	5.75	4.50
Share price at year-end		B	220.50	155.50
Dividend yield = A/B			2.6%	2.9%
Total return on the share, %				
Dividend per share, SEK		A	4.50	3.50
Property portfolio at beginning of year		B	155.50	128.50
Share price at year-end		C	220.50	155.50
Total return on the share = (C-B+A)/B			44.7%	23.7%
Equity per share, SEK				
Equity attributable to Parent Company shareholders, SEK M	BS	A	5,308.8	4,596.5
Number of shares outstanding at year-end		B	37,698,853	37,413,523
Equity per share = A/B			140.82	122.86
Profit from property management per share, SEK				
Profit from property management, SEK M	IS	A	571.3	440.1
Total No. of shares outstanding		B	37,549,847	35,786,779
Profit from property management per share = A/B			15.21	12.30
P/E ratio				
Earnings per share, SEK		A	21.93	16.08
Share price at year-end		B	220.50	155.50
P/E ratio = B/A			10	10
Cash flow before change in working capital per share, SEK				
Cash flow before change in working capital, SEK M	CFS	A	550.8	418.7
Total No. of shares outstanding		B	37,549,847	35,786,779
Cash flow before change in working capital per share, SEK			14.67	11.70
Long-term net asset value per share, EPRA NAV				
Equity attributable to Parent Company shareholders, SEK M	BS	A	5,308.8	4,596.5
Goodwill as an effect of deferred tax	BS	B	-503.0	-503.0
Deferred tax assets, SEK M	BS	C	-96.9	-136.2
Fair value of interest-rate derivatives, SEK M	Note 19	D	410.5	445.5
Deferred tax liability, SEK M	BS	E	1,271.6	1,203.5
Number of shares outstanding at year-end		F	37,698,853	37,413,523
Non-current net asset value per share, EPRA NAV = (A+B+C+D+E)/F			169.53	149.85

BS=Consolidated Statement of Financial Position.

CFS=Consolidated Cash-flow Statement.

IS=Consolidated Statement of Comprehensive Income.

Financial statements – Parent Company

Parent Company Income Statement

SEK M	Note	1 Jan 2018	1 Jan 2017
		-31 Dec 2018	-31 Dec 2017
Net sales	4	47.6	44.0
Cost of services performed	5,6,7,8	-78.1	-73.8
Operating profit/loss		-30.5	-29.8
Financial income and expenses	9		
Interest income and similar profit/loss items		149.4	137.6
Profit from participations in Group companies		1,219.1	49.4
Interest expense and similar profit/loss items		-248.4	-259.7
Profit before tax		1,089.6	-102.5
Appropriations		-7.0	-17.1
Tax on profit for the year	10	-58.8	-45.2
Comprehensive income for the year		1,023.8	-164.8

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

Parent Company Balance Sheet

SEK M	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Fixed assets			
Tangible fixed assets			
Equipment	11	1.5	2.0
Financial non-current assets			
Participations in Group companies	12	3,235.2	3,259.8
Participations in associated companies	13	1.0	1.0
Deferred tax assets	10	84.8	96.8
Other non-current receivables		2.7	4.8
Total financial fixed assets		3,323.7	3,362.4
Total non-current assets		3,325.2	3,364.4
Current assets			
Current receivables			
Accounts receivable	14	0.8	1.2
Receivables from Group companies	15	3,900.5	5,201.9
Receivables from associated companies		20.1	0.2
Other receivables		-	0.6
Prepaid expenses and accrued income	16	5.1	4.1
Total current receivables		3,926.5	5,208.0
Cash and bank balances		195.7	38.7
Total current assets		4,122.2	5,246.7
Total ASSETS	22	7,447.4	8,611.1
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		165.9	164.6
Statutory reserve		10.0	10.0
Total restricted equity		175.9	174.6
Unrestricted equity			
Share premium reserve		1,996.6	2,116.2
Profit brought forward		-161.9	2.9
Comprehensive income for the year		1,023.8	-164.8
Total unrestricted equity		2,858.5	1,954.3
Total equity		3,034.4	2,128.9
Untaxed reserves			
Excess depreciation		0.2	0.2
Tax allocation reserve		24.0	17.0
Total untaxed reserves		24.2	17.2
Provisions			
Other provisions	18	1.0	0.2
Total provisions		1.0	0.2
Liabilities			
Long-term liabilities			
Interest-bearing liabilities	15,20	898.6	-
Interest-rate derivatives	15	410.5	439.0
Total non-current liabilities		1,309.1	439.0
Current liabilities			
Interest-bearing liabilities	15,20	-	439.0
Accounts payable		4.1	3.6
Liabilities to Group companies	15	3,025.1	5,536.4
Liabilities to associated companies		1.0	6.1
Other liabilities		2.1	1.0
Tax liability		15.3	8.5
Accrued expenses and deferred income	19	31.1	31.2
Total current liabilities		3,078.7	6,025.8
Total liabilities	22	4,387.8	6,464.8
TOTAL EQUITY AND LIABILITIES		7,447.4	8,611.1

Parent Company Changes in Equity

SEK M	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Accumulated profit	Comprehensive income for the year	
Equity brought forward 1 Jan 2017	157.2	10.0	1,998.8	33.9	-31.0	2,168.9
Transfer comprehensive income	-	-	-	-31.0	31.0	-
New share issue	7.4	-	242.6	-	-	250.0
Issue expenses	-	-	-0.1	-	-	-0.1
Comprehensive income for the year	-	-	-	-	-164.8	-164.8
Dividend	-	-	-125.1	-	-	-125.1
Equity carried forward 31 Dec 2017	164.6	10.0	2,116.2	2.9	-164.8	2,128.9
Equity brought forward 1 Jan 2018	164.6	10.0	2,116.2	2.9	-164.8	2,128.9
Transfer comprehensive income	-	-	-	-164.8	164.8	-
New share issue	1.3	-	48.7	-	-	50.0
Comprehensive income for the year	-	-	-	-	1,023.8	1,023.8
Dividend	-	-	-168.3	-	-	-168.3
Equity carried forward 31 Dec 2018	165.9	10.0	1,996.6	-161.9	1,023.8	3,034.4

Parent Company Cash Flow Analysis

SEK M	Note 21	1 Jan 2018 -31 Dec 2018	1 Jan 2017 -31 Dec 2017
Operating activities			
Profit before tax		1,089.6	-102.5
Adjustments for non-cash items		-33.1	2.3
Tax paid		-0.1	-
Cash flow before changes in working capital		1,056.4	-100.2
Changes in working capital			
Change in operating receivables		2.1	-
Change in operating liabilities		-0.5	-9.6
Cash flow from operating activities		1,058.0	-109.8
Investing activities			
Acquisitions of subsidiaries		-	-7.2
Acquisitions of property, plant and equipment		-0.4	-0.6
Acquisitions of financial assets		-	-1.0
Sales and net amortisation of financial assets		-1,191.9	46.5
Cash flow from investing activities		-1,192.3	37.7
Financing activities			
New share issue ^{*)}		-	-
Borrowings		898.6	439.0
Amortisation of loans		-439.0	-316.8
Dividend		-168.3	-125.1
Cash flow from financing activities		291.3	-2.9
Cash flow for the year		157.0	-75.0
Opening cash and cash equivalents		38.7	113.7
Closing cash and cash equivalents		195.7	38.7

*) The year's new share issue for SEK 50.0 million, and the previous year's for SEK 250.0 million, have been offset against acquisition liabilities.

Notes – Parent Company

Note 1. Accounting policies

Amounts in SEK million 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, Accounting and valuation principles, 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.

Financial instruments

As in the consolidated accounts, IFRS 9 is applied with a retroactive transition method without translating comparison figures. In the Parent Company, this standard is also to be applied to intra-Group receivables and liabilities. Since the market value of the underlying assets in the subsidiaries to a significant extent exceeds the carrying amount, no loss risk reserve has been made on intra-Group transactions. This assessment is updated for each new accounting period and is set in relation to the prevailing market situation.

Subsidiaries, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are recognised in the Parent Company under the cost method.

Shareholder contributions and Group contributions

Shareholder contributions are recognised directly in equity by the recipient and capitalised in shares and participations by the payer. Group contributions paid to subsidiaries are recognised as an increase in the shares in the subsidiary and, thereafter, tested to identify whether any impairment need exists. The tax effect is recognised in profit or loss. Group contributions received from subsidiaries are treated as dividends and are recognised as financial income in profit or loss. The tax effect is recognised in profit or loss.

Presentation of Income Statement and Balance Sheet

The Parent Company follows the presentation format in the Swedish Annual Accounts Act for the Income Statement and Balance Sheet, which means that a different presentation format for equity and that other provisions are reported as a separate item in the Balance Sheet.

Note 2. Financial risk management

The Group applies common risk management for all units. Consequently, the description included in Note 19 Financial instruments and financial risk management is, to all intents and purposes, also applicable to the Parent Company.

Note 3. Significant estimates and assumptions for accounting purposes

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For accounting purposes, the Group's descriptions of key estimates and assessments are also applicable to the Parent Company.

Note 4. Net sales

Turnover primarily comprises intra-Group administration fees.

Note 5. Cost of services performed

	2018	2017
Personnel expenses	50.6	48.0
Other external expenses	26.6	24.9
Depreciation of property, plant and equipment	0.9	0.9
Total	78.1	73.8

Note 6. Employee and personnel expenses

Average number of employees	2018	of whom men	2017	of whom men
Employees in Sweden	38	76%	37	76%

	2018	2017	2018	2017
Gender balance of senior management	Board of Directors		Senior executives	
Men	57%	57%	86%	86%
Women	43%	43%	14%	14%

	2018	2017
Salaries, fees, benefits and other remuneration		
Chairman of the Board (Henry Klotz, Jan-Apr 2017)	-	0.1
Chairman of the Board (special fee, Jan-Apr 2018)	0.3	0.2
Other Board Members	0.6	1.2
Chief Executive Officer (Gustaf Hermelin, Jan-Apr 2017)	0.9	0.8
Base salary	-	1.0
Other remuneration	-	0.1
Chief Executive Officer		
Base salary	2.3	1.2
Other remuneration	0.5	0.2
Other senior executives (6* and 6 individuals respectively)		
Base salary	7.5	7.5
Other remuneration	1.5	1.5
Other employees	18.3	16.3
Total	31.9	30.1

	2018	2017
Pension expenses		
Chief Executive Officer (Gustaf Hermelin, Jan-Apr 2017)	-	0.5
Chief Executive Officer	1.1	0.4
Other senior executives 6 (6) individuals	3.0	2.7
Other employees	3.2	3.2
Total	7.3	6.8
Statutory social security contributions incl. payroll tax		
Chairman of the Board (Henry Klotz, Jan-Apr 2017)	-	0.0
Chairman of the Board	0.1	0.1
Chairman of the Board (special fee, Jan-Apr 2018)	0.2	0.4
Other Board members	0.2	0.2
Chief Executive Officer (Gustaf Hermelin, Jan-Apr 2017)	-	0.3
Chief Executive Officer	1.1	0.5
Other senior executives (6* and 6 individuals respectively)	3.4	3.4
Other employees	6.4	5.9
Total	11.4	10.8
Grand total	50.6	47.7

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: Employee and personnel expenses.

Note 7. Fees and expenses to auditors

	2018	2017
Audit engagement	1.3	1.5
Audit activities in addition to the audit engagement	-	-
Tax consultancy	0.2	0.2
Total	1.5	1.7

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

	2018	2017
Minimum lease fees ¹⁾	1.4	1.4

1) There were no variable fees.

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

Within one year	1.3	1.2
Between one and five years	1.0	1.4
Total	2.3	2.6

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

Note 9. Financial income and expenses

	2018	2017
Interest income and similar profit/loss items		
Interest income, Group companies	134.2	127.3
Interest income, other	0.3	0.4
Exchange gain	14.9	9.9
Total	149.4	137.6
Profit from participations in Group companies		
Dividends from subsidiaries	1,000.0	-
Group contributions received	376.8	373.4
Impairment of shares in subsidiaries	-157.7	-324.0
Total	1,219.1	49.4
Interest expense and similar profit/loss items		
Interest expenses, Group companies	-147.8	-155.2
Interest expenses, other	-127.4	-97.9
Interest-rate derivatives, changes in value	34.7	-1.5
Other financial expenses	-7.9	-5.1
Total	-248.4	-259.7
Net financial items	1,120.1	-72.7

Note 10 Tax

	2018	2017
Recognised in profit or loss		
<i>Current tax</i>		
Tax for the year	-45.5	-102.6
<i>Deferred tax</i>		
Deferred tax regarding temporary differences	-13.3	57.4
Total recognised tax	-58.8	-45.2

	2018	2017
Reconciliation of effective tax		
Profit before tax	1,082.6	-119.6
Tax according to current rate: 22%	-238.2	26.3
Effect of changed tax rate	-5.7	-
Non-taxable dividends	220.0	-
Non-deductible expenses	-34.9	-71.4
Tax attributable to preceding years	-	-0.1
Recognised effective tax	-58.8	-45.2

The recognised effective tax rate in percent totalled 5.4 (negative 37.8).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

	OB 2017	Recognised in profit or loss 2017	CB 2017	Recognised in profit or loss 2018	Acquisitions/ disposals 2018	CB 2018
Deferred tax assets						
Pension provisions	0.3	-0.1	0.2	-	-	0.2
Derivative instruments	39.1	57.5	96.6	-13.3	1.3	84.6
Total deferred tax assets	39.4	57.4	96.8	-13.3	1.3	84.8

Note 11. Property plant and equipment

Equipment	2018	2017
Opening cost	4.6	4.1
Acquisitions	0.4	0.7
Sales and disposals	0.0	-0.2
Closing cost	5.0	4.6
Opening depreciation	-2.6	-1.8
Sales and disposals	0.0	0.1
Depreciation for the year	-0.9	-0.9
Closing depreciation	-3.5	-2.6
Carrying amount	1.5	2.0

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

	2018	2017
Cost of services performed	0.9	0.9

Note 12. Participations in Group companies

	31 Dec 2018	31 Dec 2017
<i>Accumulated cost</i>		
Opening balance	3,759.7	3,428.5
Acquisitions	-	7.2
Disposals	-24.6	-
Group contributions paid ¹⁾	135.0	324.0
Closing balance	3,870.1	3,759.7
<i>Accumulated write-downs</i>		
Opening balance	-499.9	-175.9
Impairment for the year ²⁾	-135.0	-324.0
Closing balance	-634.9	-499.9
Carrying amount at year-end	3,235.2	3,259.8

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 Financial income and expenses.

Specification of Parent Company's direct holdings of shares in subsidiaries

Subsidiary	Corp. Reg. No.	Registered office	Number of shares	Holding in % ¹⁾	31 Dec 2018 Carrying amount	31 Dec 2017 Carrying amount
Catena Logistik AB	556922-7365	Helsingborg	1,000	100.0	1,154.8	1,154.8
Catena Fastigheter AB	556754-0843	Helsingborg	1,000	100.0	0.1	0.1
Catena i Vinsta AB ²⁾	556754-0868	Helsingborg	-	-	-	24.6
Catena Obl. Holding AB	556984-8467	Helsingborg	1,000	100.0	15.1	15.1
Tribona AB	556870-4646	Helsingborg	48,657,051	100.0	2,065.2	2,065.3
Total					3,235.2	3,259.8

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

2) Catena i Vinsta AB was sold to Catena Service AB and merged with that company effective 10 December 2018.

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 Misteln AB	559011-1307	Helsingborg
Catena Backa 23:5 KB	916624-0797	Helsingborg	Catena Morup 5 AB	556632-3621	Helsingborg
Catena Backa 23:9 AB	556822-2433	Helsingborg	Catena Mosås AB	556710-4459	Helsingborg
Catena Backa 97:10 AB	556595-0002	Helsingborg	Catena Målås 4:4 AB	559083-7133	Helsingborg
Catena Backa Invest AB	556758-6838	Helsingborg	Catena Mölnlycke AB	556990-3379	Helsingborg
Catena Backanet AB	556720-9035	Helsingborg	Catena Mörby AB	556713-8572	Helsingborg
Catena Basfiolen AB	556697-7129	Helsingborg	Catena Obl. AB	556984-8426	Helsingborg
Catena Batteriet AB	559083-7182	Helsingborg	Catena Projekt AB	556824-7570	Helsingborg
Catena Björrod AB	559106-8829	Helsingborg	Catena Rosersberg 11:81 AB	559130-9629	Helsingborg
Catena B-Kråkebo 1:56 AB	559016-9198	Helsingborg	Catena Rosersberg 11:116 AB	556893-9325	Helsingborg
Catena Borlänge AB	556605-0620	Helsingborg	Catena Service AB	556750-7917	Helsingborg
Catena Borås Tre AB	556691-3223	Helsingborg	Catena Skogskojan 1 AB	556972-7547	Helsingborg
Catena Borås Två AB	556537-6141	Helsingborg	Catena Slottshagen 2:1 AB	556703-2809	Helsingborg
Catena Bronsringen AB	556702-8153	Helsingborg	Catena Slätthög 1 AB	556929-6873	Helsingborg
Catena Bröndby AS	DK 30926080	Copenhagen	Catena Slätthög 4 AB	556872-7639	Helsingborg
Catena Bulten 1 AB	556968-2478	Helsingborg	Catena Slätthög 6 AB	556929-6881	Helsingborg
Catena Bunkagården M 1 AB	556445-0087	Helsingborg	Catena Smeden 1 AB	556950-7584	Helsingborg
Catena Bunkagården M 2 AB	556912-0339	Helsingborg	Catena Snesholm 1:16 AB	559043-5995	Helsingborg
Catena Burlöv AB	556605-0992	Helsingborg	Catena Sockret 4 AB	559025-6698	Helsingborg
Catena Drivremmen 1 AB	559083-7117	Helsingborg	Catena Statorn AB	559130-9637	Helsingborg
Catena Däcket 1 AB	559083-7166	Helsingborg	Catena Stenvreten AB	556791-3982	Helsingborg
Catena Ekeby 2:2 AB	559081-1880	Helsingborg	Catena Stockholm AB	556519-4148	Helsingborg
Catena Fosie 4 AB	556775-7819	Helsingborg	Catena Sundsvall AB	556605-0596	Helsingborg
Catena Fräsaren 12 AB	556987-6773	Helsingborg	Catena Sunnanå 5:16 AB	559071-0090	Helsingborg
Catena Fröträdet 1 AB	556605-2139	Helsingborg	Catena Sunnanå AB	556699-7788	Helsingborg
Catena Fördelaren 1 AB	556605-2097	Helsingborg	Catena Sunnanå Tre AB	556809-9955	Helsingborg
Catena Förmannen AB	556667-7299	Helsingborg	Catena Sunnanå Två AB	559023-3911	Helsingborg
Catena Generatoren 11 AB	556720-9043	Helsingborg	Catena Södertälje AB	556524-7433	Helsingborg
Catena Godsvagnen AB	556740-8801	Helsingborg	Catena Söderåsen Fastighets AB	556634-8776	Helsingborg
Catena Gävle AB	556697-7194	Helsingborg	Catena Tahe AB	556102-5304	Helsingborg
Catena Haninge AB	556660-1596	Helsingborg	Catena Tankbilen 9 AB	556956-0690	Helsingborg
Catena Holding 6 AB	556877-4250	Helsingborg	Catena Terminal AB	559081-1948	Helsingborg
Catena Holding 9 AB	556912-0313	Helsingborg	Catena Terminalen 1 AB	556312-0236	Helsingborg
Catena Holding I AB	556707-7580	Helsingborg	Catena Tostarp AB	556667-8784	Helsingborg
Catena Hästhagen AB	556252-1616	Helsingborg	Catena Tostarp Två AB	559025-2259	Helsingborg
Catena Invest AB	556649-9108	Helsingborg	Catena Transportstaden Örebro AB	556591-2309	Helsingborg
Catena Jakobsberg AB	556607-0925	Helsingborg	Catena Tågarp 16:22 AB	559018-0880	Helsingborg
Catena Jordbromalm 4:41 AB	556731-8554	Helsingborg	Catena Umeå AB	556605-0562	Helsingborg
Catena Järfälla AB	556605-0737	Helsingborg	Catena Umeå Två AB	556708-3422	Helsingborg
Catena Jönköping AB	556536-7587	Helsingborg	Catena Vanda AB	556672-1402	Helsingborg
Catena Jönköping Två AB	556691-3215	Helsingborg	Catena Varalöv AB	556663-0025	Helsingborg
Catena Karlstad AB	556605-0695	Helsingborg	Catena Vasslan AB	556697-7137	Helsingborg
Catena Klarinetten 1 AB	556720-9050	Helsingborg	Catena Vindtunneln 2 AB	556685-3064	Helsingborg
Catena Klippan AB	556536-7579	Helsingborg	Catena Vissol AB	556140-0135	Helsingborg
Catena Klippan Mega AB	556594-2603	Helsingborg	Catena Vissol Två AB	556717-7653	Helsingborg
Catena Konen AB	556802-4771	Helsingborg	Catena Vångagärdet AB	559086-8021	Helsingborg
Catena Kopparverket AB	556700-1275	Helsingborg	Catena Vårdshuset AB	556697-7145	Helsingborg
Catena Korsberga 1 AB	556834-6539	Helsingborg	Catena Värnamo AB	556950-7592	Helsingborg
Catena Kristianstad AB	556697-7202	Helsingborg	Catena Växjö Ett AB	556222-2595	Helsingborg
Catena Kungsbacka AB	556969-5439	Helsingborg	Catena Årsta AB	556605-0760	Helsingborg
Catena Källstalöt AB	556499-4076	Helsingborg	Catena Ättehögen AB	556659-9360	Helsingborg
Catena Köpingegården HB	916626-8806	Helsingborg	Catena Örebro AB	556636-3270	Helsingborg
Catena Lagret 1 AB	556660-1539	Helsingborg	Catena Östanvinden AB	556697-7111	Helsingborg
Catena Lagret 4 AB	559007-5544	Helsingborg	Hallsbergs Kombiterminal AB	556643-8023	Helsingborg
Catena Linköping AB	556605-0471	Helsingborg	Hallsbergs Terminal AB	556317-5966	Helsingborg
Catena Logistikposition Helsingborg AB	556688-6635	Helsingborg	Logistikposition Karlshamn AB	556752-6040	Karlshamn
Catena Magnetten 6 AB	559090-1715	Helsingborg	Logistikposition Katrineholm AB	556692-4147	Katrineholm
Catena Malmö AB	556537-6166	Helsingborg	Queenswall AB	559001-6696	Helsingborg
Catena Mappen 4 AB	559100-3776	Helsingborg	Queenswall Två AB	559164-2979	Helsingborg

Note 13. Participations in associated companies

Associated companies	31 Dec 2018	31 Dec 2017
<i>Accumulated cost</i>		
Opening balance	1.0	–
Acquisitions	–	1.0
Carrying amount at year-end	1.0	1.0

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

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

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

2018

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Participation	Assets	Liabilities	Income	Profit	Carrying amount
Urban Services Sweden AB	559108-8397	Solna	25.0%	1.5	0.7	2.4	-0.2	1.0
Total				1.5	0.7	2.4	-0.2	1.0

2017

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Participation	Assets	Liabilities	Income	Profit	Carrying amount
Urban Services Sweden AB	559108-8397	Solna	25.0%	1.1	0.1	0.1	–	1.0
Total				1.1	0.1	0.1	–	1.0

For more information, see Group Note 14, Participations in associated companies.

Note 14. Accounts receivable

The Parent Company's accounts receivable amounted to SEK 0.8 million (1.2). Of these, SEK 0.6 million (1.1) are overdue. No bad debt losses arose for the Parent Company during the year.

Note 15. Financial instruments and financial risk management

Financial policy

The Parent Company's assumption of financial risk is governed by the risk mandate set by Catena's Board. The policy and targets are detailed in Group Note 19 Financial instruments and financial risk management.

Financing and financing risks

Loan terms and conditions, effective interest rate and maturity structure

	Nominal amount in original currency		Average effective interest rate	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Commercial papers*	898.6	–	0.7%	–
Liabilities to credit institutions	–	439.0	–	2.0%
Liabilities to Group companies	3,025.1	5,536.4	3.0%	3.0%
Liabilities to associated companies	1.0	6.1	3.0%	0.0%

* The average effective interest rate is stated with regard to the cost of the backup facility.

The Group's interest-rate risk is hedged in the Parent Company. All carrying amounts in the Parent Company correspond to fair values. The carrying amounts on the closing date are shown in the following table.

	Nominal value		Carrying amount	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Interest-rate swap contracts	4,528.6	4,457.6	-410.5	-439.0

A one percentage-point rise in the interest rate for interest-bearing liabilities, assuming unchanged loan volumes and fixed-interest terms in line with valid derivative agreements, would have a positive impact on earnings of SEK 6.1 million (negative 15.2).

Note 16. Prepaid expenses and accrued income

	31 Dec 2018	31 Dec 2017
Prepaid fee for credit facility	2.8	2.6
Prepaid rent	0.7	0.6
Other prepaid expenses	1.6	0.9
Total	5.1	4.1

Note 17. Equity

Number of shares in issue at 31 December 2018

Class of shares	Number of registered shares	Quotient value per share, SEK	Total quotient value, SEK	Number of votes per share	Total votes
Ordinary shares	37,698,853	SEK 4.40	SEK 165,874,953.20	1	37,698,853

All shares confer equal rights to participate in the Company's assets and earnings.

Development of share capital

Year	Transaction	Increase in share capital, SEK	Total share capital, SEK	Increase in number of registered shares	Total number of registered shares	Total number of shares outstanding
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
2017	Private placement	7,383,275	164,619,501	1,678,017	37,413,523	37,413,523
2018	Private placement	1,255,452	165,874,953	285,330	37,698,853	37,698,853

The dividends adopted by the Annual General Meeting and disbursed in 2018 were SEK 4.50 per share or a total of SEK 168.4 million. For 2018, the Board proposes an ordinary dividend of SEK 5.75 per share. Based on the number of shares outstanding entitled to receive a dividend for the 2018 financial year, the proposed dividend means a total dividend amount of SEK 216.8 million. The dividend amount

corresponds to 97 percent of the dividend target in Catena's financial targets, SEK 222.8 million.

The Parent Company's target for asset management and its financial targets corresponds to those of the Group's and are detailed in Note 19 Financial instruments and financial risk management.

Note 18. Other provisions

	2018	2017
Pension commitments	0.8	-
Special payroll tax	0.2	0.2
Total other provisions	1.0	0.2

Payments

	2018	2017
Amount for which a provision is expected to be paid after more than 12 months	0.9	0.1

	2018	2017
Opening balance	0.2	0.4
New provision	0.9	-
Settled commitments	-0.1	-0.2
Closing balance	1.0	0.2

Note 19. Accrued expenses and prepaid income

	31 Dec 2018	31 Dec 2017
Accrued salary-related expenses	14.4	13.9
Accrued interest expenses	12.9	13.7
Other accrued expenses	3.8	3.6
Total	31.1	31.2

Note 20. Pledged assets and contingent liabilities

Pledged assets	31 Dec 2018	31 Dec 2017
Guarantee obligations	-	-
Total	-	-

Contingent liabilities	31 Dec 2018	31 Dec 2017
Guarantees given for Group companies	7,590.9	7,097.2
Guarantees given for associated companies	35.0	200.5
Total	7,625.9	7,297.7

Note 21. Cash-Flow Statement

Supplementary disclosures	1 Jan 2018	1 Jan 2017
	-31 Dec 2018	-31 Dec 2017
Interest paid and dividends received		
Interest received	134.5	127.7
Interest paid	-276.1	-250.5
Adjustments for non-cash items		
Amortisation, depreciation and impairment of assets	0.9	0.9
Change in value of derivatives	-34.7	1.5
Other non-cash profit/loss items	0.7	-0.1
Total	-33.1	2.3

Reconciliation of changes in net debt	Cash and cash equivalents	Interest-bearing liabilities	Total
	Net debt as at 1 January 2018	38.7	-439.0
Cash flow	157.0	-459.6	-302.6
Net debt as at 31 December 2018	195.7	-898.6	-702.9

Note 22. Classification of financial instruments

2018	Measurement categories			
	Measured at fair value via profit or loss	Measured at fair value via other comprehensive income	Measured at amortised cost	Carrying amount
Financial assets				
Other non-current receivables	-	-	0.8	0.8
Accounts receivable	-	-	0.8	0.8
Other current receivables	-	-	3,925.7	3,925.7
Cash and cash equivalents	-	-	195.7	195.7
Total	-	-	4,123.0	4,123.0
Non-financial assets				3,324.4
Total				7,447.4
Financial liabilities				
Commercial papers	-	-	-898.6	-898.6
Interest-rate derivatives	-410.5	-	-	-410.5
Accounts payable	-	-	-4.1	-4.1
Other current liabilities	-	-	-3,026.1	-3,026.1
Accrued expenses	-	-	-31.1	-31.1
Total	-410.5	-	-3,959.9	-4,370.4
Non-financial liabilities				-18.4
Total				-4,388.8

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

2017	Measurement categories			Carrying amount
	Measured at fair value via profit or loss	Measured at fair value via other comprehensive income	Measured at amortised cost	
Financial assets				
Other non-current receivables	-	-	2.3	2.3
Accounts receivable	-	-	1.2	1.2
Other current receivables	-	-	5,206.8	5,206.8
Cash and cash equivalents	-	-	38.7	38.7
Total	-	-	5,249.0	5,249.0
Non-financial assets				3,362.1
Total				8,611.1
Financial liabilities				
Interest-rate derivatives	-439.0	-	-	-439.0
Current liabilities to credit institutions	-	-	-439.0	-439.0
Accounts payable	-	-	-3.6	-3.6
Other current liabilities	-	-	-5,543.2	-5,543.2
Accrued expenses	-	-	-31.2	-31.2
Total	-439.0	-	-6,017.0	-6,456.0
Non-financial liabilities				-9.0
Total				-6,465.0

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

In connection with the transition to IFRS 9, loans and receivables have been reclassified to Financial assets measured at amortised cost.

Note 23. Significant events after the end of the financial year

The Nomination Committee has submitted a proposal regarding the composition of the Board of Directors to the Annual General Meeting to be held on 25 April 2019. The following is proposed: re-election of Henry Klotz, Katarina Wallin, Tomas Andersson, Ingela Bendrot and Hélène Briggert and that Gustaf Hermelin be re-elected as the Chairman of the Board. The new election of Magnus Swärd's is also proposed, since Bo Forsén has declined re-election.

No significant events affecting Catena's financial position have taken place following the balance sheet date.

Note 24. Related parties

Related-party transactions

In addition to the related parties detailed for the Group in Note 23, the Parent Company exercises controlling influence over its subsidiaries, see Note 12 Participations in Group companies.

	2018	2017
Transactions with subsidiaries		
Purchases	2.6	3.0
Sales	46.0	42.8
Interest income	134.2	127.3
Interest expenses	147.8	155.1
Dividends received	1,000.0	-
Group contributions received are reported as dividends	376.8	373.4
Group contributions paid	202.1	415.4
Current receivables	3,001.9	5,201.9
Interest-bearing liabilities	3,025.1	5,536.4
Guarantees given	7,590.9	7,097.2
Transactions with the Group's associated companies		
Sales	0.7	0.7
Interest income	0.4	0.5
Current receivables	20.1	0.2
Non-current receivables	9.7	4.7
Interest-bearing liabilities	1.0	6.1
Guarantees given	35.0	200.5
Transactions with other related parties		
Purchases	0.1	0.7

Other information

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

Transactions with related parties are priced at market rates.

Signing of the Annual Report

The Board of Directors and the CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July, 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements provide a true and fair view of the financial position and performance of the Parent Company and Group. The Administration Report

provides a true and fair view of the development of the Group's operations, financial position and performance and describes significant risks and uncertainty factors facing the Group.

The annual accounts and consolidated financial statements were approved for release by the Board on 20 March 2019. The Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Parent Company's Income Statement and Balance Sheet are subject to the approval of the Annual General Meeting on 25 April 2019.

Helsingborg, 20 March 2019

Gustaf Hermelin
Chairman of the Board

Tomas Andersson
Board Member

Ingela Bendrot
Board Member

Hélène Briggert
Board Member

Bo Forsén
Board Member

Henry Klotz
Board Member

Katarina Wallin
Board Member

Benny Thøgersen
Chief Executive Officer

Our auditors' report was submitted on 20 March 2019

PricewaterhouseCoopers AB

Mats Åkerlund
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Catena AB (publ), Corporate Registration Number: 556294-1715

Report on the annual accounts and consolidated financial statements

Statements

We have audited the annual accounts and consolidated financial statements for Catena AB (publ) for the 2018 financial year. The Company's Annual Report and consolidated accounts are included in pages 20–101 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of 31 December 2018 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act, and that the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide, in all significant respects, a true and fair representation of the Group's financial position at 31 December 2018 and of its earnings and cash flows for the year pursuant to International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the General Meeting adopt the Consolidated Income Statement and Balance Sheet of the Parent Company, and the Consolidated Statement of Comprehensive Income.

Our statements in this report on the annual and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Parent Company and the Group's Audit Committee in accordance with Article 11 of the Auditors' Regulation (537/2014).

Basis for the statements

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the section on Auditors' responsibility. We are independent in relation to the Parent Company and Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethics responsibility according to these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors' Regulation (537/2014) have been provided to the audited company or, as the case may be, its parent company or any company under its control within the EU.

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

Our audit approach

Audit focus and scope

We structured our audit by determining the materiality level and assessing the risk of material misstatements in the financial statements. We paid particular attention to the areas where the CEO and Board made subjective judgements, such as important accounting estimates made based on assumptions and forecasts of future events, which are uncertain by nature. As in all audits, we also took into account the risk that the Board and the CEO neglect internal control, and among other things have considered if there is evidence of systematic deviations that have given rise to a risk of material misstatements as a result of improprieties.

We adapted our audit to carry out an appropriate review with the aim of being able to express an opinion on the financial statements as a whole, considering the Group's structure, accounting processes and controls and the industry within which the Group is active. Catena's property portfolio consists primarily of logistics properties with a concentration on Stockholm, Gothenburg and the Öresund region. For various reasons, Catena is structured and legally organised into a number of legal entities. In practice, however, Catena is considered to be a single company that owns properties in various locations in Sweden. All accounting and consolidation is performed centrally at the headquarters. Based on this, in the audit, we have viewed the Group as a single company and have included all properties and companies in the population from which we select our sample. In addition, the Group team has performed the audit of the Parent Company, the consolidation, the Annual Report and significant assumptions and assessments. Based on the review measures mentioned above, it is our view that we have obtained sufficient audit evidence to be able to express our opinion on the financial statements as a whole.

Materiality

The scope and focus of the audit was influenced by our assessment of materiality. An audit is structured to achieve a reasonable degree of certainty as to whether or not the financial statements contain any material misstatements. Misstatements can arise as a result of fraud or error. They are viewed as material if they individually or together can reasonably be expected to affect the financial decisions the users make based on the financial statements.

Based on professional judgement, we determined quantitative materiality figures for the financial statements as a whole. Using these and qualitative considerations, we determined the audit's focus and our audit measures' nature, timing and scope. The quantitative materiality figures are also used to assess the effect of any misstatements, individually or together, on the financial statements as a whole.

Particularly significant areas

Areas of particular significance to the audit are those that in our professional opinion were the most significant to the audit of the annual accounts and consolidated financial statements for the period in question. These areas are addressed within the scope of the audit of, and in our opinion on, the annual accounts and consolidated financial statements as a whole, but we make no separate statements regarding these areas.

PARTICULARLY SIGNIFICANT AREA

Valuation of properties

See page 23 in the Administration Report and Notes 2 (Accounting and valuation policies) and 12 (Investment properties).

The Group recognised SEK 14.7 billion related to investment properties. In 2018, the Group recognised SEK 334 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 2018, a total of 67 percent of the properties were 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.

HOW OUR AUDIT TOOK PARTICULARLY SIGNIFICANT AREA INTO ACCOUNT

With the help of our specialists in property appraisal, we assessed the Group's process and method for internal appraisal. We studied the external appraisals and compared them with appraisals done by Catena and checked that no material differences are unexplained or unadjusted.

We challenged the management team regarding the explanations they have for differences for which they have not corrected.

We compared material assumptions, such as required return and future growth in rental income, with external transactions and industry data.

We assessed the independence, expertise and integrity of the external appraisers. We also studied the assignment contract with the appraiser to assess if it may contain conditions, such as fee terms, that may cause the independence and integrity to be questioned.

We spot-checked data used regarding investments, rental income and operating costs against the budgets established or presented to the Board.

We did not note any material deviations in connection with the examination that was made.

Acquisition and sale of properties

See Note 2 (Accounting policies) and Note 12 (Investment properties).

Purchases and sales of properties are a natural part of Catena's business and it is therefore not unusual that such transactions include complex contractual terms that may demand an assessment and analysis regarding the time of acquisition, acquisition price or if the transaction shall be recognised as a business or asset acquisition.

We studied the management's analysis of transactions made and assessed the accuracy of the accounts of transactions made.

We studied agreements entered and read through them to identify any terms that could lead to a different recognition.

We checked disclosures in the annual accounts on transactions made during the year to assess completeness and accuracy in material disclosures.

We studied acquisition analyses and checked correct recognition of the acquisitions and sales.

We did not note any material deviations in connection with the examination that was made.

Information other than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements and can be found on pages 1–19 and 136–139. The other information does not form part of the Annual Report. It is the Board and the CEO who have the responsibility for this other information.

Our statement regarding the annual accounts and consolidated financial statements does not comprise this information and we make no statement confirming this other information.

In connection with our audit of the annual accounts and consolidated financial statements, it is our responsibility to read the information identified above and consider if the information to a material extent is inconsistent with the annual accounts and consolidated financial statements. In this review, we also take into account the information we collected otherwise during the audit and assess if the information otherwise appears to contain material misstatements.

If we draw the conclusion based on the work done regarding this information that the other information contains a material misstatement, we are obliged to report it. We have nothing to report in this respect.

Responsibility of the Board of Directors and the CEO

It is the Board of Directors and the CEO that are responsible for the preparation of the annual accounts and consolidated financial statements and that they provide a true and fair view according to the Annual Accounts Act and, with regard to the consolidated financial statements, according to IFRS as adopted by the EU. The Board and CEO are also responsible for the internal control that they deem to be necessary to prepare annual accounts and the consolidated financial statements that do not contain any material misstatement, whether due to error or impropriety.

In preparing the annual accounts and consolidated financial statements, the Board and CEO are responsible for the assessment of the Company's and the Group's ability to continue the operations. They provide information, when appropriate, concerning conditions that may affect the ability to continue operations and to use the going concern assumption. The going concern assumption is not, however, applied if the Board and CEO intend to liquidate the Company, cease operations or have no realistic alternative than to do either.

The Board's Audit Committee shall, without it affecting the Board's responsibility and duties otherwise, monitor the Company's financial reporting, among other things.

Auditors' responsibility

Our objectives are to achieve a reasonable degree of certainty whether or not the annual accounts and consolidated financial statements as a whole contain any material misstatements, whether due to error or impropriety, and to provide an audit report that contains our statements. Reasonable certainty is a high degree of

certainty, but is no guarantee that an audit done according to ISA and generally accepted auditing standards in Sweden will always discover a material misstatement if such exists. Misstatements can arise due to impropriety or error and are considered to be material if they individually or together can reasonably be expected to affect financial decisions that users make based on the annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. 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 2018.

We recommend that the General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the Administration Report (Board of Directors' Report) and that the directors and the CEO be discharged from liability for the financial year.

Basis for the statements

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these 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 have 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:

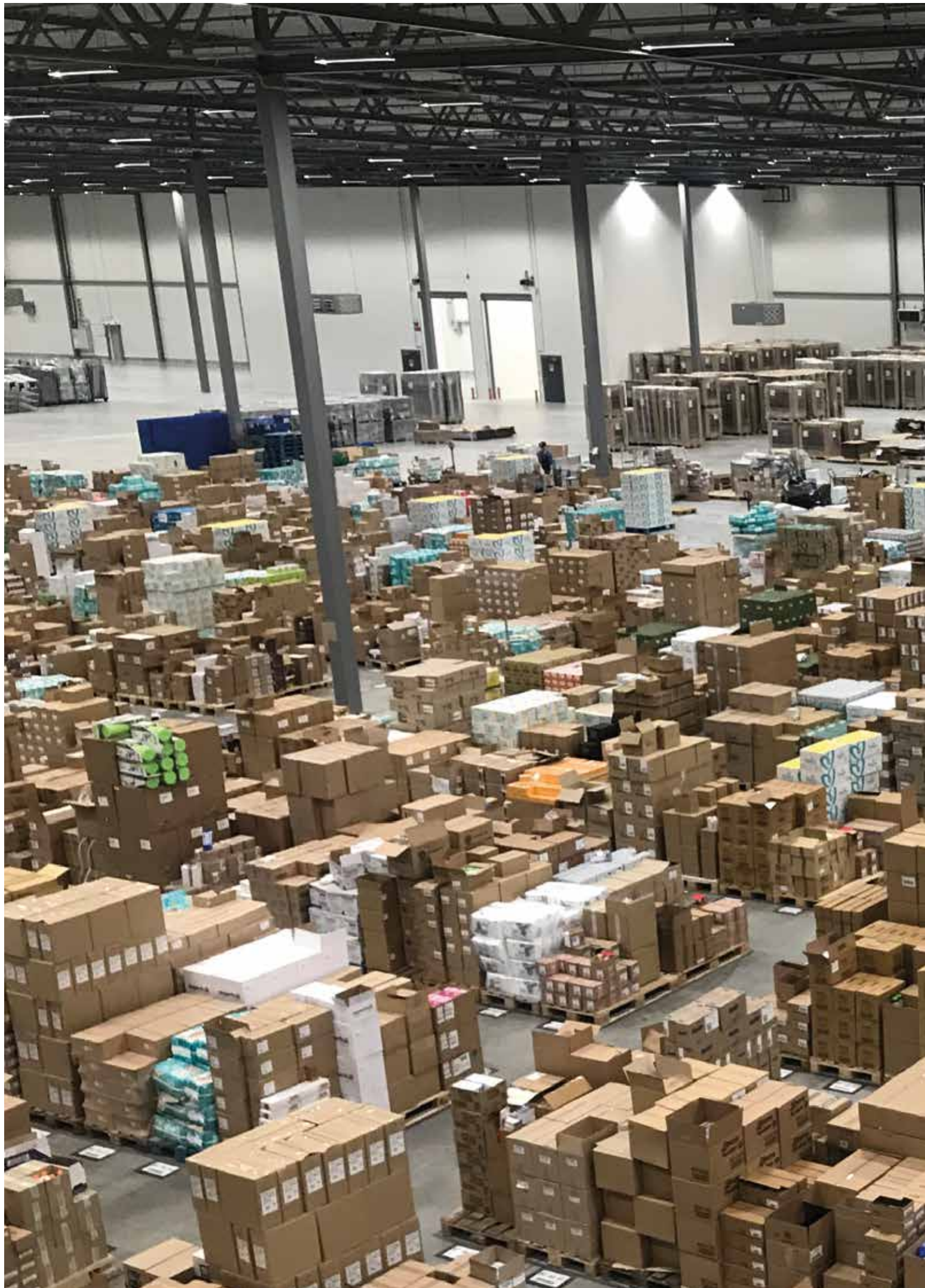
- took any action or committed any negligence that may lead to a liability to pay damages to the Company, or
- in any way acted counter to the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

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/revisornsansvar. This description is a part of the audit report.

PricewaterhouseCoopers AB, Box 4009, SE-203 11 Malmö, Sweden, was elected as the Auditor for Catena AB (publ) by the Annual General Meeting of 26 April 2018 and has been the Company's Auditor since 26 April 2012.

Malmö, 20 March 2019
PricewaterhouseCoopers AB

Mats Åkerlund
Authorised Public Accountant







UPPSALA DEMOGRAPHICALLY WELL- SITUATED FOR E-COMMERCE

Demographically, the Uppsala region offers highly favourable conditions for logistics, being Sweden's fourth-largest city in terms of population and with its proximity to Sweden's largest and growing population centre in the Mälardalen Valley. Other advantages include its proximity to cargo flights at Stockholm Arlanda Airport and to the container port in Gävle. The municipality of Heby further strengthens the Uppsala region. The foremost reason is that Morgongåva in the municipality of Heby has quickly developed into an e-commerce cluster, with well-known players, including Seelig, Adlibris, Bokus, CDON and Apotea.



22 Ranking of the logistics location in 2018, Intelligent Logistik.



"Sustainability is crucial and a cornerstone in our values. Our requirements for the building were that it should be climate-neutral and flexible, allowing us to grow in the future."

Pär Svårdson, Apotea's founder and CEO.

Climate smart e-commerce giant in Morgongåva

Apotea.se is Sweden's first full-scale pharmacy with no physical shops and accessible only online. The purpose is to increase service and make everyday life easier for customers. According to HUI, Apotea offers Sweden's largest product range with some 15,000 non-prescription products and 5,000 prescription pharmaceuticals for humans and animals, and at the lowest prices.

In 2018, Catena acquired the newly constructed, state-of-the-art e-commerce facility in Morgongåva, which was built specifically for quickly expanding tenant Apotea. The location is optimal for e-commerce with a wide range of other e-commerce players as neighbours.

Apotea's warehouse is impressive to say the least. With its 38,000 square metres in area, the warehouse could accommodate 500 articulated lorries. The plant is adapted to Apotea's needs with special fire protection, regulated temperature units and special, ceiling-mounted dust meters for optimal indoor air quality. In the future, it should be possible to dispatch a peak level of 100,000 parcels a day from the warehouse.

However, the facility's sustainable energy initiative is its most distinctive feature. Geothermal heating derived from 32 boreholes to a depth of 300 metres and Sweden's largest roof-mounted photovoltaic plant guarantee efficient and sustainable energy consumption by the demanding operations.

Other properties nearby owned by Catena:

Catena's customers in the Stockholm region include third-party logistics company DHL, the Kopparbergs brewery, DS Smith, IT distributor Tech Data and Internet distributors including Footway and Caliroots, as well as food distributor Grönsakshallen Sorunda. In addition, Catena has signed an agreement to acquire 450,000 square metres of land at the new Stockholm South logistics location in Nykvarn.

Responsible governance builds confidence in continued development

The market for Logistics properties is experiencing continued strong development. This is reflected in the increasing interest in the segment among several players. Continued globalisation, urban densification, changing consumption patterns, including strongly growing e-commerce, affect goods flows in society. This applies to all consumer goods, in particular, including FMCG products, such as food and health and well-being products. Today, the FMCG segment accounts for almost half of the cargo flows handled at our facilities. These new consumption patterns have also moved some of the tasks of traditional retail – storage, packing and delivery of goods – back along the supply chain.

At Catena, we observed this trend at an early stage and positioned ourselves, following careful studies, at selected logistics locations that we are continuing to make our logistics positions. There, as in new, identified locations, Catena develops and manages modern logistics facilities. Our ambitions to contribute to a sustainable society with reduced transports, a lower environmental load, as well as improved accessibility in cleaner cities, generate significant values for our stakeholders. One of our initiatives provides a good example: Urban Services Sweden AB, in which Catena, as a partner, contributes expertise on logistics, receives and distributes the products and goods from various suppliers, demanded and consumed by Arenastaden's 4,000 residents, 30,000 workplaces and more than one million visitors monthly. Uniquely, in connection with delivery, returned goods and waste are collected to be transported in the other direction. In this way, the transports are optimised. Catena generates values for society, for customers of course, for all of our other stakeholders and ultimately for our shareholders.

A well-functioning Board of Directors

The Company, and ultimately the Board of Directors, must foster and increase value by developing the operations responsibly. Catena has a Board of Directors that is well-suited to its task – competent in all areas of crucial importance for the operations, and well-balanced in terms of both age and gender. The Board of Directors, which consists of three women and four men between the ages of 33 and 75, has broad expertise in areas ranging from logistics to transactions, property management and social media. It ensures that different perspectives on our operations are taken into account. Within the framework of beneficial cooperation with management, the Board can thus assess the investments and other strategic decisions needing to be made to maintain and develop the Company's leading position. Accordingly, the risks associated with all business operations can be minimised and balanced against the business opportunities offered by the market. The composition of the Board and the skills of its various members are also evaluated regularly, taking the Company's current challenges and needs into consideration. I am pleased to confirm that the Board, with two new members elected at the ordinary Annual General Meeting, was able to perform its duties in an exceptional manner also in 2018. The new members replaced Catarina

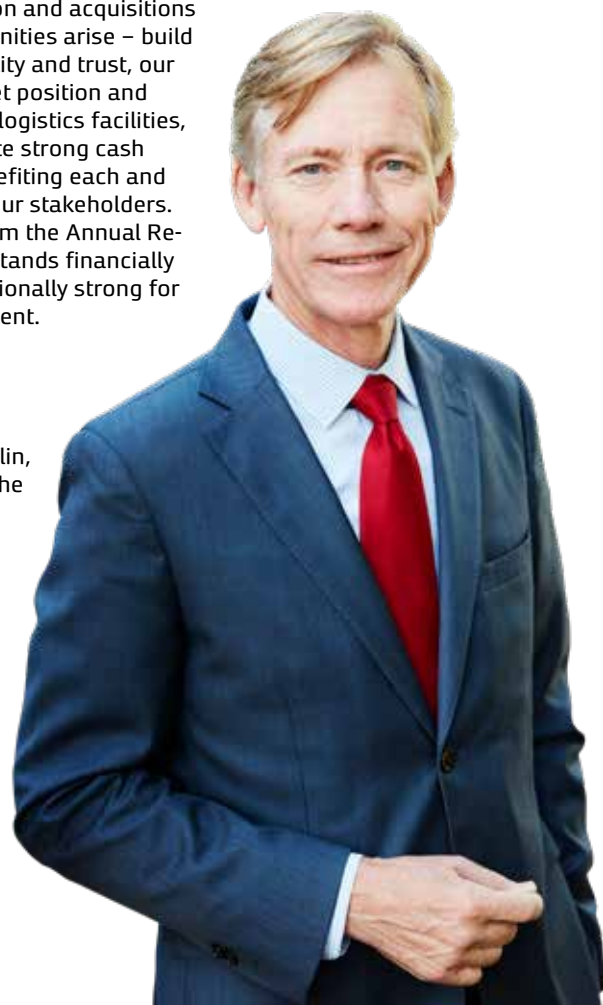
Elmsäter-Svärd, who left the Board having been recruited to a new position that was difficult to combine with her assignment on the Board. They also replaced our largest and most creative shareholder, Erik Paulsson, whose significance cannot be overestimated, particularly in connection with the inception of the modern Catena. Erik's choice to leave the Board was entirely justified by his advancing years. My gratitude and that of the Board for their eminent efforts, which we expressed at the Annual General Meeting, deserves to be repeated here.

Stakeholders' confidence

The controlled exchange of Board members is characteristic of the responsible corporate governance that we apply. This governance allows us to be transparent and to gain the confidence of our customers, our employees and our owners. As well as that of the financial market, society and all of our other stakeholders. Among other things, this confidence is manifested in all of the business proposals we receive and the interest expressed in our aggressive new share issues. The latest of these was implemented in July in connection with the acquisition of Apotea's distribution centre outside Uppsala. The confidence of our stakeholders has laid the foundation for the successes reaped by Catena to date. The Company's continued development and growth, – driven primarily by continued project development, new production and acquisitions when opportunities arise – build on responsibility and trust, our leading market position and our attractive logistics facilities, which generate strong cash flows. All benefiting each and every one of our stakeholders. As evident from the Annual Report, Catena stands financially and organisationally strong for this development.

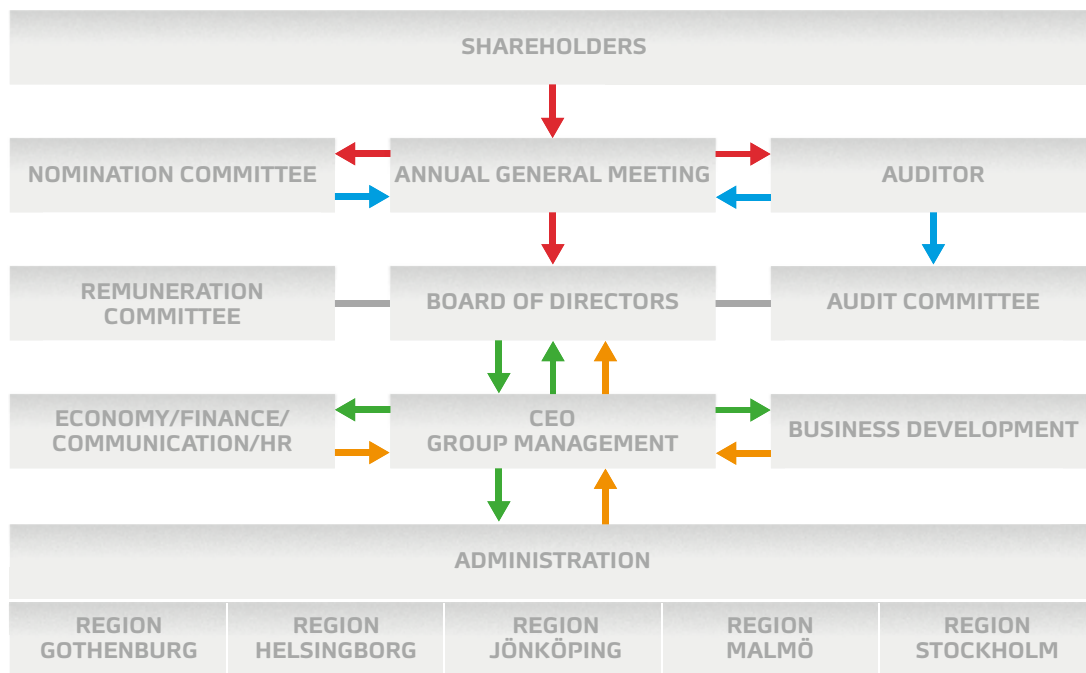
Helsingborg,
March 2019

Gustaf Hermelin,
Chairman of the
Board



Corporate governance

Through transparency and availability, shareholders and other stakeholders are afforded insight into decision paths, responsibility, powers and control systems. All business decisions at Catena must be justifiable from a financial and ethical perspective. In this way, the confidence is generated that is central to Catena’s continued successes.



- A** Elections
- B** Evaluation and ongoing reporting
- C** Targets, strategy, policies, instructions
- D** Reporting, ongoing evaluation

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

Catena’s organisation is based on a customer-oriented management structure, consisting primarily of the enterprise-driven Property Management and Business Development functions and divided into five regions. Added to these are the Group’s Economy/ Finance and Communications/HR 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 functions are also responsible, alongside the CEO, for the Group’s profiling and its communications with the financial markets and society.

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, 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 in 2018.

Deviations from the Swedish Code of Corporate Governance

The Company follows the Swedish Code of Corporate Governance with the following exceptions: the Company has no separate internal audit function. The Board assesses the need for such a function annually and has

determined that ongoing internal control efforts, which should preferably be performed by management, constitute a sufficient audit function in terms of the Company's business and size.

Shareholders

At 31 December 2018, following the new share issue implemented during the year, the share capital in Catena AB totalled SEK 165,874,953.20 distributed between 37,698,853 ordinary shares.

The largest shareholder per 28 February 2019 is the Backahill Group with 29.8 percent (30.0) of the capital and Endicott Sweden AB with 10.5 percent (10.6). No other shareholders held 10 percent or more of the shares outstanding. Each share confers one vote and each person entitled to vote at the General Meeting of shareholders may vote for the full number of shares held and represented.

► Read more about Catena's shares and shareholders on pages 38–39.

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

Ownership structure, 28 February 2019

	No. of shares, 000s	Votes, %
Backahill	11,221	29.8
Endicott Sweden AB (CLS Holding plc)	3,971	10.5
Länsförsäkringar fondförvaltning AB	2,391	6.3
Cohen & Steers, Inc.	1,872	5.0
Kilen 134 Strängnäs AB	1,678	4.5
SFU Sverige AB	1,560	4.1
SEB Investment Management	950	2.5
Citi Switz AG AS Agent For Clients	921	2.4
Nordea Investment Funds	686	1.8
BNP Paribas Sec Serv Luxembourg, W8IMY	635	1.7
UBS Switzerland AB, NQI	547	1.4
UBS Switzerland AB, W8IMY	513	1.4
BNY Mellon NA (former Mellon), W9	437	1.2
Other shareholders	10,317	27.4
Total	37,699	100.0

Ownership, distribution by size of shareholding at 28 February 2019

	Number	Owners Share, %
1-500	13,514	94.2
501-1,000	418	2.9
1,001-5,000	252	1.8
5,001-10,000	44	0.3
10,001-15,000	19	0.1
15,001-20,000	19	0.1
20,001-	84	0.6
Total	14,350	100.0



Catena continuously provides information through a number of activities to investors, lenders and shareholders.

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 regarding amendments to 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, 26 April 2018

Following the adoption of the Balance Sheet and Income Statement in the Annual Report, the Meeting resolved, in accordance with the Board's proposal, to approve payment of a dividend of SEK 4.50 per share. The record date was set as 30 April.

The AGM resolved that the number of Board Members elected by the Annual General Meeting should be seven ordinary members with no deputies. The AGM approved the Nomination Committee's proposal that Board members Bo Forsén, Gustaf Hermelin, Henry Klotz, Katarina Wallin and Hélène Briggert (formerly Hélène Nathhorst Spångberg) be re-elected, that Tomas Andersson and Ingela Bendrot be newly elected as ordinary members, and that Gustaf Hermelin be re-elected as Chairman of the Board. The auditing firm, PricewaterhouseCoopers AB was appointed auditor, with authorised public accountant Mats Åkerlund as the principal auditor. The AGM discharged the Board members and CEO from liability for the 2017 financial year.

The AGM approved the Nomination Committee's proposal for remuneration of SEK 300,000 (previously SEK 250,000) for the Chairman of the Board and SEK 150,000 (previously SEK 125,000) for each of the other Board members not employed by the Company. The AGM resolved that remuneration for work in the Remuneration Committee would be added in the amount of SEK 40,000 (previously SEK 40,000), to be distributed with SEK 20,000 being paid to the chairman of the committee and SEK 10,000 each being paid to the other two members; that remuneration for work in the Audit Committee would be added in the amount of SEK 100,000 (previously SEK 100,000), to be distributed with SEK 50,000 being paid to the chairman of the committee and SEK 25,000 each being paid to the other two members.

It was resolved that fees to the auditors be paid according to customary standards and approved invoicing. The Board's proposal for remuneration principles for senior executives was also approved. The Annual General Meeting resolved that no changes be made to the instructions for, or the composition of, the Nomination Committee and that fees should not be paid to the members of the Nomination Committee.

In accordance with the proposal presented, the Annual General Meeting authorised the Board to acquire and divest treasury shares. Acquisitions and divestments

may not exceed one-tenth of the Company's total shares. The AGM also authorised the Board to decide on a new share issue not exceeding one-tenth of the total number of shares outstanding.

The AGM resolved to amend the Articles of Association changing the domicile of the Board of Directors, adjusting the limits of the share capital and the number of shares, changing the location of the AGM and the record day provision in accordance with the proposal by the Board of Directors, which had been included in its entirety in the Notice to attend the AGM.

The complete minutes can be found at www.catena-fastigheter.se/om-oss/bolagsstyrning/arsstamma/

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 AGM on 26 April 2018 decided to appoint a Nomination Committee consisting of representatives of the four largest shareholders, as per the start of October, and the Chairman. In accordance with the decision, the following Nomination Committee was formed, as announced in a press release on 16 October 2018:

Name	Appointed by
Fredrik Widlund	Endicott Sweden AB (CLS Holdings plc)
Anders Nelson	Backahill Kil AB
Johannes Wingborg	Länsförsäkringar fondförvaltning AB
Gustaf Hermelin	Chairman, SFU Sverige AB

The chairman of the Nomination Committee is Anders Nelson, while the Committee is convened by Chairman of the Board, Gustaf Hermelin. Combined, the four owner representatives held slightly more than 52 percent of the votes in Catena as at 1 October 2018. In accordance with applicable decisions, new shareholder representatives are to be appointed when ownership changes.



Anders Nelson,
Chairman of the Nomination Committee
nelson@backahill.se

Board of Directors

The Board's overriding task is to manage Catena's and the Group's activities on behalf of the owners in a way that best secures the owners' interest in a favourable long-term return on capital. The members are elected annually at the AGM for the period up to the end of the following AGM.

The Board's work is carried out in compliance with statutory provisions, regulations, the Articles of Association and the formal work plan. The formal work plan is discussed at the statutory Board meeting and is set annually. The composition of the Board includes expertise and experience from the areas that are of major importance

as part of efforts to support, monitor and control operations in a property company. Board Members have expertise in properties, the real estate market, and financing, digital trade and business development, for example.

In accordance with the Articles of Association, Catena's Board is to comprise not fewer than five and not more than nine members with no deputies. Catena's Board comprises seven members who were elected at the AGM on 26 April 2018. For further information on the members of the Board of Directors, see the presentation of the Board and Management on pages 116–117.

The work of the Board

The Chairman of the Board is responsible for leading the work of the Board in an efficient and appropriate manner. In addition to leading the work, the Chairman monitors the Group's development on an on-going basis through contact with the CEO on strategic issues. During 2018, ten minuted Board meetings were held, one of which was statutory. The members' attendance is shown in the Board Presentation on pages 116–117.

During the year, the CFO acted as the secretary of the Board. In addition to the above items, Board meetings have addressed market issues, plans and strategies for the Group's development and the on-going follow-up of results and position, valuations of the Group's properties, liquidity and financing as well as investment decisions. Catena's auditor in charge, Mats Åkerlund, PwC, was co-opted to attend Board meetings on 15 February 2018 and 9 July 2018.

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

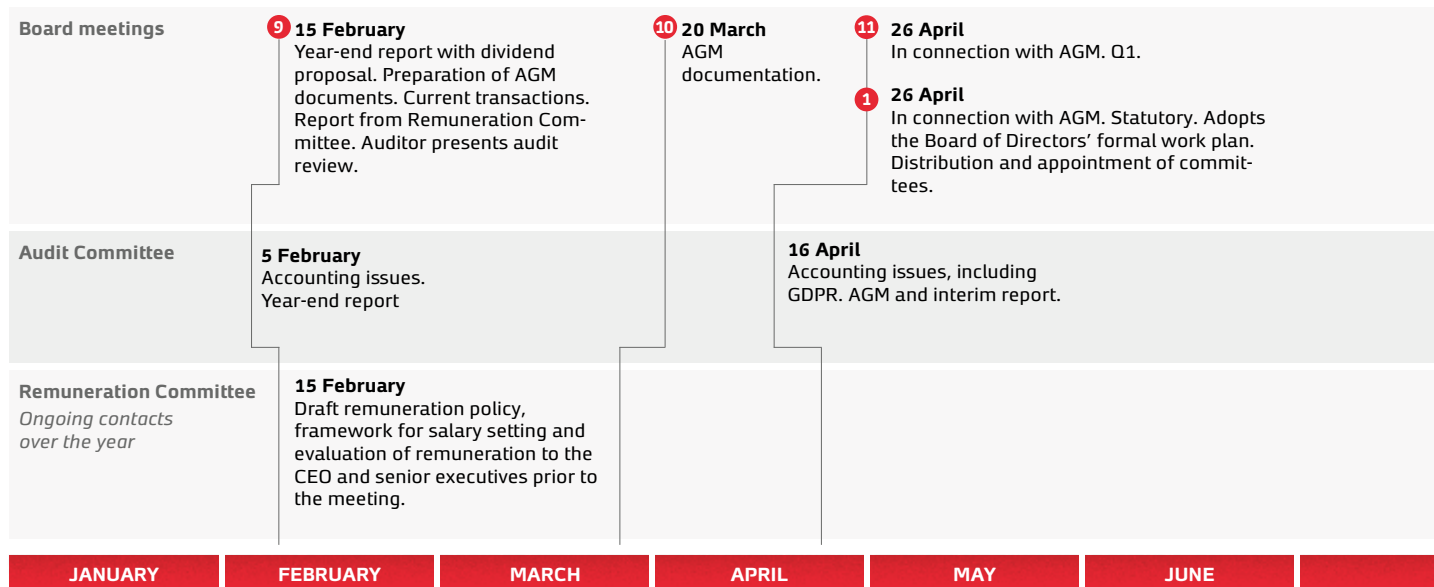
Swedish Companies Act and Catena's Articles of Association and is reviewed annually. The Board appoints the CEO and assesses his/her work. The CEO does not attend this assessment. The Board is responsible for continuously monitoring and controlling Catena's operations. Consequently, it is the duty of the Board to ensure there is a functioning reporting system. The systems, which were evaluated during the year, and have proven appropriate and effective. Regular reports concerning Catena's and the Group's economic and financial position, current market issues, project reporting, and, in certain cases, underlying information for investment decisions and property sales, are presented at Board meetings.

In addition to being responsible for Catena's organisation and administration, the Board's key task is to make decisions on strategic issues. Each year, the Board sets the overall goals for the Group's operations and decides on strategies to attain these goals. The CEO's instructions and internal policy documents are also reviewed annually.

Assessment of the work of the Board

Each year, the Chairman of Catena's Board has performed an evaluation of the Board's ability to perform its duties, its working methods and composition in relation to the direction and challenges facing the Company. This is a process that the Board's new Chairman continued and developed over the year. The individual Board Members' competence, commitment and suitability (from a variety of perspectives) are tested by means of a small number of open questions that each member is required to respond to. Questions that also concern the composition of the Board, its function, including its structure and processes, as well as collaboration with Management. That is, questions that assess the Board's function and capacity to make correct decisions and manage the Company responsibly. These considerations form the basis of a

Board meetings in 2018



private dialogue between the Chairman, the Nomination Committee and the individual member, based on the Company's planning and the expectations of the member as well as the member's expectations on the Board. Based on is assessment of the Board, the Nomination Committee, which also has discussions with the Company's CEO and auditor, proposes to the Annual General Meeting, among other things, a Board of Directors for the coming financial year. This process has proven to work well, taking the balanced composition of the Board into account, with regard primarily to expertise, but also gender and age.

Board Committees

Remuneration Committee

The Board of Catena has established a Remuneration Committee. The task of the Remuneration Committee is to prepare matters concerning remuneration and other conditions of employment for the CEO. The CEO, on the basis of principles established by the Board, determines remuneration of senior executives. In 2018, the Remuneration Committee consisted of Bo Forsén (Chairman), Henry Klotz and Katarina Wallin.

Audit Committee

Catena's Board has established an Audit Committee. The task of the Audit Committee is to maintain and add to efficiency in contacts with the Group's auditor and to supervise the procedures for auditing and financial reporting. The Committee also evaluates the work of the auditor and monitors how accounting principles and requirements are progressing.

During 2018 the Committee consisted of Henry Klotz (chairman), Hélène Briggert and Ingela Bendrot. Peter Andersson (CFO), Anders Holmqvist (Chief Accountant) and Carl Fogelberg (Auditor, PwC) also participated in the Committee's meetings.

Auditor

The auditor reports the results of his examination to the shareholders in the auditor's report. This is presented at the AGM. In addition, the auditor presents a detailed report to the Board twice annually. In conjunction with this report, a discussion is also held concerning the observations of the audit. In addition to auditing, PwC has also provided services in the areas of taxes and accounting.



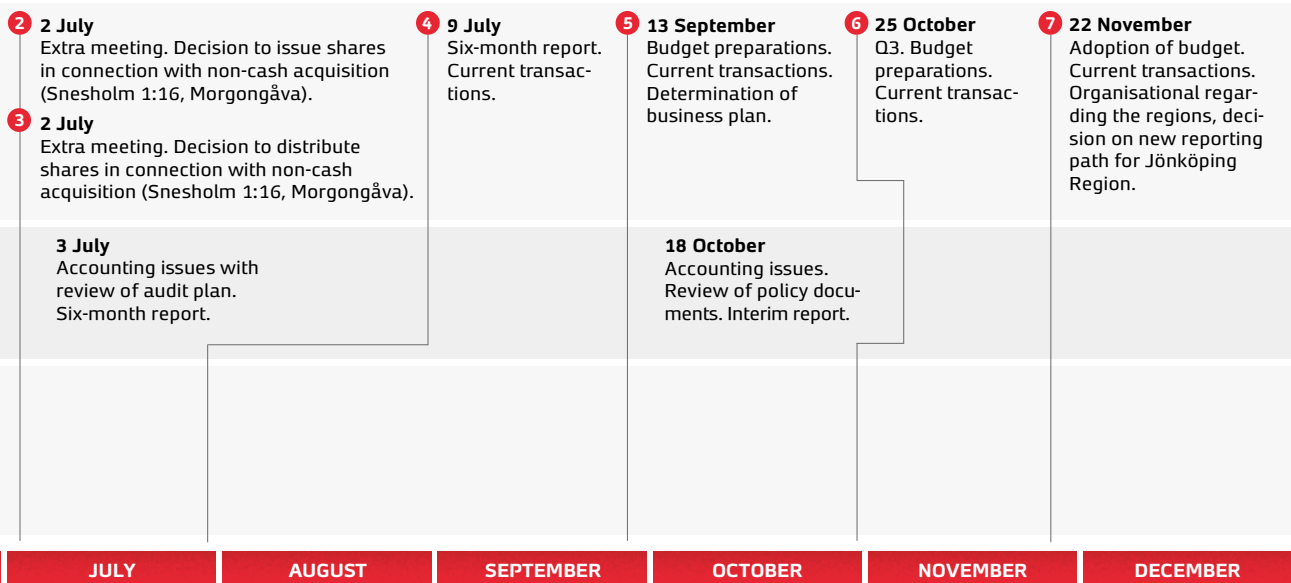
Mats Åkerlund, Auditor PwC
mats.akerlund@pwc.com

CEO

The CEO leads operations on the basis of the CEO's instructions drawn up by the Board. According to the instructions, the CEO is tasked with ensuring that the Board Members receive regular information and reports on Catena's progress to enable them to make sound assessments and well-founded decisions. The CEO must also ensure that Catena observes the obligations regarding information and so forth that arise from the listing agreement with NASDAQ Stockholm. The CEO's duties also include supervising compliance with the goals, policy and strategic plans established by the Board and ensure that they are submitted to the Board for updating or review whenever necessary.

Stock market information

Catena submits prompt, simultaneous, correct and reliable information to existing and potential shareholders and other stakeholders. The Company submits quarterly interim reports, a year-end report and an Annual Report for

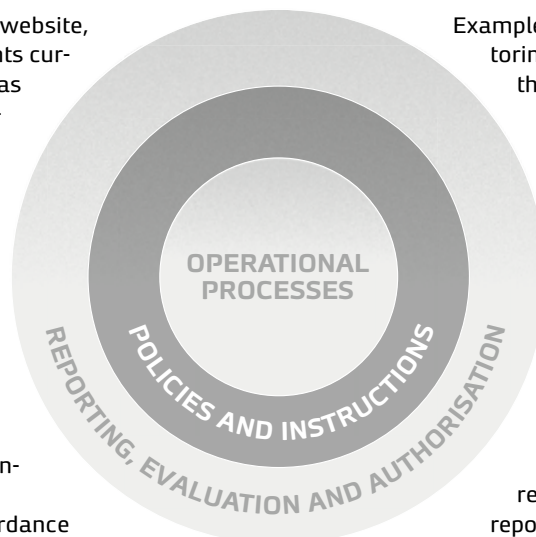


the entire financial year. Catena's website, www.catenafastigheter.se, presents current information on Catena, such as press releases and financial statements. Shareholders can download financial information from the Company via the website. This information can also be ordered directly from Catena by 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 has been prepared in accordance with Chapter 6, Section 6 of the Swedish Annual Accounts Act and Item 10 in the Swedish Code of Corporate Governance, 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 conducted at both the property level and the regional level through continuous performance monitoring. Key performance indicators are also analysed within the legal Group structure.

In order to prevent and detect errors and deviations, there are, for example, systems for attestation rights, reconciliations 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 in disseminated through regular information meetings.

► See also page 106, deviations from the Swedish Code of Corporate Governance.

Helsingborg, March 2019

Board of Directors



Contacts Gustaf Hermelin, Chairman of the Board
gustaf.hermelin@catenafastigheter.se



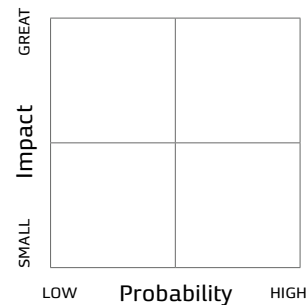
Risks and opportunities

Successful business operations are built on the responsible and controlled management of risks. Well managed, risks can 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.

Responsibility for Catena’s risk management lies with the Board. The ongoing management and monitoring of risk management has been delegated to the CEO and regional managers.

For identified risks that may arise in the operations and from behaviours that could affect the Company’s brand and reputation, there are 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.



RISK	MANAGEMENT	EXPOSURE	ASSESSMENT
------	------------	----------	------------

Property management and portfolio

Vacancies

The letting ratio is influenced by factors including general economic conditions, the pace of production for new properties, infrastructure changes as well as population growth and employment. Changes in these factors can impact vacancy rates and rent levels.

There are no seasonal effects affecting income.

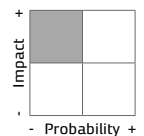
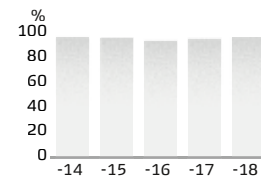
After a tenant vacates a property, there is a risk pertaining to the length of time that elapses before a new tenant is in place. The risk of substantial changes in vacancies and rental income increases in line with the number of individual major tenants a property company has.

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.

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.

Catena monitors vacancies and terminated contracts. An increase in the vacancy rate by 5 percent is defined as a risk.

Economic letting ratio



Increasing operating and maintenance costs

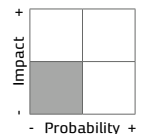
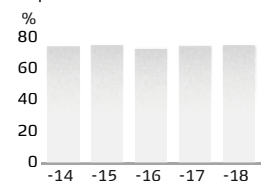
Earnings can be impacted if increases in operating and maintenance costs outpace growth in compensation to Catena in the form of contractual rents. Unforeseen and extensive renovation needs can also have an impact.

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.

Changes in regulations can have a major impact. Leases for logistics properties are normally linked to the Consumer Price Index (CPI). Catena also works continuously to identify cost-efficient solutions, particularly in the area of energy.

Unforeseen renovation needs arise primarily when damage has been incurred, for which Catena has secured insurance policies. Insurance has been contracted to cover any liability or property damage claims. The properties are covered by unlimited buildings insurance.

Surplus ratio



Over the last few years, no company in the Catena Group has had any significant insurance claim. The exception was 2014, when the Company suffered two fires, and 2016, when there was one fire. The insurance company compensated Catena for the damage.

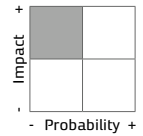
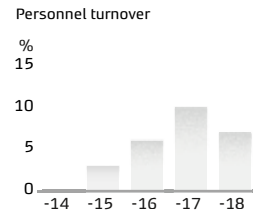
RISK	MANAGEMENT	EXPOSURE	ASSESSMENT												
<p>Property management and portfolio, cont.</p> <p>Increased ground rent Ground rents for leaseholds are renegotiated periodically. In each renegotiation, there is no guarantee that the ground rent for the leasehold will not increase, which can negatively 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> <table border="1"> <caption>Proportion of freehold properties</caption> <thead> <tr> <th>Year</th> <th>Proportion (%)</th> </tr> </thead> <tbody> <tr> <td>-14</td> <td>80</td> </tr> <tr> <td>-15</td> <td>82</td> </tr> <tr> <td>-16</td> <td>85</td> </tr> <tr> <td>-17</td> <td>88</td> </tr> <tr> <td>-18</td> <td>85</td> </tr> </tbody> </table>	Year	Proportion (%)	-14	80	-15	82	-16	85	-17	88	-18	85	
Year	Proportion (%)														
-14	80														
-15	82														
-16	85														
-17	88														
-18	85														
<p>Properties – changes in value 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., impacts 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>Transactions and investments</p> <p>Acquisitions Catena acquires some properties in the form of companies. In 2018, four properties were acquired through companies. Historical decisions and actions, as well as the future financial performance of the acquired companies could affect Catena's earnings.</p>	<p>Ahead of each acquisition, thorough due diligence is performed. In addition to a thorough financial examination, this also includes a number of other areas, including customer relationships, commitments and the environment.</p>														
<p>Sales New consumption patterns, cargo flows and other factors mean that, as time passes, logistics properties become better suited to other purposes. Catena disposes these properties to responsible buyers. Other disposals are driven by individual customers' wishes to own the property in which they operate. This resulted in a total of three properties being divested during the year at a value of SEK 46.5 million.</p>	<p>In addition to a well-thought-out sales process, under which the properties are sold to responsible buyers, the focus is on risk description and management enabling the guarantees provided to be covered in connection with sales.</p>														
<p>Projects Catena pursues active project development, through both new development and remodelling, 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. Project development risks include weather conditions during the construction period, shortages of skills/continuity with regard to project managers and construction workers, official decisions that are delayed or fail to pass (planning approval, for example).</p>	<p>Cost control and follow-up of calculations are important instruments in identifying and managing the risks. 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.</p>	<p>Investments in project development</p> <table border="1"> <caption>Investments in project development</caption> <thead> <tr> <th>Year</th> <th>Investment (SEK M)</th> </tr> </thead> <tbody> <tr> <td>-14</td> <td>150</td> </tr> <tr> <td>-15</td> <td>100</td> </tr> <tr> <td>-16</td> <td>500</td> </tr> <tr> <td>-17</td> <td>450</td> </tr> <tr> <td>-18</td> <td>650</td> </tr> </tbody> </table>	Year	Investment (SEK M)	-14	150	-15	100	-16	500	-17	450	-18	650	
Year	Investment (SEK M)														
-14	150														
-15	100														
-16	500														
-17	450														
-18	650														
<p>Employees</p> <p>Personal injury Catena could, through negligence for example, cause personal injury. This also includes psychosocial harm/issues.</p>	<p>Risks of personal injury are handled via procedures in Catena's work environment policy. For contractors and consultants, construction and liability insurance exists.</p>	<p><i>Over the past few years, no company in the Catena Group has incurred any significant personal injuries.</i></p>													

RISK	MANAGEMENT	EXPOSURE	ASSESSMENT
------	------------	----------	------------

Employees, cont.
Shortage of skills

Catena's future development depends extensively on the knowledge, experience and commitment of a limited number of individuals in senior management and other key individuals.

Catena's executives all 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 individuals.



Deficient procedures and irresponsible behaviour

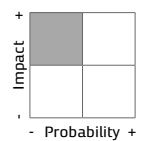
The Company may suffer harm as a result of criminal or irresponsible behaviour by its employees or other representatives.

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 requirements.

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.

Subcontractors are initially checked so that any financial discrepancies are discovered as soon as possible. The partnership is then evaluated on a continuous basis. Catena's suppliers are also encouraged to check their subcontractors. The slightest suspicion of any deviation is investigated promptly.

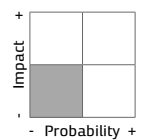
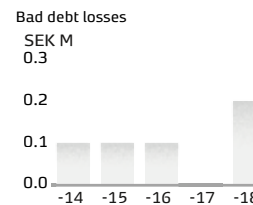
Over the past nine years, the Company has not suffered any damage attributable to criminal or irresponsible behaviour.



Financial risks
Bad debt losses

Commercial tenants are not always able to discharge their obligations.

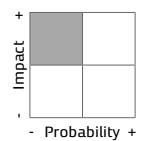
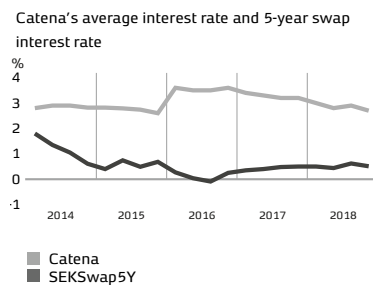
Risk decreases through a solid understanding of customers. In certain leases, tenants' obligations are guaranteed by a parent company or by way of bank guarantees, accordingly, Catena's bad debt losses have been marginal over the past five years.



Financial instruments

As part of managing interest-rate risk, Catena utilises financial instruments in the form of interest-rate derivatives, primarily interest-rate swaps.

Inefficient hedging exists where interest rate swaps do not have STIBOR floors while the loans do. This is managed by also using fixed-rate loans for hedging.



RISK	MANAGEMENT	EXPOSURE	ASSESSMENT
------	------------	----------	------------

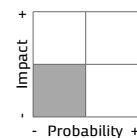
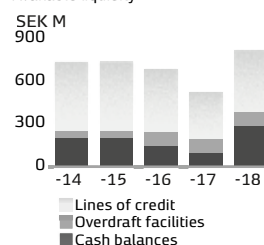
Financial risks, cont.

Liquidity risks

Insufficient access to the liquid funds or credit facilities necessary to meet payment obligations could negatively impact Catena's earnings and financial position.

On the balance sheet date, Catena had unutilised lines of credit and overdraft facilities of SEK 539.8 million and a cash balance of SEK 281.2 million.

Available liquidity



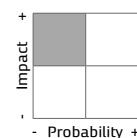
Refinancing

The properties owned by Catena are financed by a combination of loans and equity. There are no guarantees that existing credit providers will renew loans when they fall due.

The Group's financial policy stipulates how funding and liquidity is to be secured through a diversified spread of loan agreements, banks and strong owners. Catena targets a minimum period for which capital is tied up of at least two years. As per 31 December 2018, existing loan frameworks entailed capital being tied up for a period of 1.4 years.

Capital tied-up

Year	Contract volume, SEK M	Utilised, SEK M	Unutilised, SEK M
2019	2,733.6	2,293.8	439.8
2020	3,772.8	3,772.8	-
2021	2,489.0	2,389.0	100.0
>2023	61.2	61.2	-
Total	9,056.6	8,516.8	539.8

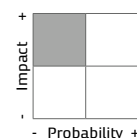
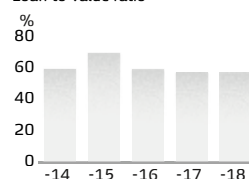


Loan-to-value ratio

The balance between interest-bearing liabilities (relating to properties) and carrying amounts for properties is of importance from a risk perspective. Most of Catena's financing consists of bank loans.

Catena maintains a historically low loan-to-value ratio. When property values decline, this allows the Company to minimise the risk of contravening the covenants on its loan agreements and, as a consequence, having to repay those loans.

Loan-to-value ratio



Interest

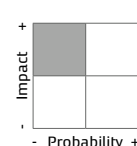
Catena's single largest cost item is interest, which can vary over time.

These changes can substantially impact Catena's earnings. Property values are also impacted by raised interest rate levels.

Catena's properties have been financed at market interest rates and financing costs are secured through fixed-rate loans and derivatives equivalent to 64 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 the comments on the Consolidated Statement of Comprehensive Income.

Fixed interest, years

Year	SEK M	Interest rate, % ¹⁾	Share, %
2019	3,145.2	1.4	36.9
2020	843.0	0.8	9.9
2021	762.7	4.9	8.9
2022	500.0	3.8	5.9
2023	500.0	3.2	5.9
2024	500.0	2.9	5.9
2025	1,122.0	3.8	13.2
2026	1,143.9	4.2	13.4
Total	8,516.8	2.7	100.0



1) Refers to the current average interest rate per 31 December 2018. The margin is distributed evenly across the fixed-interest period.

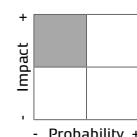
External, environmental and other risks

Economic cycle and impact on demand

Global trade conflicts or other political tensions around the world are examples of societal changes that can affect trade routes and trade patterns. This can, in turn, affect the conditions for Catena's operations.

The shift in interest towards increased sustainability has been in progress for some time and is deepening as consumers' knowledge and society's requirements increase. The sustainability aspect encompasses both opportunities and challenges.

Catena performs continuous analyses and studies and performs active business intelligence to protect its interests and those of its customers.



Board



	Gustaf Hermelin	Tomas Andersson	Ingela Bendrot
Born	1956	1956	1962
Position on the board	Chairman	Member	Member
Year elected	2013	2018	2018
Training	Business administration studies, Stockholm School of Economics.	Business administration studies, Stockholm University. Law studies.	Chemical engineer.
Principal occupation	Board work.	Own company.	CEO Nya Ostkustbanan. CEO Bendrot Kommunikation AB.
Other assignments	Board Member of a large number of subsidiaries within, or related to, the Catena Group. Board Member of Vectura Fastigheter AB and companies wholly or partly owned by SFU Sverige AB.	Board Member of Södertälje Science Park.	
Terminated assignments	CEO and Board Member of Klövern AB, Brinova Fastigheter AB. Board Member of AMF Fastigheter AB, Diös Fastigheter AB, Fabege AB and Platzer Fastigheter Holding AB (publ).		
Own shareholdings and shareholdings of related parties in 2018	1,562,400 shares via companies and related parties.	–	200 shares.
Dependent in relation to: the Company major shareholders	Yes Yes	No No	No No
Attendance at Board meetings	10/10	8/10	8/10
Attendance, audit committee			2/4
Attendance, remuneration committee			

Company management



	Benny Thögerson	Peter Andersson	Sofie Bennsten
Born	1966	1966	1969
Position	CEO	Deputy CEO and CFO	HR Manager
Employee since	15 November 2016.	1 October 2013.	1 October 2013.
Training	Halmstad University	M.Sc. in Business Administration.	Business Administration studies.
Previous positions	CEO of Knapp AB and several assignments at, e.g. Consafe, Ica and Akzo Nobel.	CFO at Brinova Fastigheter AB and CFO at Fastighets AB Skånehus.	Head of Administration at Brinova Fastigheter AB. Former Head of Accounting at Brinova Fastigheter AB.
Own shareholdings and shareholdings of related parties in 2018	1,600 shares.	500 shares.	200 shares.

Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Catena AB (publ), Corporate Registration Number: 556294-1715

Assignments and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 2018 on pages 105-115 and for it being prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our review of the Corporate Governance Report, as required by law, has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices



Hélène Briggert	Bo Forsén	Henry Klotz	Katarina Wallin
1985	1948	1944	1970
Member	Member	Member	Member
2017	2012	2007	2013
Business administration studies, Lund University.	Business administration studies, Lund University.	Engineer in property engineering, M.Sc. Economics.	M.Sc. in Engineering, Royal Institute of Technology. Behavioural Science and Business Administration, Stockholm University.
Partner in HEG & Partners Fastigheter 5 AB (buys, sells and manages properties).	Board work.	Executive Chairman of CLS Holdings plc.	Strategy Consultant and Partner at Evidensgruppen.
Board Member of companies in the HEG Group.	Chairman of the Board of Scandinavian Resort AB. Board Member of Backahill AB.	Board Member of a large number of companies in the CLS Group.	Chairman of the Boards of Belatchew Arkitekter AB, Evimetrix AB, Bernow Lindqvist Wallin AB and Au Point AB. Board Member of Evidens blw AB and Sveafastigheter Utveckling AB, Kavaljer AB and Nordisk Byggdag.
Head of Marketing at Gymgrossiten Sweden AB. Management consultant at Business Sweden.	Deputy CEO of the Trelleborg Group. CEO of the Wihlborgs Group. Various board assignments	Chairman of the Board of COOD Investments AB. Board Member of 24 Media Network AB, Fielden House Investment Ltd and Note AB.	CEO Evidens blw AB. Chairman of the Board of REIM AB, Ekologigruppen AB and Evidens Fastighetsutveckling AB. Board Member of Temaplan AB and others.
800 shares.	1,000 shares via companies.	-	-
No	No	No	No
No	No	Yes	No
10/10	10/10	7/10	10/10
4/4		4/4	
	1/1	1/1	1/1



Jörgen Eriksson	Maths Carreman	Johan Franzén	Göran Jönsson
1972	1958	1978	1961
Regional Manager, Malmö	Regional Manager, Stockholm	Regional Manager, Gothenburg and Jönköping	Regional Manager, Helsingborg
15 August 2016.	1 October 2013.	1 October 2013.	1 October 2013.
B. Sc. in Business Administration, Örebro University.	Structural Engineer.	Business administration studies, School of Economics, Business and Law, Gothenburg University.	Structural Engineer.
Controller at Catena and Finance Manager at Helsingborgs storbildsbolag.	Regional Manager/Business Developer at Brinova Fastigheter AB, Unit Manager at Klövern and Works Manager/Purchasing Manager and Project Developer at Skanska.	Business Development at Brinova Fastigheter AB and District Manager at Jungheinrich Svenska AB.	Head of Business Area Residential/Commercial in Brinova Fastigheter AB and CEO of Maintech Forvaltning Syd.
-	1,000 shares.	-	-

► Additional and updated information on assignments and holdings is available at www.catenafastigheter.se

in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent

with the annual and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, 20 March 2019
PricewaterhouseCoopers AB

Mats Åkerlund
Authorised Public Accountant





UMEÅ NORTHERN LOGISTICS HUB

What the Umeå region lacks in population numbers is compensated for by its infrastructure and expertise in logistics. Umeå is an important logistics hub in northern Sweden, with one of the country's most modern rail freight yards. This is the location of the newly inaugurated Nordic Logistic Center, with a container terminal and large, accessible logistics areas. Umeå also has a direct rail shuttle and "dry harbour" link to the Port of Gothenburg and is the home of Sweden's northernmost container port, with feeder traffic to the continent. There are also regular ferry services from Umeå carrying cargo to Finland. The situation is further strengthened through the research and education in logistics conducted at Umeå University.

25 Ranking of the logistics location in 2018, *Intelligent Logistik*.



"We have the stated ambition of growing to become the leading logistics supplier in the FMCG and pharmaceuticals segments. Catena's skills and opportunities to offer solutions, particularly in the areas of FMCG and e-commerce, make the Company attractive as a landlord and partner."

Jon Widell, CEO PostNord Termo AB.

PostNord safeguards northern FMCG and pharmaceuticals deliveries

PostNord Termo, part of the PostNord Group, is one of Sweden's leading suppliers of logistics solutions for the FMCG segment and has a stated strategy to achieve further growth.

With 200 vehicles and terminals designed to handle temperature-controlled transports, the Company makes deliveries throughout the country every day of the year. PostNord Termo offers the best coverage for food and FMCG distribution in northern Sweden.

Since 2018, Catena has owned the property that houses PostNord Termo's terminal in Umeå and that supplies groceries and pharmaceuticals to the northern Swedish provinces of Norrbotten and Västerbotten. The property is situated on a plot of approximately 77,000 square metres and has a lettable area of approximately 25,000 square metres. The building houses both low and high-bay storage and is connected to the rail network. Services offered include long-distance transport, distribution, storage, picking and packing, home deliveries and shop-order picking are offered.

Other properties nearby owned by Catena:

Catena also supplies customers such as DHL and Svevia with appropriate logistics properties in the Umeå region.

We take long-term responsibility

Increasing e-commerce is driving development, causing goods transports to shift from large pallet consignments to small parcels. Future logistics solutions are faster, smarter, and lead to increased resource efficiency and lower environmental impact. Driving forces include both cost savings and demands for more environmentally and socially sustainable transports – and successful implementation requires the right premises, in the right location.

By means of its expertise and understanding of both community development and customer challenges, Catena is a strategic partner for customers in creating the conditions for more profitable and sustainable logistics flows.

We work actively to offer environmentally adapted and cost-efficient solutions for our tenants, both in existing properties and in the planning of new ones. This may entail ongoing improvement processes regarding how we help customers reduce their transports or identify more environmentally efficient ventilation solutions, as well as how the large roof surfaces on our properties can be seen and used as assets from the perspective of sustainability. In 2018, a Sustainability Manager was recruited to further strengthen the organisation, both practically and strategically.

Operating in the property market, with customers from the north of Sweden to the south, our social commitment is also an important success factor, with our efforts encompassing everything from local growth and collaboration to support in social contexts, and this is where our customer-oriented property management organisation plays an important role.

In 2018, we worked actively with the Company's values and discussed what they mean in practice. The process of developing Catena's new core values has engaged all employees.



Our various stakeholders demand that we maintain a clear approach to corporate responsibility and sustainability work on an ongoing basis, and they expect our commitment to be apparent in more than various policy documents. This report illustrates some of our activities and their impact.

Benny Thögensen
CEO, Catena AB



Contacts Sofie Bennsten, HR Manager
sofie.bennsten@catenafastigheter.se

Catena's sustainability report has been prepared in accordance with GRI Standards, level Core. See the Sustainability Notes section on pages 131–135 for more information on Catena's priorities and stakeholder dialogue, as well as background information and GRI indexes.

Sustainable operations

In parallel with climate change, we are seeing changing consumption patterns and cargo flows for which production systems are global. This imposes stricter demands on fast, intelligent and cost-effective deliveries – more sustainable logistics.

Strategy and objectives

Sustainability is one of Catena’s prioritised strategic areas. Catena’s sustainability work is based on ongoing efforts to ensure that the Company’s own operations are conducted sustainably. By focusing on sustainability work in its own operations, Catena also makes it possible to provide sustainable logistics solutions to its customers.

Catena’s sustainability work is based on three principal focus areas. Priorities in the sustainability efforts are based on Catena’s other strategic objectives, the Company’s potential influence and opinions from the continuous dialogue Catena conducts with customers, investors, suppliers and local authorities. Catena has a high level of ambition and works continuously to develop the Company’s sustainability work.

FOCUS AREAS	PRIORITY SUSTAINABILITY ISSUES	OBJECTIVES	OUTCOME 2018
Sustainable logistics and societal development	<ul style="list-style-type: none"> Establish the conditions for logistics flows with a minimal environmental impact. Disseminate knowledge about sustainable logistics. 	Be engaged in networks and holding regular meetings with local government leaders in our market areas.	<ul style="list-style-type: none"> Over the year, Catena met with representatives of municipalities to present its new construction projects and to discuss the development of new and existing areas of land. Participated in various networks and attended sector market days throughout the country. The much-appreciated and well-attended LogistikTrender event was again arranged by Catena, with some 400 people attending. In focus for the day were future trends in the logistics sector.
Sustainable properties	<ul style="list-style-type: none"> Work with energy efficiency and renewable energy. Aim for a low environmental impact in new construction and conversions. Impose demands on suppliers with regard to health, safety and the environment. 	Select energy sources from a lifecycle perspective.	<ul style="list-style-type: none"> In connection with new construction and major remodelling projects, ongoing discussions are held on what energy source is to be chosen based on all aspects. Over the year, investments were made in geothermal and Tellus heating systems and, at the Dikartorp property, this allowed the property to be disconnected completely from the district heating network. By means of a hybrid heat pump coordinated with the property’s sub-floor heating system, installing a Tellus heating system, provides considerably lower consumption of heat than current standards. Tellus heating has also been installed at the new construction sites at the Sunnanå Logistics Position, outside Malmö.
		Always examine the possibility of installing solar cells in new buildings.	<ul style="list-style-type: none"> During the year, Catena established a solar energy group within the Company, which is to determine where investments should be made and how to collaborate with customers. Individuals from management and each of the regions are represented in this group. A 254.61 kWp photovoltaic plant was installed in Dikartorp during the year. Catena is looking into installing nine more photovoltaic plants.
		Offer green leases to all tenants with an annual rent exceeding SEK 1 million.	<ul style="list-style-type: none"> All tenants have the possibility of choosing a green lease when signing a new contract. During the year, one green lease was signed.
		Environmentally classify all newly produced properties and, to the greatest extent possible, those being converted.	<ul style="list-style-type: none"> All new buildings completed in 2018 will be classified as Green Buildings.
Attractive and responsible employer	<ul style="list-style-type: none"> Offer training and skills development for employees. Strive for diversity in the organisation. Prevent bribery and corruption. 	Participate in job fairs and offer internships and holiday jobs to young people.	<ul style="list-style-type: none"> During the year, Catena’s CEO gave lectures at Malmö University. Catena hosted an LAW trainee (learning at work). During the spring, two trainees from the property programme at Malmö University completed a two-year internship at Catena. Unfortunately, there were no opportunities to participate in labour market days during 2018.
		Maintain an eNPS of at least 40.	<ul style="list-style-type: none"> In the Catena employee survey conducted at the end of 2018, the result for eNPS was +63. The outcome was thus somewhat higher than in the previous year (+58) and clearly above the Company’s target.

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

Focus area:

Sustainable logistics and societal development

Catena shall be a driving force in establishing conditions for a societal development with more sustainable logistics solutions. This will be realised in cooperation with our customers.

Sustainable logistics solutions

Sustainable logistics entails optimising flows based on environmental, social and economic aspects. One of the challenges of sustainable logistics is logistics planning where the parameters for optimisation can often point in different directions. Examples of common optimisation parameters that can be contradictory are a maximal load factor, minimal transport time, the shortest possible route to the goods' final destination, and pre-determined delivery times. Catena is constantly working to create conditions for more sustainable logistics planning and the optimum solution varies and looks different for different customers. For Catena, this requires constantly understanding the customers' different challenges and the possible solutions, both today and in the future. Catena strives for flexibility and speed in the solutions it offers. Catena also strives to always stay one step ahead and to understand emerging trends, challenges and new hubs.

Involvement in networks and regular meetings with municipal councils, cooperative organisations and special interest associations in all market areas allows Catena to present the Company's views on logistics challenges and to ensure that logistics issues are taken into account in urban planning processes, for example.

Intelligent urban centre logistics through collaboration

Developing new, intelligent city logistics solutions is important in being able to achieve a more sustainable society and is crucial for the capacity to handle the ever increasing proportion of digitally-driven trade. Catena operates close to several municipalities to contribute to more cost and environmentally efficient solutions, enabling a higher usage of vehicle capacity and more accurate route planning, thus optimising urban logistics. With suitable locations for terminals adjacent to metropolitan regions, goods can, for example, be reloaded without passing through the urban centre, which is often the case today.

Through the company Urban Services, Catena has, since 2017, joined forces with Fabege, RagnSells and Servistik to develop a city logistics solution servicing Arenastaden in Solna, outside Stockholm. The area encompasses approximately 100,000 square metres of shops, with 4,000 residents and 30,000 workplaces, and, when fully developed, would generate more than 5,000 transports per week if no measures are taken. Urban Services aims to establish a locally sustainable logistics network

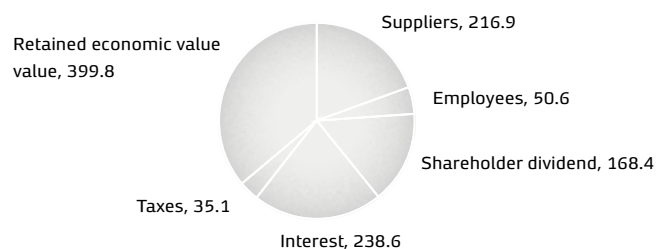
in which deliveries, handling of returns and recycling are managed in a shared flow to and from the area. The ambition is to reduce direct deliveries by 70 percent by 2021. This will be achieved by Urban Services offering a shared loading centre from which goods can be transported the last stretch by smaller electric vehicles. The vehicles will then carry back returns and recycling materials to maximise the utilisation of the vehicles' capacity.

In 2018, Urban Services signed an agreement with the owner of Mall of Scandinavia, Unibail-Rodamco-Westfield, and therefore handles the goods deliveries for some 200 customers there. Signing additional agreements with others players in Arenastaden is the next step.

Value creation for the Company's stakeholders

Sustainable logistics has great potential for long-term impacts on society, in terms of environmental, social and economic parameters. Catena maintains an ongoing dialogue with its key stakeholders to ensure that the Company also focuses on the right things in its sustainability efforts. Catena's direct impact on its stakeholders and the economy occurs through the direct economic value that the Company generates. One way to quantify companies' direct impact on their stakeholders is to assume how the Company's income has been distributed to different stakeholder groups – employees, suppliers, and society through tax payments. The diagram shows how Catena's income in 2018 was distributed among various stakeholder groups.

Created and distributed economic value, SEK M



The diagram shows how Catena's income in 2018 was distributed among various stakeholder groups. The total value created in 2018 amounted to SEK 1,109.4 million.

**ENERGY SAVING
 PROJECTS
 2018**

PROFITABLE COMBINATION OF GEOTHERMAL ENERGY AND PHOTOVOLTAIC CELLS

Several of Catena’s properties offer the possibility of replacing district heating with different geothermal solutions. In properties with refrigeration and freezer plants, a combination including photovoltaic cells can further improve profitability in projects while also reducing greenhouse gas emissions. In 2018, Catena invested in a combined facility of this kind at the Dikartorp 3:12 property, located in Jakobsberg, outside Stockholm.

The property houses a terminal for refrigerated and frozen goods, meaning it has considerable cooling needs, while other parts of the property have premises that require heating. The surplus energy generated by the cooling units is recycled and used in other parts of the property. Combined with the geothermal heating facility, this allows the property’s heating needs to be covered very efficiently.

Since the refrigerated terminal has particularly high energy needs during the summer months, photovoltaic

plants are also well-suited this type of property. The photovoltaic cells generate most electricity in the summer months – the part of the year when the refrigeration plant needs most electricity to power the cooling units.

During the warmer half of the year, the property needs less heating, meaning that the excess heat generated by the cooling units can instead be used to recharge the energy stored by the geothermal plant. The recharging of heat in the boreholes prepares the geothermal plant for the colder part of the year, engendering better opportunities to efficiently cover the demand for heat throughout the year.

Planning is now in progress for similar facilities in Karlstad, Sundsvall and Linköping.

Brief facts about the facility

The geothermal plant consists of 20 energy wells to a bore depth of 225 metres each and three heat pumps with an output of 264 kW. The active recharging of stored energy mainly takes place during the spring and summer period when the energy reserve is depleted. The investments have allowed the property to disconnect from district heating.

The photovoltaic plant consists of 943 photovoltaic modules of 270 W and is expected to provide 248,000 kWh/year. December 2018 was the first full month in which the plant’s new energy meter was operational and we are seeing a reduction in energy consumption by 78.2 percent (normal year-adjusted).

SEK **8.3** million
 Project expense

13.1%
 Direct return

7.6 years
 Repayment period



Focus area:

Sustainable properties

Catena works continuously to ensure that its properties are as sustainable as possible by increasing the efficiency of energy consumption, realigning to more renewable energy and environmental certification of properties.

Governance of environmental work

Catena has identified five areas where operations have a significant environmental impact: electricity consumption, heat usage, choice of building materials in new construction and remodelling, waste management and reduced transport through efficient logistics locations. For the risks and environmental aspects that the Company has identified, there are action plans, as well as overall environmental objectives and operational objectives that are monitored and evaluated on an annual basis. Catena's environmental management system is certified in accordance with ISO 14001.



Environmental certification of properties

Catena's objective is to certify all major new productions at least in accordance with Green Building. As the Company's properties are often newly produced on behalf of a customer, the choice of environmental certification is often a common decision with the

prospective tenant. For logistics buildings, it is difficult, in many cases, to justify environmental certification since more comprehensive environmental certifications, such as BREEAM, LEED and Miljöbyggnad are, in many cases, adapted for other types of commercial properties. All com-

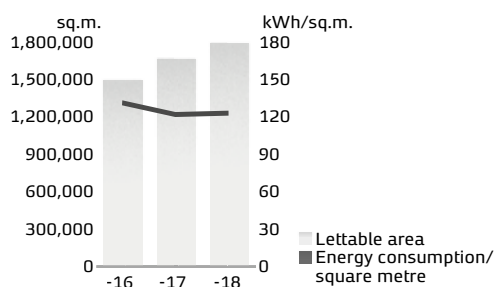
pleted newly constructed properties meet the GreenBuilding requirements. This entails that the property consumes at least 25 percent less energy than the requirements of the National Board of Housing, Building and Planning's requirements building regulations (BBR) for new buildings. Catena is working to certify another five properties.

Energy use

Heating and electricity are the single largest operating cost item for properties, meaning that optimised use of energy leads to both improved environmental performance and positive financial effects for both Catena and its tenants. Accordingly, enhancing energy efficiency remains a priority area for Catena. In existing properties, the focus continues to be on optimisation and refinement of systems. The energy-tracking system, which has been implemented gradually since 2015, now encompasses all properties and provides great opportunities for identifying problems, as well as savings potential. The properties are in the process of being connected to Catena's general management system continues, with this having been implemented in approximately 56 percent of the portfolio.

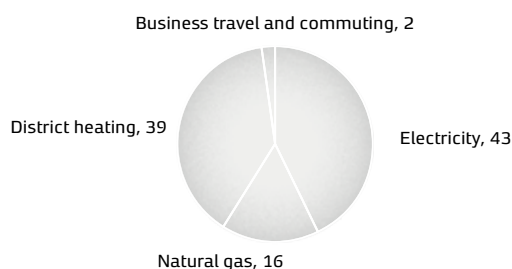
Catena aims to follow up energy consumption at all of its properties and perceives added value in being able to help tenants with follow up and proposing measures even when the tenants themselves are responsible for subscriptions. A challenge in implementing energy-saving projects is when Catena is not responsible for the properties' ener-

Property portfolio development and purchased energy per square metre



The diagram shows the development of the property portfolio's size and energy consumption per square metre. The calculation of energy consumption has been revised and Catena now reports energy consumption for 1,650,231 square metres, corresponding to 92 percent of the total lettable area. There are no energy consumption data for the remaining 8 percent, since Catena does not have access to all tenants' control data. To have comparable figures, Catena has also revised the figures for previous years. The increased energy consumption is attributable to higher energy consumption in the acquisitions implemented in 2016 and 2017.

Distribution of greenhouse gas emissions 2018, %



The diagram shows Catena's total greenhouse gas emissions in 2018 by respective activity.

gy supply. It can then be more difficult to get larger energy savings projects through, since efforts often require rent increases and the payback time for larger investments often extends beyond the term of the customer’s lease.

Greenhouse as emissions

Catena monitors greenhouse gas emissions from its operations annually in accordance with the Greenhouse Gas Protocol (GHG Protocol). In 2018, the Company’s total greenhouse gas emissions amounted to 8,555 (8,948) tonnes of CO₂e of which 98 (98) percent comes from energy purchased for the Company’s properties – read more about the calculations on page 134.

Most of Catena’s properties receive electricity from renewable sources through a framework agreement with Vattenfall, which reduces total emissions.

The cold winter and hot summer in 2018 posed challenges for Catena’s tenants and meant that consumption levels were at a somewhat higher level than in previous years despite energy saving projects. However, the past year demonstrated the importance of implementing energy saving projects, as the consumption levels would otherwise have been significantly higher.

Catena mainly seeks to reduce emissions by enhancing energy efficiency but also by replacing oil-fired boilers with district heating or geothermal heating and by continuously evaluating opportunities to install solar panels adjacent to its properties. A solar energy group was established within Catena in 2018 and is to determine where investments should be made and how to collaborate with customers. During the year, Catena invested in geothermal energy at the Dikartorp 3:12 property.



Energy use

	2018	2017	2016
Total electricity, MWh	118,217	103,892	103,074
– Of which tenants’ electricity	71,594	51,079	57,167
Natural gas, MWh	6,798	6,014	953
Heating oil, MWh	110	55	6
District heating normal year adjusted, MWh	55,896	46,546	49,275
Total, MWh	181,020	156,507	153,308
Energy consumption per square metre, kWh/m ²	124	123	132

The table shows the energy Catena has purchased divided by the respective type of energy and energy consumption per square metre. The calculation of energy consumption has been revised and Catena now reports energy consumption for 1,650,231 square metres, corresponding to 92 percent of the total lettable area. There are no energy consumption data for the remaining 8 percent, since Catena does not have access to all tenants’ control data. To have comparable figures, Catena has also revised the figures for previous years. Standard values have been stated for tenants’ electricity consumption in 2017 and 2016.

GHG emissions by activity

	2018	2017	2016
Electricity, tonnes CO ₂ e	3,645	4,610	5,559
Natural gas, tonnes CO ₂ e	1,373	1,215	192
Heating oil, tonnes CO ₂ e	31	15	2
District heating, tonnes CO ₂ e	3,354	2,955	2,830
Business travel and commuting, tonnes CO ₂ e	152	153	130
Total, tonnes CO₂e	8,555	8,948	8,713
Greenhouse gas emissions per square metre, kg CO ₂ e/m ²	4.7	5.8	5.8

The table shows Catena’s total greenhouse gas emissions and emissions per square metre. 100 percent of fuel consumption involves fossil fuel.

CONVERSION FROM DISTRICT HEATING TO GEOTHERMAL HEATING

Catena's long-term efforts to make the Company's properties more energy efficient have led to a number of successful results over the years. In 2018, investments were made in the Solsten 1:102 property, where Oriola is a tenant. These involved converting from district heating to geothermal heating with the drilling of 26 energy wells, which reduced energy consumption by 980,000 kWh per year. This corresponds to an annual saving of approximately SEK 750,000. Catena also decided to use low-temperature underfloor heating systems at the three most-recent new construction projects. This entails 78 percent lower energy consumption than the current requirements of the Swedish National Board of Housing, Building and Planning and considerably lower environmental impact.

980,000 kWh/year
Energy savings

78% lower
energy consumption

SEK 750,000
Annual savings



Oriola's high-bay warehouse.
Solsten 1:102, Härryda.

**ENERGY SAVING
PROJECTS
2018**



The geothermal solution that was installed has allowed the property to now be disconnected completely from the district heating network. Investments have also been made in the installation of Tellus heating systems, which give considerably lower consumption than the average. In connection with each new construction project and major remodelling projects, discussions are held regarding what energy sources should be chosen.

Choice of materials for new builds and conversions

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

Waste

In most cases, Catena's tenants are responsible for their own waste management. For those tenants where Catena is responsible for waste management, the objective is for waste to be sorted into the fractions applicable for each municipality. Sorting should be performed in a manner that is easy and natural for the tenants. Hazardous waste generated by Catena's own operations is primarily handled by the property maintenance contractors. Catena requires that contractors have environmental management systems in accordance with ISO 14001, with their own procedures for waste management or that they apply Catena's procedures for the management of hazardous waste.

Purchases and supplier follow-up

Catena uses external suppliers and partners for, among other things, property management and large parts of the construction process for new construction and conversion, which entails that an important part of sustainability governance takes place in cooperation with suppliers and partners. The Company's employees are responsible for ascertaining whether the suppliers that are engaged are serious actors. No major changes took place in Catena's supply chain over the year.

Catena places high demands on both working conditions and environmental performance. All suppliers are initially checked so that any financial discrepancies are noted and partnerships are subsequently assessed on an ongoing basis. For major projects, the requirements are written into the general provision and, for smaller projects, requirements are documented on order forms signed by both parties. During the course of the projects, Catena works to be in place and ensure compliance with the requirements.

Business ethics guidelines

Catena's values and ethical guidelines are fundamental in the daily work of the Company's employees, partners and suppliers. Behaviour must always be pervaded by good business ethics and comply with current legislation and agreements. In Catena's supply chain, risks have been identified regarding the environment, social conditions, corruption and human rights in the implementation of construction projects. Catena works to have clear guidelines, procedures and follow-up to minimise the risk of violations. Risks are handled by setting requirements and following up on the contractors and suppliers the Company engages. Major contracts will require plans for quality, environment and work environment and adherence to, for example, ID-06. Catena primarily requires that suppliers have environmental management systems certified in accordance with ISO 14001. In connection with new construction, an environmental guide is applied that regulates the selection of materials, sustainable products and structural design. 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, objectives and training in a similar manner to ISO 14001.

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. All major purchases and agreements are controlled centrally and assessed to determine whether they are correct and reasonable. Employees who discover circumstances that feel contrary to the law and Catena's guidelines shall point this out to their immediate manager, the CEO or the Board.

Focus area:

Attractive employer

In order to understand the needs of customers and generate business, it is crucial that Catena can attract and retain skilled employees. The work is based on shared values.

Catena has a small but effective organisation comprised of individuals with substantial industry experience and strategic competence. Being an attractive employer is a strategic objective for Catena and part of its business plan. Creating a truly successful company, requires a team of employees working together to achieve set objectives. An important component of that work are shared values that all executives and employees respect and follow and can use as the starting point for all decisions big and small. As Catena grows, being a valuation-driven organisation is increasingly important and all employees were involved in formulating the shared values in 2018. They were launched in December and the work of building a valuation-driven organisation is continuing in 2019.

+63

Catena's eNPS result for 2018 shows that employees are satisfied and are very good ambassadors for the Company.

Satisfied employees

Its employees are Catena's most important resource and entirely crucial for the operations. One way of following up the employees' view of the Company's role as an employer and its ongoing sustainability work is by means of the annual employee survey. The latest employee survey was conducted in December 2018 and was answered by 93 percent of all employees. The results of the employee survey show that Catena's employees are very satisfied and are good ambassadors for the Company.

One way of measuring an organisation's attractiveness as an employer is by following up employee loyalty in terms of eNPS, Employee Net Promotor Score. The rating is a measure of how many of the employees are prepared to recommend the Company as a workplace on a scale of -100 to +100. A positive rating means that the organisation has more active ambassadors than critics. The eNPS score was 63, which is slightly higher than the previous year's 58, and a very high rating in both national and international comparisons.



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

Employee mobility, count

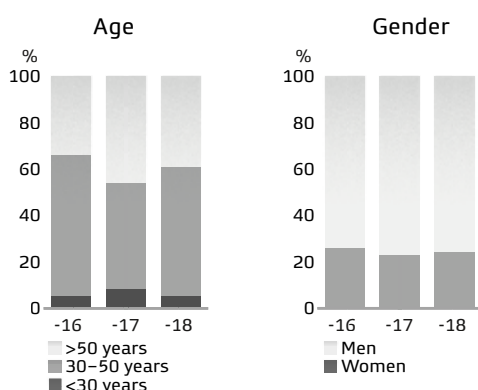
	2018		2017		2016	
	Number	Proportion women	Number	Proportion women	Number	Proportion women
New employees	6	17%	7	29%	15	20%
Share of total number of employees at year-end	15%		18%		39%	
Employees who left	4	0%	6	50%	3	67%
Share of total number of employees at year-end	10%		15%		8%	

Total labour force, count

	2018		2017		2016	
	Number	Proportion women	Number	Proportion women	Number	Proportion women
No. of employees	41	24%	39	23%	38	26%
Employees on permanent contracts	41	24%	37	22%	37	27%
– Of whom, full-time	41	24%	37	22%	37	27%
– Of whom, part-time	0	0%	0	0%	0	0%
Employees on temporary contracts	0	0%	2	50%	1	0%

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

Employee distribution 2018



The diagram shows the percentage of employees in various age categories. There were a total of 41 employees as at 31 December 2018.

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

Skills development

Continual skills development is crucial for Catena to continue to understand and be able to resolve the current and future challenges of its customers. Personal development plans are prepared in conjunction with the annual 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 2018, Catena continued to offer substantial opportunities for employees to develop themselves and their professional skills, and a number of employees have taken more extensive courses in property management and control. During the spring, all employees attended the LogistikTrender event that Catena organises each year. This day is primarily aimed at customers and other external stakeholders, but is, at the same time, also an opportunity for all employees to learn more about where the logistics industry is heading and also entails all employees sharing the same knowledge platform. Work is also in progress to improve internal communications at the Company, where the focus is on how to more easily share information between the offices and to thus exchange even more knowledge internally.

Work-related accidents and accident frequency

	2018	
	Number	Frequency
Work-related accidents	0	0
Number of serious work-related accidents	0	0
Number of work-related accidents resulting in deaths	0	0

Only Catena's own employees are included in the accident statistics and Catena had no contracted personnel during the year. The calculations are based on 79,831 working hours in total. Accident frequency is reported per 200,000 working hours.

Health and safety

Catena works to create a healthy and pleasant work environment for the Company's employees, encompassing work on risks associated with both the physical and psychosocial work environment. Important elements of this work are to create the conditions for balance between work and leisure and ensure that employees have the opportunity to manage their own time and influence

Summary Board and employees

	2018		2017		2016	
	Number	Proportion women	Number	Proportion women	Number	Proportion women
Board	7	43%	7	43%	6	33%
Under 30 years	0	0%	0	0%	0	0%
30–50 years	2	100%	2	100%	1	100%
Over 50 years	5	20%	5	20%	5	20%
Management	7	14%	7	14%	9	22%
Under 30 years	0	0%	0	0%	0	0%
30–50 years	3	33%	3	33%	6	33%
Over 50 years	4	0%	4	0%	3	0%
Other Employees	34	26%	32	25%	29	28%
Under 30 years	2	50%	3	33%	2	50%
30–50 years	20	30%	15	33%	17	29%
Over 50 years	12	17%	14	14%	10	20%

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

their work situation. Catena also has collective bargaining agreements for all employees and allows employees to decide which tools they need to facilitate their work. Issues related to work environment, health and safety are addressed regularly at personnel meetings, at smaller personnel meetings held in each location, as well as at cross-group meetings. More ongoing information is distributed via internal channels.

Management also works on an ongoing basis with following up and ensuring a healthy work situation for all employees. Regional managers and others with responsibility for personnel bear considerable responsibility in working with Catena’s employees to assure a safe working environment. Where work situations are not secure, discussions are held with the manager responsible, with the CEO or HR Manager and measures are determined in joint consultation.

Catena’s work environment policy provides the framework for systematic efforts regarding the work environment. The work environment policy is reviewed in consultation with all employees and training in the policy is provided for all employees, including in connection with recruitment. Efforts to update the work environment policy will continue in 2019. All employees must also undergo training in work environment issues. If needed, further training is arranged via the occupational health service or other suppliers, and Catena also offers opportunities for further education on these issues.

Equal opportunities for all

Upon new employment, promotions and continuous evaluation, Catena assesses expertise, experience and per-

Training hours

	2018	2017	2016
Average for all employees	8	21	10
Women	11	12	16
Men	6	23	7

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

sonal characteristics. We do not discriminate individuals, favourably or unfavourably, based on aspects unrelated to how well the individual performs his/her work. The Board of Directors consists of three women and four men. However, women are currently under-represented in the management team and Board. Catena is working actively to identify suitable female candidates in recruitment and promotion.

Attracting new talent

One of Catena’s strategic objectives is to attract new employees by participating in job fairs and offering internships and holiday jobs to young people. During the year, an LAW trainee (learning at work) worked with in finance and salary administration and two trainees from the property programme at Malmö University completed their two-year internships at Catena during the spring. In previous years, Catena has participated in labour market days, among other events, and the Company plans to continue with this in the future. These initiatives make the Company more visible to students in priority education areas and increase opportunities for attracting new talent.

Sustainability Notes

Catena’s Sustainability Notes contain supplementary data for the Company’s sustainability reporting, which has been prepared in accordance with the guidelines from the Global Reporting Initiative (GRI) The sustainability reporting for the 2018 calendar year follows the GRI Standards, level Core.

The sustainability reporting is defined by the GRI index primarily comprises the CEO’s comments, the Sustainability Report and Sustainability Notes. These Sustainability Notes have not been subject to external review.

The Sustainability Notes provide information on how the Company has chosen what the sustainability report

should focus on and how stakeholders’ priorities are met, as well as additional information on governance in priority areas. Catena also presents a GRI index and discloses certain supplementary tables and charts, as well as the sources of the data, assumptions and conversion factors used in the accounts.

Tågarp 16:17, Burlöv.

In Burlöv, just outside Malmö, grocery delivery company Mathem has a fully-adapted, approximately 8,000 square-metre central warehouse that serves the Malmö region. The property of a total of 52,500 square metres also accommodates other food distributors.



GRI index

The following table lists references to the GRI disclosures and indicators reported by Catena within the Company's reporting of its sustainability work. GRI Standard 403 is reported for the 2018 version, the remaining modules refer to the 2016 version.

GENERAL STANDARD DISCLOSURES		
GRI Standards	Description	Page reference/Comments
ORGANISATION PROFILE		
102-1	Name of the organisation	62
102-2	Key brands, products and services	2
102-3	The organisation's headquarters	62
102-4	Countries with operations	69
102-5	Ownership structure and corporate format	38-39
102-6	Markets	2, 26-27
102-7	Size of the organisation	4, 36-37, 129
102-8	Labour force	129
102-9	Supply chain	127
102-10	Significant changes in the organisation and its supply chain	4, 127
102-11	Application of the precautionary principle	124
102-12	External initiatives	124, 127
102-13	Membership	124
STRATEGY AND ANALYSIS		
102-14	Statement by senior decision maker	120
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and codes of conduct	25, 127
GOVERNANCE		
102-18	Governance structure	105-117
STAKEHOLDER COMMITMENT		
102-40	Stakeholder groups	133
102-41	Proportion of labour force covered by collective agreements	129
102-42	Identification and selection of stakeholder groups	133
102-43	Approach to communication with stakeholders	133
102-44	Issues raised by stakeholders and the handling of these	133
REPORTING PROFILE		
102-45	Entities included in the report	134
102-46	Process for defining the contents of the report	133-134
102-47	Identified material areas	133-134
102-48	Revised information	134
102-49	Significant changes	134
102-50	Reporting period	131
102-51	Date of latest report	March 2018
102-52	Reporting cycle	Annually
102-53	Contact details for questions regarding the report and its contents	120
102-54	Statement that the report complies with the GRI Standards	131
102-55	GRI index	132
102-56	External assurance	131

SUBJECT-SPECIFIC DISCLOSURES		
GRI Standards	Description	Page reference/Comments
GRI 201: ECONOMIC PERFORMANCE		
103-1, 103-2, 103-3	Governance	14-15, 42, 122
201-1	Generated and distributed financial value	122
GRI 203: INDIRECT FINANCIAL IMPACT		
103-1, 103-2, 103-3	Governance	12-15, 122
203-2	Significant indirect financial impact	12-13, 122
GRI 205: ANTI-CORRUPTION		
103-1, 103-2, 103-3	Governance	127
205-3	Number of corruption cases	No cases
GRI 302: ENERGY		
103-1, 103-2, 103-3	Governance	124-127
302-1	The organisation's energy consumption	125, 134
CRE1	Energy intensity in buildings	124, 134
GRI 305: EMISSIONS		
103-1, 103-2, 103-3	Governance	124-127
305-1	Direct GHG emissions (Scope 1)	134-135
305-2	Indirect GHG emissions (Scope 2)	134-135
305-3	Other indirect GHG emissions (Scope 3)	134-135
GRI 401: EMPLOYMENT AND WORKING CONDITIONS		
103-1, 103-2, 103-3	Governance	128-130
401-1	Personnel turnover	129, age distribution not reported due to the low number of individuals
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
103-1, 103-2, 103-3	Governance	128-130
403-1 - 403-7	Governance	128-130, 135
403-9	Work-related injuries	129
GRI 404: TRAINING AND EDUCATION		
103-1, 103-2, 103-3	Governance	128-130
404-1	Training for employees	130
404-3	Development interviews	129
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES		
103-1, 103-2, 103-3	Governance	128-130
405-1	Composition of the Company	130
GRI 406: NON-DISCRIMINATION		
103-1, 103-2, 103-3	Governance	128-130
406-1	Number of cases of discrimination	No cases
CRE: PRODUCT LIABILITY		
103-1, 103-2, 103-3	Governance	124
CRE8	Sustainability certifications for new construction, remodelling and extensions	135

Stakeholders and materiality

Catena's operations aim to generate returns for the shareholders, and to succeed, Catena needs to meet the needs of the customers. Catena succeeds well when there are employees, partners and suppliers who can identify the customers' wishes and ensure that they are put into

practice. New construction can be affected by political decisions and the approval of local residents. The table below presents the most important stakeholders, the most important possibilities for dialogue and the stakeholder groups' most important issues.

STAKEHOLDER GROUP	OPPORTUNITIES FOR DIALOGUE	KEY ISSUES
Shareholders, analysts and investors	<ul style="list-style-type: none"> • Annual General Meeting • Regular meetings, including in connection with interim reports • Ongoing phone contacts • Meetings with shareholders and analysts • Capital Markets Day in Båstad • LogistikTrender – an annual day for the industry's stakeholders, at which a current theme is discussed and penetrated in detail • Website 	<ul style="list-style-type: none"> • Business model, objectives and strategy • Funding • Growth • Profit • Sustainability and Corporate Governance • Publication of information • Share liquidity
Employees	<ul style="list-style-type: none"> • Regular contacts • At least one annual performance interview and salary review • Annual personnel conference to educate and motivate 	<ul style="list-style-type: none"> • Opportunities for training and skills development • Clear career paths • Salary and benefits • Balance between work and leisure • Diversity and equality
Society	<ul style="list-style-type: none"> • Regular contacts with public sector decision makers to improve logistics locally, regionally and nationally • LogistikTrender – an annual day for the industry's stakeholders, at which a current theme is discussed and penetrated in detail • The management organisation's regular contact with tenants, businesses and local officials • Website • Collaboration with, and sponsorship of local sports and community associations 	<ul style="list-style-type: none"> • Goods supply and smooth logistics • Trends • Traffic intensity • Low environmental impact • Cost-efficient solutions • Long-term view
Suppliers	<ul style="list-style-type: none"> • LogistikTrender – an annual day for the industry's stakeholders, at which a current theme is discussed and penetrated in detail • Regular personal meetings with suppliers • Website 	<ul style="list-style-type: none"> • Stable partner
Customers	<ul style="list-style-type: none"> • LogistikTrender – an annual day for the industry's stakeholders, at which a current theme is discussed and penetrated in detail • Reinforced active management organisation that maintains regular contact with tenants • Website 	<ul style="list-style-type: none"> • Stable and flexible landlord • Accessibility • Cost-efficient premises • Environmental efficiency • Access to multiple modes of transport

Catena's most important stakeholders are shareholders, analysts, investors, employees, society, suppliers and customers. Based on an ongoing dialogue with stakeholders and an in-depth stakeholder dialogue conducted in 2014, nine areas have been identified as material in the Company's sustainability efforts. The table below lists these nine areas and the corresponding sustainability disclosures in the GRI Standards.

CATENA'S SUSTAINABILITY ASPECTS	GRI STANDARDS
Work with energy efficiency and renewable energy	Energy, Emissions
Offer training and skills development for employees	Terms of employment and working conditions, Health and safety, Training
Preventing bribery and corruption	Anti-corruption
Generate financial returns	Economic performance
Establish the conditions for logistics flows with a minimal environmental impact	Indirect financial impact
Disseminating knowledge about sustainable logistics	Indirect financial impact
Aim for a low environmental impact in new builds and conversions	Environmental impact from products and services, Labelling of products and services
Striving for diversity in the organisation	Diversity and equal opportunities, Non-discrimination and jobs
Imposing demands on suppliers with regard to health, safety and the environment	Assessment of suppliers' environmental impact

Limitations

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. Catena strives for comparability in historical data.

Some of Catena's sustainability aspects may also have an impact outside the Company's legal framework, such as at customers and suppliers. In these cases, this impact and the limitations on Catena's responsibility are described in an ongoing manner in connection with the reporting of governance and indicators.

Background data and complementary indicators

In this section, Catena presents the methods, assumptions and conversion factors used to prepare the Company's key performance indicators and GRI indicators. Supplemental information is also presented.

Supplier evaluation

The Company is evaluating appropriate indicators to measure and follow up suppliers' performance in a relevant and cost-effective manner. Catena currently measures none of the GRI indicators for the disclosure of supplier evaluation of the environmental impact, despite this having been identified as material.

Energy consumption & greenhouse gas emissions

Catena has this year changed its method for calculating energy use and now reports energy consumption for 92 percent of the total lettable area – the remaining 8 percent is not included in the figures because Catena lacks access to tenants' control values. The change in calculation method means that properties where tenants are responsible for purchasing energy are also now included in

the calculations. Energy use for 2017 and 2016 has been revised so that the figures are comparable.

To facilitate understanding, Catena presents all energy consumption in MWh or kWh. To convert energy consumption from MWh to GJ, use the conversion factor 3.6.

Catena measures and monitors greenhouse gas emissions annually in accordance with the Greenhouse Gas Protocol (GHG Protocol). Information on usage and conversion factors is retrieved from the following sources:

- Own combustion; energy statistics are retrieved from proprietary systems, conversion factors are retrieved from GHG Protocol.
- Travel with the Company's own vehicles; consumption statistics from mileage indicators and distance-based compensation, conversion factors from the Network for Transport Measures and Environment (NTM) and Statistics Sweden.
- Purchased energy; energy statistics from proprietary systems, conversion factors from the relevant energy suppliers, in some cases with one year's delay due to lack of access to current statistics.
- Business travel; usage statistics are retrieved from distance-based compensation, recorded costs and travel agency. Conversion factors for car journeys are obtained from the Swedish Transport Administration and NTM, for taxi trips from Taxi Stockholm, for train journeys from SJ and for air travel from GHG Protocol.
- Employee commuting; usage statistics are based on completed employee surveys for each year, conversion factors for different modes of transport are obtained from the Swedish Transport Administration and NTM.

The conversion factors are reviewed and updated once a year in connection with the preparation of the Sustainability Report. As far as possible, Catena uses conversion factors that include all relevant greenhouse gases, that is, CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. The Company does not perform its own conversions from other green-

Greenhouse gas emissions by scope (tonnes of CO₂e)

	2018	2017	2016
Scope 1 (Use of oil, natural gas and fuel in commercial vehicles)	1,458	1,292	248
Scope 2 (Electricity and district heating not metered individually for each tenant)	805	1,272	1,627
Scope 3 (Oil, natural gas, electricity and district heating as metered individually for each tenant, as well as business travel and employee commuting)	6,292	6,385	6,837
Total	8,555	8,948	8,713

The table shows Catena’s GHG emissions allocated according to the relevant scope. Catena’s carbon dioxide emissions for electricity use (Scope 2) in geographical valuation (location based): 544 tonnes CO₂e.

Environmentally certified properties (square metres)

	2018	2017	2016
EU GreenBuilding	126,675	126,675	43,209
Total certified area	126,675	126,675	43,209
Share of total lettable area	7%	8%	3%

The table shows environmentally certified area as well as the proportion of environmentally certified area of the total lettable area.

house gases to CO₂e and therefore has no overall value for Global Warming Potential (GWP). The combustion of renewable fuels, just like fossil fuels, causes greenhouse gas emissions, but as these emissions are part of a cycle, Catena does not report these emissions under the Company’s greenhouse gas emissions. The conversion factors relating to the use of renewable fuels consist of the part of the fuel that is fossil, for example, the approximately 15 percent of E85 fuel that consists of petroleum.

Governance, health and safety

Catena’s management system for health and safety applies to all employees and is based on identified risks and overarching legal requirements. Health and safety issues are dealt with on an ongoing basis at management meetings, personnel conferences and through contact with the occupational health service. Although the management team is responsible for the annual follow-up of work environment matters, all employees are able to submit cases or, if they so wish, to participate in management meetings when specific agenda items are addressed. Information regarding Catena’s policies and manuals is available to all employees via Catena’s internal IT platform.

The work environment policy contains instructions and forms for the reporting of incidents and accidents and for how these are to be investigated. From time to time, an appointed group shall ensure that no employees are subject to reprisals. Incidents are followed up by the management team and a health and safety officer if one has been

appointed. The position of health and safety officer is currently vacant and all incidents must therefore be reported to the CEO.

An annual review of the work environment is conducted in the form of safety rounds at each department and regional office. Catena also conducts an annual risk assessment, with action plans and follow-up of the systematic work environment efforts being prepared. Based on the annual checks, assessments are made regarding what needs to be changed in the work environment.

Occupational health

Catena has signed an agreement on occupational health-care for all locations where Catena’s employees are posted. Health checks and specific interviews on preventive measures are conducted with all employees every two years. Employees may also contact the occupational health service directly when the need arises. This should first be approved by the manager responsible or HR.

Catena offers all employees an annual wellness subsidy. Involvement in various events is encouraged as employees can participate in various health runs and other events together. All employees also have the opportunity to take out private health insurance, a benefit that is voluntary for the employee and taxable.

Helsingborg, March 2019
Board of Directors

Auditor’s opinion regarding the statutory Sustainability Report

To the Annual General Meeting of Catena AB (publ), Corporate Registration Number: 556294-1715

Assignments and responsibilities

The Board of Directors is responsible for the Sustainability Report for 2018 on pages 120-135 and for it being prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 *The auditor’s opinion regarding the statutory Sustainability Report*. This means that our examination of the statutory Sustainability Report is

different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinions

A statutory Sustainability Report has been prepared.

Malmö, 20 March 2019
PricewaterhouseCoopers AB

Mats Åkerlund
Authorised Public Accountant

Multi-year overview

Alternative performance measures

In the report, the Company presents certain financial measures beyond those defined in accordance with IFRS. The Company believes that these measures provide valuable additional information to investors and man-

agement as they enable assessment of the Company's performance. Since not all companies calculate financial measurements in the same way, these are not always comparable to measurements used by other companies.

► Calculation of alternative performance measures can be found in Note 26 Alternative performance measures.

Key financial figures for the Group

	2018	2017	2016	2015	2014
Key performance indicators according to IFRS					
Rental income, SEK M	1,090.7	892.0	786.6	464.2	431.3
Net operating surplus, SEK M	827.6	671.2	578.1	351.3	325.7
Profit from property management, SEK M	571.3	440.1	316.0	259.3	204.9
Pre-tax profit, SEK M	940.1	758.6	386.6	590.3	440.3
Profit for the year, SEK M	823.4	634.7	338.4	571.5	344.2
Earnings per share, SEK ¹⁾	21.93	16.08	10.20	22.11	13.38
Cash flow before change in working capital, SEK M	550.8	418.7	294.3	241.5	204.8
Fair value of the properties, SEK M	14,721.1	13,131.1	10,786.4	5,340.3	5,750.9
Total assets, SEK M	15,984.9	14,246.6	12,344.9	6,947.9	6,136.0
Number of shares outstanding, millions	37.7	37.4	35.7	25.6	25.6
Average number of shares outstanding, millions	37.5	35.8	33.2	25.9	25.8
Alternative performance measures					
Property-related					
Surplus ratio, %	75.9	75.2	73.5	75.7	75.5
Loan-to-value ratio, %	57.9	57.6	59.9	70.3	60.1
Financial					
Return on equity, %	16.6	14.9	10.6	25.6	19.0
Return on total assets, %	7.6	7.1	6.9	10.5	12.3
Interest-coverage ratio, multiple	3.4	3.5	2.3	4.8	3.1
Average interest rate, %	2.7	3.2	3.6	2.6	2.8
Fixed interest maturity, years	3.0	4.1	3.5	3.1	3.5
Interest-bearing liabilities, SEK M	8,516.8	7,568.2	6,457.2	3,754.1	3,457.6
Capital tied-up, years	1.4	1.9	1.5	2.5	2.9
Debt/equity ratio, multiple	1.6	1.6	1.7	1.5	1.7
Equity ratio, %	33.2	32.3	31.6	35.7	32.4
Equity ratio, excluding goodwill, %	34.3	33.4	33.3	35.7	32.4
Share-related					
Dividend yield, %	2.6	2.9	2.7	2.6	2.8
Total return on the share, %	44.7	23.7	14.3	12.3	7.8
Equity per share, SEK	140.82	122.86	109.13	96.46	77.22
Profit from property management per share, SEK ¹⁾	15.21	12.30	9.53	10.03	7.95
P/E ratio	10	10	13	5	8
Cash flow before change in working capital per share, SEK ¹⁾	14.67	11.70	8.87	9.43	10.24
Long-term net asset value per share, EPRA NAV	169.53	149.85	135.80	115.00	96.60
Other key performance indicators					
Property-related					
No. of properties	107	109	94	55	47
Lettable area, thousand square metres	1,792.5	1,661.6	1,490.9	816.8	753.1
Rental value, SEK M	1,216.1	1,109.9	925.7	511.5	480.1
Economic letting ratio, %	95.9	94.7	93.0	95.5	95.8
Share-related					
Share price, SEK	220.50	155.50	128.50	115.75	105.75
Market capitalisation, SEK M	8,313	5,818	4,592	2,968	2,712
Highest price paid during the year, SEK	224.50	158.50	145.00	141.00	115.00
Lowest price paid during the year, SEK	148.00	128.50	109.25	103.00	94.00
Dividend per share, SEK	5.75 ²⁾	4.50	3.50	3.00	3.00
Other					
No. of employees	38	38	33	22	20

1) Prior to and after dilution.

2) Board proposal.

Definitions

Rental income according to Statement of Comprehensive Income.
Income from property less operating and maintenance costs, property tax, ground rents and property administration costs.
Pre-tax profit with reversal of changes in value.
Profit before tax in accordance with Statement of Comprehensive Income.
Profit for the year in accordance with Statement of Comprehensive Income.
Profit for the year attributable to the Parent Company's shareholders in relation to the average number of shares outstanding.
Cash flow for the year before change in working capital according to the cash-flow statement.

Number of shares on the balance sheet date.
Weighted average number of shares.

Net operating surplus as a percentage of income from property.
Interest-bearing liabilities attributable to the properties as a percentage of the carrying amounts of the properties at the end of the year.

Net profit for the year as a percentage of average equity.
Pre-tax profit plus financial expenses as a percentage of average total assets.
Pre-tax profit before reversal of financial expenses and unrealised changes in value in relation to financial expenses.
Average interest on the loan portfolio with derivatives being taken into account.
Average remaining period of fixed interest on the loan portfolio with derivatives being taken into account.

The average remaining period of fixed interest in the loan portfolio.
Interest-bearing liabilities divided by equity at year-end.
Equity including non-controlling interests as a percentage of total assets.
Equity including non-controlling interests as a percentage of total assets less goodwill.

Proposed dividend in relation to the share price at year-end.
The change in share price change over the year plus dividends paid in relation to the share price at the beginning of the year.
Equity attributable to Parent Company shareholders in relation to the number of shares outstanding at year-end.
Profit from property management in relation to the number of shares outstanding at year-end.
Share price at year-end in relation to earnings per share for the year.

Equity with reversal of the fair value of interest rate derivatives and deferred taxes in the balance sheet and goodwill associated with the deferred tax, calculated per share.

Total area available for letting.
Contractual rents (including property tax, electricity and heating) 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.

Average number of employees.

Catena through the year

Catena strives to provide an accurate portrayal of the Company, with continuous, immediate, simultaneous, correct and reliable information to existing and potential shareholders and other stakeholders. The publication of information is characterised by openness, simultaneity and uniformity in accordance with current legislation, Nasdaq's regulations, the Swedish Code of Corporate Governance and the Company's IR policy.

Annual General Meeting

We warmly invite Catena's shareholders to the Annual General Meeting, which will be held on 25 April 2019 at 4:00 p.m. at the World Trade Center, Klarabergsviadukten 70 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 2019:

25 April 2019	Interim Report, January – March 2019.
25 April 2019	2019 Annual General Meeting.
8 July 2019	Interim Report, January – June 2019.
25 October 2019	Interim Report, January – September 2019.
20 February 2020	Year-end Report 2019.
30 March 2020	Publication of 2019 Annual Report.
29 April 2020	Interim Report, January – March 2020.
29 April 2020	2020 Annual General Meeting.

Interim and Annual Reports are sent by post to those who request this.

Capital market information

In conjunction with the publication of interim reports, the interim financial statements are presented to investors at meetings arranged by the banks. In addition, the Company plans in its own individual meetings with investors and banks. Presentations traditionally include that of the interim report for the second quarter at the Company's Capital Markets Day in Båstad. The contents of each presentation are posted on the Company's website immediately following the presentation. Catena also participates in shareholder meetings arranged by the Swedish Shareholders' Association.

Follow Catena on the website

At Catena's website www.catenafastigheter.se, you can find Current information about Catena's operations and financial information, including press releases and financial reports, as well as presentations. The Company's stakeholders can also download Catena's financial publications from the website. This information can also be ordered directly from Catena by telephone or by post.



LogistikTrender

Catena analyses current logistics trends, advancing these in various ways. Including by organising the Logistics Trends seminar, at which various aspects of logistics are discussed.

The 2019 seminar will be held in Helsingborg on 9 May.

Logistik **trender**



Selection of press releases from 2018

3 Dec 2018	Catena appoints new Regional Manager for Malmö
5 Nov 2018	Catena invests SEK 101 million in new high-bay warehouse in Helsingborg
31 Oct 2018	Catena acquires a logistics property in Umeå for SEK 174 million
25 Oct 2018	Catena signs agreement to acquire logistics land for further development of E-City Engelholm
14 Sep 2018	Catena signs agreement to acquire logistics site at Stockholm South
24 Aug 2018	Active Catena fine-tunes its property portfolio
31 Jul 2018	Catena announces an increase in the number of shares and votes
2 Jul 2018	Catena divests remaining part of property in Huddinge
2 Jul 2018	Catena acquires a logistics property in Morgongåva for SEK 280 million and issues new shares
26 Jun 2018	Catena leases to Solid Försäkring AB – business in southern Helsingborg is buzzing with activity
8 May 2018	Catena invests SEK 107 million in Jönköping and signs lease with Procurator
7 May 2018	Catena issues commercial papers within its newly established commercial paper programme
27 Apr 2018	Catena invests an additional SEK 358 million at Sunnanå Logistics Position
20 Apr 2018	Catena continues to grow and recruits financial controller and communications manager
16 Apr 2018	Catena establishes a commercial paper programme with a framework of SEK 2,000 million
1 Mar 2018	Catena invests in and develops logistics and food cluster in Bjuv
28 Feb 2018	Catena acquires property in Linköping for SEK 68.1 million
28 Feb 2018	Catena invests SEK 115 million in Malmö and signs lease with Chef's Culinar

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 logistics

Movements of products/goods from a hub to the final destination, often to the consumer.

Logistics warehouses

These are defined as properties with inventories of finished goods and importers' stocks of goods awaiting sale.

Logistics location

Generally recognised locations considered well suited for logistics in view of, for example, freight flows, infrastructure, proximity to consumer markets and skills.

Logistics Position

Particularly prominent hub in Catena's property network.

Distribution centres

A property with goods that are stored for a shorter period to then be transported onward.

City logistics

A distribution centre that is optimised for rapid and short-distance transports, of fast moving goods such as perishable goods.

Omni warehouse

Facility including multiple logistics features.

E-commerce

E-commerce is defined as when a company or consumer buys or sells a product, normally over the Internet or other computer networks.

An English version will be available at www.catenafastigheter.se from 29 March 2019.

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 Helsingborg, 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 from 29 March 2019. Printed copies are distributed to shareholders and other stakeholders on demand. The Administration Report comprises pages 20–50. The financial reports comprise the pages 55–101 and were prepared in accordance with IFRS. All amounts are stated in SEK million unless otherwise specified. The figures in parenthesis pertain to 2017 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 137.

Index

Diagrams and tables, excluding notes	Page
Dividend yield	7, 39
Loan-to-value ratio – properties	36
Property portfolio by region	20, 24
Share price/equity	39
Data per share	39
Retail trend, current prices	15
Direct return	23, 39
Net operating surplus	21
Equity and return	5
E-commerce's share of growth in sales of durable goods	15
E-commerce sales	15
Economic letting ratio	23, 50
eNPS	6, 128
Property sales	50
Development of property portfolio	20, 22
Development of property portfolio	124
Property acquisition	50
Property value/growth	6
Multi-year overview	136
Freehold properties	112
Distribution of greenhouse gas emissions	124
Profit from property management and cash flow before changes in working capital	4, 21, 39
Average rent levels	16
Average contract period	6, 20
Average capital tied-up	7, 36
Average interest rate	6
Household consumption expenditure	15
Rental income, regions	27
Rental income and surplus ratio	4, 21
New tenancies/vacancies	4, 21
Purchased energy	124
Investments and disposals	49
Capital tied-up	7, 36
Capital structure	36
Cash funds available	114
Bad debt losses	113
Client categories	21
Share price trend	7, 38, 39
Sensitivity analysis	115
Distribution of employees	129
Environmentally certified properties	135
Key performance indicators – regions	27
Personnel data	129, 130
Project development	49
Profit before tax/share	5
Interest coverage ratio	7, 36
Created and distributed economic value	122
Equity/assets ratio	4, 5, 7, 36
Major projects completed	50
Major ongoing projects	50
Net asset value, EPRA NAV and total return	39
Training hours	130
Dividend and total return on the share	7
Dividend and payout ratio	39
Letting ratio	50
Fair value, regions	24
Appropriation of earnings	33
Valuation model	23
Greenhouse gas emissions	124, 135
Greenhouse gas emissions per activity	125
Ownership relations and structure	106
Surplus ratio	4, 6, 23



CATENA

Catena is a listed property company that, through collaboration, sustainably develops, owns and manages efficient logistics facilities. Its strategically located properties supply the Scandinavian metropolitan areas and are adapted for both current and future goods flows. The overall objective is to generate strong cash flow, enabling stable development and providing shareholders a favourable total return in the long term. Catena's shares are traded on NASDAQ Stockholm, Mid Cap.

Head office

Catena AB (publ)
Box 5003
SE-250 05 Helsingborg,
Sweden
Switchboard:
+46 (0)42 449 22 00

Visiting address:

Landskronavägen 23
SE-252 32 Helsingborg,
Sweden

Regional offices

Stockholm
Östra Längdgatan 1
SE-611 35 Nyköping,
Sweden
Switchboard:
+46 (0)42 449 22 00

Göteborg/Jönköping
Fibervägen 2
435 33 Mölnlycke
Switchboard:
+46 (0)42 449 22 00

Helsingborg
Landskronavägen 23
SE-252 32 Helsing-
borg, Sweden
Switchboard:
+46 (0)42 449 22 00

Malmö
Lagervägen 4
SE-232 37 Arlöv,
Sweden
Switchboard:
+46 (0)42 449 22 00

www.rh.se



Miljömärkt tryck
3011 0199