

**CATENA**  
**2015**  
Annual Report

**Goods flows that  
generate cash flows**



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▶ Audited section.

## **Notification of General Meeting**

### *Notification of General Meeting*

#### **Time and location:**

The Annual General Meeting (AGM) of Catena AB (publ) will be held on Wednesday, 27 April, at 16:00 p.m. at the IVA Conference Centre, Grev Turegatan 16 in Stockholm, Sweden.

### *Entitlement to participate*

To be entitled to participate at the AGM, shareholders must be registered in the share register maintained by Euroclear Sweden AB not later than 21 April. Shareholders who have registered their shares with a trustee must have temporarily re-registered the shares under their own name not later than the above date. Any such registration should be requested in good time ahead of the AGM at the party holding the shares in trust.

### *Registration*

Notification of participation in the AGM must be made not later than 21 April at 14:00 p.m. by e-mail to [ulrika.holmer@catenafastigheter.se](mailto:ulrika.holmer@catenafastigheter.se). Notification can also be provided by telephone on +46 (0)730 70 22 46 or by letter to Catena AB (publ), General Meeting, Box 5003, SE-250 05 Helsingborg, Sweden. In the notification, shareholders should provide their name, personal identity number/corporate registration number, address, telephone number, any assistants and the number of shares. Any proxies should be made in writing and submitted not later than at the AGM. Proxy forms are available at [www.catenafastigheter.se](http://www.catenafastigheter.se) and at the head office in Helsingborg. These will also be sent to shareholders on request. It is advantageous for any participant planning to attend with the support of a proxy, certificate of incorporation or other certificates of authorisation to submit such documentation in good time ahead of the AGM to Catena AB.



The picture above and on the cover shows Catena's new façade concept, which was developed during the year.

# Goods flows that generate cash flows

Catena has a clear business model with a streamlined offering based on strategically located and attractive logistics properties that generate stable cash flows. The company's vision is to link Scandinavia's cargo flows by developing logistics facilities that are efficient in terms of cost and the environment and that are able to supply growing Scandinavian metropolitan regions with goods.

## Sustainably and through partnerships, Catena develops efficient logistics facilities that serve the metropolitan regions of Scandinavia.

In Sweden, with its substantial distances, transport efficiency is an important factor in companies' profitability.

Catena offers leasing of facilities that are efficient in terms of cost and the environment to logistics, trading and manufacturing companies. The properties are strategically located along major transport routes or adjacent to population centres. They are specially adapted to their primary task: transshipment, storage or distribution. At the same time, they meet stricter new requirements to reduce environmental impact imposed by the climate challenge.

► Read more about the offering on pages 20-21.

## An attractive project portfolio of logistics locations with potential for development.

By means of extensive studies and analyses, Catena has a good picture of Scandinavia's cargo flows. That knowledge provides the basis for Catena's investments in both existing premises and future projects. It is a prerequisite for successful property management while generating increased property values.

Catena's extensive project portfolio, with its own land, options and development rights, includes two large partly owned objects in Malmö and Helsingborg, each with a developable area of 270,000 square metres. The portfolio also includes other development projects in attractive locations, including Stockholm,

Katrineholm, Örebro, Norrköping, Jönköping, Nässjö, Borås, Gothenburg and Ängelholm. This gives Catena favourable opportunities to grow.

► Read more about the projects on pages 22-23.

# 55

logistics properties

# 817,000

sq. m. logistics space

# SEK 512,000

thousand rental value

# SEK 5,340,000

thousand value of the logistics properties



**A leading market position.**

Since the inception of the modern Catena, the company has been a leader in logistics properties. Following the acquisition of Tribona that has been initiated, Catena will be the largest real estate company in logistics in Sweden with more than 90 properties and a combined property area of more than 1,500,000 square metres. This will provide Catena with cost and revenue synergies and will broaden Catena's customer portfolio. Among other things, this strengthens the company's position in food which is a prioritised sector.

➤ Read more about the acquisition of Tribona on pages 24-25.



**Improvements in profitability, demonstrating that Catena's business model works well.**

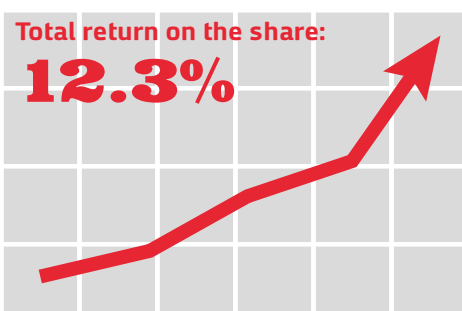
In recent years, Catena has been able to report continuously improved profit from property management, which consists of the company's cash flow from operations. This corresponds to about half of Catena's rental revenue.

➤ Read more about the financial results on pages 45-48 and 66-71.

**A clear and realisable growth vision with well-defined and implemented strategies.**

To expand its property portfolio and generate continued favourable cash flow, making it possible both to develop activities and generate returns to shareholders, Catena applies four well-defined strategies for clients and markets, property development, sustainability, and finance.

➤ Read more about the strategies work on pages 16-17.



**The trend for Catena's share is stable.**

The total return on the share, that is, share price performance plus dividends, amounted to 12.3 percent.

➤ Read more about the share on pages 62-63.

# Catena continued to grow

Efficient and expanding property management generated favourable cash flow over the year. The divestment of the "Haga Norra" project properties streamlined the operations and further strengthened Catena's financial position. This allowed the acquisition of a number of attractive logistics properties and the bid for Tribona, which was completed in January 2016. Moving forward, this also permits continued expansion, particularly through project development.

Key data	Change,		
	2015	2014	%
Fair value of the properties, SEK m	5,340.3	5,750.9	-7.1
Loan-to-value ratio, %	70.3	60.1	17.0
Lettable area, thousand sq.m.	816.8	753.1	8.5
Letting ratio, %	95.5	95.8	-0.3
Rental income, SEK m	464.2	431.3	7.6
Net operating surplus, SEK m	351.3	325.7	7.9
Surplus ratio, %	75.7	75.5	0.3
Profit from property management, SEK m	259.3	204.9	26.6
Cash flow from operational activities, SEK m	241.5	204.8	17.9
Pre-tax profit, SEK m	590.3	440.3	34.1
Interest-coverage ratio, %	4.8	3.1	54.8
Return on equity, %	25.6	19.0	34.7
Return on equity, %	10.5	12.3	-14.6
Equity/assets ratio, %	35.7	32.4	10.2
Profit from property management per share, SEK	10.11	8.02	26.1
Earning per share, SEK	22.29	13.49	65.2
Dividend per share, SEK	3.00 <sup>1)</sup>	3.00	0.0
Net asset value per share, EPRA NAV, SEK	115.00	96.60	19.1
Share performance over the year, %	9.5	5.8	63.8

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

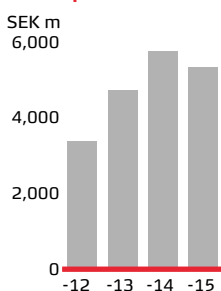
➤ See also the multi-year overview on page 114.

In the Annual Report's consolidated financial tables and diagrams, Catena reports financial data for a maximum of four years, that is, from Catena AB's acquisition of Brinova Logistik on 30 September 2013, plus the comparison year 2012.

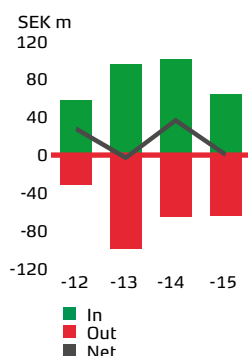
## The year in brief

- Rental income increased primarily due to the acquired properties, completed projects and an increase in net leasing of 7.6 percent to SEK 464.2 million.
- The fair value of the properties decreased, despite several new acquisitions, by 7.1 percent to SEK 5,340.3 million as a result of the divestments that were made.
- The operating surplus increased as a result of increased leasing and efficiency enhancements of 7.9 percent to SEK 351.3 million.
- Profit from property management, which basically represents the operating cash flow, increased by 26.6 percent to SEK 259.3 million as a consequence of the improved operating surplus and relatively lower financial expenses.
- Cash flow before changes in working capital increased by 17.9 percent to SEK 241.5 million (204.8), primarily as a result of the improved profit from property management.
- Profit after tax for the year rose by 66.0 percent to SEK 571.5 million (344.2). Changes in the value of properties are included in the amount of SEK 300.5 million (386.0) and in the value of derivatives by SEK 30.5 million (negative 150.6).
- Earnings per share before dilution rose by 65 percent to SEK 22.29 (13.49).
- The Board of Directors proposes a total dividend of SEK 99.7 million (76.9), equivalent to 98.6 percent of the dividend policy, 50 percent of profit from property management excluding standard tax, meaning SEK 3.00 per share (3.00) following the rights issue.

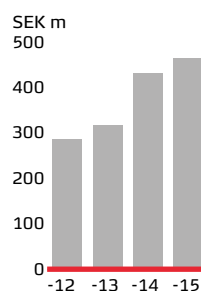
### Property portfolio development



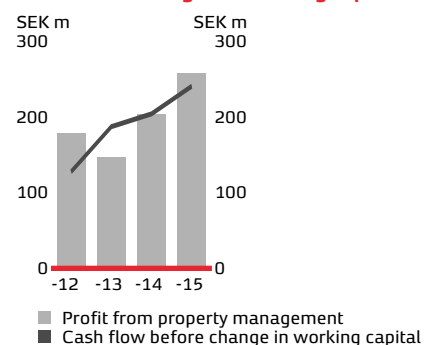
### New tenancies/vacancies



### Rental income



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



**Significant events during the year of operations**

Catena’s project properties at “Haga Norra” in Solna, outside Stockholm, were divested, with Catena relinquishing possession on 23 June. The sale generated a pre-tax gain in 2015 for Catena of about SEK 100 million after transaction costs. On the whole, the divestment strengthens the balance sheet and provides a liquidity contribution over time of nearly SEK 1 billion, providing a good foundation for Catena’s continued expansion in logistics properties.

During the year, Catena divested two other completed properties that are not strategically prioritised, with a total area of 1,450 square metres. The total property value amounted to SEK 7.5 million.



The divestment of “Haga Norra” in Solna strengthens Catena’s financial capacity.

To strengthen its positions and expand its customer base, Catena acquired 11 properties with a total area of some 106,000 square metres. The total property value amounted to SEK 571.7 million.



Vindtunneln 2 in Borås – one of the year’s acquisitions.

Catena AB, acquired all of Klöver AB’s shares in Tribona AB. At the same time, the company issued a public takeover bid to the other shareholders in Tribona to acquire all remaining shares outstanding in Tribona.

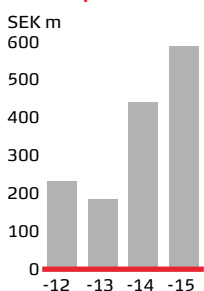
Following the subscription period, Catena’s holding in Tribona amounted to 94.5 percent of the shares. Through the acquisition of Tribona, Catena becomes not only the leader in its segment but also the largest player. Additionally, Catena strengthens its positions in the prioritised food sector, for example.



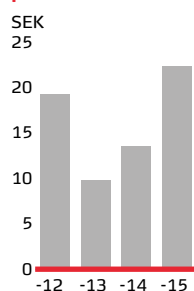
ICA – one of Tribona’s customers.

► Read more about Catena’s important events on pages 56-57.

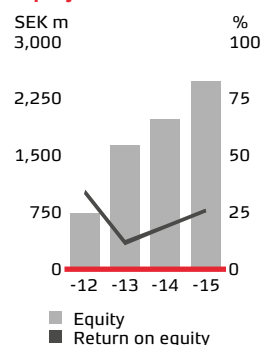
**Pre-tax profit**



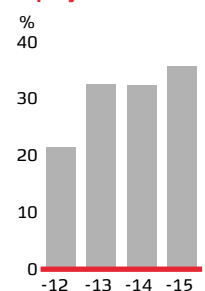
**Comprehensive income per share**



**Equity and return**



**Equity ratio**



# From cargo flows to cash flow for expansion

As I summarise the modern Catena's second full year of operation, I derive a certain satisfaction from what we have achieved so far. Thanks to active customer care and consistent market processing, we reported clear growth in both rental income and operating profit for the year. Despite a number of newly acquired spaces, we can report a letting ratio of 96 percent. This means we need to continue increasing our space to be an interesting partner for both existing and new customers. I am also pleased that we have managed to concentrate our operations. We have responsibly divested a number of properties that we no longer deem to be strategic. These included Pripps' former premises, the Högsbo 21:2 property in Gothenburg. This strengthens our cash position by approximately SEK 220 million as of January, 2016. Above all, however, we have streamlined our operations through the sale of the project properties in Solna. Over time, this gives us a liquidity surplus of nearly SEK 1 billion that we can use to continue developing our logistics business. Accordingly, in our second year of operation, we have already fulfilled our objective of becoming a streamlined logistics property company and Sweden's leading company in this area, able to focus on its vision: to link Scandinavia's cargo flows.

Over the year, our cash flow from operational activities rose by 17.9 percent. Combined with a strong balance sheet, this provides us with opportunities to generate shareholder value through dividend payments and reduced indebtedness. But, above all, through investments in continued expansion. During the year, we acquired a number of well-situated properties that complement our customer

offering and broaden our customer base. Through the acquisition of Tribona, which we finalised after the end of the year, we can establish

ourselves more quickly in a prioritised segment for us – food, which involves close and frequent contacts with consumers. This is central to our development of what is called “last mile distribution”. The acquisition of Tribona also doubles our size. This allows us to realise additional economies of scale in our management. Even following the Tribona acquisition, our debt/equity ratio remains reasonable at a multiple of two. Naturally, our ambition is to gradually reduce our loan-to-value ratio and strengthen our balance sheet.



**Moving forward, we will further prioritise acquisitions of developable projects and land.**

**The acquisition of Tribona allows us to become established more quickly and clearly in a prioritised segment for us – food.**

As a result of our rapid but balanced expansion of the property portfolio, another priority was somewhat neglected over the year: to expand the operations in industrial terms. During the year, we did, nonetheless, pursue construction projects, both in Sunnanå outside Malmö and in Katrineholm. Going forward, we will further prioritise acquisitions of development projects and developable land ahead of existing logistics premises. To lead the development of the logistics sector while developing our





own business from a property perspective, we have two principal areas of expansion: Strategically located rational terminals and city logistics, that is, terminal and warehousing positions directly adjacent to our metropolitan regions. Our investments in e-commerce logistics can also be viewed against this background.

**Our investments in e-commerce logistics can also be viewed against this background.**

The challenge lies mainly in gaining access to the right locations for the specific task. As a community builder, we maintain frequent contacts with municipalities and other parties to safeguard society's cargo flows efficiently in terms of cost and the environment. For the benefit our community, customers, shareholders and all other stakeholders, to thereby be able to develop attractive logistics facilities along the country's transport routes and around city centres, close to final consumers who increasingly rely on e-commerce. We have good human and financial resources to be able to achieve that.

From cargo flows, we can generate cash flow allowing us to build new types of logistics positions and to establish Catena as Scandinavia's leading property company in the logistics sector. An exciting challenge that we at Catena are well equipped to meet.

Solna, March 2016

Gustaf Hermelin, CEO  
gustaf.hermelin@catenafastigheter.se

# Three trends – Smarter, Better and Faster

The trend for smarter, better and faster logistics is driven by the requirements of industry and commerce. Industry seeks to reduce its inventory to reduce costs and working capital. More expensive city-centre locations mean that centrally located shops are reducing their storage capacity. Combined with rapidly growing e-commerce, this demands smaller, more frequent, cost-efficient, environmentally friendly deliveries, which in turn imposes fresh requirements on new, customised logistics premises.

## SMARTER!

Following recent years' focus on efficient production, which has also driven the outsourcing trend, interest is increasing in distribution and logistics, where the marginal benefit on the investment made could conceivably be higher. The highest marginal benefit can probably be derived from what is usually called "last mile logistics". Today, transporting a container from China to Sweden and transporting it to an urban area within the country is relatively simple. It is only when the container is opened and the goods are to be distributed in different directions – to warehouses, shops or direct to consumers, that the number of traffic movements, and thus the cost, escalates.

## BETTER!

Increasingly, both consumers and industry demand that their goods be delivered as planned, at specified times suitable for them. With sustainability growing in importance, particular demands are imposed in terms of environmentally efficient distribution.

## LOGISTICS SYSTEMS FOR CURRENT TRENDS

The requirements for smarter, better and faster logistics demand well-developed logistics system with optimally designed and strategically placed national terminals and warehouses. These are complemented by local distribution warehouses, equipped for all kinds of cargo and located close to urban centres. Premises that meet customer requirements for sustainable development, not only in terms of transport but also ventilation, heating and lighting. All to reduce energy consumption and thus the environmental impact.

### Close to customers

Deliveries to the final consumer require logistics hubs located close to customers, in new locations on the outskirts of urban areas or in the centre. From there, cargo and

goods, can be distributed as needed to industrial customers, shops or direct to consumers using electric vehicles or bicycles, which will also be possible for larger goods, as cities become better adapted to bicycle traffic. Or goods will be collected by the end customer.

### Efficient

Efficient distribution is based on the strategic location of terminals and logistics warehouses, near the main transport routes, where large volumes of cargo and goods can be stored and managed efficiently, or adjacent to industrial facilities, which often outsource parts of their production to specialised global producers. Here, goods and cargo can be stored flexibly for shorter or longer periods. To then be transported directly to the end user, or via



## Logistik **trender**

Smarter, Better, Faster!

### FASTER!

Customers do not want to wait. In some countries, consumers can already receive their goods on the same day they placed their order. Industry imposes the same demands in terms of time and precision for its supplies of components, input goods and spare parts, to thus reduce lead times. Not only do shorter lead times reduce industry's costs for capital, management and obsolescence, etc., they also enhance service and convenience for the end consumer.

flexible distribution warehouses equipped for the efficient picking and packing of goods from different suppliers. Facilities built in suitable but central locations. For example, underground, adjacent to parking facilities.

### Cooperation

Smarter, better and faster logistics are also based on efficient terminals, where goods can be redirected on the same day. This makes it possible to exploit the advantages of mixed-load container shipments of large, global volumes of both consumer and industrial goods. Advantages that can be increased through coordination between different actors and the increased use of third-party companies, able to improve efficiency.

### Logistics Trends in 2015 – e-commerce theme

As a leading company in logistics properties, Catena monitors, analyses and debates current logistics trends in various ways. This provides insights that are valuable in designing the company's logistics facilities, which are expected to function for 30 and perhaps up to 50 years. At the 2015 "Logistics Trends" event, 150 participants listened to some 15 speakers and discussed the future of logistics, which are expected to grow smarter, better and faster.

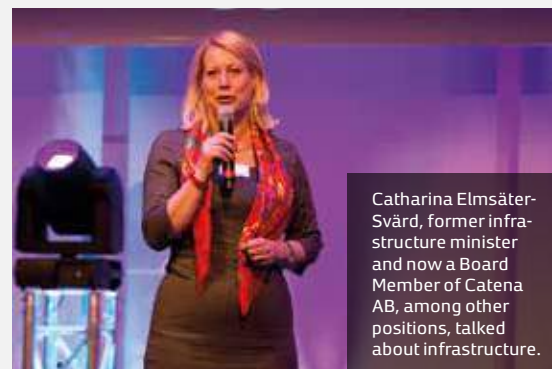
➤ See more from Logistics Day 2015 at [www.catenafastigheter.se](http://www.catenafastigheter.se)



More than 150 participants who all share an interest in logistics gathered for the fifth time at the Dunkers Cultural Centre in Helsingborg.



Gustaf Hermelin and Paul Kleiby from Catena discuss how the company is building logistics facilities for the future.



Catharina Elmsäter-Svärd, former infrastructure minister and now a Board Member of Catena AB, among other positions, talked about infrastructure.



#### Contacts

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### Vindtunneln 2, Borås.

A logistics warehouse slightly more than 16,000 square metres in a highly favourable location near national route 40. The property is adjacent to Catena's other property in the area and fits into the company's portfolio well.

The warehouse is leased by NTG Logistics AB, whose co-owner Stefan Pettersson explains the choice of location:

**” We chose the property for its proximity to the port of Gothenburg and Gothenburg Airport. In addition, the property is designed in a way that benefits our internal flows with portals/load houses in three directions of the compass. This makes it extremely flexible and reduces our internal lead times.**



# Business model

Catena is a leading property company in logistics, offering companies and third-party operators customised, cost-efficient and sustainable logistics facilities. Facilities located in strategic positions connected with the country's cargo flows or urban areas. In this way, the company generates strong cash flow, enabling both stable development of operations and an attractive return for shareholders.



**Catena links Scandinavia's cargo flows.**

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



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

In Sweden, with its substantial distances, transport efficiency constitutes an important factor in companies' profitability. At the same time, the challenges faced in terms of climate change impose stricter new demands on reducing the environmental impact of transport. Catena offers premises solutions that provide benefits in terms of both costs and the environment, along designated green corridors adjacent to key transport routes and hubs.

PROPERTY  
DEVELOPMENT

Active property development generates value while also being a prerequisite for successful management. Catena's property development begins with an acquisition or an option to acquire and develop well-located properties that can provide benefit in terms of cost and the environment.

**Strategic locations**

Through extensive studies and analyses, Catena has a good understanding of where in Scandinavia goods from different parts of the world arrive and how they are re-distributed. This knowledge forms the basis for Catena's investments in land and development properties. To be able to continue identifying the best locations, which is crucial for logistics properties, Catena continues to map Scandinavia's national and local cargo flows in different ways. In these efforts Scandinavia's container terminals are central because they handle all modes of transport.

**Development of the property portfolio**

New purchasing patterns, cargo flows and other developments in society mean that, as time passes, logistics properties become better suited to other purposes. Catena divests these to a responsible buyer thus generating resources for new acquisitions. Over the year, Catena acquired a number of well-situated modern logistics facilities with good cash flows, thus increasing its property volume more rapidly, establishing new locations or broadening the customer base. However, development projects and land acquisition are prioritised since they afford the company greater flexibility in designing a logistics location or property with the optimum logistics solution for its purpose.

**Terminals**

Not infrequently, the first building in a logistics location is a terminal from which a large number of companies can distribute their products to end users via logistics warehouses and distribution centres. At some of the company's logistics locations, customers are offered container terminals, where several modes of transport converge. In the future, these will become increasingly important, not least due to reasons of cost and the environment, even though a large part of current transports are still made by road. Property development is a long process that may originate in comprehensive and detailed planning. Some projects are conducted in partnership with others. This allows Catena's project portfolio to grow in a capital-efficient manner for the company.

**City logistics**

Catena usually establishes city logistics locations and distribution warehouses on the outskirts of population centres when the detailed development plan is complete. In this way, the development process can be focused on solutions to further enhance the tenant's earnings and environmental performance.

**Improvement**

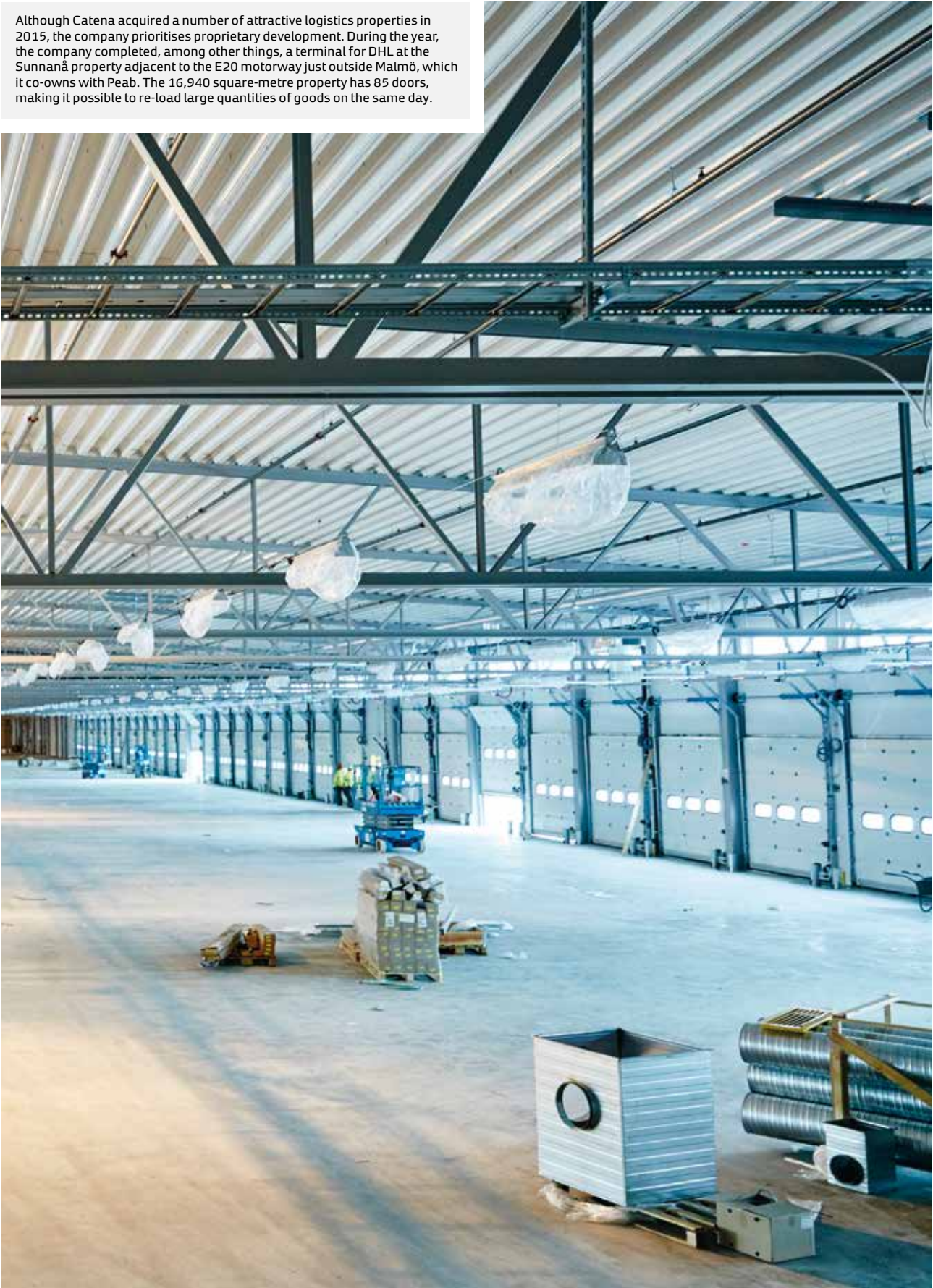
Individual properties and buildings are improved. Occasionally, particularly when it comes to capital or energy efficiency, Catena initiates improvements itself, and sometimes in coordination with an existing or new tenant. A current example is the Högsbo 21:2 property in Gothenburg, which, starting this year, will, among other things, be equipped with 800 square metres of solar cells on the roof, which is fully in line with the company's ambition to become self-sufficient in energy.

► Read more about Catena's projects on pages 22-23.

**Logistics locations along key transport routes**

Catena's properties are well-situated along Sweden's key transport routes, at an optimum distance from the country's major population centres.

Although Catena acquired a number of attractive logistics properties in 2015, the company prioritises proprietary development. During the year, the company completed, among other things, a terminal for DHL at the Sunnanå property adjacent to the E20 motorway just outside Malmö, which it co-owns with Peab. The 16,940 square-metre property has 85 doors, making it possible to re-load large quantities of goods on the same day.





On its own or in partnership, Catena's main business is managing strategically located logistics properties that generate continuous stable cash flows. In addition to earnings trends, cash flow is driven by the short amortisation periods typical of investments in logistics properties.

### The right location

Catena's terminals and logistics warehouses are strategically located adjacent to key transport routes. To determine optimum logistics locations for customers, Catena works to analyse each customer's unique flow and distribution of goods. This allows the client to minimise the steps between production and consumption and to minimise the time, cost and environmental impact of its transports.

For obvious reasons, distribution centres and city logistics facilities are located immediately adjacent to, or in, central locations and in special premises.

### The right premises

As a leading manager of logistics properties, Catena also offers customers a variety of types of premises, specifically designed for the principal defined purpose – terminals designed for same-day transshipment, warehouses for products awaiting sale and distribution warehouse for goods stored for shorter periods pending further transport to end users. The company's extensive and diverse property portfolio also makes it possible to regulate space flexibly and in pace with customer development. Catena also operates as a customer-oriented logistics consultant for its tenants, who can develop a complete solution or function for more rational operations.

### The right service

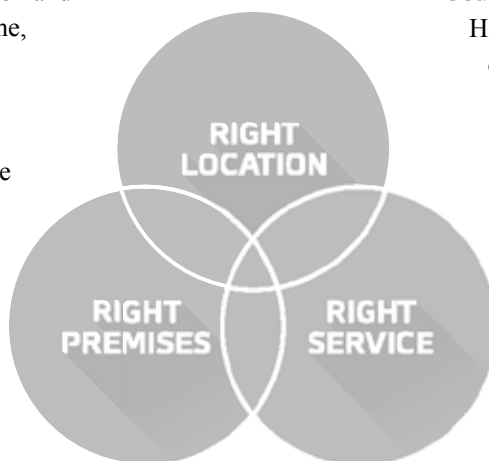
#### Concept development

Catena develops logistics concepts that generate value for tenants and other stakeholders in different ways – for example, flexible spaces and coordinated transport to facilitate development of city logistics. Together with

partners, Catena takes a comprehensive approach to the logistics concept, with tailored security solutions, various types of handling equipment, and IT systems for management and control.

At the macro-level, Catena's studies of cargo flows also provide a basis for future transport and logistics infrastructure.

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



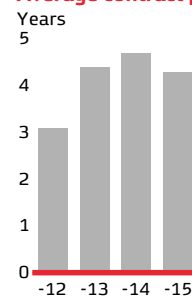
### Local management organisation

Having a competent management organisation in place in the prioritised regions ensures close relationships with customers in particular, but also with the local business community and society in general. This also means that the problems that can arise can quickly be resolved. At the same time new needs are identified that can lead to new business.

### Increased lettings

Catena's active management over the year has allowed it to strengthen its customer relationships significantly and to increase the number of customers. Despite increased lettable space, the company has an exceptionally low vacancy rate, which also increases Catena's need for new development projects. The average contract period remains stable at more than four years, despite market demand for shorter lease periods, which is also driven by an increased component of e-commerce companies, which operate on the basis of shorter cycles. Shorter lease periods can be managed for properties in attractive locations and are often offset by adjusted rent levels.

Average contract period





**OVERALL OBJECTIVE**

Catena's overriding objective is to show strong cash flow to enable stable development and dividends for shareholders.

Compared with other properties, a modern logistics property has a relatively short period of use. This is driven by technological developments and changes over time in cargo flows. Short amortisation periods, low financing costs, combined with operating costs often being borne directly by the tenant, mean that about half of Catena's rental income consists of cash flow from operating activities.

Because of its strong cash flows, Catena has, since its inception in 2013, managed to increase its property volume by almost 50 percent, while maintaining stability and distributing nearly SEK 140 million to shareholders.

**STRATEGIES**

To expand its property portfolio, realise its vision, achieve its financial targets and generate continued favourable cash flow, Catena applies four well-defined strategies: property development, clients and markets, sustainability, and finance. This makes it possible both to develop the business and to generate return for shareholders (read more about these on the next page).

**Capacity to implement strategies**

Catena's Board of Directors, management and employees have extensive experience in logistics, as well as in property development and management. With its short decision-making paths, the organisation, which has a clear strategic expertise, is also competent to make decisions. Catena also maintains a local administration organisation close to its customers in the metropolitan regions. This is also well prepared to handle large volumes.

The attractive portfolio of logistics properties generates favourable cash flow, continuously enhancing the company's strong financial position. Catena also has a portfolio of developable projects to generate future value. Overall, this provides positive opportunities for both continued strategic development of the business, as well as continued dividends.



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The energy efficiency of Catena's properties is improved with, for example, solar panels that can reduce energy consumption by 30 percent.

## STRATEGY

**Property development**

The property portfolio is to grow with modern, cost-efficient properties with stable cash flows at strategically located existing or expected logistics hubs. In this way, Catena becomes an even better alternative for customers, investors and employees.

- ▶ Read more about property development, our logistics facilities, and acquisitions and divestments on pages 45-48.

**Clients and markets**

Catena focuses on innovative, successful and financially sound companies with whom it works closely to rationalise their operations. In this way, long-term customer relationships are built and long-term leases are secured. The company pro-actively monitors trends and new players in the logistics market.

- ▶ Read more about the market and customers on pages 20-21 and 39-43.

**Sustainability**

Catena is involved in social progress through its commitment in priority logistics areas. The company contributes to a better environment by enhancing the energy efficiency of properties and developing economically and environmentally efficient logistics locations. In addition, the company shall also be a responsible employer that attracts engaged and competent employees.

- ▶ Read more about the sustainability work on pages 27-37.

**Income**

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

- ▶ Read more on pages 60-63.

## ACHIEVEMENTS IN 2015

- The project properties in Solna were sold, streamlining the operations and strengthening the company's financial position.
- In addition to the project properties in Solna, two other properties were sold for a total value of SEK 7.5 million, as well as the Högsbo 21:2 property, where the new owners took possession in January 2016.
- The acquisition of Tribona, which was completed on 26 January 2016 doubles the property portfolio.
- In addition to Tribona, 11 properties were acquired with a total area of approximately 106,000 square metres and with a value of SEK 571.7 million.
- Construction began of a new distribution warehouse in Ängelholm, designed specifically for e-commerce.
- Construction of the terminal owned jointly with DHL was completed in Sunnanå.
- Construction of a new terminal at the Sothönan 3 property in Katrineholm commenced.
- SEK 131.6 million was invested to modernise and streamline the existing properties.
- A façade concept was established for several of Catena's properties.

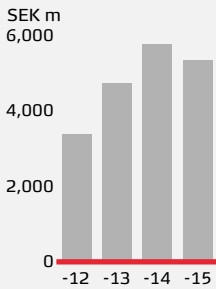
- The acquisition of Tribona, which was completed in January 2016, will strengthen Catena's market position and broadens its customer base including in the prioritised food sector.
- An e-commerce cluster with a number of service functions was initiated in Ängelholm.
- More frequent contacts with existing and potential tenants.
- Management capacity was strengthened in all regions.
- Senior management was extended by one individual, responsible for the food sector.
- The Logistics Trends seminar was arranged for the fifth consecutive year, attracting more than 150 participants.

- Continued establishment in optimum logistics locations.
- Continued reduction of energy consumption by means of new technologies, improved ventilation and lighting in the properties.
- Installation of 800 square metres of solar cells on the roof of the Högsbo 21:2 property to reduce energy consumption.
- Continuous monitoring of the properties' energy consumption was initiated.
- A special service for improving energy efficiency was set up.
- Through Nya Svensk FastighetsFinansiering AB (Nya SFF), Catena can issue green bonds to finance climate-friendly and sustainable properties.

- Establishment of Nya Svensk FastighetsFinansiering AB (Nya SFF).
- Within the framework of Nya SFF, Catena issued covered bonds to a value of SEK 112 million with collateral in the Terminalen 1 property in Hallsberg.
- Continuous development of financing terms and volumes in pace with acquisitions and other developments.

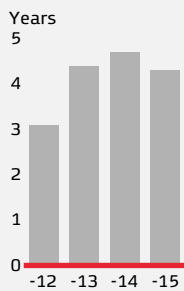
OPERATIONAL TARGETS

Growth in property values



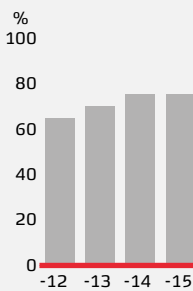
Since Catena's inception in 2013, the property portfolio has grown by nearly 50 percent. The lower value in 2015 is primarily attributable to the sale of the project properties in Solna, whose value exceeded that of the 11 properties newly acquired for a value of about SEK 570 million.

Average contract period



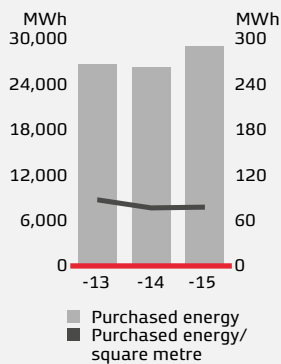
The average contract period has increased. This decreased somewhat in 2015 as a result of demand for shorter contract periods, driven by factors including an increased component of e-commerce customers, who operate in a growth market. This can often be offset by higher rent levels.

Surplus ratio



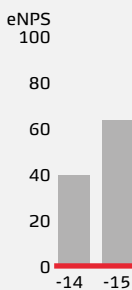
The surplus ratio has been continuously improved. This is the result of a determined effort in day-to-day management focusing on nurturing and developing existing customer relationships and properties, as well as active property development.

Energy use



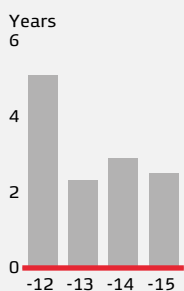
Total energy consumption increased marginally due to properties acquired and a somewhat higher letting ratio. Heat consumption per square metre has decreased due to efficiency improvements resulting from methodical work with increased monitoring and review.

eNPS



Despite the very high level of employee loyalty in 2014, the value rose sharply in 2015. This is a clear sign of the positive atmosphere and confidence in the future prevailing within the company.

Average capital tied-up



The average period during which capital was tied up decreased slightly, primarily as a result of a temporary financing of the acquisition of Klövern's shareholding in Tribona.

PLANNED

- Continued development of various types of logistics facilities.
- Restructuring and consolidation of the total property portfolio following the acquisition of Tribona.

- Continued development of relations with both existing tenants and selected potential new customers.
- Continued development of the e-commerce cluster in Ängelholm.
- Continued concept development to strengthen the customer offering.

- Continued work toward the objective of making Catena energy neutral by 2020.
- Continuous monitoring and fine-tuning of all of the properties' energy consumption.
- Continued efforts to reduce energy consumption through improved ventilation and lighting in the properties.

- Continued development of financing with regard to sources, volumes and terms.

# Financial targets

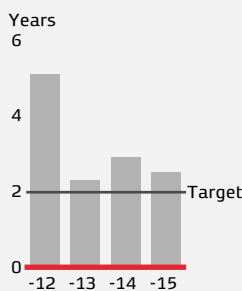
Catena's overriding objective is to show strong cash flow, enabling stable development of operations and dividends for shareholders. To achieve this, the Board of Directors and management control operations on the basis of three financial targets that are communicated externally. These focus primarily on profitability and financial stability. The financial targets are based on a number of qualitative and quantitative internal operational objectives linked to the company's strategies for clients and markets, property development, sustainability, and finance.

## Average capital tied-up

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

### Comment

The average period during which capital is tied up decreased slightly, primarily as a result of temporary financing for the acquisition of Klöver's shares in Tribona, but also as a result of improved credit terms in general. However, the amount of capital tied up still exceeds the target.

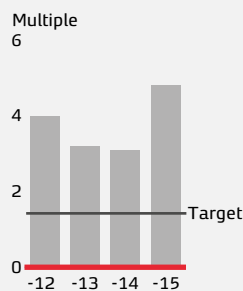


## Interest-coverage ratio

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

### Comment

The interest coverage ratio remains above target. The increased level for the year, compared with 2014, is primarily explained by better net operating surplus, slightly lower loan volumes and lower interest rates.

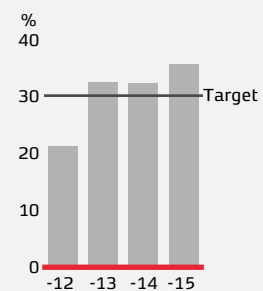


## Equity ratio

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

### Comment

As a consequence of strong cash flow, it was possible to improve the equity ratio over the year, despite the increased dividend to shareholders for the year.



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



### Contacts

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**Norra Varalöv 31:11 – E-City Engelholm**

Controlled finances and strong cash flow make it possible to develop Catena's business. Growing e-commerce is one of Catena's prioritised areas. Through a majority-owned development company the company is planning an e-commerce cluster just outside Ängelholm. This is located centrally to reach both the entire Nordic region and northern Europe. A cluster where companies trading over the Internet will be able to interact with each other in various areas, such as administration, service and distribution, thereby achieving synergies. Within the cluster, both small, local players and large, international e-commerce companies will establish operations in premises adapted and equipped for digital commerce. The facility will also be easy to reach for those who do not want to wait or pay for the final transport to the end consumer, but who would prefer to collect their goods themselves. This is facilitated by short road connections and

good parking facilities, but also by municipal transport connections directly at the site. An outlet shop is also planned in the area. The 157,000 square-metre site allows logistics buildings of about 77,000 energy-efficient square metres, on which work began in early 2016 with the signing of two new leases. One of these leases is with Boozt Fashion AB.

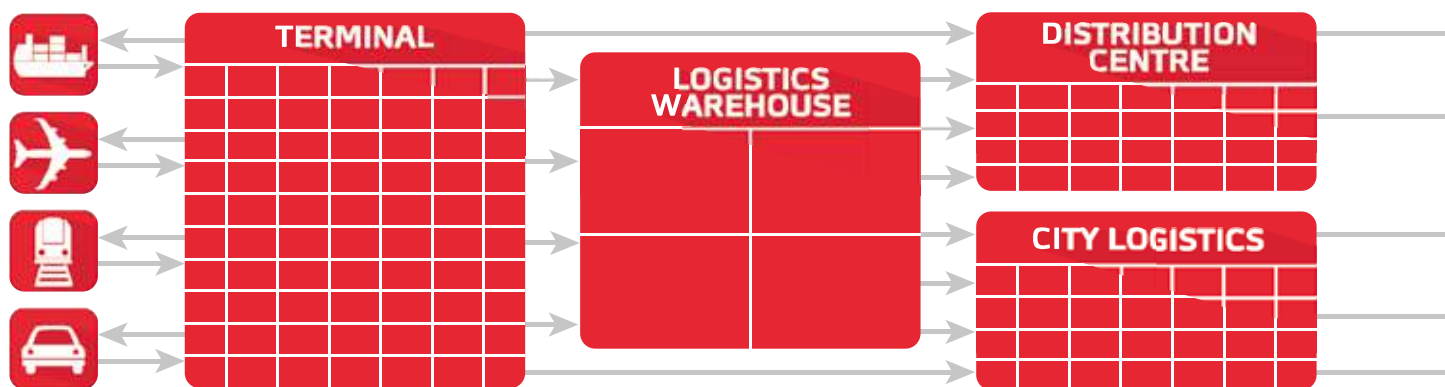


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# Customer offering

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

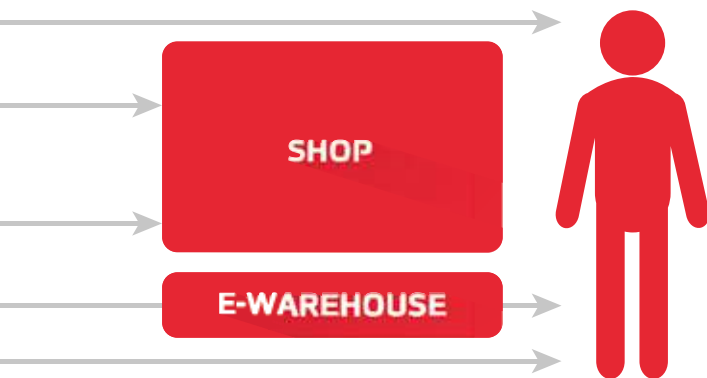


## Terminal for immediate transshipment

A terminal is a logistics facility that is primarily designed for the transshipment of cargo and goods that are received and shipped on the same day. Goods arrive there from manufacturers and distributors in Sweden and elsewhere in the world, by sea, air, rail and road. Some are container terminals that are especially well equipped for transferring cargo from one mode of transport to another. The terminals are strategically located close to population centres. Above all, however, they have efficient connections to ports, railways and major roads, and, in particular, favourable access, making it easy to reach the property and to leave it. 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.

## Logistics warehouses for storage

Both manufacturing and trading companies place goods in logistics warehouses while those goods are waiting to be sold. The warehouse thus represents a buffer between the customer and the supplier, regardless of whether consumer products or industrial input goods are concerned. For this reason they are also equipped differently in terms of fittings and temperature control. Warehouse properties are often located at the producer's warehouse or the importer's port. Alternatively, they may be located at a meeting point shared by several units – positioned to minimise the steps in the logistics chain by identifying the centre of gravity. The logistics warehouse is also often located adjacent to a terminal. Operations at a logistics warehouse are often conducted by a single tenant or a small number of tenants, who may be a producer, wholesaler, importer or a third-party operator. The risk with a smaller number of clients for a logistics warehouse is balanced by long-term contracts with stable customers. Furthermore, a strategically located logistics warehouse, with an underlying flow of goods, is always attractive to multiple operators and thus easily leased.



**Distribution centre pending onward transport**

A distribution centre is designed to store goods in a central location, over a shorter period of time, to then be transported on to retailers or consumers in the region the distribution centre is intended to serve. In particular, this requires good loading and unloading opportunities. Distribution centres are often located along ring roads surrounding population centres. Operations are often conducted by third-party logistics companies such as DHL, Schenker, PostNord and others.



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**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. In this way, shops, which are often in expensive locations, can minimise storage space, save costs and tie up less capital. Producers also get their products out to the shops where there is relevant demand.

E-warehouses are a variant of city logistics that specialises in serving the growing e-commerce segment. They also often have equipment for packing goods prior to delivery to distribution points where end users can collect their goods.

# Project portfolio

Catena's property portfolio generates ongoing, stable cash flow, which affords the company favourable opportunities to conduct active project development, with the aim of developing and growing its property portfolio,

Catena conducts active project development to meet the demand for the company's properties and to fulfil its express ambition to continue growing. Accordingly, the company invests actively in both existing and new logistics locations. Following several years of collaboration with qualified advisors, Catena has a good understanding of where cargo from different parts of the world arrives in Scandinavia and how it is redistributed.

## Attractive locations

This means that Catena has considerable opportunities to offer new and existing tenants attractive logistics locations. Today, the company's project portfolio, either under its own auspices or in partnerships with others, land, development rights and options with developable space for different logistics properties. Development rights and options represent a capital-efficient method for safeguarding a project portfolio that can be activated when the time is right and the customer is in place.

The portfolio includes two major items that are owned in partnership: one in Malmö that offers a total developable property area of 270,000 square metres and one in Helsingborg, offering an equal area. In addition, the project portfolio includes other well-positioned projects having reached various stages ranging from lease negotiations to detailed development planning. These are located in, for example, the Stockholm region, Katrineholm, Örebro, Norrköping, Jönköping, Nässjö, Borås, Gothenburg and Ängelholm.

## Transactions modernise the property portfolio

Catena updates its property portfolio on an ongoing basis. New purchasing patterns and cargo flows continuously impose new demands on logistics properties. Catena calculates that a logistics property can satisfy a major operator's requirements for about 15 years. Then, in a second phase, the property is particularly attractive to

be developed by a number of smaller logistics operators or companies. In a third phase, many logistics properties out-played their role as logistics locations. Following divestment to a responsible buyer, when the city or town in question has grown, redevelopment of the property as homes and offices awaits. Catena takes these possibilities into account right from the start of the project. As was the case with the centrally located Högsbo 21:2 property in Gothenburg, which was divested with Catena relin-





quishing possession in 2016. Today, instead of logistics premises, it contains premises for various purposes, such as schools and a range of service operations. Properties considered to be of less strategic importance and that cannot be developed into major logistics locations or where future value growth is limited may also be divested. Another reason for disposal is that certain customers seek to own the property where they operate. A disposal frees up resources for the company, and these can be used in the development of new, modern logistics properties. This ensures that Catena always has an attractive property portfolio that generates strong cash flows.

*Project acquisitions for the construction of new properties*

In regenerating and developing its property portfolio, Catena prioritises the construction of new properties.

This generally provides the customer with the best solution from all perspectives and provides the company with the best return. However, during the year, Catena has also acquired a number of existing, modern properties with good cash flow, in order to grow faster, establish operations more quickly in a new location or to expand the customer base. Acquisitions that are made for amounts where the production cost for equivalent facilities provides the basic yardstick.

► Read more about acquisitions and disposals during the year on pages 47-48.



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On the Sothönan 3 property in Katrineholm, Catena began construction of a 10,000 square-metre terminal to handle heavier industrial products that impose specific demands on handling capabilities, but less on temperature.



# Acquisition of Tribona

In October, Catena acquired Klöver AB's shares in Tribona AB. At the same time, Catena submitted a public takeover bid to the other shareholders in Tribona to acquire all of the remaining shares in Tribona. The transaction was finalised in late January 2016.

## About the transaction

In October, Catena acquired Klöver AB's 14,377,428 shares, representing 29.55 percent of the share capital in Tribona AB, for a cash consideration of SEK 42 per share.

At the same time, Catena submitted a public takeover bid to the other shareholders in Tribona to acquire all of the company's remaining shares. As payment for the shares in Tribona AB, Catena offered three newly issued shares in Catena for every eight shares in Tribona AB. That corresponded to an offer value of SEK 45 per share, based on the closing price for the Catena share on 19 October 2015.

As an alternative Catena offered Tribona's shareholders a cash consideration of SEK 42 per share in Tribona AB.

That entailed a market value for Tribona of approximately SEK 2.1 billion.

## Tribona in brief

Property company Tribona, domiciled in Lund and with its head office in Arlöv on the outskirts of Malmö, manages and develops properties, focusing on warehousing and logistics in Sweden. The company owns 37 properties, of which 36 are in Sweden and one in Denmark. The total lettable area amounts to slightly more than 700,000 square metres. All of the properties are strategically located at logistics hubs near major traffic flows, including European highways and railways, mainly within the so-called Nordic Triangle. Tribona was founded in 2006 as Northern Logistic Property (NLP).

## Increased presence in the food and other motivations for acquisitions

The acquisition of Tribona makes Catena Sweden's leading property company in logistics with a total of 92

ICA, which is one of Tribona's major tenants, represents the attractive customer segment, food, where players have a developed system of frequent deliveries to shops and direct to consumers and thus can deliver an effective "last mile logistics". This refers to the final transport to the end consumer.



properties with a combined value of approximately SEK 10,000 million and delivering strong cash flow. This gives Catena good opportunities to continue expanding its business.

Tribona's property portfolio complements Catena's well and strengthens the company's position in the locations that the company has defined as strategically significant, such as Stockholm, Gothenburg and Malmö.

Catena also gains several important new customers and customer segments. Particularly in the food sector, which traditionally has a well-developed logistics function. Customers include ICA, Netto and other large supermarket chains of interest to Catena.

The larger combined property portfolio also improves opportunities for rational management, resulting in cost synergies, as well as revenue synergies.

The increased number of shareholders is also expected to improve conditions for attracting new investors, which can improve the liquidity of Catena's shares, adding value for shareholders.

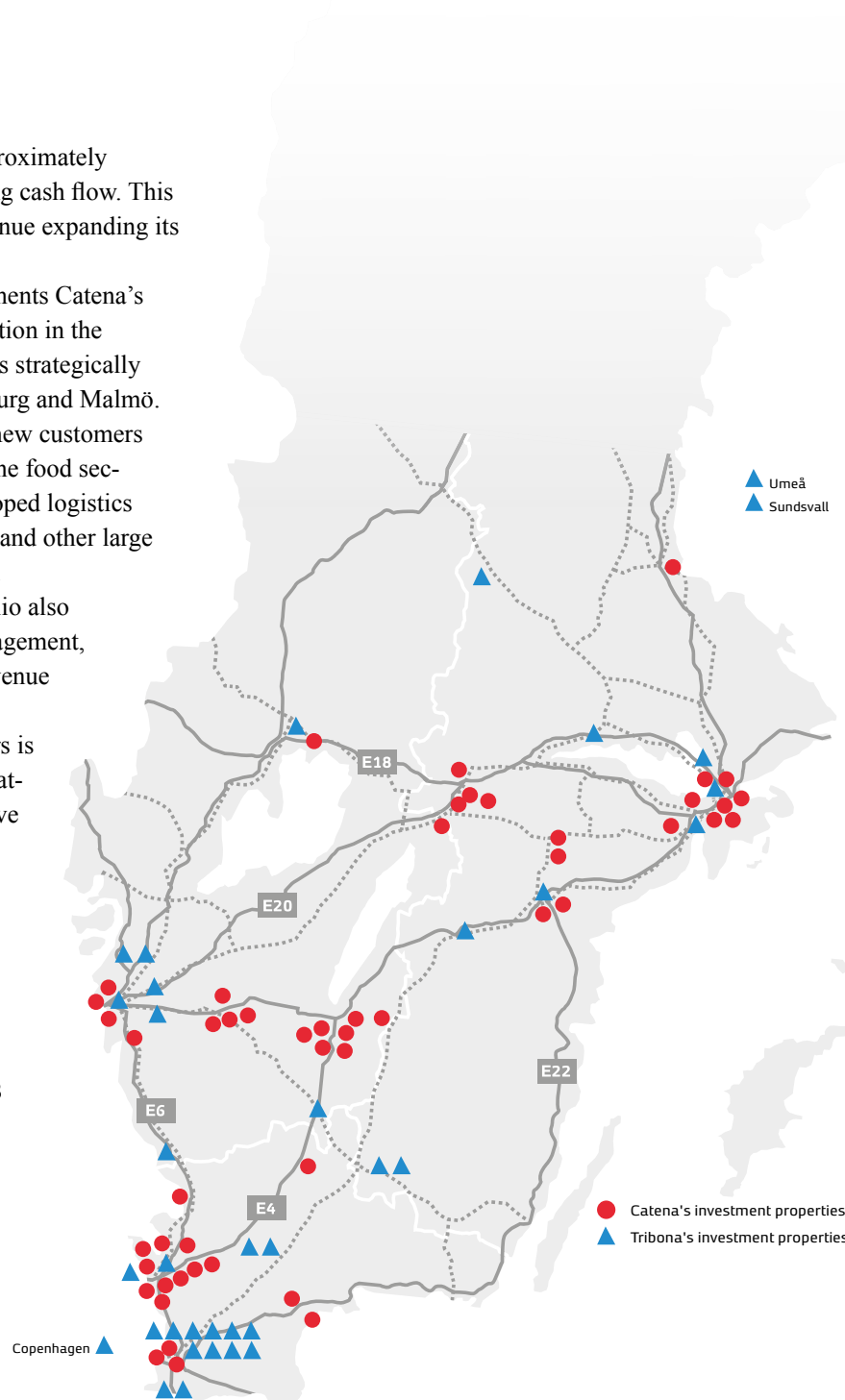
### Income

The transaction was financed with cash, new loans of approximately SEK 400 million raised by Catena with existing collateral and a share issue in Catena AB directed at shareholders of Tribona.

When the acceptance period expired on 5 February 2016, 94.5 percent of Tribona's shareholders had accepted Catena's bid. Among Tribona's shareholders, 41.6 percent chose the exchange option. As a consequence, an additional 7,593,585 Catena shares will be issued, with the total number of Catena shares amounting to 33,235,506.

### Integration prepared

The acquisition of Tribona was completed on 26 January 2016. The integration of the companies was then initiated. In connection with this, the workforce was reviewed, with the result that nine of the 12 employees agreed to transfer to Catena. The others have chosen to leave the operations. At the same time, a review of the organisation of operations into regions has begun. This will soon be completed and work will then continue to consolidate and develop each region's property portfolio.



### The impact of the acquisition on Catena's key performance indicators

	Catena	Tribona	Proforma 31 December 2015
Investment properties, No.	55	37	92
Property value, SEK m	4,781	5,262	10,043
Equity, SEK m	2,478	1,918	3,328
Liabilities to credit institutions, SEK m	3,407	2,950	6,670
Debt/equity ratio, multiple	1.5	1.5	2.0

Tribona's operations were consolidated into Catena effective from 26 January. Catena will report on the consolidated operations effective from the first quarter of 2016.



### Norra Varalöv 31:5, Ängelholm

On the property, which is situated in a convenient location just adjacent to the E6 slightly south of Ängelholm and in direct connection with Catena's Norra Varalöv 31:11 development site, is a logistics warehouse of more than 4,000 square metres. Nicklas Bengtsson at tenant company KM Pack explains the choice of location:

**” The location adjacent to the E6 provides good transport links and excellent advertising opportunities towards the motorway. Catena's venture in e-commerce logistics will also benefit us by offering extensive opportunities for cooperation. Our range of packaging is in demand among the actors within the new E-City that we want to be a part of.**

# The CEO comments on the year's sustainability work

With regard to Catena's sustainability efforts, 2015 was an eventful year. We have continued to work with the sustainability targets that we set out within the framework of the business plan that applies until 2020. In 2015, we focused primarily on improving energy efficiency in our properties and on ongoing work with sustainable logistics and societal development.

During the year, we have recruited an energy and technology developer to work exclusively with saving energy. We have also implemented an energy monitoring system that allows for more methodical monitoring and analysis. At the same time, practical energy efficiency efforts out among our properties continued to produce good results.

In efforts on sustainable logistics and societal development, we have been active in meeting local government leaders in various places around Sweden. The aim is to establish a dialogue on logistics issues and to ensure that these matters become a part of community planning, particularly when planning new residential areas. Here, we notice that Catena contributes a perspective that has partly been lacking in these discussions.

In the metropolitan areas, the predominant topic of discussion is city logistics or "urban logistics". In other municipalities where Catena operates, we are mainly discussing long-distance cargo and how we can together make these municipalities more attractive hubs for logistics.

We are continuing the process of building an organisation that interacts closely with the operations. From having been centred around Helsingborg, we now also have two well-functioning regional offices in Gothenburg and Nyköping. During the year, we increased our personnel by five people, strengthening the organisation in business development, administration and management. At the same time, this has led to a rejuvenation of the company and more women in management.

As we now look forward to 2016, I believe the year will be pervaded by efforts to integrate the properties and new employees brought in with the addition of Tribona AB. We are also looking forward to continued expansion, both through new construction and acquisitions of existing properties in the right locations.

Solna, March 2016  
Gustaf Hermelin, CEO

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# Catena's sustainability activities

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

In connection with Catena's development of a new business plan in 2014, the focus of our sustainability work was clarified. The company also developed targets for its sustainability work over the next five years. The priorities are based on the ongoing dialogue that Catena maintains with customers, investors, suppliers and communities.

Catena has daily contacts with numerous stakeholders. Forums for dialogue include Catena's annual Logistics Trends conference and the company's activities at the Swedish Open in Båstad. To receive input on priorities for its sustainability work, Catena performed a specific

questionnaire survey regarding its sustainability work at the end of 2013. In connection with this, nine areas were identified as important and the illustration on the next page shows how these areas are prioritised by Catena and its stakeholders.

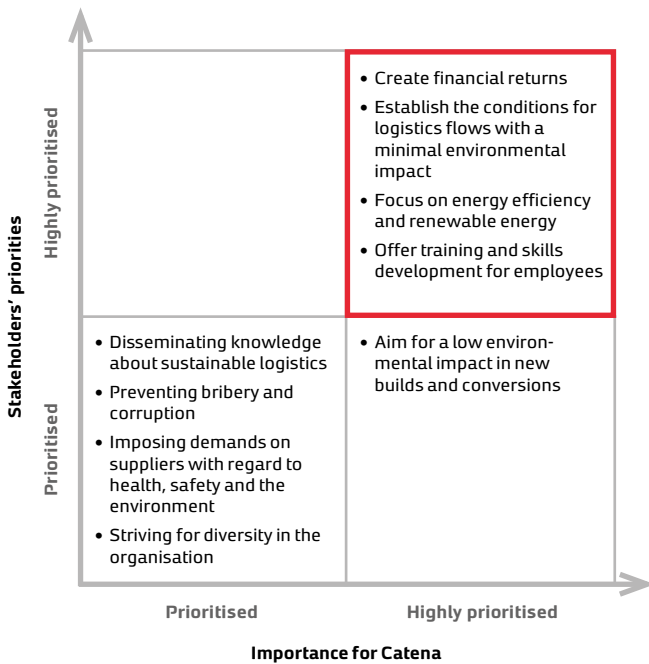
#### About Catena's sustainability report

Catena's sustainability report was prepared in accordance with the Global Reporting Initiative (GRI). The report was prepared in accordance with the GRI's G4 at the Core reporting level.

► See [www.catenafastigheter.se](http://www.catenafastigheter.se) for background information on the contents of the sustainability report and the GRI index.

Stakeholder group	Opportunities for dialogue	Key issues	
<b>OWNERS, INVESTORS AND ANALYSTS</b>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Regular meetings, including in connection with quarterly reports</li> <li>Ongoing phone contacts</li> <li>Capital Markets Day in Båstad</li> </ul>	<ul style="list-style-type: none"> <li>Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>New improved website introduced in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Business model, objectives and strategy</li> <li>Income</li> <li>Growth</li> <li>Results</li> <li>Sustainability and Corporate Governance</li> <li>Publication of information</li> <li>Share liquidity</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>Regular contacts</li> <li>At least one annual performance interview and salary review</li> <li>Annual personnel conference to educate and motivate</li> </ul>	<ul style="list-style-type: none"> <li>The management organisation's regular contact with tenants, businesses and local officials</li> <li>New improved website introduced in 2015</li> <li>Financial support to local sports and community associations</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for training and skills development</li> <li>Clear career paths</li> <li>Salary and benefits</li> <li>Balance between work and leisure</li> <li>Diversity</li> </ul>
<b>SOCIETY</b>	<ul style="list-style-type: none"> <li>Regular contacts with public sector decision makers to improve logistics locally, regionally and nationally</li> <li>Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> </ul>	<ul style="list-style-type: none"> <li>Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>Regular personal meetings with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Goods supply and smooth logistics</li> <li>Trends</li> <li>Traffic intensity</li> <li>Low environmental impact</li> <li>Cost-efficient solutions</li> <li>Long-term view</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>Reinforced active management organisation that maintains regular contact with tenants</li> </ul>	<ul style="list-style-type: none"> <li>New improved website introduced in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Stable partner</li> </ul>
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>Logistics Trends – an annual day for the industry's stakeholders, with a topical issue being discussed and penetrated in detail</li> <li>Reinforced active management organisation that maintains regular contact with tenants</li> </ul>	<ul style="list-style-type: none"> <li>New improved website introduced in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Stable and flexible landlord</li> <li>Accessibility</li> <li>Cost-efficient premises</li> <li>Environmental efficiency</li> <li>Proximity to road/rail/port</li> <li>Access to multiple modes of transport</li> </ul>

**Prioritised areas**



In this sustainability report, Catena describes each focus area in more detail, as well as the sustainability targets adopted by the Board of Directors and senior management. The targets for Catena's sustainability work are that, by 2020, the company shall:



**SUSTAINABLE LOGISTICS AND SOCIETAL DEVELOPMENT**

- Being engaged in networks and holding regular meetings with local government leaders in our market areas.



**ENVIRONMENTALLY EFFICIENT PROPERTIES**

- Building its own renewable energy to a capacity equivalent to our total energy consumption in 2020.
- Offer green leases for all major tenants.
- Environmentally certify all newly produced properties.



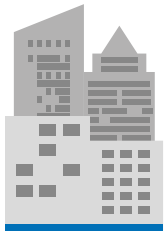
**CATENA ATTRACTIVE EMPLOYER**

- Participate in job fairs and offer internships and holiday jobs to young people.
- Have an eNPS of at least 25.

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



Patrik Hjelte, economist at head office and Marija Maznevska, management assistant in the Gothenburg Region. Both were recruited in 2015, contributing to Catena's renewal and rejuvenation.



# Sustainable logistics and societal development

Efficient logistics means lower costs and reduced environmental impact. Catena shall be a driving force in making logistics in Scandinavia more sustainable. In this way, Catena generates value for shareholders, customers and society in general.

The logistics industry is undergoing major changes – a key cause being the growth of e-commerce. From goods mainly being transported between warehouses and shops, goods are increasingly transported directly from the warehouse to the end consumer. This has, for example, brought changes in transport routes, smaller packages and new demands on the timing and frequency of goods deliveries.

In pace with these changes, the competitive advantages of niche companies like Catena are enhanced. The company's dedicated focus on logistics properties allows it to work with the challenges of the logistics sector on a day-to-day basis. This gives Catena substantial knowledge of the sector and opportunities to work closely with customers. In this way, the company creates an understanding of its customers' challenges and can identify land and properties that resolve their issues. In 2015, Catena hired a business developer with a particular focus on the e-commerce sector, providing even greater opportunities to create solutions that contribute to customers' success.

Within the framework of the business plan, Catena has set out targets for its contacts with the community:

- Being engaged in networks and holding regular meetings with local government leaders in our market areas.

To be even more proactive, Catena works increasingly in networks and meets regularly with local government leaders in prioritised regions. This affords Catena the opportunity to express its view on logistics challenges and to ensure that logistics issues are included in the planning of new residential areas, for example.

## Potential for more sustainable logistics

Catena sees considerable potential in more sustainable supply chains. For this reason, the company conducts ongoing discussions with both existing and potential customers with a view to providing them with premises

that can streamline their logistics flows. One challenge in logistics planning is to optimise a number of parameters that often point in different directions by means of what is known as a centre of gravity calculation. Examples of what this seeks to accomplish to varying degrees include:

- Maximum occupancy
- Shortest possible route to the goods' final destination.
- Transport options with minimum energy consumption.
- Minimum transport time.



The optimum solution varies and is different for different customers in different situations. For Catena, this places demands on the flexibility and speed of the solutions offered by the company. Catena also strives to always stay one step ahead and to understand emerging trends, challenges and new hubs.

Two major trends in sustainable development at the moment are increased rail transport and increasingly specialised city logistics, also referred to as urban logistics.

## Transport by rail

A large, growing portion of Catena's premises are located in areas with access to container terminals. This means that the properties are located near several forms of transportation – usually various combinations of roads, railways, ports and dry ports. Access to container terminals gives customers the flexibility to optimise their logistics by combining several modes of transport.

In Sweden, 80 percent of shipments are by truck. Increasingly, however, long-distance transports are tran-



sitioning to rail. One of the reasons is that rail transport is more energy efficient and can therefore help reduce transport costs. Furthermore, the energy consumed in rail transport is based to a greater extent on renewable sources, while most road transports are still dependent on oil-based fuels. Catena's logistics locations give tenants the opportunity to optimise their choice of transport options – whether the aim is efficiency in terms of cost, time or the environment.

### *City logistics gains a foothold*

City logistics involves streamlining transport in dense urban environments. In many major Swedish cities, the traffic situation is strained, creating congestion and inefficient logistics. The traffic situation also makes for irritated drivers of both passenger vehicles and commercial transports.

Catena is working with several municipalities and companies to establish warehouses and terminals just outside cities. In these reloading terminals, goods to be forwarded into the urban centre can be reloaded in a manner that enables higher load factors, flexibility in truck sizes and more accurate route planning. With such terminals in suitable locations, cargo continuing long-distance can be reloaded without first passing through the city centre as is often the case today. In this way, Catena enables more cost and environmentally efficient logistics.

### **The right location reduced DHL's carbon emissions**

In early 2016, DHL moved into a new terminal in Sunnanå outside Malmö. This made them the first tenant at the Catena's Logistikposition Malmö. In connection with its move to Sunnanå, DHL vacated its former terminal in central Malmö – entailing major environmental gains with the amount of long distance cargo traversing central Malmö being greatly reduced.

It is very important to us that we locate our freight terminals as close as possible to ring roads and major thoroughfares. This particular change has resulted in a saving of 400 tonnes of CO<sub>2</sub>e per year, of which 350 tonnes derives from reduced transport and the remainder from new property technologies, says Per Karjer Vice President Corporate Real Estate at DHL Nordic AB.

DHL's move to Logistikposition Malmö is a typical example of how logistics properties in the right location can reduce the environmental impact of transports. Besides the strategic location, Catena and DHL have worked together to reduce the energy consumption and environmental impact of the terminal building.

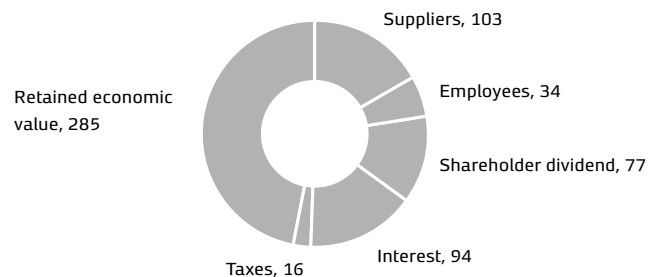
We have focused greatly on smart lighting control and invested in geothermal heating. The property is also environmentally certified in accordance with the Green Building standard. Throughout, Catena has been a professional partner and a keen listener. An additional step was taken by preparing for a photovoltaic installation on the roof, Per Karjer concludes.

Catena owns the area in Sunnanå jointly with Peab. It covers a total 270,000 square metres of developable land.

### **Socio-economic impact**

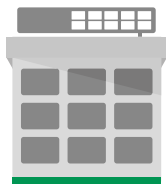
In addition to the positive effects on society offered by more sustainable logistics, all companies have a direct impact on the social economy. Examples are the impact on tax revenues, the actors with whom the company has business relations, as well as the people working within the organisation. The diagram to the left shows how Catena's income in 2015 was distributed among various stakeholder groups.

### **Created and distributed economic value, SEK m**



The diagram to the left shows how Catena's income in 2015 was distributed among various stakeholder groups. The total value created in 2015 amounted to SEK 609 million.





# Environmentally efficient properties

The most important aspect of Catena's internal environmental work is the properties' energy consumption. The company is working to reduce consumption and increase the proportion of renewable energy. The environmental management system is certified in accordance with ISO 14001.

## Environmental policy

Catena AB

- strives to minimise the use of energy, water and products that are hazardous to health and the environment.
- strives to consume as little energy as possible, in relation to what is financially reasonable and the requirements set for indoor environments.
- strives to increase the proportion of renewable energy.
- strives to reduce environmental impact and energy use in partnership with tenants.
- strives to achieve energy efficiency in its day-to-day operations.
- strives to outperform environmental legislation.

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. Overriding environmental targets and business goals exist for these aspects that are monitored and evaluated on an annual basis. Within the framework of Catena's business plan, three targets for 2020 have been developed. Catena shall:

- Build its own renewable energy to a capacity equivalent to our total energy consumption in 2020.
- Offer green leases for all major tenants.
- Environmentally certify all newly produced properties.

Catena is a member of the Sweden Green Building Council network and can offer properties that are environmentally certified in accordance with all of the accepted standards. In 2015, one property was certified in accordance with the Green Building standard, a certification that requires 25 percent lower energy consumption than that stipulated by the new building requirements of the National Board of Housing, Building and Planning.

## Energy use

Catena continued to assign a high priority to efforts in the area of energy in 2015. Heating and electricity are the single largest 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.

During the year, Catena recruited an energy and technology developer who focuses on energy work on a daily basis. The comprehensive energy inventories made in 2014 provided the basis for efforts in 2015. In many cases, Catena works together with tenants to achieve the most efficient use of energy possible.

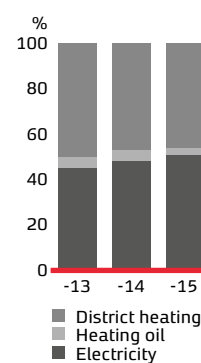
In the autumn of 2015, an energy monitoring system was implemented. This facilitates more methodical monitoring, with the effect that measures can be implemented at an earlier stage. Meter readings for heat consumption can now also be made via mobile apps.

A number of major projects focusing on energy optimisation were carried out and initiated during the year. Positive experiences from previous installations have also led to several projects during the year in which lighting was switched to LED.

## Property portfolio development and purchased energy per square metre



## Purchased energy



The diagram shows how the distribution of purchased energy has developed. Catena is working with projects to completely phase out oil heating options at the company's properties.

## Examples of energy saving projects implemented in 2015

Savings:

6  
%**Gothenburg , Högsbo 21:2**

Several energy-saving measures were implemented during the year. Ventilation units were replaced with more energy efficient models and existing fluorescent lighting was switched to LED lighting. Older, uninsulated exhaust ducts on the roof were removed with exit points being filled in, reducing both condensation and downdrafts. On the roof, additional insulation and a new photovoltaic system were installed. The annual savings resulting from these measures are estimated at about 500 MWh.

**Stockholm, Vanda 1**  
Catena has worked to convert the property from the previous printing operations to logistics. In connection with this, technologies and ventilation have been adapted to the new operations. The result is that annually normalised heat consumption decreased by about 16 percent over the past year.



Savings:

16  
%

Savings:

16  
%**Kungsbacka, Varla 6:15**

In connection with the property being converted into a logistics warehouse, several measures have been taken to reduce energy consumption. Ventilation control has been installed for increased optimisation. Existing units have been updated and redundant air ducts and ventilation shafts have been removed and closed off. The entire sprinkler system has been rebuilt for full-scale high-bay storage. The result is that annually normalised heat consumption decreased by 16 percent compared with 2014.

**Örebro, Godsvagnen 6**

The property includes a distribution warehouse and has an area of just under 20,000 square metres. During the year, a lighting project was carried out, in which older fixtures were replaced with energy-efficient LED lighting. The estimated saving amounts to nearly 50 percent.



Savings:

50  
%

	2015		2014	
	Pur- chased energy, MWh	Pur- chased energy/ square metre	Pur- chased energy, MWh	Pur- chased energy/ square metre
Electricity	14,699	42.8	12,664	40.7
Heating oil	822		1,100	
District heating	13,397	34.8	12,380	36.0
Fuel (petrol, diesel)	113		88	
<b>Total:</b>	<b>29,031</b>	<b>77.7</b>	<b>26,232</b>	<b>76.7</b>
<i>Of which, renewable energy</i>	71%		65%	
Sold to tenants	28,918		26,144	
Of which sales with individual meters	18,730		14,283	
Percentage of energy sold with individual meters	65%		55%	

The marginal relative increase is due to a higher average letting ratio. Perhaps the most important parameter – heat consumption – has, however, decreased as a result of methodical work with increased monitoring, review and efficiency enhancement.

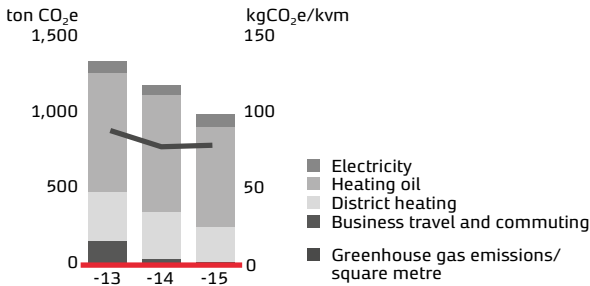
### Greenhouse gas emissions

Catena monitors greenhouse gas emissions from its operations annually in accordance with the Greenhouse Gas Protocol (GHG Protocol). In 2015, Catena's total greenhouse gas emissions were 978 tonnes of CO<sub>2</sub>e, of which 92 percent derive from purchased energy. Emissions decreased somewhat compared with 2014 due to reduced consumption of oil and a larger proportion of renewable energy for both purchased electricity and district heating. 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.



Catena's asset managers, Michael Waldesten from the Öresund region and Tobias Karlsson from the Stockholm region, exchange experiences at the Hästhagen property in Helsingborg. Sharing expertise is an important way of developing property management, which is the foundation of Catena's business model.

**Total greenhouse gas emissions per square m.**



**Greenhouse gas emissions per scope 2015**

**Scope 1 – direct greenhouse gas emissions**

Emissions from combustion at facilities or from vehicles owned by the company. For Catena, this mainly involves combustion of oil. However, Catena only has one property that is heated directly by oil. Direct greenhouse gas emissions are also caused through the combustion of fossil fuels in our company cars.



**Scope 2 – indirect greenhouse gas emissions**

Greenhouse gas emissions that arise from the production of electricity and district heating that is purchased by Catena and used in the properties we own.



**Scope 3 – indirect greenhouse gas emissions**

Other indirect GHG emissions arising from the company's operations. Catena reports emissions from electricity and heat bought in by Catena but consumed by tenants with separate individual metering of consumption. Emissions from business travel and employees' commuting are also reported.



**Emissions from business travel and commuting**

Environmental impact arising from employees' business travel and commuting is extremely minor in relation to the environmental impact of energy use in the properties. In 2015 emission from business travel and commuting amounted to 83 tonnes CO<sub>2</sub>e. Of these emissions, 26 tonnes of CO<sub>2</sub>e were attributable to our employees' commutes.

**Requirements and collaboration with suppliers**

Catena primarily requires that suppliers have environmental management systems certified in accordance with ISO 14001. For smaller local companies that do not have the resources to develop and certify their management systems, Catena also approves simpler environmental management systems. The requirement is that they work with guidelines, goals and training in a similar manner to ISO 14001. Since Catena only has direct suppliers based in Sweden, the company's requirements and assessments of its suppliers are based on local conditions.

**Choice of materials for new builds and conversions**

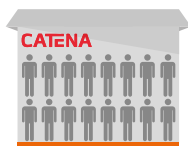
In addition to standard supplier requirements, for any construction project exceeding SEK 5 million, Catena requires the preparation of an environmental plan. For contracts exceeding SEK 250,000, Catena requires systems for assessing and following up the construction materials used. Suppliers must use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

**Waste**

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

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

Total emissions, tonnes CO <sub>2</sub> e	2015	2014	2013
	<b>978</b>	<b>1,175</b>	<b>1,329</b>



# Attractive employer

Catena has a small but effective organisation comprised of individuals with substantial industry experience and strategic competence. This allows the company to quickly understand the needs of customers and to generate business.

Catena's organisation consists primarily of the Property Management and Business Development functions. Property management is adapted to the geographical location of the properties within three regions: Stockholm, Gothenburg and Öresund. Added to these are the Group's Economy/Finance and Communications functions. Catena works with internal asset managers and hires external maintenance contractors for the practical work on the properties.

Within the framework of the business plan, Catena has set two targets that focus primarily on current and future employees:

- Participate in job fairs and offer internships and holiday jobs to young people.
- Have an eNPS of at least 25.

Catena should be an exciting and responsible employer that attracts dedicated and competent employees, both new and existing. To continue developing as a workplace, the company works with workplace health, equality and continuous professional development.

## Appraisals

Catena's actions should always be pervaded by professionalism and good business ethics. Catena's four core values are to permeate the actions of all employees:

- Openness, dialogue and straightforward communication, which will make us efficient, prompt and reliable.
- Simplicity, which means that our work approach is straightforward and avoids bureaucratic red tape.

### eNPS (Employee Net Promoter Score)

Since 2014, Catena monitors employee loyalty through an annual eNPS survey.

The entails employees responding to the question "How likely are you to recommend your workplace to a friend or acquaintance?" on a scale of 0-10. The eNPS measure is then calculated by subtracting the percentage of people who responded 0-6 ("detractors") from the percentage of people who responded 9-10 ("promoters"). The result is a figure between -100 and +100 where Catena's score was +64, which was clearly higher than the score for the preceding year. The result holds up very well in comparison with other companies and is a sign that we have extremely loyal employees.

- Proximity, which permits us to create good relations and gain an insight into problems and opportunities.
- Genuine commitment, which permits us to go further in identifying superior solutions.

### An attractive employer

## +6

Six individuals were newly recruited in 2015, of whom 50 percent were women.

## -1

One individual left the company in 2015 - a woman.

Catena seeks to create a healthy and pleasant working environment. Employees should feel that there is a balance between work and leisure and feel able to manage their own time and assume a personal respon-

sibility. Catena has collective agreements, providing security for all employees.

Catena conducts an annual online survey in which all employees are given the opportunity to comment on the company's role as an employer and ongoing sustainability efforts. All employees except one responded to the survey in 2015. For the second consecutive year, eNPS (Employee Net Promoter Score) was measured. This is a measure of how many employees would be willing to recommend the company as a workplace. Catena's score for the year was 64, which is significantly higher than in the preceding year, when it was 40. The score is very high in comparison with both Swedish and international companies and shows that our employees are good ambassadors for Catena.

### Absence due to illness

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

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

### In-service training

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

Ulrika Holmér, marketing and administrative assistant, develops Catena's new website, among other things.



company's new energy monitoring system, leadership and property management.

### Equal opportunities for all

Skills, experience and personal qualities should always be the criteria assessed in recruitment, promotion and continuous evaluation. Catena do not discriminate individuals, favourably or unfavourably, based on aspects unrelated to how well the individual performs his/her work. The company also follows up gender and age distribution in different parts of the company on an annual basis. In 2015, the senior management team was extended with another woman, meaning that the proportion of women is now 25 percent. The Board of Directors was also extended with the addition of another woman and consequently consists of 33 percent women. Catena continues to strive for a better gender balance in both its Board of Directors and senior management.

### Composition of the company

	2015		2014	
	Number	Women, %	Number	Women, %
<b>Board of Directors</b>	<b>6</b>	<b>33</b>	<b>6</b>	<b>17</b>
Under 30	0	0	0	0
30-50	1	100	1	100
Over 50	5	20	5	0
<b>Management</b>	<b>8</b>	<b>25</b>	<b>7</b>	<b>14</b>
Under 30	0	0	0	0
30-50	4	50	3	33
Over 50	4	0	4	0
<b>Other Employees</b>	<b>18</b>	<b>39</b>	<b>14</b>	<b>43</b>
Under 30	0	0	0	0
30-50	11	45	8	50
Over 50	7	29	6	33

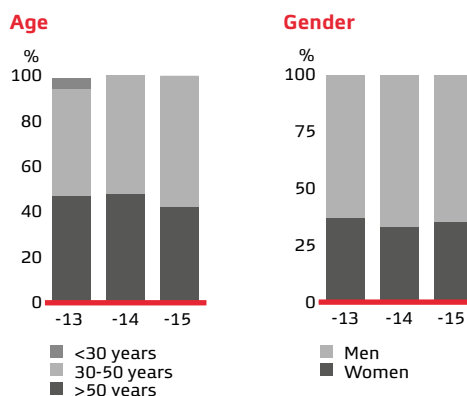
The table shows the composition of the company by gender and age category.

their work and for Catena to continue developing as a company. Personal development plans are prepared in conjunction with the annual employee dialogues carried out with all employees. All employees are given a wide range of possibilities for choosing training, courses and seminars they wish to participate in on the company's account. Central and prioritised training areas are management issues, finance, the environment and law. During 2015, Catena implemented educational initiatives in the

Training hours/person	2015	2014
<b>Board of Directors</b>		
Women	4	0
Men	0	0
<b>Management</b>		
Women	86	40
Men	3	6
<b>Other Employees</b>		
Women	18	32
Men	7	10

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

### Distribution of employees





### Sunnanå 12:50, Malmö

On the jointly owned property Arlov Sunnanå 12:50 outside Malmö, during the year, Catena completed the construction of a terminal within the framework of the 270,000 square-metre development area. From there, a large number of companies can distribute their products to end users through distribution warehouses, such as city logistics or logistics warehouse facilities. The terminal is often the first establishment of a complete logistics location that is gradually developed with other types of properties.

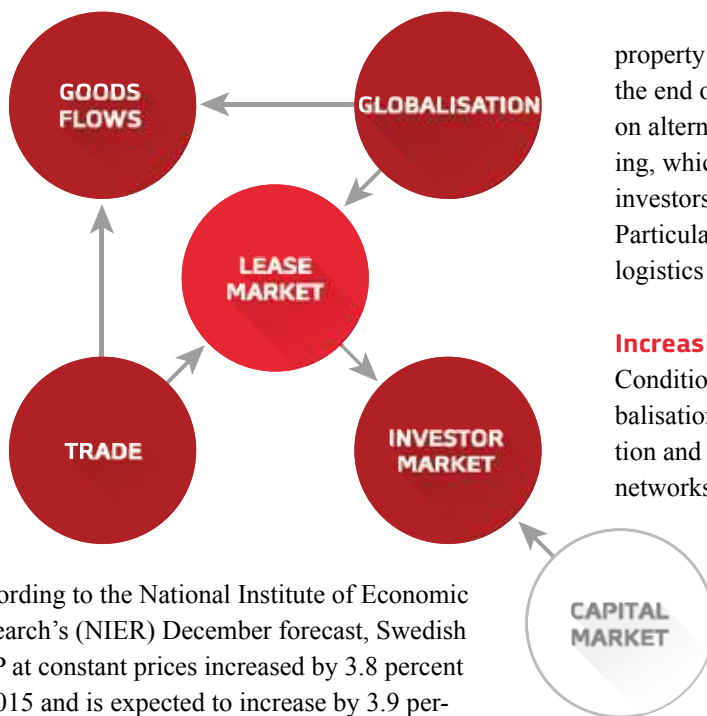
The property is fully leased to one of Catena's largest customers – DHL Freight AB, which according to Per Karjer, Vice President, Corporate Real Estate at DHL Nordic AB, chose Catena because:

**” The building is fully adapted to our needs, with growth in the Swedish and international markets. It is also important that the new terminal enables us to meet our customers' needs and wishes, while also providing more environmentally sound handling.**



# The market for logistics properties

An increasingly globalised world has a growing need for international transport. Increased consumption, urbanisation and new consumption patterns drive the need for national and local transport, intermediate storage and other logistics services. Major cargo flows along with increased demands on capital and cost efficiency, as well as environmental concerns, drive the need for customised and well-located logistics facilities.



According to the National Institute of Economic Research's (NIER) December forecast, Swedish GDP at constant prices increased by 3.8 percent in 2015 and is expected to increase by 3.9 percent in 2016. According to the forecast, following a few years of negative growth, industrial production is expected to rise by 3.8 percent in 2015. An increase that is expected to persist in 2016. Unemployment is expected to remain high, although an improvement could be discerned in the second half of 2015. Continued high unemployment is also considered one of the reasons behind the low level of inflation, which, in turn underlies today's negative repo rate. It is primarily rising consumer spending in Sweden, fuelled by tax breaks and wealth accumulation that has driven GDP growth, as well as increased exports and investment in 2015. Increased Swedish consumption has also driven cargo flows, particularly within Swedish retail. Certainly, some signals that

property credit was tightening could be discerned towards the end of the year. However, combined with low returns on alternative investments, the year's favourable financing, which increased liquidity in the market, increased investors' demand for commercial properties in general. Particularly for properties with stable cash flows, such as logistics properties.

## Increasing national and global cargo flows

Conditions in the logistics sector have changed. Globalisation entails increased separation between production and consumption, making international production networks more commonplace. Production is gradually becoming more specialised. Different stages are performed in several countries before the product finally reaches the country where it will be consumed. This trend is helping to increase trade flows globally. Sweden's foreign trade, like world trade in general, has accelerated dramatically since the 1970s. Today, Swedish exports account for nearly 50 percent of the country's GDP, which is above average for both the EU and the OECD countries. The Swedish balance of current payments, which declined in 2014, rose in 2015, according to the NIER forecast, and is expected to continue rising in 2016. In terms of goods leaving or arriving in Sweden, maritime transport is dominant. In 2014, nearly 170 million tonnes of goods from both domestic and international traffic were handled by Swedish ports, an increase of 3 percent compared with in 2013. Of this, 11 million tonnes were handled within Sweden.

Globalised production and increased trade place great demands on both logistics facilities and transport.

Norra Varalöv 31:11. Sketch of the e-commerce cluster, which began construction in 2015.



### Retail continues to grow

In the aftermath of the financial crisis, it was noted that growth in retail sales decreased in 2011. Over the ensuing five-year period, however, the sector has shown a period of steady growth, and increased by 5.7 percent in 2015. Favourable conditions for consumption in the form of low interest rates have increased households' scope for consumption. Accordingly, the Swedish retail sector has fared well, avoiding international political and economic concerns. Retail confidence indicators show a stronger position than normal. At the same time, households are signalling a more pessimistic view than normal, although that value is roughly in line with the historical average. Despite a slightly more pessimistic view than normal, Swedish households currently have very good buying power thanks to favourable real wage increases, low interest rates and low inflation.

Supermarket sales in Sweden showed strong development in 2015, growing by 4.1 percent. This was largely due to price increases in the sector. In terms of volumes, the trend was in line with the preceding year. The major refugee flows over the year impacted the sector. This is also predicted to have an effect in 2016, while price increases are expected to weaken over the year.

For infrequently purchased commodities, 2015 was a very strong year. All segments, except shoe retailers,

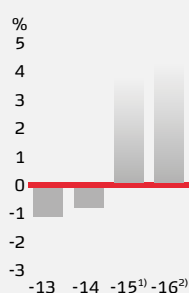
increased their sales over the year. Alongside the effect on trade in infrequently purchased commodities of the ROT tax deduction on renovation work, the housing market remained hot, further boosting the aforementioned segments.

### e-commerce growing in importance

e-commerce has grown steadily for quite some time and shows no signs of slowing down. Although retail as a whole displayed strong growth over the year, e-commerce is performing even better. The segments children's items/toys and building materials showed the strongest increase in sales, although electronics also performed well during the year. Internet sales of sports and leisure goods also showed good growth.

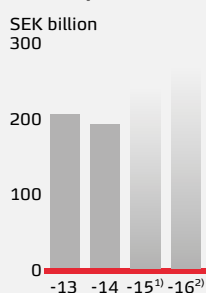
During 2015, e-commerce rose from 6.4 to 6.9 percent of total retail sales. In other words, online trade remains a fairly small proportion although that is rising substantially in certain segments. Infrequently purchased commodities in particular have driven this trend forwards in recent years. However, Internet sales of groceries also increased over the year. In groceries, logistics is the principal challenge, since many foods require refrigeration during transportation. To increase geographic coverage, new cost-effective solutions are required as consumers are increasingly accustomed to avoiding shipping costs when ordering online.

Fixed prices, change



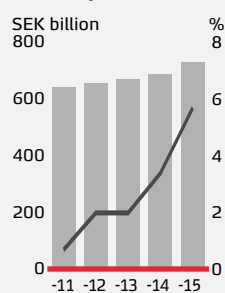
1) Estimate  
2) Forecast

Current account, current prices,



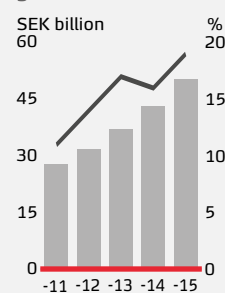
1) Estimate  
2) Forecast

Retail trend, current prices



■ Sales  
■ Development

e-commerce trend, growth



■ Sales  
■ Development

**More food online**

Online food sales continue to increase year after year. Although growth is from low levels, as consumers begin to adopt new purchasing behaviours due to digitisation and as major players invest in their own solutions, in the future, we will also see stronger growth as a proportion of total retail. To date, online food orders account for about 1 percent of the total trade in groceries.

**Increasing demands of e-commerce**

Increased e-commerce imposes strict demands on logistics with regard to flexibility, speed proximity and reliability. In the highly competitive e-commerce sector, efficient logistics, short lead times and access to storage are a winning formula.

**Stable rental market**

As e-commerce continues its sharp growth, the need for logistics premises will increase among both new and established retail players, as well as suppliers of logistics solutions.

In an international perspective, Sweden has high rents for warehouse and logistics properties, which is attributable to higher building costs and limited speculative development. Despite increasing new construction since 2010, most new spaces are built for pre-contracted tenants, meaning that vacancies in new and modern logistics spaces are very limited. Despite the limited supply of space, development in rent levels has been weak. However, increasing differentiation can be discerned. For example, rent levels for e-commerce space is slightly higher than for warehousing. Even looking ahead, rent hikes are expected to be limited by the considerable supply of developable land and stable production costs, but also by strong competition among contractors and project developers for new assignments in the segment. In Stockholm, as well as in and around other major cities, the supply of developable land lower is than in the rest of the country

and payroll expenses are generally higher, which has driven up rents for newly built spaces in attractive locations. This is driving a tendency to locate warehouses strategically but further out from major urban centres and sometimes supplementing these with local distribution terminals. The trend is towards larger distribution centres that serve increasingly large areas, as European infrastructure improves and transportation times decrease. E-commerce is also creating a need for end-customer distribution via delivery points located near residential areas.

As a result of increased environmental awareness, rail transport now accounts for a larger portion of the overall logistics mix, generating demand for improved access to container terminals, where cargo can be transferred between rail and road, for example.

**The property managers**

Apart from a certain degree of annual growth, the need for logistics space is relatively constant, while the supply of new space is more limited. This means that demand

**Stockholm region**

Together with other parts of the Mälardalen region and other key logistics locations, such as Örebro, Norrköping, Katrineholm and Södertälje, Stockholm comprises a major urban area and accounts for a large proportion of the country's cargo flows. In addition to Catena, logistics premises in the region are offered by Corem, Kilenkryset, Sagax and certain local players. In terms of project development, competition derives primarily from the major building companies.

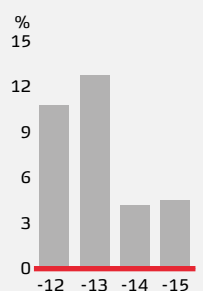
**Gothenburg region**

The country's second-largest city, Gothenburg, is the centre for a region that also includes logistics-intensive towns and cities such as Borås, Jönköping, Växjö and Nässjö, all of which have thriving business communities. The city is also home to Sweden's largest port, making Gothenburg one of the most important locations in the country for incoming and outgoing cargo. In addition to Catena, major property companies in logistics, such as Prologis, Tribona, Bocksjö, Eklandia and Corem offer specialised premises. In addition, a few traditional property managers, such as Klöver and Kungleden logistics facilities offer logistics facilities, as do certain local players, such as Platzer and Harry Sjögren AB. In terms of project development, competition derives primarily from the major building companies, such as NCC and Skanska.

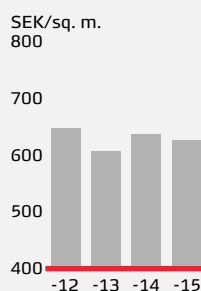
**Öresund region**

Öresund is the largest region in the Nordic countries in terms of population. It is also the gateway to the continent. Major cargo flows for export, import or local consumption are transported via the Öresund Bridge and a large number of ports in the Swedish provinces of Skåne, and Blekinge, as well as in Denmark. In addition to Catena, Tribona, Svea Real, Corem, Wihlborgs and certain local players offer logistics premises. In terms of project development, competition derives primarily from the major building and property companies.

**Vacancy rates logistics properties**



**Average rent levels**



The Barnarps-Kråkebo 1:44 property in Jönköping bears Catena's colours. During the year, Catena developed a concept profile that clearly indicates that the property is managed and operated by Catena.



for logistics properties increases steadily since existing freight volumes must be handled in existing spaces, regardless of who currently manages the flow of goods.

Few property companies specialise in logistics properties. In addition to Catena, the larger Swedish listed companies include Sagax and Corem, which also have premises for light industry, and Tribona. The latter was acquired by Catena in January, 2016. Privately owned Kilenkryssset and international companies Prologis and Goodman also operate in Sweden.

### 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, which is owned by Deutsche Post; PostNord, the development of the Nordic postal operations; Schenker, DSV, Bring and Green Cargo, which operates primarily rail traffic throughout Sweden. The sector's customers also include producers and suppliers who handle their logistics in-house. This applies particularly to heavy industrial companies such as Volvo and Electrolux and major trading companies including ICA and IKEA.

### Active investment market

Warehouse and logistics properties represent a sub-segment of the wider property market, which has been undergoing a structural transformation since the early 2000s. Previously, the portfolio was largely owned by the companies using the premises, but a consolidation of ownership is now underway. Domestic companies such as Catena, Kilenkryssset, Sagax and Tribona, as well as foreign players such as Goodman and Prologis, specialise in the ownership of warehouse and logistics properties. However, over time, warehouse and logistics properties have become a property segment in which institutional actors are also seeking exposure, such as NREP (and through them, Danish pension funds). Such actors gain this exposure either indirectly through companies and property funds, or directly through property investments. The growing interest in warehouse and logistics properties is partly attributable to the breakthrough of e-commerce, which in the longer term will entail a change to the distribution chain in the retail sector. The logistics and warehouse market continues to be characterised by a lack of attractive investment objects and a wide spread with respect to such parameters as ownership, size, modernity and efficiency. This means that most institutional investors still have a smaller allocation, particularly of logistics properties, than the segment's share of the total commer-

cial 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. Norges Bank Investment Management's acquisition of 50 percent of Prologis' European logistics portfolio for approximately SEK10 billion in 2012 is an example of this increased interest from institutional players. Other institutional transactions in recent years include Sveareal's divestment of some 850,000 square metres to Starwood Capitals, of which more than half comprised logistics facilities. Cordea Savills Nordic Logistics Fund's acquisition of approximately 185,000 square metres in Gothenburg, Borås, Jönköping and Halmstad. Acquisition of half of NREP Logistics by PFA Pension of Denmark. In 2012 and 2013, total transaction volumes approached the levels noted in the years prior to the financial crisis and in 2014 logistics properties valued at about SEK 12 billion were sold.

Transaction volumes in 2015 touched/exceeded those from 2014 with some 14,000 square metres of logistics space being sold at a value of approximately SEK 15 billion, excluding Catena's bid for Tribona. This occurred at declining yields, particularly in prime locations in the metropolitan regions.

Major transactions completed in 2015 included NREP's sale of 31 properties in several locations to a Danish consortium. The value amounted to approximately SEK 4.5 billion. NREP's acquisitions over the year also included a number of properties in central Sweden, at a value of SEK 550 million. Other financial transactions were Pareto's acquisition of XXL's central Pilängen warehouse in Örebro at a value of SEK 300 million.

Major operational acquisitions included Estancia's acquisition of nine properties, most of which were logistics properties, at a value of SEK 900 million. Other operational acquisitions included W.P. Cary's Oskarshamn acquisition at a value of SEK 216 million and Tribona's acquisition of seven logistics properties in Malmö, sold by Er-Ho for SEK 257 million. In addition to its bid for Tribona, in 2015, Catena acquired 11 existing logistics properties at a total value of SEK 571.7 million.

On the whole it was thus an attractive transaction and investment market, and this is expected to continue.

► Sources: HUI, NIER, Traffic Analysis Maritime Traffic 2014 Statistics 2015:12, Catena's internal analyses. Note that certain external analyses are updated continuously.



#### Contacts

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### Rebbelberga 26:37, Ängelholm

A logistics warehouse of 15,449 square metres stands on the property, which is favourably located in a commercial and logistics estate close to the E6/E20 motorways.

Logent AB is the tenant and holds a long-term contract. Oscar Andersson, the company's Business Development Director chose Catena's property because:

**” Catena is an important partner for Logent and we have been partnering with them since 2012. Our cooperation enables continued growth for us as a logistics operator and, when Logent helps Nordic companies to streamline their logistics, energy-efficient logistics facilities, infrastructure and maintenance are often essential building blocks in driving continuous improvement and identifying competitive advantages.**

**What we appreciate most about our partnership is Catena's flexibility and service-mindedness, as well as opportunities to work together to find new business that benefits us both.**



# The property portfolio

For the overall property portfolio of strategically located logistics properties, the contract portfolio is long term. For the most part, tenants are large, well-established organisations and companies.

## Summary of property portfolio

On 31 December 2015, Catena's property portfolio comprised 55 logistics properties (47) located along important transport routes and population centres in southern and central Sweden. The total lettable area is approximately 816,800 square metres (753,100). The total rental value amounted to SEK 511.5 million (480.1) and contractual annual rental income totalled SEK 488.6 million (459.8). The economic letting ratio was 95.5 percent (95.8).

Portfolio by region	Stockholm	Gothenburg	Öresund
Number of properties	20	16	19
Lettable area, thousand sq.m.	309.8	291.9	215.1
Fair value, SEK m	2,308.3	1,864.0	1,168.0
Rental value, SEK m	211.9	189.2	110.4
Economic letting ratio, %	95.0	96.0	97.0
surplus ratio, %	79.0	75.0	70.0

## Project portfolio and development rights

Catena has an express ambition to grow, primarily through new construction. Accordingly, the company has a portfolio of developable projects. On the company's own books, these include the Norra Varalöv 31:11 and Sothönan 3 and 19 properties, as well as significant expansion opportunities at many of the company's other properties.

The project portfolio also includes acquisition options for strategically located projects that have reached different stages, ranging from rent negotiations to detailed planning, in all of the regions where the company operates. Two major items/options, in particular, are owned jointly with Peab: the Logistikposition project in Sunnanå, outside Malmö, which offers total developable property area of 270,000 square metres and the Logistikposition Helsingborg project, which offers an equal area.

The portfolio is being improved continuously through constant search processes. Taking the limited availability of undeveloped logistics sites, these processes also encompass developable existing buildings.

- ▶ Read more about Catena's projects on pages 22-23.
- ▶ A complete list of properties is given on pages 54-55.

## Income and rent

Over the year, rental income rose by 7.6 percent to SEK 464.2 million (431.3), mainly due to property acquisitions, completed projects and continued strong net lettings. Despite the newly acquired spaces, at 96 percent (96), the letting ratio remained high as a result of strategically located logistics facilities and focused leasing efforts. Income from contracts with a maturity of more than three years accounts for approximately 67 percent (73) of Catena's contracted annual rent. This entails stable income with no appreciable variation between periods, except when affected by acquisitions and sales.

## Letting and occupancy

During the year, 83 (56) new contracts were signed for a total area of 96,374 square metres (127,300) and a contract value of SEK 70.1 million (79.1). At the same time, 60 contracts (27) were cancelled for a total area of 145,549 square metres (59,400) and a contract value of SEK 85.9 million (32.9). Accordingly, the net effect on the contract portfolio amounted to a negative 49,175 square metres. These tenants will be moving out over the upcoming quarters and the process of re-letting is continuously ongoing.

The contract value on new tenancies during the year amounted to SEK 64.4 million (101.5) but only SEK 63.3 million (64.2) for discontinued tenancies. This entails a net increase in new tenancies at a value of SEK 1.1 million (37.3).

## 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 2015, Catena's ten largest tenants accounted for 59.2 percent (65) of the Group's contractual rental income. The leases for these ten tenants expire within one to 19 years. On the balance sheet date, the average remaining lease period remained stable at 4.3 years (4.7). The table on the next page shows Catena's largest customers. However, it

**Catena's ten largest shareholders per 31 December 2015**

1. DHL
2. Logent AB
3. Rusta AB
4. PostNord
5. TD Tech Data AB
6. Grönsakshallen Sorunda AB
7. Intersport AB
8. City of Gothenburg – Education Department
9. DS Smith Packaging AB
10. Lindab Sverige AB

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 79.

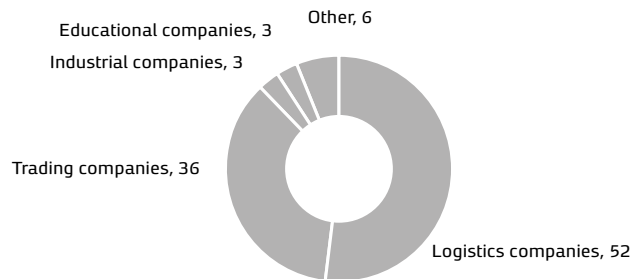
**Net operating surplus and surplus ratio**

The net operating surplus, that is, rental income less property expenses and property administration, rose by 7.9 percent over the year to SEK 351.3 million (325.7). This is primarily a result of the increased revenues, the continued strong letting ratio and efficiency improvements, particularly in the area of energy. Among other things, Catena has continued to invest in energy-saving technology, more sustainable heating and better lighting and ventilation systems.

Property expenses rose by 6.9 percent to SEK 112.9 million (105.6), mainly as a result of the larger property portfolio. For comparable portfolios, property expenses have risen by SEK 3.0 million due to increased repairs.

**Profit from property management**

Profit from property management, that is, reported profit with changes in value and taxes reversed, rose by 26.6

**Client categories, %**

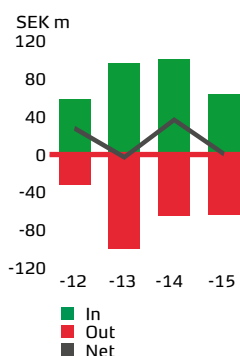
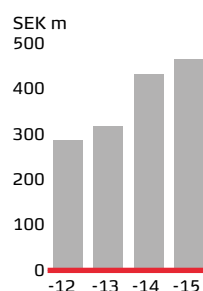
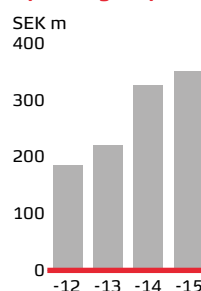
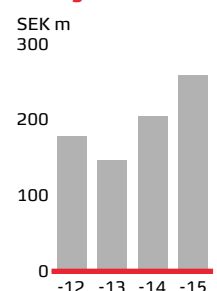
percent to SEK 259.3 million (204.9). This is an effect of the acquired properties, revenue-increasing investments and lower financial costs, which decreased from SEK 95.1 million to SEK 94.3 million, a result of completed refinancing and lower market interest rates.

Profit from property management is basically the company's operating cash flow, which amounted to SEK 259.3 million.

**Results**

Profit for the year after tax rose by 66 percent from SEK 344.2 million to SEK 571.5 million. The increase is partly the result of improved profit from property management.

Profit was also affected by changes of SEK 102.2 million (negative 6.5) realised in the value of properties. The change is primarily attributable to the "Haga Norra" project properties in Solna, which were sold during the year. Unrealised changes in the value of the property portfolio during the year, relating largely to the Högsbo 21:2 property and the project properties in Solna, of about SEK 198.3 million (392.5) also affected profit. The value changes are mainly the result of projects being implemented well and good management work.

**Net increase in new tenancies****Rental income****Operating surplus****Profit from property management**



Property portfolio development, SEK m	Fair value	Number of properties
Property portfolio at beginning of year	5,750.9	47
Acquisitions	566.7	11
Investments in existing properties	131.6	
Sales	-1,307.2	-3
Unrealised changes in value	198.3	
<b>Total investment properties</b>	<b>5,340.3</b>	<b>55</b>

Profit was also affected by changes in the value of derivatives, which increased from a negative SEK 150.6 million to a positive SEK 30.5 million, mainly due to long-term market interest rates having risen during the year.

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

► Read more about profit for the year on pages 66-67.

### Development of property portfolio

#### Acquisitions

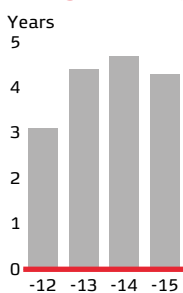
To increase operational volumes, strengthen its positions in the various regions, broaden its customer base and develop its concepts, particularly for e-commerce, Catena acquired, over the year, properties and property companies for a combined fair value of SEK 571.7 million. In the summary of the development of the property portfolio, the final value is given. That is, the property value adjusted for agreements made subsequently and that have thus affected the final value, which amounts to SEK 566.7 million.

Catena also acquired approximately 60 percent of a company that owns the Norra Varalöv 31:11 development property in Ängelholm. The property comprises 112,000 square metres of land where the detailed development plan permits logistics buildings of about 56,000 square metres. This affords Catena substantial opportunities to build new logistics premises close to the E6.

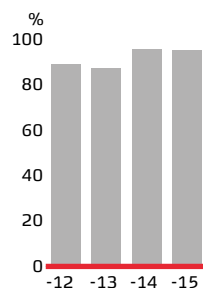


Barnarps-Kråkebo 1:56 – a modern e-commerce warehouse.

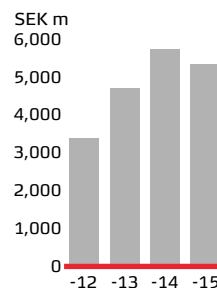
#### Average contract period



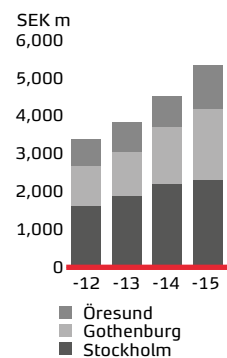
#### Letting ratio



#### Development of property portfolio



#### Property portfolio by region. Projects



Catena also acquired 49 percent of Logistikposition Katrineholm AB from the Municipality of Katrineholm. Logistikposition Katrineholm AB, which owns the Sothönan 3 and 19 properties in Katrineholm, was previously owned jointly by Catena AB and the municipality. In connection with the acquisition, Logistikposition Katrineholm AB signed an agreement to acquire 75,000 square metres of land with title adjacent to the existing Sothönan 3 and 19 properties.

During the year, Catena initiated the acquisition of Tribona AB, which was completed in January, 2016. Tribona develops and manages logistics properties in growing communities in Sweden and Denmark. As per 31 December 2015, the property portfolio comprised 37 properties, of which 36 are located in Sweden and one in Denmark, valued at approximately SEK 5.2 billion. The acquisition strengthens Catena's presence in all of its regions. The acquisition also increases the number of tenants representing various sectors, broadening Catena's market exposure. Particularly in the prioritised food sector. The combined portfolios also provide a good foundation for an enhanced and efficient management organisation. On the whole, the acquisition forms a basis for further expansion.

- ▶ Read more about the acquisition of Tribona on pages 24-25.
- ▶ Read more under Important Events on pages 56-57.

Property acquisition		Space,			Rental income/	Value,	
Property	Type	sq. m.	Region	Municipality	year, SEK m	SEK m	Transfer date
Förmannen 4	Inventories	22,241	Öresund	Ängelholm	11.9	120.3	5 May 2015
Misteln 1	Inventories	1,900	Öresund	Åhus	1.5	20.0	24 June 2015
Tahe 1:64	Inventories	29,209	Gothenburg	Jönköping	14.9	60.0	1 July 2015
Rebbelberga 26:37	Inventories	15,449	Öresund	Ängelholm	9.1	115.0	6 July 2015
Norra Varalöv 31:11	Projects	Projects	Öresund	Ängelholm	0.0	18.6	6 July 2015
Barnarps-Kråkebo 1:56	Inventories	4,030	Gothenburg	Jönköping	2.7	35.0	1 September 2015
Vindtunneln 2	Terminal	16,391	Gothenburg	Borås	9.2	84.0	1 September 2015
Norra Varalöv 31:5	Inventories	4,056	Öresund	Ängelholm	1.8	22.0	2 October 2015
Rebbelberga 26:38	Inventories	975	Öresund	Ängelholm	0.5	6.2	10 October 2015
Postiljonen 1	Terminal	6,702	Gothenburg	Växjö	6.4	79.6	4 November 2015
Sockret 4	Inventories	4,618	Öresund	Malmö	0.0	11.0	2 December 2015
<b>Total</b>		<b>105,571</b>			<b>58.0</b>	<b>571.7</b>	

- ▶ Read more about the acquisitions on pages 56-57.

Property divestments		Space, sq. m.	Region	Municipality	Value,	Earnings,	
Property	Type				SEK m	SEK m	Vacated
Storheden 1:75	Inventories	1,450	Stockholm	Luleå	7.0	0.8	1 April 2015
Stora Frösunda 2 and Hagalund 2:2	Projects	40,723	Projects	Solna	1,450.0	100.5	23 June 2015
Släggan 1	Projects	Land	Öresund	Ljungby	0.5	0.9	13 October 2015
<b>Total</b>		<b>42,173</b>			<b>1,457.5</b>	<b>102.2</b>	

#### Investments in existing properties

Catena invested SEK 131.6 million (180.4) in existing properties, with most of that amount pertaining to investments in the Barnarps-Kråkebo 1:44 property in Jönköping, the Sothönan 3 property in Katrineholm and the Dikartorp 3:12 property in Järfälla.

#### Disposals

At the same time, three properties with a total value of SEK 1,457.5 million were divested to streamline operations and create an attractive portfolio of logistics properties in the regions in which Catena has chosen to operate.

#### Closely related transactions

Catena has acquired the Förmannen 4 property Ängelholm for a property value of SEK 120 million from Backahill AB and sold the project properties in Solna to Fabege AB, which will initially contribute profit before tax of about SEK 100 million to Catena.

These transactions are considered related party transactions and have therefore been subject to and approved by Catena's Annual General Meeting and Extraordinary General Meeting.

Profit for the year includes smaller related party transactions with AB Elmsätters in Enhörna, Backahill AB and Hansan AB for consulting services.



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Stockholm region



Tobias Karlsson, asset manager for the Vasslan 1 property in Stockholm among others.

- The acquisition of 75,000 square metres of land with title, adjacent to the Söthonan 3 and 19 properties in Katrineholm, which have already been already leased.
- In order to increase Catena's lettable area, work began on a 10,000 square metre volume terminal in Katrineholm. It can handle all types of volume goods with different requirements in terms of fittings and temperature. Van Dieren Logistics, with regular deliveries from southern Europe, which have capacity for development, has already been contracted as a tenant for a portion of the space.
- Reinforced management organisation.

Key data	2015	2014	Change, %
Number of properties	20	21	-4.8
Lettable area, thousand sq.m.	309.8	311.3	-0.5
Fair value, SEK m	2,308.3	2,193.9	5.2
Rental value, SEK m	211.9	210.7	0.6
Economic letting ratio, %	95.0	94.9	0.1
Surplus ratio, %	79.0	78.5	0.6
Contractual annual rent, SEK m	201.2	200.0	0.6
Rental income, SEK m	194.9	194.3	0.3
Net operating surplus, SEK m	153.2	152.7	0.3
Profit from property management, SEK m	146.8	131.6	11.6
Number of contracts	72	76	-5.3

Priorities in 2016

- Increase lettable space. Primarily through new construction on existing or acquired land, but also, to achieve faster growth, through the acquisition of well-situated modern logistics properties with reliable customers. All at carefully considered prices.
- Continued focus on energy efficiency in line with the company's sustainability responsibilities and that improves the surplus ratio at the same time.
- Increased rent to compensate for added value delivered to customers.

As a result of active market processing, it was possible to maintain an exceptionally high letting ratio of about 95 percent. Consequently, rental income rose slightly to SEK 194.9 million. The surplus ratio also improved slightly from 78.5 to 79 percent. This is a consequence, not only of the high letting ratio, but also of investments in cost and environmental efficiency.

Renegotiations and new leases increased the average lease period from 4.7 to 4.9 years.

Customers

Customers, several of whom increased their space over the year, include DHL, one of the largest companies in third-party logistics, as well as reputable companies such as Kopparbergs bryggeri, DS Smith and Tech Data, one of the world's leading IT distributors, all of whom impose considerable demands on security. The list of customers also includes Internet distributors such as Footway and Caliroots, as well as food distributors Grönsakshallen Sorunda and a new customer Matsmart.

Significant events in 2015

- The acquisition of 49 percent of Logistikposition Katrineholm AB, which owns the properties Söthonan 3 and 19 in Katrineholm, making Catena the sole owner of the company.

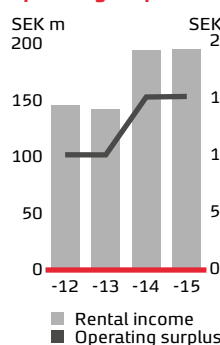
Project portfolio

The region offers a limited number of developable logistics locations. Catena's more attractive development projects include acquisition options in Nykvarn, Katrineholm, Örebro and Norrköping. The projects have reached various stages ranging from lease negotiations to detailed development planning.

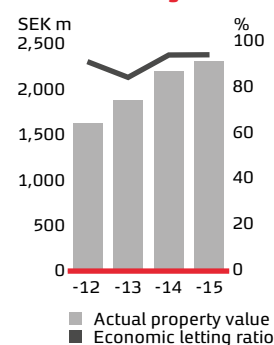


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Rental income/ operating surplus



Fair value/ economic letting ratio



## Gothenburg region



Magnus Bergkvist, business developer for projects including the Barnarps-Kråkebo 1:56 property in Jönköping.

Key data	Change,		
	2015	2014	%
Number of properties	16	12	33.3
Lettable area, thousand sq.m.	291.9	235.3	24.1
Fair value, SEK m	1,864.0	1,505.2	23.8
Rental value, SEK m	189.2	158.6	19.3
Economic letting ratio, %	95.5	97.8	-2.4
surplus ratio, %	75.0	71.9	4.3
Contractual annual rent, SEK m	180.6	155.1	16.4
Rental income, SEK m	161.8	125.8	28.6
Net operating surplus, SEK m	121.4	90.4	34.3
Profit from property management, SEK m	121.6	80.8	50.0
Number of contracts	82	75	9.3

Despite the newly acquired spaces, active market processing meant that it was possible to keep the letting ratio exceptionally high. As a consequence of 29 percent higher income and the environmental and cost efficiency measures implemented in the properties, the surplus ratio also rose from 71.9 percent to 75 percent. The average contract period remains at 3.8 years (3.8 years).

### Customers

Growing customers include the major third-party logistics companies such as DHL, PostNord and Logent and well-established institutions such as Erikshjälpen and companies like Santa Maria, Dagab (Axfood), Intersport and Selector Logistik AB which are at the forefront with regard to automated picking in e-commerce. In Borås, two new customers have been contracted who are engaged in third-party logistics: Albin & Pitigliani and NTG Logistics.

### Significant events in 2015

- Significantly increased lettable space through, among other things, the acquisition of:
  - the Vindtunneln 2 property in Borås, close to national route 40 and Gothenburg Airport with a logistics warehouse of more than 16,000 square metres adjacent to Catena's existing properties;
  - the Tahe 1:64 property, with a logistics warehouse of more than 29,000 square metres plus development rights for 17,400 square metres and the

Barnarps-Kråkebo 1:56 property, a 21,000 square-metre plot with a 4,000 square-metre rational logistics warehouse, both in Jönköping;

- the Postiljonen 1 property in Vaxjö with a 7,000 square-metre terminal strategically located near the airport and major thoroughfares.
- Strengthened management structure, including local representation in the southern Swedish province of Småland.
- The fully developed Högsbo 21:2 property was sold for a value of SEK 580 million, with the new owner gaining access in the first quarter of 2016.

### Priorities in 2016

- Continued focus on energy efficiency in line with Catena's sustainability responsibilities. The surplus ratio is improved at the same time.
- Continued focus on increasing the business area's lettable logistics space by:
  - actively seeking land for logistics projects in selected areas in Gothenburg;
  - continuing to develop properties in strategic locations in the region, such as Borås and Jönköping, but also adjacent to container terminals;
  - acquiring and developing existing modern, strategically-located logistics facilities;
- continuing activities to increase awareness of Catena in the Gothenburg area.

### Project portfolio

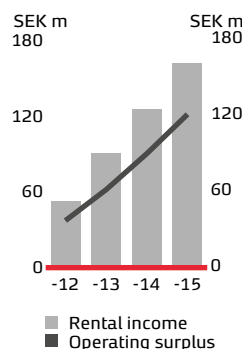
The project portfolio includes both opportunities to develop existing locations, as well as developable land in the already prioritised locations around Jönköping, Borås and Nässjö.



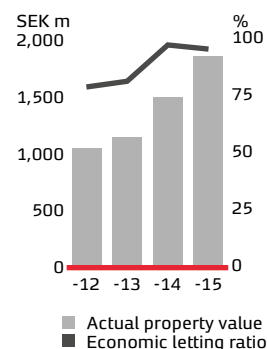
#### Contacts

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#### Rental income/ net operating surplus



#### Fair value/ economic letting ratio



**Öresund region**



Johan Lundius, project manager at the Sunnanå 12:50 property in Malmö, among others.

Key data	Change,		
	2015	2014	%
Number of properties	19	13	46.2
Lettable area, thousand sq.m.	215.1	165.8	29.7
Fair value, SEK m	1,168.0	816.8	43.0
Rental value, SEK m	110.4	84.2	31.1
Economic letting ratio, %	96.7	93.5	3.4
surplus ratio, %	70.0	70.1	-0.1
Contractual annual rent, SEK m	106.8	78.7	35.7
Rental income, SEK m	95.7	85.5	11.9
Net operating surplus, SEK m	67.1	59.9	12.0
Profit from property management, SEK m	76.0	56.3	35.0
Number of contracts	103	80	28.8

Despite property space increasing, active customer processing resulted in the letting ratio increasing significantly, from 93.5 percent to 96.7 percent. Rental revenues rose by 11.9 percent to SEK 95.7 million. As a consequence of increased letting and efficiency improvements being implemented, the favourable profit ratio could be maintained. Renegotiations and new leases increased the average lease period from 3.8 to 4.0 years.

**Customers**

Since previously, customers already include major players in third party logistics, such as DHL and PostNord. But also well-established and stable companies, such as Lindab and Cramo. During the year, a number of new customers, such as Logent, Van Dieren, KM-Pack and Freja were also added.

**Significant events in 2015**

- Several acquisitions were made, particularly in Ängelholm, which significantly increased the business area's lettable area.
- The establishment of the e-commerce cluster in Ängelholm, offering unique opportunities for growing e-commerce.
- The management organisation was strengthened, including with a service that will develop the Malmö area

but also the company's offering to customers in the food sector.

- Active market processing, with a large number of customer meetings, not only reduced vacancy rates, but also identified a significant number of potential customers.

**Priorities in 2016**

- Continued expansion of lettable space, both through investments in existing properties and acquisitions. Primarily in sub-areas where the business area already operates, that is, Malmö, Helsingborg and Ängelholm.
- Continued focus on energy efficiency in line with Catena's sustainability responsibilities and that improves the surplus ratio at the same time.
- Continued focus on new and existing customer relations to retain tenants and fill newly added spaces.
- Continued development of the e-commerce cluster in Ängelholm.

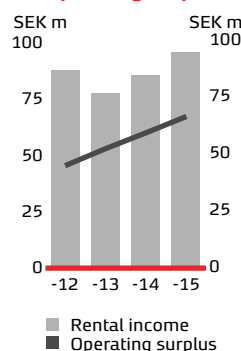
**Project portfolio**

In particular, the region offers two major sites that are owned jointly with Peab. The Logistikposition Malmö project in Sunnanå, which offers total developable property area of 270,000 square metres and the Logistikposition Helsingborg project, in Tostarp, which offers an equal area. The region also includes the 112,000 square-metre Norra Varalöv 31:11 site, where the new e-commerce cluster E-City in Ängelholm is emerging. The detailed development plan allows for logistics buildings of about 56,000 square metres.

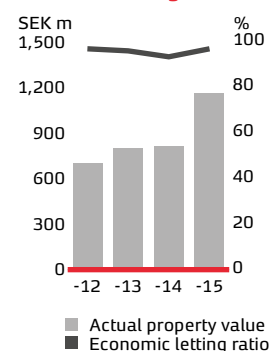


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**Rental income/ net operating surplus**

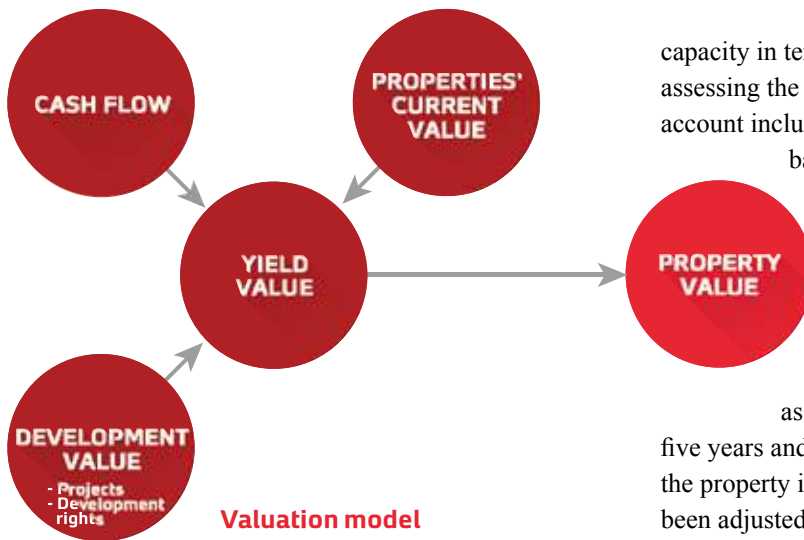


**Fair value/ economic letting ratio**



# Property valuation

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



## Valuation model

Like most listed property companies, Catena has opted to recognise its investment properties at fair value, in accordance with IAS 40. Catena performs quarterly internal valuations of all of its investment properties. The internal valuation is used to determine the fair values recognised in the balance sheet, and is based on a six-year cash-flow model for each individual property. The model is based on actual income and expenses, adjusted for a normalised future earnings

capacity in terms of both income and expenses. When assessing the future earnings capacity, factors taken into account include the expected changes in the rent level

based on the current rent of the individual lease compared with the market rent for each date of maturity, and changes in letting ratio and property costs. The yield value has then been calculated in a cash-flow statement per property.

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

## 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. In 2015, Cushman & Wakefield valued about 63 percent of the portfolio, representing a value of SEK 3,374.0 million.



Project development is an important part of Catena's business and also affects the value of a property. The picture shows new construction at the Sothönan 3 property in Katrineholm.

Jordbromalm 4:33, outside Stockholm, is one of the properties valued externally during the year.



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

### Significant variables

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

	Actual outcome, total	Normalised values, total
Rental value, SEK m	511.5	528.3
Economic letting ratio, %	95.5	86.8
Contractual annual rent, SEK m	488.6	458.7
Operating surplus before property administration, SEK m	377.6	431.6
Property yield before property administration costs, %	7.1	8.1
Surplus ratio before property admin. %	81.3	94.1
Discount rate		10.1

► For definitions, see page 115.

The parameters that significantly impact the value of a property are the discount rate and the rental value. Assumptions including interest rates, debt/equity ratio, inflation assumptions, the required return on paid-in capital, property location, tenant structure, etc. are included in the discount rate. Rental value reflects the market's view of what tenants are willing to pay for property space. A change of +/-1 percent in these parameters impacts the estimated fair value:

Change	Effect	
	+1%	-1%
Discount rate, SEK m	-257	152
Rental value, SEK m	211	-318

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

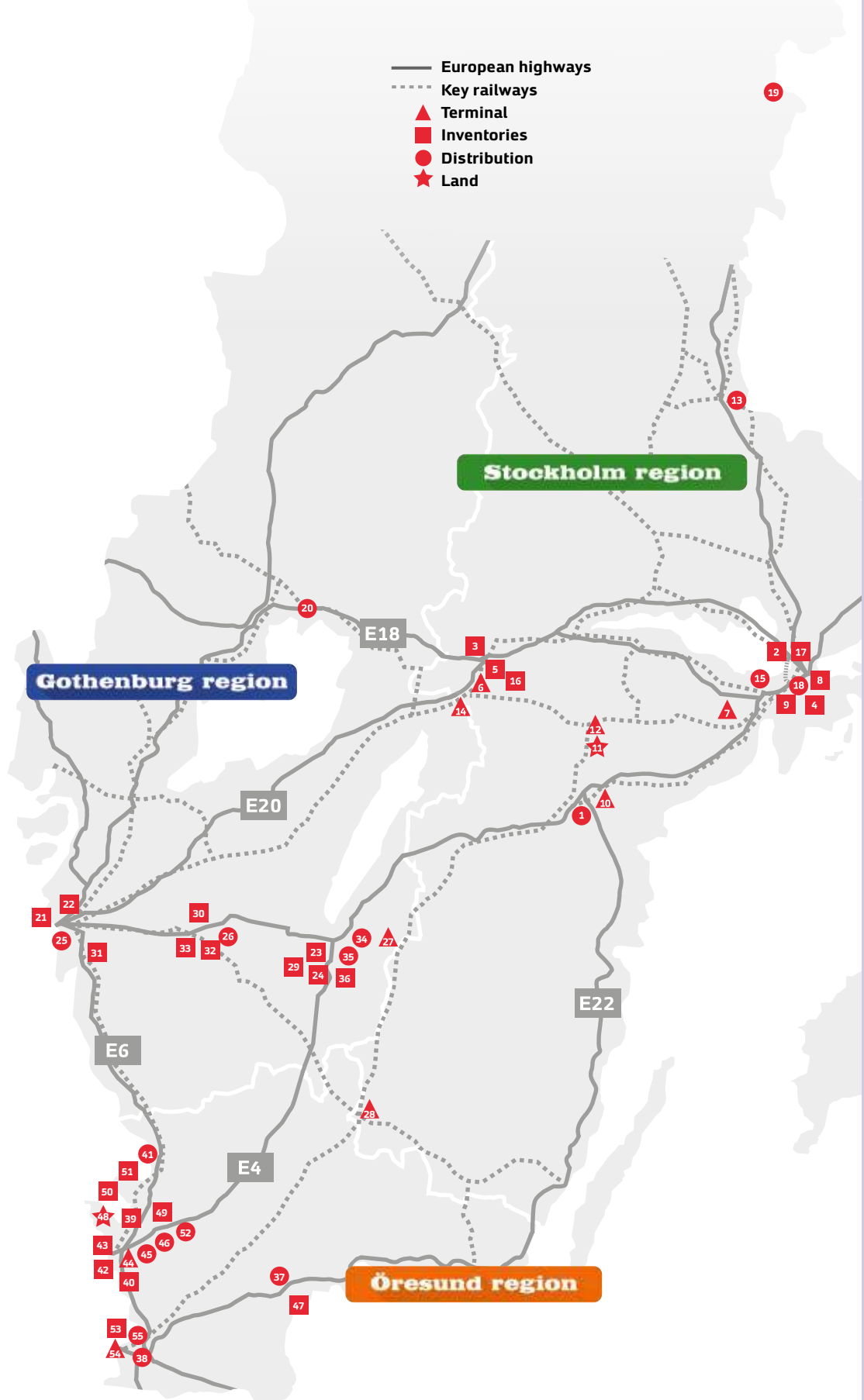
# List of properties by region

Property	Postal address	Address	Value year	Assessment value, SEK t	Rental value, SEK t	Contracted rent, SEK t	Inventories
1. Basfiolen 7	Norrköping	Moa Martinsons gata 10 A	1983	4,196	522	522	0
2. Dikartorp 3:12	Järfälla	Passadvägen 8-10	1977	140,299	16,603	16,603	29,586
3. Godsvagnen 6	Örebro	Terminalgatan 2	1992	65,916	9,672	9,672	19,600
4. Jordbromalm 4:33	Haninge	Lillsjövägen 19	2005	157,267	17,686	17,686	23,547
5. Mosås 4:57	Örebro	Paketvägen 6	1970	31,199	4,186	4,156	12,089
6. Mosås 4:66	Örebro	Paketvägen 10	Spec.	0	7,174	7,174	0
7. Mörby 5:28	Nykvarn	Mörbyvägen 21	2009	33,000	11,628	11,628	0
8. Nattskiftet 11	Stockholm	Elektrav. 15 / Drivhjulsv. 42	1996	14,528	27,066	26,482	25,484
9. Regulatorn 2	Huddinge	Elektronv. 1 / Regulatorv. 10	1967	144,117	31,536	27,606	45,203
10. Slottshagen 2:1	Norrköping	Kommandantvägen 5	Spec.	0	8,226	7,971	0
11. Sothönan 19	Katrineholm	Terminalgatan 8	Land	864	0	0	0
12. Sothönan 3	Katrineholm	Industrigatan 7	1986	11,886	4,200	3,872	0
13. Sörby Urfjäll 38:2	Gävle	Elektrikergatan 4	1990	4,427	763	763	0
14. Terminalen 1	Hallsberg	Hallsberg terminal 12, 14, 19	Spec.	0	11,950	11,950	0
15. Tuvängen 1	Södertälje	Morabergsvägen 25	2000	19,587	2,366	2,366	0
16. Törsjö 2:49	Örebro	Paketvägen 1, 3	2004	172,620	30,390	30,390	55,255
17. Vanda 1	Kista	Vandagatan 3	1990	168,200	22,023	16,387	23,240
18. Vasslan 1	Årsta	Sockengränd 2	1986	42,510	4,468	4,468	0
19. Vårdshuset 3	Sundsvall	Vårdshusvägen 5	1985	3,114	762	762	0
20. Östanvinden 5	Karlstad	Östanvindsgatan 4	1983	2,585	725	725	0
<b>Total Stockholm Region</b>				<b>1,016,315</b>	<b>211,947</b>	<b>201,181</b>	<b>234,004</b>
21. Backa 23:5	Hisings Backa	Exportgatan 14-16	Spec.	540	16,165	16,165	7,300
22. Backa 97:10	Hisings Backa	Exportgatan 43	1979	48,873	8,886	8,886	13,878
23. Barnarps-Kråkebo 1:44	Jönköping	Möbelvägen 39	1991	50,488	16,787	11,272	34,126
24. Barnarps-Kråkebo 1:56	Jönköping	Stolsvägen 2	2001	15,988	2,699	2,699	4,030
25. Högsbo 21:2	Västra Frölunda	J A Prippts gata 2	1976	258,569	55,963	55,963	0
26. Källbäckeryd 1:408	Brämhult	Tvinnargatan 17	1990	4,580	541	541	0
27. Lagret 1	Nässjö	Terminalgatan 6	2004	52,158	16,227	16,227	0
28. Postiljonen 1	Växjö	Nyländavägen 2	Spec.	0	6,416	6,416	0
29. Tahe 1:64	Taberg	Målovägen 2	1980	68,534	14,865	14,865	29,209
30. Tappen 1	Borås	Lamellgatan 1	1984	15,568	2,752	2,633	5,700
31. Varla 6:15	Kungsbacka	Kabelgatan 5	1980	69,164	14,961	14,961	25,006
32. Vindtunneln 1	Borås	Vevgatan 18	2002	69,011	10,739	10,739	16,897
33. Vindtunneln 2	Borås	Segloravägen 6	2006	72,000	7,612	5,473	16,391
34. Ädelmetallen 1	Jönköping	Industrigatan 7	1976	53,798	7,415	7,415	0
35. Älghunden 3	Jönköping	Multervägen 3	1983	13,212	1,790	1,790	0
36. Ättehögen 2	Jönköping	Herkulesvägen 56	1987	24,825	5,366	4,604	8,709
<b>Total Gothenburg Region</b>				<b>817,308</b>	<b>189,185</b>	<b>180,648</b>	<b>161,246</b>
37. Arnulf Öfverland 1	Kristianstad	Estrids väg 2	1992	4,113	714	714	0
38. Bronsringen 1, 3	Oxie	Bronsgjutaregatan 4	2008	45,159	7,736	7,736	0
39. Förmannen 4	Ängelholm	Transportgatan 13	1993	58,150	11,898	11,898	22,241
40. Hästhagen 4	Helsingborg	Landskronav. 5, 7 A-E	2005	69,177	19,823	17,658	38,481
41. Konen 5	Halmstad	Kristinehedsvägen 10	2011	4,586	1,045	1,045	0
42. Kopparverket 11	Helsingborg	Stormgatan 11	2007	96,000	6,874	6,874	26,600
43. Kroksabeln 17	Helsingborg	Muskötgatan 11	1971	18,776	2,877	1,963	7,416
44. Köpingegården 1	Helsingborg	Trintegatan 10, 13, 15	2004	120,849	24,066	24,066	14,403
45. Lejonet 6	Åstorp	Bangatan 7	1973	2,401	907	907	0
46. Lejonet 7	Åstorp	Bangatan 9A	1995	8,232	2,671	2,671	0
47. Misteln 1	Åhus	Täppetleden 1	2011	9,428	1,447	1,447	1,900
48. Norra Varalöv 31:11	Ängelholm	Helsingborgsvägen 529	Land	0	0	0	0
49. Norra Varalöv 31:5	Ängelholm	Produktionsvägen 11	2011	7,988	1,803	1,803	4,056
50. Rebbelberga 26:37	Ängelholm	Framtidsgatan 3	1999	26,336	9,118	9,118	15,449
51. Rebbelberga 26:38	Ängelholm	Framtidsgatan 5	1998	3,229	552	504	975
52. Remmen 1	Åstorp	Ji-Te gatan 9/Persbogatan 1-3	1985	11,519	3,621	3,621	0
53. Sockret 4	Malmö	Lodgatan 11	1,979	10,582	462	0	4,618
54. Terminalen 3	Malmö	Terminalgatan 7	Spec.	0	12,358	12,358	0
55. Terminalen 4	Malmö	Terminalgatan 5	1979	14,111	2,413	2,410	0
<b>Total Öresund Region</b>				<b>510,636</b>	<b>110,384</b>	<b>106,793</b>	<b>136,139</b>
<b>TOTAL</b>				<b>2,344,259</b>	<b>511,515</b>	<b>488,621</b>	<b>531,389</b>



Type, square metres

Distribution	Terminal	Total
1,318	0	1,318
0	0	29,586
0	0	19,600
0	0	23,547
0	0	12,089
0	8,885	8,885
0	186	186
0	0	25,484
0	0	45,203
0	15,126	15,126
0	0	0
0	12,157	12,157
1,427	0	1,427
0	25,850	25,850
2,640	0	2,640
0	0	55,255
0	0	23,240
5,399	0	5,399
1,512	0	1,512
1,330	0	1,330
<b>13,626</b>	<b>62,204</b>	<b>309,834</b>
7,659	0	14,959
0	0	13,878
0	0	34,126
0	0	4,030
66,180	0	66,180
1,247	0	1,247
0	24,404	24,404
0	6,702	6,702
0	0	29,209
0	0	5,700
0	0	25,006
0	0	16,897
0	0	16,391
20,757	0	20,757
3,738	0	3,738
0	0	8,709
<b>99,581</b>	<b>31,106</b>	<b>291,933</b>
1,750	0	1,750
5,150	0	5,150
0	0	22,241
0	0	38,481
727	0	727
0	0	26,600
0	0	7,416
0	24,522	38,925
1,785	0	1,785
3,624	0	3,624
0	0	1,900
0	0	0
0	0	4,056
0	0	15,449
0	0	975
6,782	0	6,782
0	0	4,618
0	33,300	33,300
1,290	0	1,290
<b>21,108</b>	<b>57,822</b>	<b>215,069</b>
<b>134,315</b>	<b>151,132</b>	<b>816,836</b>



# Important events



- ▶ Nya Svensk FastighetsFinansiering AB (Nya SFF) was launched – a newly formed finance company with a covered MTN programme of SEK 8 billion. The company, which is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wahlborgs Fastigheter AB – each with a holding of 20 percent – commenced financing operations in February 2015.
- ▶ A contract was signed for the sale of a smaller property in Luleå (which is not a priority area for Catena) for a property value of SEK 7 million, with Catena relinquishing possession on 1 April 2015.
- ▶ Acquisition of the Municipality of Katrineholm's 49 percent holding in Logistikposition Katrineholm AB, which was formerly owned jointly with Catena AB and which owns the Sothönan 3 and 19 properties in Katrineholm. The property value of the existing properties was SEK 35 million. The purchase consideration for the company amounted to SEK 6 million. The acquisition makes Logistikposition Katrineholm AB a wholly-owned subsidiary of Catena. In connection with the acquisition, Logistikposition Katrineholm AB signed an agreement for the acquisition of 75,000 square metres of land with title adjacent to the existing Sothönan 3 and 19 properties.
- ▶ Through a corporate acquisition, Catena acquired the Förmanen 4 property in Ängelholm from Backahill Fastigheter AB for a property value of SEK 120 million. The transaction, which was made with one of Catena's major shareholders, was conditional on a decision by Catena's Annual General Meeting on 28 April 2015. There is a logistics warehouse of 22,200 square metres on the property, which is well located in a trade and logistics area closely adjacent to the E6/E20 motorway. The property has two tenants, with the larger lease expiring in 2023.



- ▶ Catena's project properties Stora Frösunda 2 and Hagalund 2:2 in Solna were sold. The divestment was made for a property value of SEK 1,450 million with 23 June as the transfer date. The transaction, which was made with the closely-related party Fabege AB, was conditional on a decision taken by the Extraordinary General Meeting on 23 June.

- ▶ The Misteln 1 property in Åhus was acquired for a property value of SEK 20 million, with Catena taking possession on 24 June. This recently constructed property has 1,900 square metres of space.
- ▶ Catena has signed an agreement to acquire, through a corporate transaction, the Tahe 1:64 property in Jönköping for an underlying property value of SEK 60 million. Located on the property is a logistics warehouse of more than 29,000 square metres. The transfer date was 1 July.
- ▶ Catena signed an agreement to acquire the Rebbelberga 26:37 logistics property in Ägelholm through a corporate acquisition. The property has some 15,000 square metres of space at a property value of SEK 115 million. In addition, 60 percent of a development area in Ängelholm with a property value of SEK 18.6 million. Possession of the property took place on 6 July.



- ▶ Through a corporate acquisition, Catena acquired the Barnarps-Kråkebo 1:56 property in Jönköping at an underlying property value of SEK 35 million. The 21,000 square-metre site, with is well situated on the Torsvik industrial estate close to the E4 motorway, houses a leased 4,000 square-metre logistics warehouse.
- ▶ Catena acquired the Vindtunneln 2 property in Borås. The transaction was made as a corporate acquisition at an underlying property value of SEK 80 million. On the property, which is located near national route 40 and Gothenburg Airport, there is a leased logistics warehouse of more than 16,000 square metres.



- ▶ Catena acquired the Norra Varalöv 31:5 property in Ängelholm. The transaction was carried out as a corporate acquisition for a property value of SEK 22 million. On the property, which is strategically located directly adjacent to the Norra Varalöv development site acquired in the second quarter, is a leased logistics warehouse of more than 4,000 square metres.
- ▶ Catena signed an agreement to acquire the Postiljonen 1 property in Vaxjö. The transaction was carried out as a corporate acquisition at an underlying property value of

Barnarps-Kråkebo 1:44 in Jönköping, with the long row of doors typical of a terminal.



SEK 80 million. On the property, which is strategically located close to an airport and major thoroughfares, is a leased terminal of nearly 7,000 square metres. The property, which complements the company's logistics positions in Jönköping and Nässjö came into Catena's possession at the beginning of November.

- ▶ Catena expanded its senior management with the addition of Lena Haraldsson, responsible for the Malmö area and for logistics properties in the food sector. The management team will subsequently consist of eight people.
- ▶ Catena acquired all of Klöver AB's 14,377,428 shares, representing 29.55 percent of the share capital in Tribona AB for a cash consideration of SEK 42 per share. At the same time, Catena submitted a public takeover bid to the other shareholders in Tribona to acquire all remaining shares issued by Tribona. As payment for eight shares in Tribona, Catena offered three newly issued shares in Catena. At the time at which the offer was made, this corresponded to an offer value of SEK 45 per share. As an alternative to the exchange option, Catena offered a cash consideration of SEK 42 per share in Tribona.
- ▶ On 16 December, Catena signed an agreement to sell

the Högsbo 21:2 property in Gothenburg, with Catena relinquishing possession in mid-January 2016. The sale was made at a property value of SEK 580 million. The transaction strengthens Catena's cash position by about SEK 220 million.

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

Following the expiry of the acceptance period for the public takeover offer on 5 February 2016, 94.5 percent of Tribona's shareholders had accepted Catena's bid. Among Tribona's shareholders, 41.6 percent chose the exchange option. As a consequence, an additional 7,593,585 Catena shares will be issued, with the total number of Catena shares amounting to 33,235,506. Share capital thus increased to SEK 146,236,226.

Catena initiated a compulsory redemption of the remaining shares in Tribona and de-listed Tribona's shares from the Nasdaq Stockholm exchange. The final day of trading in Tribona's shares was 22 February 2016.

Tribona will be included in Catena's financial statements as of the interim report for the first quarter of 2016.

Tribona's personnel have been offered employment at Catena.

# Market outlook

Over time, the market for logistics properties is driven by increased goods flows and growing retail trade, particularly e-commerce. Consequently, demand for Catena's well-situated and, for their purpose well-suited and environmentally efficient, logistics spaces is expected to remain good in 2016.

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, providing opportunities to move forward with new production at our existing development sites.

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

Combined with favourable access to capital at low interest rates, this means that the transaction market for efficient, energy-smart and suitably located logistics properties remains good. Through acquisitions and property development, we perceive good opportunities to expand our operations over the coming years.

# Appropriation of surplus

## Proposed distribution of earnings

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

	SEK
Accumulated profit	962,389,868.67
Net result for the year	33,902,102.31
<b>Total</b>	<b>996,291,970.98</b>

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

	SEK
To be distributed to shareholders:	
SEK 3.00 per share	99,706,518.00
Brought forward to new account	896,585,452.98
<b>Total</b>	<b>996,291,970.98</b>

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

### The Board of Directors' proposal

In the proposed appropriation of earnings, the Board of Directors proposes to the 2016 Annual General Meeting that Catena pay a dividend of SEK 3.00 per share for the 2015 financial year, which entails a total dividend payment of SEK 99,706,518 (76,925,763). From the annual accounts it can be seen that Catena's consolidated equity

ratio amounts to 35.7 percent. Following the proposed dividend, the consolidated equity ratio is expected to be approximately 34.7 percent. One of Catena's financial targets is that the consolidated equity ratio should be a minimum of 30 percent.

### Explanatory statement by the Board

In light of the aforementioned, the Board believes that the proposed dividend to shareholders is warranted considering the stipulations in Chapter 17, Section 3, Paragraph 2 and 3 of the Swedish Companies Act. The Board is of the opinion that there is full cover for the company's restricted equity following the proposed dividend. After the proposed dividend, the Board believes that the company's and Group's equity and liquidity will be sufficient considering the nature, scope and risk of the operations. The Board is of the opinion that the proposed dividend will not affect Catena's capacity to meet its short or long-term commitments. Moreover, the Board believes that the investments required for the company's operations will not be adversely impacted. As regards the company's earnings and overall financial position in other regards, please refer to the financial statements further on in this report and the notes to the financial statements on pages 66-71.



**Take 1:64, Jönköping**

On the property, which was acquired in 2015 and which enjoys a favourable location in Torsvik close to the E4 highway just south of Jönköping, is a logistics warehouse of more than 29,000 square metres. Catena also holds building rights for a further 17,000 square metres on the property.

The existing building is a centrally and strategically located development property in a location with no surrounding homes that could conceivably be disrupted by frequent, 24-hour activities.

” **Accordingly, the property is optimal as an e-commerce cluster with multiple tenants.**

# Interest-bearing liabilities

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

## Policy and exposure

The Group's treasury management, which is carried out by the Parent Company, Catena AB, ensures that funding and liquidity are secured, that payment systems are appropriate and that the Group's risk exposure is kept within the framework of the policy. Catena has a policy that borrowing should mainly have a loan term of at most ten years. All borrowing is to be conducted in SEK. The policy also states that, to the extent this is possible, the fixed-interest term structure is to be adapted to the duration of leases signed. Consideration is also given to the current business plan for each property. To manage interest-rate risks, Catena uses financial instruments such as interest-rate swaps and interest-rate caps, as mandated by the Board.

## Capital structure

The Group is financed partly through equity, which amounted to SEK 2,477.8 million (1,984.8) and through liabilities to credit institutions, which amounted to SEK 3,754.1 million (3,457.6), representing a total equity ratio of 35.7 percent (32.4). Catena targets its long-term equity ratio target not exceeding 30 percent.

## Working capital and cash flow

Cash flow for the year before changes in working capital improved by SEK 36.7 million to SEK 241.5 million (204.8).

Cash flow was affected by divestments. In addition to the divestment of the project properties in Solna, which contributed SEK 768.0 million to cash flow, other divestments affected cash flow by SEK 5.3 million.



Terminalen 1 in Hallsberg – financed through covered bonds issued by Nya SFF.

The year's acquisition of 11 properties affected cash flow negatively. The acquisitions have been financed in part by raising new loans.

At the end of the year, cash and cash equivalents amounted to SEK 201.5 million (199.4).

► See also page 110.

### Liabilities to credit institutions

Liabilities to credit institutions totalled SEK 3,754.1 million (3,457.6), of which SEK 347.2 million relates to the Högsbo 21:2 property in Gothenburg, which, in accordance with IFRS 5 is included under Assets available for sale. An agreement for the sale of Högsbo 21:2 has been signed and the buyers took possession of the property on 15 January 2016.

At 31 December 2015, the existing credit framework totalled SEK 3,900.3 million.

► Read more about the company's interest-bearing liabilities on page 110.

### Bond financing

Catena is part-owner of the finance company Nya Svensk FastighetsFinansiering AB (Nya SFF), a finance company with a guaranteed MTN programme of SEK 8,000 million. Catena has thereby broadened the base for its borrowings at a time when there is great demand for bonds in the capital market. In addition to Catena AB the company is owned by Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB – each with a holding of 20 percent. Operations commenced in February 2015.

In 2015, Catena issued covered bonds within the framework of Nya SFF for a value of SEK 112 million, with collateral in the Terminalen 1 property in Hallsberg, at a fixed annual interest rate of 1.42 percent.

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

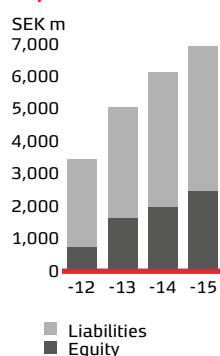
### Interest risks

Catena has interest rate swap contracts for SEK 2,000.0 million (2,000.0) with an interest rate of less than 3 percent. The fair value of the interest rate swap contracts was SEK 1,884.3 million (1,853.8) on the closing date. The nominal value of the derivatives is equivalent to 53 percent of consolidated liabilities to credit institutions. The average interest rate, including the cost of unused credit frameworks and derivatives, amounted to 2.6 percent for the year.

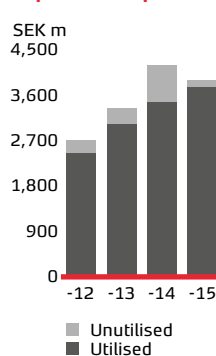
The derivatives are marked to market, meaning that the carrying amount agrees with the fair value. The change is recognised in the income statement. The carrying amount was SEK 115.7 million (146.9). The change in the value of the derivatives does not affect cash flow and, on reaching maturity, the value of derivatives is always zero.

► Read more about the company's financial risks and derivatives on pages 110 and in note 19, Group.

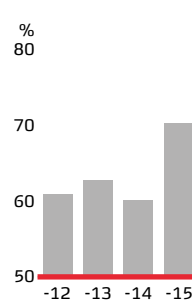
### Capital structure



### Capital tied-up



### Loan-to-value ratio – real estate



# The Catena share and owners

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.

## Price trend and turnover

During 2015, the share price rose about 9.5 percent (5.8), from SEK 105.75 to SEK 115.75. On the balance sheet date, the market capitalisation was SEK 2,968 million (2,712). The lowest price quoted for the share was SEK 103.00 on 7 January, and a this highest price was SEK 141.00 on 28 April. The NASDAQ Stockholm's all share index OMXSPI rose 6.6 percent (11.9) and the Carnegie Real Estate Index (CREX) climbed 26.3 percent (35.1). The total return on the share amounted to just over 12 percent. During the year, a total of 5,468,818 Catena shares (2,981,762) were traded on the Nasdaq Stockholm exchange, corresponding to a turnover rate of 21.3 percent (11.6).

## Shares and share capital

The share capital of Catena AB is to be no less than SEK 50,000,000 and no more than SEK 200,000,000. The total number of shares is not permitted to be less than 10,000,000 and more than 40,000,000. At 31 December 2015, the share capital in Catena AB totalled SEK 112,824,452.40 distributed among 25,641,921 ordinary shares. The quotient value per share is SEK 4.40. Each share confers one vote and each person entitled to vote at the General Meeting of shareholders may vote for the full number of shares held and represented. All shares confer equal rights to participate in the company's assets and

earnings. The shares are not subject to any limitations as regards the right to transfer of ownership.

► The development of share capital is described in note 18 on page 86.

## New share issue

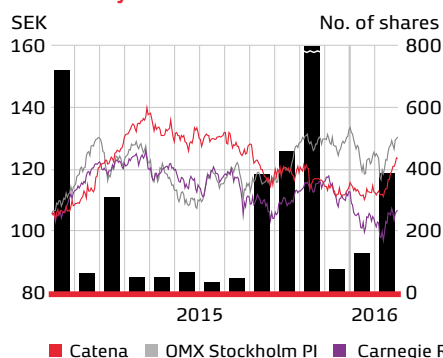
An Extraordinary General Meeting on 30 November resolved to issue new shares in connection with the acquisition of Tribona. In January 2016, Catena registered part of the issue with the Swedish Companies Registration Office, whereby the total number of shares and votes increased by 7,246,971. In another part of the issue, the number of shares and votes increased by a further 346,614.

On 29 February 2016, Catena's registered share capital amounted to SEK 146,236,226.4 distributed between 33,235,506 shares. All shares are of the same class of shares and each share entitles the holder to one vote at Catena's General Meetings.

## Owners

At 31 December 2015 the Catena AB had 14,090 shareholders (14,545). Following the new share issue, there were 14,557 shareholders on 29 February. The largest shareholder is Backahill Kil AB with 33.8 percent (45.6) of the capital and EndicottSweden AB with 11.2 percent (13.5). No other shareholder held 10 percent or more

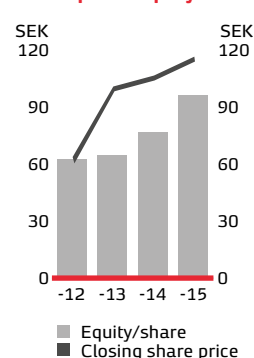
Share price trend 1 January 2015 – 29 February 2016



Share price trend 1 January 2013 – 29 February 2016



Share price/equity





of the shares outstanding on 29 February 2016. Owners outside of Sweden accounted for 3.4 percent (6.1) of the share capital. Owners in Sweden accounted for 96.6 percent (93.9) of the share capital and votes, of which legal entities accounted for 73.2 percentage points (86.9) and private individuals for 7.7 percentage points (7.0) of the share capital and votes. On 29 February 2016, Catena AB held no treasury shares.

► Figures in parentheses refer to 31 December 2014.

Ownership structure, per 29 February 2016. Ten largest shareholders	No. of shares, 000s	Votes, %
Backahill	11,221	33.8
Endicott Sweden AB (CLS Holding plc)	3,719	11.2
Länsförsäkringar fondförvaltning AB	3,283	9.9
SFU Sverige AB	1,847	5.6
Nordea Investment Funds	1,316	4.0
Skagen Vekst Verdipapirfond	1,069	3.2
CGML PB Client Acct-Sweden Treaty	1,057	3.2
Swedbank Robur fonder	874	2.6
JP Morgan Bank Luxembourg S.A.	778	2.3
CRHE Invest AB	770	2.3
Other shareholders	7,302	22.0
<b>Total</b>	<b>33,236</b>	<b>100.0</b>

Ownership, distribution by size of shareholding at 29 February 2016	Owners	
	Number	Share, %
1-500	13,794	94.8
501-1,000	423	2.9
1,001-5,000	234	1.6
5,001-10,000	38	0.3
10,001-15,000	10	0.1
15,001-20,000	12	0.1
20,001-	46	0.3
<b>Total</b>	<b>14,557</b>	<b>100.0</b>

### Incentive programmes

Catena has no share-based incentive programmes, options or convertible securities. Nor are there any authorisations

to issue any such financial instruments. Accordingly, none of the Board members or any of the senior executives in Catena hold any warrants in Catena.

### Dividend policy and dividends

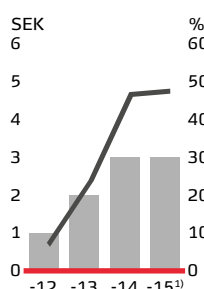
In the long-term, Catena's dividends to shareholders should amount to 50 percent of profit from property management less standard rate tax. For the 2015 financial year, the Board of Directors and the CEO propose a total dividend of SEK 99.7 million (76.9), corresponding to 49.3 percent of total profit excluding standard tax. Taking the increased number of shares after the rights issue into account, that amounts to SEK 3.00 per share (3.00). That corresponds to a yield of 2.6 percent (2.8).

► Read more about the company's stock market information on page 116.

Data per share, prior to and after dilution	2015	2014
Share price at year end, SEK	115.75	105.75
Price trend over the year, %	9.5	5.8
Highest price paid during the year, SEK	141.00	115.00
Lowest price paid during the year, SEK	103.00	94.00
Profit from property management per share, SEK	10.11	8.02
Earnings per share, SEK	22.29	13.49
Dividend per share, SEK	3.00 <sup>1)</sup>	3.00
Dividend yield, %	2.6 <sup>1)</sup>	2.8
Total return on the share, %	12.3	7.8
P/E ratio	5.2	7.8
Cash flow per share, SEK	0.08	-0.58
Equity per share, SEK	96.46	77.22
Net asset value per share, EPRA NAV, SEK	115.00	96.60
Turnover rate, %	21.3	11.6
No. of shares at year end, 000s	25,642	25,642
Average number of shares, 000s	25,642	25,556

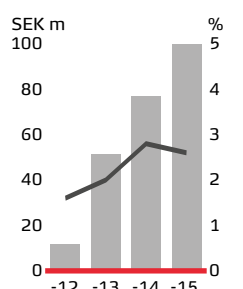
1) According to the proposal by the Board of Directors and the CEO.

### Dividend and payout ratio

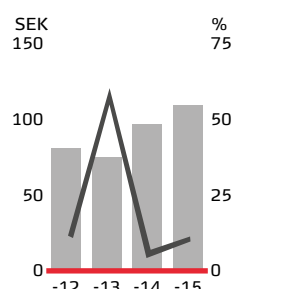


1) According to the proposal by the Board of Directors and the CEO.

### Dividend yield



### Net asset value, EPRA NAV and total return




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### **Barnarps-Kråkebo 1:56, Jönköping**

The property, which was acquired in 2015, is a 21,000 square-metre plot with a modern and rational logistics warehouse of 4,000 square metres, leased to Selector Logistik AB. A logistics partner for a number of customers' e-commerce operations. According to Logistics Manager, Ahdrian Albers, the company, which operates automated e-commerce logistics, among other things, chose, the premises because:

**” They are tailored to the needs of third-party e-commerce and, being located well for reaching Sweden, Norway, Denmark, Finland and the Baltic countries, they facilitate the operation of our automated e-commerce logistics.**

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## Parent Company

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# Financial statements – Group

## Consolidated Statement of Comprehensive Income

SEK m	Note	1 January 2015 31 December 2015	1 January 2014 31 December 2014
Rental income	4	464.2	431.3
Property expenses	5.7	-112.9	-105.6
<b>Operating surplus</b>		<b>351.3</b>	<b>325.7</b>
Central administration	5,6,7,8	-26.7	-28.9
Other operating income		23.1	9.6
Other operating expenses		-13.7	-8.1
Participations in profit of associated companies	13	12.4	0.8
Financial income	9	7.2	0.9
Financial expenses	9	-94.3	-95.1
<b>Profit from property management</b>		<b>259.3</b>	<b>204.9</b>
Realised changes in value of investment properties	11	102.2	-6.5
Unrealised changes in value of investment properties	11	198.3	392.5
Changes in values of derivatives	19	30.5	-150.6
<b>Pre-tax profit</b>		<b>590.3</b>	<b>440.3</b>
Current tax	10	-3.9	-1.9
Deferred tax	10	-14.9	-94.2
<b>Net result for the year</b>	<b>18</b>	<b>571.5</b>	<b>344.2</b>
Other comprehensive income for the year		-	-
<b>Comprehensive income for the year</b>		<b>571.5</b>	<b>344.2</b>
<b>Attributable to:</b>			
Parent Company's shareholders	18	571.5	344.8
Non-controlling interests		-	-0.6
<b>Earnings per share</b>			
Earnings per share prior to and after dilution, SEK	18	22.29	13.49
Dividend per share, SEK		3.00 <sup>1)</sup>	3.00

1) The Board's proposed dividend.

## Consolidated quarterly earnings

SEK m	2015				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Rental income	114.6	113.0	117.5	119.1	100.1	111.5	105.4	114.3
Operating surplus	85.8	87.2	91.9	88.4	71.0	89.4	81.5	83.8
Profit from property management	55.9	57.7	78.5	67.2	42.7	59.4	52.9	49.9
Pre-tax profit	87.7	270.8	67.1	164.7	29.2	30.8	337.4	42.9
Net profit after tax	68.4	305.5	52.3	145.3	22.8	24.0	263.3	34.1

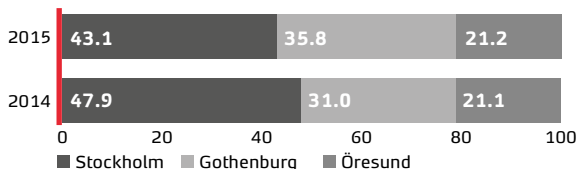
### Rental income

Rental income increased by 7.6 percent, primarily as a result of the acquired properties, also offsetting the sale of the Norra Solna project properties, completed projects and a continued high letting ratio, which amounted to 95.5 percent.

Income from contracts with terms of more than three years accounted for approximately 67 percent of Catena's contracted annual rent, which entails stable income with no appreciable variation between periods, except when affected by acquisitions and sales. The average remaining lease period is approximately 4.3 years.

During the year, 83 new contracts (56) were signed for a total area of 96,374 square metres (127,300) and a contract value of SEK 70.1 million (79.1). At the same time, 60 contracts (27) were cancelled for a total area of 145,549 square metres (59,400) and a contract value of SEK 85.9 million (32.9). Accordingly, the net effect on the contract portfolio amounted to a negative 49,175 square metres.

### Distribution of income, %



### Lettable area and letting ratio in terms of space per region

	Rental income	Lettable area, thousand sq.m.	Economic letting ratio floor space, %
Stockholm	194.9	309.8	95.0
Gothenburg	161.8	291.9	95.5
Öresund	95.7	215.1	96.7
Solna project	11.8	0	0
<b>Total</b>	<b>464.2</b>	<b>816.8</b>	<b>95.5</b>

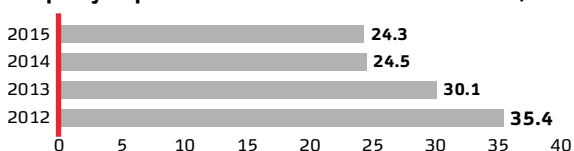
### Duration of leases

Duration	Number contracts	Contracted annual rent, SEK m	Contracted annual rent, %
2016	105	39,322	8
2017	66	74,098	15
2018	28	50,574	10
2019	21	99,060	20
2020	19	48,977	10
2021	4	45,928	10
2022+	22	130,663	27
<b>Total</b>	<b>265</b>	<b>488,622</b>	<b>100</b>

### Operating surplus

The net operating surplus rose by 7.9 percent. Property expenses as a percentage of rental income remain at a low level, 24.3 percent. Compared with 2014, they rose by 6.9 percent, mainly due to the larger property portfolio. For comparable portfolios, property expenses have risen by SEK 3.0 million due to increased repairs.

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

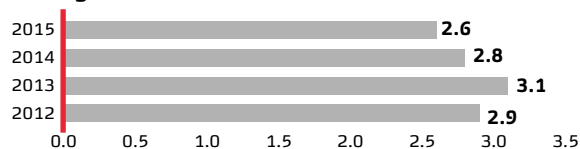


### Profit from property management

Compared with 2014, profit from property management increased by 26.6 percent as a result of the increased property

space. Financial expenses decreased somewhat over the year as a consequence of completed refinancing processes, restructuring of the credit portfolio and lower market interest rates. The average interest rate over the year was 2.6 percent.

### Average interest rate, %



### Fixed interest

Year	SEK m	Interest rate, % <sup>1)</sup>	Share, %
2016	1,603.7	1.62	43
2017	30.7	1.72	1
2020	112.0	1.42	3
2021	500.0	4.33	13
2022	500.0	3.72	13
2023	500.0	3.13	13
>2024	507.7	2.82	14
<b>Total</b>	<b>3,754.1</b>	<b>2.62</b>	<b>100</b>

1) Refers to the current average interest rate as per 31 December 2015. Interest rates change in pace with the general interest situation, although this is limited by applicable interest rate caps.

### Interest rate hedges through interest-rate swaps

Start year	End year	Interest rate, %	SEK m
2011	2021	2.9	500.0
2012	2022	2.3	500.0
2014	2023	1.7	500.0
2014	2024	1.4	500.0
<b>Total</b>			<b>2,000.0</b>

### Results

Pre-tax profit was affected positively by realised changes in the value of the properties, primarily attributable to the "Haga Norra" project properties in Solna. But also, following an externally validated valuation, unrealised changes in the value of the property portfolio in other regards. These are primarily driven by project and property development, cash flows and direct return on market terms.

Earnings are also affected positively by the book undervalue of interest rate derivatives, which decreased to EUR 115.7 million (146.2), mainly due to higher long-term interest rates around the end of the year. The changes in value are of an accounting nature and do not affect the existing cash flow. The nominal value of the derivatives is equivalent to 53 percent of consolidated liabilities to credit institutions.

Deferred tax is largely attributable to changes in the value of properties and derivatives. Tax paid amounted to SEK 3.9 million.

### Return on total capital

Return on total capital amounted to 10.5 percent (12.3). The decrease, which is limited by improved profit from property management, is primarily attributable to the new properties acquired late in the year and that therefore generated income only during part of the year. But also to the lower return on the "Haga Norra" project properties' increased property value. The project properties were divested during the year.

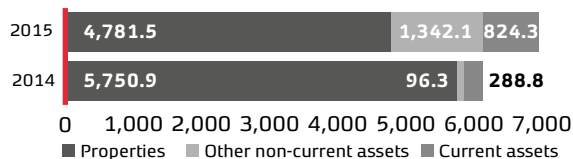
### Return on equity, %



## Consolidated Statement of Financial Position

SEK m	Note	31 December 2015	31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	11	4,781.5	5,750.9
Property, plant and equipment	12	1.6	1.8
Participations in associated companies	13	665.7	28.0
Deferred tax asset	10	57.8	63.9
Other long-term receivables	19, 20	617.0	2.6
<b>Total fixed assets</b>		<b>6,123.6</b>	<b>5,847.2</b>
<b>Current assets</b>			
Accounts receivable	14	1.9	1.6
Assets available for sale	15	559.2	–
Other receivables	16	46.2	65.9
Prepaid expenses and accrued income	17	15.5	21.9
Cash and cash equivalents	19	201.5	199.4
<b>Total current assets</b>		<b>824.3</b>	<b>288.8</b>
<b>TOTAL ASSETS</b>	<b>20</b>	<b>6,947.9</b>	<b>6,136.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital		112.8	112.8
Other capital contributions		733.9	733.9
Accumulated profit		1,626.7	1,133.3
<i>Shareholders' equity attributable to Parent Company shareholders</i>		<i>2,473.4</i>	<i>1,980.0</i>
<i>Non-controlling interests</i>		<i>4.4</i>	<i>4.8</i>
<b>Total equity</b>	<b>18</b>	<b>2,477.8</b>	<b>1,984.8</b>
Liabilities to credit institutions	19, 20, 21	2,409.4	2,404.1
Deferred tax liabilities	10	395.7	413.7
Other non-current liabilities	19	125.9	146.9
<b>Total Long-term liabilities</b>	<b>20</b>	<b>2,931.0</b>	<b>2,964.7</b>
Liabilities related to assets held for sale	15	386.3	–
Liabilities to credit institutions	19, 20, 21	997.5	1,053.5
Accounts payable		45.9	22.0
Liabilities to associated companies		14.9	14.2
Other liabilities		28.9	17.7
Accrued expenses and prepaid income	22	65.6	79.1
<b>Total current liabilities</b>	<b>20</b>	<b>1,539.1</b>	<b>1,186.5</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>6,947.9</b>	<b>6,136.0</b>

## Assets



Return on capital employed %	2015	2014
Stockholm	8.84	6.58
Gothenburg	11.23	6.04
Öresund	10.05	2.05
The Solna project	15.28	32.41
Central administration	-27.65	9.37
<b>Total</b>	<b>11.69</b>	<b>10.67</b>

### Investment properties

Property portfolio development, SEK m	Fair value	Number of properties
Property portfolio at beginning of year	5,750.9	47
Acquisitions	566.7	11
Investments in existing properties	131.6	
Sales	-1,307.2	-3
Unrealised changes in value	198.3	
<b>Total investment properties</b>	<b>5,340.3</b>	<b>55</b>

Catena's capital employed is mainly invested in 55 logistics properties, located along key transport routes adjacent to Stockholm, Gothenburg and Malmö. According to the tables below, the lettable area has over the year increased by 8.4 percent, following acquisitions and divestments. The property value decreased by 7.1 percent or SEK 410.6 million, primarily due to the sale of the "Haga Norra" project properties and the sale of the Högsbo 21:2 property, for which the sale contract has been signed and which is consequently reported under the item: Assets available for sale. The buyers took possession of the property on 15 January 2016.

- ▶ A list of the properties is provided on pages 54-55.
- ▶ For specification, see Group Note 11, page 82.

### Property acquisition

Property designation	Transfer date	Region	Property value, SEK m
Förmannen 4	5 May 2015	Öresund	120.3
Misteln 1	24 June 2015	Öresund	20.0
Tahe 1:64	1 July 2015	Gothenburg	60.0
Rebbelberga 26:37	6 July 2015	Öresund	115.0
Norra Varalöv 31:11	6 July 2015	Öresund	18.6
Barnarps-Kråkebo 1:56	1 September 2015	Gothenburg	35.0
Vindtunneln 2	1 September 2015	Gothenburg	84.0
Norra Varalöv 31:5	2 October 2015	Öresund	22.0
Rebbelberga 26:38	10 October 2015	Öresund	6.2
Postiljonen 1	4 November 2015	Gothenburg	79.6
Sockret 4	2 December 2015	Öresund	11.0
<b>Total</b>			<b>571.7</b>

In addition, for a purchase consideration of SEK 6 million, Catena acquired the Municipality of Katrineholm's 49 percent holding in the jointly owned company, Logistikposition Katrineholm AB, which owns the properties Sothönan 3 and 19 in Katrineholm. An agreement has also been signed to acquire land through a re-allotment between Logistikposition Katrineholm AB and the Municipality of Katrineholm. The

## Property sales

Property designation	Vacated	Region	Property value, SEK m
Storheden 1:75	1 April 2015	Stockholm	7.0
Stora Frösunda 2 and Hagalund 2:2	23 June 2015	Projects	1,450.0
Släggan 1	13 October 2015	Öresund	0.5
<b>Total</b>			<b>1,457.5</b>

company will acquire 75,000 square metres of land with title located adjacent to the existing properties Sothönan 3 and 19. The acquisition of Norra Varalöv 31:11 involves 60 percent of the company that owns a development area with an ongoing project in Ängelholm.

An agreement was signed for the sale of Högsbo 21:2 in Gothenburg for a property value of SEK 580 million. The buyers took possession of the property on 15 January 2016.

### Financial fixed assets

As per 31 December 2015, financial fixed assets pertain largely to the deferred purchase price arising in connection with the sale of the project properties in Solna and the acquisition of some 30 percent of the shares in Tribona, which is reported as an associated company.

### Current assets

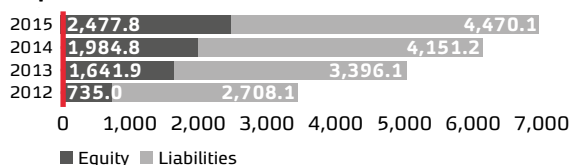
A large part of Catena's income is charged in advance, while interest and other expenses are charged in arrears, limiting the need for working capital. That and good liquidity mean that Catena is well equipped for continued acquisitions and investments.

## Liabilities and equity

### 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. Profitability, measured as return on capital employed, rose to 11.69 percent and as return on equity to 25.6 percent.

### Capital structure, SEK m



### Liabilities to credit institutions

Liabilities to credit institutions total SEK 3,754.1 million, of which SEK 347.2 million related to the Högsbo 21:2 property in Gothenburg and were reported under the item: liabilities related to assets available for sale since an agreement for the sale of the property has been signed.

The average period during which capital was tied up amounted to 2.5 years as per the balance sheet date. On the same date, the loan framework amounted to SEK 3,900.3 million.

### Capital tied-up

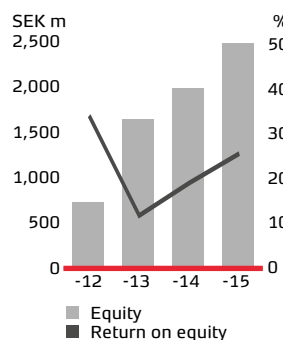
Year	Contract volume, SEK m	Utilised, SEK m	Unutilised, SEK m
2016	1,035.1	919.3	115.8
2017	2,414.7	2,384.3	30.4
2018	171.6	171.6	-
2020	112.0	112.0	-
>2024	166.9	166.9	-
<b>Total</b>	<b>3,900.3</b>	<b>3,754.1</b>	<b>146.2</b>

## Consolidated changes in shareholders' equity

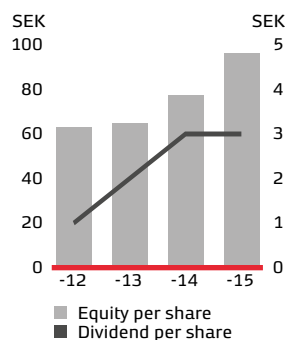
SEK m	1 January	Comprehen-	Dividend	Acquisition	Divestment	New	31
Equity attributable to:	2014	sive income		of minority	of minority	share	December
<b>Parent Company's shareholders</b>		<b>for the year</b>		<b>interest</b>	<b>interest</b>	<b>issue</b>	<b>2014</b>
Share capital	110.9	-	-	-	-	1.9	112.8
Other capital contributions	685.8	-	-	-	-	48.1	733.9
Profit brought forward	839.8	344.8	-51.3	-	-	-	1,133.3
<b>Total, Parent Company shareholders</b>	<b>1,636.5</b>	<b>344.8</b>	<b>-51.3</b>	<b>-</b>	<b>-</b>	<b>50.0</b>	<b>1,980.0</b>
Non-controlling interests	5.4	-0.6	-	-	-	-	4.8
<b>Total equity</b>	<b>Note 18</b>	<b>1,641.9</b>	<b>344.2</b>	<b>-51.3</b>	<b>-</b>	<b>50.0</b>	<b>1,984.8</b>

SEK m	1 January	Comprehen-	Dividend	Acquisition	Divestment	New	31
Equity attributable to:	2015	sive income		of minority	of minority	share	December
<b>Parent Company's shareholders</b>		<b>for the year</b>		<b>interest</b>	<b>interest</b>	<b>issue</b>	<b>2015</b>
Share capital	112.8	-	-	-	-	-	112.8
Other capital contributions	733.9	-	-	-	-	-	733.9
Accumulated profit	1,133.3	571.5	-76.9	4.4	-5.6	-	1,626.7
<b>Total, Parent Company shareholders</b>	<b>1,980.0</b>	<b>571.5</b>	<b>-76.9</b>	<b>4.4</b>	<b>-5.6</b>	<b>-</b>	<b>2,473.4</b>
Non-controlling interests	4.8	-	-	-	-0.4	-	4.4
<b>Total equity</b>	<b>Note 18</b>	<b>1,984.8</b>	<b>571.5</b>	<b>-76.9</b>	<b>-6.0</b>	<b>-</b>	<b>2,477.8</b>

### Equity and return



### Equity and dividend per share, SEK



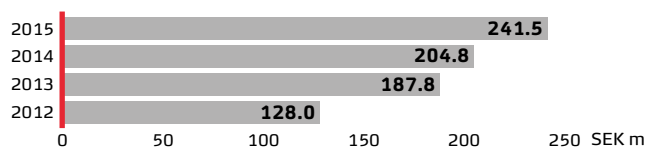


## Consolidated cash flow analysis

SEK m	Note 25	1 January 2015 31 December 2015	1 January 2014 31 December 2014
<b>Operating activities</b>			
Pre-tax profit		590.3	440.3
Adjustment for items not included in cash flow		-348.3	-235.5
Tax paid		-0.5	-
<b>Cash flow before changes in working capital</b>		<b>241.5</b>	<b>204.8</b>
<b>Changes in working capital</b>			
Change in operating receivables		8.2	9.2
Change in operating liabilities		29.5	-39.8
<b>Cash flow from operating activities</b>		<b>279.2</b>	<b>174.2</b>
<b>Investment activities</b>			
Acquisition of assets via subsidiaries		-467.0	-171.3
Acquisition of assets via subsidiaries		771.9	
Acquisitions of investment properties		-142.6	-180.4
Divestment of investment properties		1.4	15.0
Acquisitions of property, plant and equipment		-0.3	-1.8
Disposals of non-current assets		-	0.5
Acquisitions of other financial assets		-621.2	-56.8
Divestments of financial assets		23.4	-
<b>Cash flow from investing activities</b>		<b>-434.4</b>	<b>-394.8</b>
<b>Financing activities</b>			
Loans raised		1,641.4	1,432.3
Amortisation of loans		-1,407.2	-1,174.6
Dividend paid		-76.9	-51.3
<b>Cash flow from financing activities</b>		<b>157.3</b>	<b>206.4</b>
<b>Cash flow for the year</b>		<b>2.1</b>	<b>-14.2</b>
<b>Opening cash and cash equivalents</b>		<b>199.4</b>	<b>213.6</b>
<b>Closing cash and cash equivalents</b>		<b>201.5</b>	<b>199.4</b>

### Cash flow before changes in working capital

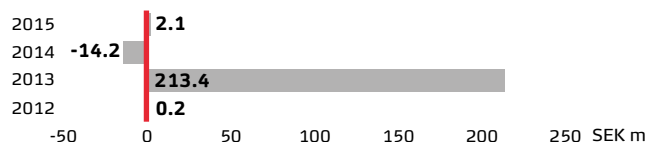
Compared with 2014, cash flow before changes in working capital was SEK 36.7 million higher, mainly as a result of improved profit and adjustments for items such as unrealised changes in value that do not affect cash flow.



### Cash flow

Cash flow was affected by divestments. In addition to the divestment of the project properties in Solna, which contributed SEK 768.0 million to cash flow, other divestments affected cash flow positively by SEK 5.3 million. The year's acquisition of 11 properties affected cash flow negatively. The acquisitions have been financed in part by raising new loans.

At the end of the year, cash and cash equivalents amounted to SEK 201.5 million (199.4).



# Notes – Group

## NOTE 1. General information

Catena AB (publ), corporate registration number 556294-1715, has its registered office in Solna, in the County of Stockholm, Sweden. The company is the Parent Company of a Group of companies including subsidiaries. The address of the company's headquarters is PO Box 5003, SE-250 05 Helsingborg, Sweden and the visiting address is Landskronavägen 7A in Helsingborg.

Catena's shall actively manage, enhance and proactively 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 22 March 2016 and will be presented to the Annual General Meeting on 27 April 2016.

## 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. Those financial assets and liabilities that are 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 following years' financial statements are described in the note for the item that could be the subject of any such adjustment, and particularly in notes regarding investment properties and financial instruments.

In accordance with these principles, the acquisition made of 29.55 percent of the shares in Tribona AB (publ) in 2015 is recognised as a holding in an associated company. Senior management decided to wait with the consolidation of Tribona until the compulsory redemption procedure could be initiated, which occurred in February 2016. In the preparation of this Annual Report, the question remained as to the early admission of compulsorily redeemed shares. Consequently, Tribona will be consolidated first in the first quarter of 2016.

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 by the Group for the first time for financial years commencing 1 January 2015 and have an impact on the consolidated financial statements:

The implementation of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interest in Other Entities" has only had an impact with regard to supplementary disclosures.

IFRIC 21 "Levies" is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 addresses the recognition of levies, that is, different types of fees that may be charged to a company by a state, or equivalent body, through legislation and/or regulation, which, for the Group, would have an impact on the reporting of property taxes. The event that entails a commitment giving rise to a liability is the event that triggers the payment of a fee (levy). In accordance with application within the EU, this statement is effective for financial years commencing after 17 June 2014. Although the statement has not affected the Group on a full-year basis, the liability for property tax is reported as per 1 January and the expense is then distributed over the year on a straight line basis.

Other standards, amendments and interpretations that came into effect for financial years commencing 1 January 2014 have had no material impact on the consolidated financial statements.

### 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 2015 and have not been applied in the preparation of this financial report. None of these are expected to have a material impact on the consolidated financial statements except for the following:

IFRS 9 – Financial Instruments, addresses classification, ►

measurement and accounting for financial assets and liabilities. The full version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 that address the classification and measurement of financial instruments. The standard shall be applied for financial years commencing 1 January 2018. Earlier application is permitted. The Group has yet to assess the impact of the introduction of the standard.

IFRS 15 "Revenue from Contracts with Customers" regulates the reporting of income. The principles that IFRS 15 builds on will provide users of financial statements with more useful information about the company's income. The expanded disclosure requirements mean that information shall be provided about the type of income, date of settlement, uncertainties related to income recognition, and cash flow attributable to the company's customer contracts. According to IFRS 15, income shall be recognised when the customer gains control of the sold goods or services and has the opportunity to use and benefits from the product or service.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts, and related statements and guidelines from SIC and IFRIC. IFRS 15 will come into effect on 1 January 2018. Early application is permitted. The Group has yet to assess the impact of the introduction of the standard.

In January 2016 the IASB published a new leasing standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities attributable to all leases be recognised in the balance sheet, with certain exceptions. This report is based on the view that the lessee is entitled to use an asset over a specific period of time and, at the same time, is obliged to pay for that right. The accounts of the lessor will essentially be unchanged. The standard is applicable to fiscal years beginning on 1 January 2019 or later. Early application is permitted. The EU has yet to adopt the standard. The Group has not yet assessed the impact of IFRS 16.

None of the other IFRS or IFRIC interpretations that have not yet entered into force are expected to have a significant impact on the Group.

### Segment reporting

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

### Classification

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

### Consolidation principles

#### Subsidiaries

Subsidiaries are all companies (including structured companies) over which the Group has decisive control. The Group controls a company when it is exposed to, or is entitled to, variable returns from its holdings in that company and has the opportunity to affect the return through its influence over the company. A controlling influence implies directly or indirectly a right to determine a company's financial and operational strategies in order to gain financial benefits, which is the general rule with a shareholding of 50 percent or more of the voting rights. In assessing the existence of a controlling influence, potential voting shares that can be utilised or converted promptly are taken into consideration.

Subsidiaries are recognised in accordance with the acquisi-

tion 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 2014 and 2015 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 ventures

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*

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

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

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

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

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

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

#### **Transactions in foreign currency**

Transactions in foreign currencies are translated into the functional currency at the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. All units in the Group use the Swedish krona (SEK) as their functional currency. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing exchange rate. Exchange rate differences arising from the conversions are recognised in the income statement.

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

#### **Operating income**

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

#### *Rental income*

Income from property and rental discounts are recognised on a straight-line basis in profit or loss, based on the terms and conditions of the lease. Advance rents are recognised as prepaid rental revenue. Income from early redemption of leases is recognised as income in the period when the payment is

received unless any additional performance is required from Catena. Invoiced property tax and utilities costs are recognised as income in the period in which they are invoiced by Catena.

#### *Income from property sales*

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

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

Criteria for income recognition are applied individually for each transaction.

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

##### *Central administration*

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

##### *Expenses for operational leases*

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

##### *Financial income and expenses*

Financial income and expenses comprise interest income on bank account funds, receivables and interest-bearing securities, interest expenses on loans, and dividend income.

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

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

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

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

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

#### **Tax**

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

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between the accounting and tax values of assets and liabilities. The ➤

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

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

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

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

### Financial instruments

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

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

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

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

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

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

This category includes financial assets held for sale and other financial assets that the company has chosen to place in this category. Catena reports derivatives under this category that are not held for hedge accounting purposes.

#### *Loan receivables and accounts receivable*

Loan receivables and accounts receivable are financial assets that are not derivatives with fixed payments or payments that can be determined, and are not listed on an active

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

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

This category comprises derivatives that are not used for hedge accounting. Liabilities in this category are measured at fair value on an on-going basis and any value changes are recognised in profit or loss.

#### *Financial liabilities measured at amortised cost*

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

#### *Derivative and hedge accounting*

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

#### *Fair value of financial instruments*

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

#### *Set-off of financial assets and liabilities*

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

There is a legal right to offset the recognised amounts and ►

the company intends to settle the items with a net amount or to realise the assets and liabilities at the same time.

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

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

#### **Cash and cash equivalents!**

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

#### **Property, plant and equipment**

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

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

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

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

#### *Additional expenses*

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

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

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

#### **Investment properties**

Investment properties are those held with the purpose of generating rental income, value appreciation or a combination of the two. Investment properties are initially recognised at cost in the balance sheet, which includes expenses directly attributable to the acquisition. Investment properties are subsequently recognised at fair value in the balance sheet. If the Group begins refurbishing an existing investment property for continued use as an investment property, during the renovation, the property is recognised as an investment property. Reassessments of fair value over the course of the year take place through an internal valuation, which is described in more detail in Note 11. The valuation model entails a present value estimate of assessed future payment flows. If, during

the current year, any significant value changes exist for individual properties, revaluation is carried out in conjunction with the quarterly reports. Quality assurance is carried out of any internal valuations performed through taking samples, which are then externally valued every year, after which a reconciliation is carried out for internal and external valuations. Investment properties are at level 3 in the valuation hierarchy.

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

#### *Additional expenses*

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

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

#### *Assets held for sale*

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

#### **Impairment**

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

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

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

#### *Impairment tests for financial assets*

In conjunction with every report, the company makes an assessment of whether there is objective evidence that a group of financial assets requires impairment. Objective evidence

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

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

#### *Reversal of impairments*

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

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

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

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

#### **Share capital**

##### *Buyback of Catena shares*

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

#### **Earnings per share**

Calculation of earnings per share is based on consolidated profit for the year attributable to the Parent Company's shareholders and the number of shares outstanding at year-end. No instruments that entail dilution effects exist for the 2014 and 2015 financial years.

#### **Employee benefits**

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

##### *Pensions*

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

has defined-contribution pension plans and commitments for pensions under the so-called ITP plan which, according to a statement issued by the Swedish Financial Reporting Board RFR 6, is a multi-employer defined-benefit plan.

The company has not been provided with information for the 2004-2015 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 0.7 million (0.4). For 2016, the company is expected to pay about SEK 1.2 million to Alecta. Alecta's surplus can be distributed to the policy owners and/or insured parties. At the end of 2015, Alecta's surplus in the form of the collective consolidation level was 153 percent (143). 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.

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

##### *Termination benefits*

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

#### **Provisions**

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

#### **Contingent liabilities**

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

#### **Leasing – lessee**

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

#### **Leasing – lessor**

The Group enters into operational leases with customers in its capacity as landlord, see Note 4. Accounting policies for the recognition of rental income are stated above.

**NOTE 3. Operating segment information**

Statement of comprehensive income

Income Statement	Stockholm		Gothenburg		Öresund		The Solna project		Central administration and eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	194.9	194.3	161.8	125.8	95.7	85.5	11.8	25.7	-	-	464.2	431.3
Property expenses	-41.7	-41.6	-40.4	-35.4	-28.6	-25.6	-2.2	-3.0	-	-	-112.9	-105.6
<b>Operating surplus</b>	<b>153.2</b>	<b>152.7</b>	<b>121.4</b>	<b>90.4</b>	<b>67.1</b>	<b>59.9</b>	<b>9.6</b>	<b>22.7</b>	<b>-</b>	<b>-</b>	<b>351.3</b>	<b>325.7</b>
Central administration	-	-	-	-	-	-	-	-	-26.7	-28.9	-26.7	-28.9
Other operating income	-	-	-	-	8.0	-	-	-	15.1	9.6	23.1	9.6
Other operating expenses	-	-	-	-	-	-	-	-	-13.7	-8.1	-13.7	-8.1
Participations in the earnings of associated companies	-	-	-	-	0.7	0.8	-	-	11.7	-	12.4	0.8
Financial income	13.6	11.0	14.0	11.8	7.7	7.5	6.8	12.8	-34.9	-42.2	7.2	0.9
Financial expenses	-20.0	-32.1	-13.8	-21.4	-7.5	-11.9	-2.9	-7.8	-50.1	-21.9	-94.3	-95.1
<b>Profit from property management</b>	<b>146.8</b>	<b>131.6</b>	<b>121.6</b>	<b>80.8</b>	<b>76.0</b>	<b>56.3</b>	<b>13.5</b>	<b>27.7</b>	<b>-98.6</b>	<b>-91.5</b>	<b>259.3</b>	<b>204.9</b>
Realised changes in value of investment properties	-1.7	-	-	-	0.9	-6.5	-	-	103.0	-	102.2	-6.5
Unrealised changes in value of investment properties	39.4	62.5	70.4	15.2	23.7	3.3	64.8	311.5	-	-	198.3	392.5
Changes in values of derivatives	9.8	-81.5	13.5	-23.1	7.2	-46.0	-	-	-	-	30.5	-150.6
<b>Pre-tax profit</b>	<b>194.3</b>	<b>112.6</b>	<b>205.5</b>	<b>72.9</b>	<b>107.8</b>	<b>7.1</b>	<b>78.3</b>	<b>339.2</b>	<b>4.4</b>	<b>-91.5</b>	<b>590.3</b>	<b>440.3</b>
Tax											-18.8	-96.1
<b>Total comprehensive income for the year</b>											<b>571.5</b>	<b>344.2</b>

Balance sheet	Stockholm		Gothenburg		Öresund		The Solna project		Central administration and eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Investment properties	2,308.3	2,193.9	1,305.2	1,505.2	1,168.0	816.8	-	1,235.0	-	-	4,781.5	5,750.9
Property, plant and equipment	-	-	-	-	-	-	-	-	1.6	1.8	1.6	1.8
Participations in associated companies	-	-	-	-	27.7	27.0	-	-	638.0	1.0	665.7	28.0
Assets available for sale	-	-	559.2	-	-	-	-	-	-	-	559.2	-
Other assets	493.3	415.1	486.7	363.9	259.4	245.0	-	4.4	-299.5	-673.1	939.9	355.3
<b>Total assets</b>	<b>2,801.6</b>	<b>2,609.0</b>	<b>2,351.1</b>	<b>1,869.1</b>	<b>1,455.1</b>	<b>1,088.8</b>	<b>-</b>	<b>1,239.4</b>	<b>340.1</b>	<b>-670.3</b>	<b>6,947.9</b>	<b>6,136.0</b>
<b>Equity</b>	<b>1,021.4</b>	<b>908.3</b>	<b>970.1</b>	<b>752.1</b>	<b>576.4</b>	<b>450.0</b>	<b>-</b>	<b>562.5</b>	<b>-90.1</b>	<b>-688.1</b>	<b>2,477.8</b>	<b>1,984.8</b>
Liabilities to credit institutions	1,456.7	1,459.6	846.2	950.6	720.0	547.4	-	500.0	384.0	-	3,406.9	3,457.6
Liabilities related to assets held for sale	-	-	386.3	-	-	-	-	-	-	-	386.3	-
Other liabilities	323.5	241.1	148.5	166.4	158.7	91.4	-	176.9	46.2	17.8	676.9	693.6
<b>Total shareholders' equity and liabilities</b>	<b>2,801.6</b>	<b>2,609.0</b>	<b>2,351.1</b>	<b>1,869.1</b>	<b>1,455.1</b>	<b>1,088.8</b>	<b>-</b>	<b>1,239.4</b>	<b>340.1</b>	<b>-670.3</b>	<b>6,947.9</b>	<b>6,136.0</b>
<b>Other disclosures</b>												
Investments in non-current assets	81.7	262.8	288.4	337.6	328.0	18.7	0.2	38.5	0.3	1.8	698.6	659.4
Depreciation	-	-	-	-	-	-	-	-	-0.5	-0.6	-0.5	-0.6
Unrealised changes in value, investment properties	39.4	62.5	70.4	15.2	23.7	3.3	64.8	311.5	-	-	198.3	392.5
Fair value of derivatives	9.8	-81.5	13.5	-23.1	7.2	-46.0	-	-	-	-	30.5	-150.6





### Operating segments

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

#### The Group's segments comprise the following regions:

Stockholm – comprises 20 properties in Norrköping, Karlstad, Katrineholm, Södertälje, Örebro, Hallsberg, northern and southern Stockholm as well as individual properties in the north of Sweden.

Gothenburg – consists of 16 properties in Gothenburg, Borås, Jönköping, Nässjö and Växjö. For one property in Gothenburg, Högsbo 21:2, an agreement to sell was signed in December 2015, with the buyers taking possession of the property on 15 January 2016. In accordance with IFRS 5, the property is reported under the items Assets available for sale and Liabilities related to assets available for sale.

Öresund – comprises 19 properties in Helsingborg, Åstorp, Malmö, Ängelholm, Kristianstad and Halmstad.

The Solna project – consisted of the "Haga Norra" development property in Solna, which was sold during the year.

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.

Income of about SEK 125.2 million (126.9) pertains to one individual external customer. This income is spread across the various regions.

All operations are carried out in Sweden and, accordingly, all turnover was generated and all non-current assets located in Sweden.

### NOTE 4. Rental income

#### Duration of leases as per 31 December 2015

Information on operating leases – the Group as lessor.

Year of maturity	Number of contracts	Contractual annual rent, SEK m	Contractual annual rent, %
2016	105	39.3	8.0
2017	66	74.1	15.2
2018	28	50.6	10.4
2019	21	99.1	20.3
2020	19	49.0	10.0
2021	4	45.9	9.4
2022+	22	130.6	26.7
<b>Total</b>	<b>265</b>	<b>488.6</b>	<b>100.0</b>

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

	Number of contracts	Contractual rental income, %
>10.0	12	39.8
5.0 – 10.0	19	29.8
3.0 – 5.0	12	10.1
2.0 – 3.0	13	6.9
1.0 – 2.0	18	5.9
0.5 – 1.0	21	3.2
<0.5	170	4.3
<b>Total</b>	<b>265</b>	<b>100.0</b>

### NOTE 5. Property expenses and central administration

Property expenses	2015	2014
Operating Expenses	27.4	24.4
Repair and maintenance	19.3	20.2
Property maintenance and technical inspection	11.3	10.1
Property tax and ground rent	20.3	20.0
Other external costs	8.2	7.8
Property administration	26.4	23.1
<b>Total</b>	<b>112.9</b>	<b>105.6</b>

Central administration	2015	2014
Personnel costs	13.5	13.8
Services purchased	12.7	14.5
Depreciation of property, plant and equipment	0.5	0.6
<b>Total</b>	<b>26.7</b>	<b>28.9</b>

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

### NOTE 6. Fees and expenses to auditors

	2015	2014
Auditing engagement	1.2	1.2
Audit activities in addition to the audit engagement	0.5	0.2
Tax consultancy	0.2	0.5
Other Services	0.1	0.1
<b>Total</b>	<b>2.0</b>	<b>2.0</b>

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

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

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

Costs for audits and other assignments from PwC pertaining to all subsidiaries were charged to the Parent Company.

**NOTE 7. Leasing fees pertaining to operational leasing**

	2015	2014
Minimum lease fees <sup>1)</sup>	9.5	9.2
<b>Total</b>	<b>9.5</b>	<b>9.2</b>

1) There were no variable fees.

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

	2015	2014
Within one year	9.6	9.3
Between one and five years	36.1	35.8
Later than five years	247.1	255.2
<b>Total</b>	<b>292.8</b>	<b>300.3</b>

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

**NOTE 8. Employee and personnel expenses**

Average number employees	of whom		2014	of whom
	2015	men		
Employees in Sweden	22	69 %	20	67%

Gender distribution	2015		2014	
	Men	Women	Men	Women
Board of Directors	67%	33%	83%	17%
Management	75%	25%	86%	14%

Salaries, fees, benefits and other remuneration	2015	2014
Chairman of the Board	0.2	0.2
Other Board members	0.4	0.4
President		
Base salary	2.7	2.6
Other remuneration	1.4	1.6
Other senior executives (7 and 6 individuals respectively)		
Base salary	5.6	4.9
Other remuneration	1.4	2.4
Other employees	10.1	9.8
<b>Total</b>	<b>21.8</b>	<b>21.9</b>

Pension expenses	2015	2014
President	1.3	0.8
Other senior executives (7 and 6 individuals respectively)	2.1	1.2
Other employees	1.2	1.1
<b>Total</b>	<b>4.6</b>	<b>3.1</b>

Statutory social security contributions incl. payroll tax	2015	2014
Chairman of the Board	0.1	0.1
Other Board members	0.1	0.1
President	1.6	1.5
Other senior executives (7 and 6 individuals respectively)	2.7	2.5
Other employees	3.4	3.3
<b>Total</b>	<b>7.9</b>	<b>7.5</b>
<b>Total</b>	<b>34.3</b>	<b>32.5</b>

Fees, Board member, SEK t	2015	2014
Henry Klotz (Chairman of the Board)	200	200
Gustaf Hermelin	-	-
Bo Forsén	100	100
Erik Paulsson (effective from Sep 2013)	100	58
Andreas Philipson (resigned effective from the Annual General Meeting of 28 April 2015)	100	100
Christer Sandberg (until and including August 2013)	-	42
Lennart Schönning (until and including August 2013)	-	42
Catharina Elmsäter-Svärd (elected at the Annual General Meeting of 28 April 2015)	-	-
Katarina Wallin	100	100
<b>Total</b>	<b>600</b>	<b>642</b>

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

**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 seven individuals at Catena (6) who, together with the Chief Executive Officer, comprise the senior management. For the composition of management, see page 113.

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 2015, fees totalled SEK 0.6 million (0.6), of which the Chairman received SEK 0.2 million. No other fees or benefits were paid to the Board.

Market-based remuneration of SEK 0.1 million (1.9) and 0.1 million (0.0) 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 member Katarina Wallin have been paid to one of Wallin's own companies.

**Bonus**

Bonus is payable to the CEO in an amount of 1 percent of consolidated pre-tax profits, to the extent this amount exceeds the budget set by the Board, with a cap set at an amount corresponding to 50 percent of fixed salary in the same calendar year. Bonus decisions are made on an annual basis and do not imply any entitlement to bonuses in coming years. Effective from 2015, the bonus is pensionable. In addition, senior executives can receive a bonus in addition to their fixed salaries. Other senior executives can receive a maximum bonus of 25 percent of their fixed annual salary.

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

The Remuneration Committee considers the matter of the company's obligations and provisions have been made for bonus of SEK 4.6 million (4.4) for 2015, including social security contributions.

The bonus system only comprises one year at a time, ►

currently only 2015. The Remuneration Committee is responsible for evaluation of the system and the outcome.

#### Pensions

The pension age of the Chief Executive Officer is 65. Pension contributions are made equal to 35 percent of pensionable pay. Contractual ITP is utilised first and, thereafter, the remainder is allocated to other pension insurances. Pensionable salary is calculated according to the ITP plan's rules.

The pension age for the Deputy CEO and other senior executives, seven individuals in total (6), is 65. Their pensions are secured through insurances. The pension agreements stipulate pension premiums of 15-35 percent of pensionable salary. In addition, other senior executives are also covered by the ITP agreement.

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

#### Terms of severance

On termination by the company, in addition to salary for the 12-month (6) notice period, a severance payment amounting to at most amount to 12 months' salary is payable to the Chief Executive Officer. Should the CEO secure other employment or start his own operations, the severance payment is offset by income from the new employer. In the event of notice being provided by the CEO, the notice period is six months.

The employment contracts with the Deputy CEO and other senior executives can be terminated by Catena with a notice period of four to six months. In addition to salary during the notice period, severance pay corresponds to four to six months' salary and is paid at the end of the notice period. Should Catena release the executives from the obligation to work during the notice period, any income from new employment or own operations is offset against salary from Catena. In the event of termination by a senior executive, a notice period of two to six months applies. In this case, no severance pay is paid.

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 2015.

## NOTE 9. Financial income and expenses

Financial income	2015	2014
Interest income	7.2	0.9
<b>Total</b>	<b>7.2</b>	<b>0.9</b>

#### Financial expenses

Interest expenses	-89.7	-89.1
Other financial expenses	-4.6	-6.0
<b>Total</b>	<b>-94.3</b>	<b>-95.1</b>

<b>Net financial items</b>	<b>-87.1</b>	<b>-94.2</b>
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## NOTE 10 Tax

#### Recognised in the statement of comprehensive income

	2015	2014
<b>Current tax</b>		
Tax for the year	-2.8	-0.1
Tax attributable to amended tax assessment	-1.1	-1.8
<b>Total</b>	<b>-3.9</b>	<b>-1.9</b>
<b>Deferred tax</b>		
Investment properties	-5.9	-134.8
Derivatives	-6.7	33.2
Tax loss carry-forwards	-3.3	7.4
Untaxed reserves	-1.1	-
Remeasurement at 22%	-	-
Other deferred taxes	2.1	-
<b>Total</b>	<b>-14.9</b>	<b>-94.2</b>
<b>Total recognised tax</b>	<b>-18.8</b>	<b>-96.1</b>

#### Reconciliation of effective tax

	2015	2014
Pre-tax profit	590.3	440.3
Tax according to current rate: 22%	-129.9	-96.9
Non-deductible expenses	-0.2	-0.4
Taxes attributable to previous years	-1.1	-0.4
Non-taxable sales of companies	108.8	-
Other non-taxable income	0.6	1.5
Re-measurement of deferred tax	-	-0.1
Tax on participations in profit of associated companies	2.8	0.2
Other	0.2	-
<b>Recognised effective tax</b>	<b>-18.8</b>	<b>-96.1</b>

The recognised effective tax rate in per cent totalled 3.2 (21.8). ▶

Tax recognised in the financial statements	2014				2015		
	OB 2014	Recognised in profit or loss	Acquisitions/divestments of companies	CB 2014	Recognised in profit or loss	Acquisitions/divestments of companies	CB 2015
<b>Deferred tax asset</b>							
Investment properties	12.2	-	-1.1	11.1	6.6	-3.5	14.2
Tax loss carry-forwards	3.9	7.4	9.3	20.6	-3.3	-	17.3
Derivatives	-	32.2	-	32.2	-6.7	-	25.5
Losses on sales of shares	-	-	-	-	0.8	-	0.8
<b>Total deferred tax assets</b>	<b>16.1</b>	<b>39.6</b>	<b>8.2</b>	<b>63.9</b>	<b>-2.6</b>	<b>-3.5</b>	<b>57.8</b>
<b>Deferred tax liabilities</b>							
Investment properties	271.6	134.3	7.3	413.2	11.3	-8.3	416.2
Derivatives	1.0	-1.0	-	-	-	-	-
Liabilities available for sale	-	-	-	-	-	-22.0	-22.0
Tax allocation reserves	-	0.5	-	0.5	1.0	-	1.5
<b>Total deferred tax liabilities</b>	<b>272.6</b>	<b>133.8</b>	<b>7.3</b>	<b>413.7</b>	<b>12.3</b>	<b>-30.3</b>	<b>395.7</b>

In addition to the above tax loss carry-forwards, there are no unused tax losses for which deferred tax assets have been recognised

## NOTE 11. Investment properties

Investment properties are recognised at fair value.

Change for the year	2015	2014
Opening balance	5,750.9	4,722.3
Acquisitions	566.7	477.2
New builds, extensions and conversions <sup>1)</sup>	131.6	180.4
Sales	-1,307.2	-15.0
Other <sup>2)</sup>	0.0	-6.5
Unrealised changes in value	198.3	392.5
<b>Total</b>	<b>5,340.3</b>	<b>5,750.9</b>
Assets available for sale	-558.8	-
<b>Carrying amount</b>	<b>4,781.5</b>	<b>5,750.9</b>

Tax assessment value	2015	2014
Tax assessment value, buildings	1,596.2	1,554.8
Taxable value, land (of which leaseholds, SEK 112.0 m)	748.1	760.3
<b>Total</b>	<b>2,344.3</b>	<b>2,315.1</b>

Impact on profit for the year	31 December 2015	31 December 2014
Rental income	464.2	431.3
Property expenses before property management for investment properties that generate rental income	86.5	81.6
Property expenses before property management for investment properties that do not generate rental income	-	0.4

Change for the year	Logistics properties	Solna project	2014
Opening balance	3,837.3	885.0	4,722.3
Acquisitions	477.2	-	477.2
New builds, extensions and conversions <sup>1)</sup>	141.9	38.5	180.4
Sales	-15.0	-	-15.0
Other <sup>2)</sup>	-6.5	-	-6.5
Unrealised changes in value	81.0	311.5	392.5
<b>Carrying amount</b>	<b>4,515.9</b>	<b>1,235.0</b>	<b>5,750.9</b>

Change for the year	Logistics properties	The Solna project	2015
Opening balance	4,515.9	1235.0	5,750.9
Acquisitions	566.7	-	566.7
New builds, extensions and remodelling <sup>1)</sup>	131.4	0.2	131.6
Sales	-7.2	-1,300.0	-1,307.2
Unrealised changes in value	133.5	64.8	198.3
<b>Total</b>	<b>5,340.3</b>	<b>0</b>	<b>5,340.3</b>
Assets available for sale	-558.8	-	-558.8
<b>Carrying amount</b>	<b>4,781.5</b>	<b>-</b>	<b>4,781.5</b>

Investment properties by region	Number of properties	Lettable area, thou- sand sq.m.	Fair value, SEK m
Stockholm	20	309.8	2,308.3
Gothenburg	16	291.9	1,864.0
Öresund	19	215.1	1,168.0
<b>Total</b>	<b>55</b>	<b>816.8</b>	<b>5,340.3</b>

1) Borrowing costs are expensed to earnings in the period to which they pertain except for the interest expense under the production time pertaining to larger new builds, extensions and conversions that take considerable time to complete. These are organised as their own companies where all borrowing pertains to these new builds, extensions and conversions, which means that interest expense attributable loans in these companies is capitalised. The capitalised interest expense was SEK 1.4 million (2.0).

### 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. During 2014, the Group also held a significant project property. 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. The project property concerned was sold in 2015. ▶

### Yield and real growth

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

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

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

### Net operating surplus and vacancy rate

Net operating surplus is the difference between income from property and operating and maintenance costs (property expenses before property administration 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. Most of the development rights have been divested in connection with the sale of the project properties in Solna.

### Calculation

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

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

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

For definitions, see page 115.

	Outcome				Normalised values <sup>1)</sup>	
	Stockholm	Gothenburg	Öresund	Projekt Solna	Total	Total
Rental value, SEK m	211.9	189.2	110.4	-	511.5	528.3
Economic letting ratio, %	95.0	95.5	96.7	-	95.5	86.8
Contractual annual rent, SEK m	201.2	180.6	106.8	-	488.6	458.7
Net operating surplus before property administration costs, SEK m	163.5	130.2	73.1	10.8	377.6	431.6
Property yield before property administration costs, %	7.1	7.0	6.3	0.2	7.1	8.1
Surplus ratio before property admin. %	83.9	80.5	76.4	91.5	81.3	94.1
Discount rate						10.1

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 2015, only generated costs but that, in the normalised values, have been calculated on the annualised values of the net operating surplus generated when the project is completed.

The fair market value can first be established when it is sold. The fair value calculations under the above model include various assessment factors that contain an element of uncertainty.

To ensure the accuracy of the internal valuation, external valuations are conducted of a selection of the portfolio, with DTZ/Cushman&Wakefield valuing about 63 percent of the portfolio, corresponding to a value of SEK 3.3 billion, during 2015.

No. of properties valued	2015	2014
Number of properties	29	21
External valuation, SEK m	3,374.0	4,272.9
Corresponding internal valuation, SEK m	3,356.8	4,277.8
Deviation, SEK m	17.2	-4.9
Deviation, %	0.5	-0.1
Carrying amount	5,340.3	5,750.9
Proportion valued externally, %	62.9	74.4

**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	-257	152
Rental value, SEK m	211	-318

**NOTE 12. Property, plant and equipment**

Equipment	2015	2014
Opening expenses	2.3	1.2
Acquisitions	0.3	1.8
Sales and disposals	-	-0.7
<b>Closing cost</b>	<b>2.6</b>	<b>2.3</b>
Opening depreciation	-0.5	-0.1
Sales and disposals	-	0.2
Depreciation for the year	-0.5	-0.6
<b>Depreciation carried forward</b>	<b>-1.0</b>	<b>-0.5</b>
<b>Carrying amount</b>	<b>1.6</b>	<b>1.8</b>

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

	2015	2014
Central administration	0.5	0.6

**NOTE 13. Participations in associated companies**

Joint Venture	2015	2014
<b>Accumulated cost</b>		
At beginning of the year	27.0	26.2
Acquisitions	0.1	-
The year's participation in profit after tax	0.6	0.8
<b>Carrying amount at year end</b>	<b>27.7</b>	<b>27.0</b>

Associated companies	2015	2014
<b>Accumulated cost</b>		
At beginning of the year	1.0	-
Acquisitions	610.2	0.1
Shareholder contributions	15.0	0.9
The year's participation in profit after tax	11.8	-
<b>Carrying amount at year end</b>	<b>638.0</b>	<b>1.0</b>

<b>Total value associated companies at year-end</b>	<b>665.7</b>	<b>28.0</b>
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Pertains to the percentage of share capital, which corresponds to the proportion of voting rights.

PeBri Projektutveckling AB currently conducts no operations.

Log. Sunnanå AB is a property-owning company that conducts projects and is developing a logistics facility in Burlöv, outside Malmö.

Log. Tostarp AB is a property-owning company that is developing Logistikposition Helsingborg.

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

Log. Tostarp Två AB currently conducts no operations.

All of the joint ventures are owned together with Peab.

Catena's associated company, SFF Holding AB, will through the subsidiary Nya 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.

On 23 October 2015, Catena acquired 29.55 percent of the shares in Tribona AB (publ). Tribona is a streamlined property company in logistics and logistics properties, domiciled in Lund in the southern Swedish province of Skåne. In connection with the acquisition, a public takeover bid was submitted, resulting in Catena AB owning 94.5 percent of Tribona as per February 2016. In 2016, compulsory acquisition procedure has been initiated and Tribona's shares have been de-listed from the stock exchange. On the closing date of 31 December 2015, Catena held only 29.55 percent of the shares in Tribona and had no decisive control over Tribona, which is why Catena has chosen to report the investment in Tribona as a participation in an associated company. On 26 January 2016, it was clear that Catena held more than 90 percent of the shares and Catena will consolidate Tribona as of this date, since Catena now has a controlling influence over Tribona.

The difference between the equity value using the equity method in the consolidated financial statements compared with the value of the participation if recognised under the acquisition cost method amounts to SEK 32.9 million (5.5).

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



**2015**

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Share	Assets	Liabilities	Income	Earnings	Carrying amount
PeBri Projektutveckling AB	556752-1108	Helsingborg	50.00%	0.8	0.0	-	-0.4	0.4
Log. Sunnanå AB	556699-7788	Helsingborg	50.00%	302.9	297.7	-	0.0	2.6
Log. Tostarp AB	556667-8784	Helsingborg	50.00%	118.9	69.7	4.1	1.7	24.6
Log. Sunnanå Två AB	559023-3911	Helsingborg	50.00%	0.4	0.3	-	-	0.1
Log. Tostarp Två AB	559025-2259	Helsingborg	50.00%	0.1	-	-	-	0.1
Tribona AB (publ) <sup>1)</sup>	556870-4646	Lund	29.55%	5,452.0	3,534.0	402.0	140.0	622.3
SFF Holding AB	556958-5606	Stockholm	20.00%	5.0	0.0	0.0	-0.7	15.6
<b>Total</b>				<b>5,880.1</b>	<b>3,901.7</b>	<b>406.1</b>	<b>140.6</b>	<b>665.7</b>

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

**2014**

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Share	Assets	Liabilities	Income	Results	Carrying amount
PeBri Projektutveckling AB	556752-1108	Ängelholm	50%	1.2	0.0	-	-0.1	0.6
Log. Sunnanå AB	556699-7788	Ängelholm	50%	121.7	116.5	-	0.0	2.6
Log. Tostarp AB	556667-8784	Ängelholm	50%	118.2	70.7	3.5	1.7	23.8
SFF Holding AB	556958-5606	Stockholm	20%	5.0	0.0	0.0	0.0	1.0
<b>Total</b>				<b>246.1</b>	<b>187.2</b>	<b>3.5</b>	<b>1.6</b>	<b>28.0</b>

**Summary financial statements for Tribona:**

	<b>2015 Jan-Dec</b>
<b>Income statement, SEK m</b>	
Rental income	402.0
Property expenses	-88.0
Administrative expenses	-33.0
Net financial items	-152.0
Changes in value	51.0
<b>Pre-tax profit</b>	<b>180.0</b>
Tax	-40.0
<b>Net profit after tax</b>	<b>140.0</b>
Other comprehensive income	-2.0
<b>Total comprehensive income</b>	<b>138.0</b>

**Balance Sheet, SEK m**

	<b>31 December 2015</b>
Investment properties	5,262.0
Other fixed assets	72.0
Other assets	63.0
Cash and cash equivalents	55.0
<b>Total assets</b>	<b>5,452.0</b>
Equity	1,918.0
Long-term interest-bearing liabilities	2,892.0
Other non-current liabilities	449.0
Current interest-bearing liabilities	58.0
Other current liabilities	135.0
<b>Total shareholders' equity and liabilities</b>	<b>5,452.0</b>

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

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Income statement</b>		
Rental income	4.1	3.5
Operating surplus	3.7	3.2
Net result for the year	-1.0	0.4

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Balance Sheet</b>		
Non-current assets	4,072.2	172.7
Current assets	233.5	26.3
<b>Total assets</b>	<b>4,305.7</b>	<b>199.0</b>
Equity	400.5	12.5
Provisions	0.8	0.6
Other liabilities	3,904.4	185.9
<b>Total shareholders' equity and liabilities</b>	<b>4,305.7</b>	<b>199.0</b>

**NOTE 14. Accounts receivable**

Time analysis of accounts receivable that are past due but not impaired	31 December 2015	31 December 2014
< 30 days	0.1	-0.7
31-60 days	0.2	1.0
61-90 days	0.3	0.1
>91 days	0.5	0.6
<b>Total</b>	<b>1.1</b>	<b>1.0</b>
Not yet due	0.8	0.6
<b>Total</b>	<b>1.9</b>	<b>1.6</b>
<b>Impaired receivables</b>		
Opening provision	2.3	3.0
Provision for probable losses	0.0	0.1
Previous probable losses, paid	0.0	0.0
Acquired provisions	0.0	0.0
Confirmed losses	-2.2	-0.8
<b>Closing provision</b>	<b>0.1</b>	<b>2.3</b>
<b>Total accounts receivable</b>	<b>2.0</b>	<b>3.9</b>

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

**NOTE 15. Assets and liabilities available for sale**

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

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

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

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

**NOTE 16. Other receivables**

	31 December 2015	31 December 2014
Receivable, associated companies	33.3	55.7
VAT and other tax receivables	12.7	10.1
Other receivables	0.2	0.1
<b>Total</b>	<b>46.2</b>	<b>65.9</b>

**NOTE 17. Prepaid expenses and accrued income**

	31 December 2015	31 December 2014
Administration and property expenses	6.0	2.0
Prepaid fee for credit facility	2.6	2.1
Prepaid project expenses	2.0	13.5
Prepaid ground rent	2.9	2.7
Prepaid insurance premiums	0.1	-
Accrued income	1.9	1.6
<b>Total</b>	<b>15.5</b>	<b>21.9</b>

**NOTE 18. Equity and earnings per share**

Number of registered shares	Number shares	Total number of shares
New share issue	17 May 1999	490,754 11,555,662
Bonus issue	9 March 2006	8,838 11,564,500
Private placement	18 October 2013	13,630,952 25,195,452
Private placement	13 February 2014	446,469 25,641,921
<b>Number of reg. shares</b>		<b>25,641,921</b>

**Earnings per share, calculated on earnings attributable to the Parent Company's shareholders during the year, (expressed in SEK per share)**

	2015	2014
<i>Earnings per share prior to and after dilution</i>		
Net result for the year	571.5	344.8
Ordinary shares outstanding	25,641,921	25,641,921
Weighted average of ordinary shares outstanding	25,641,921	25,556,348
<b>Earnings per share prior to and after dilution, SEK</b>	<b>22.29</b>	<b>13.49</b>

**Equity**

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

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

Financial targets	Target 2015	Outcome 2015
Interest-coverage ratio	>1.75 multiple	4.8 multiple
Average capital tied-up	>2 years	2.5 years
Equity ratio	>30%	35.7%

**Financial policy**

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

In accordance with the company's financial policy, dividends shall, in the long term, amount to 50 percent of profit from property management, less standard rate tax. For the 2015 financial year, the Board of Directors and the CEO propose a total dividend of SEK 99.7 million, corresponding to 49.3 percent of the defined profit.

**External capital requirements**

The main external capital requirements that Catena is subject to as regards property loans are an interest-coverage ratio of 1.5, a loan-to-value ratio of less than 70-75 percent and an equity ratio in excess of 25 percent. Catena has met all external requirements on Group companies.



## NOTE 19. Financial instruments and financial risk management

### Financial policy

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

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

### Financing and financing risks

Interest-bearing liabilities at Catena comprise mainly liabilities to credit institutions and liabilities to associated companies. On 31 December 2015, liabilities to credit institutions amounted to SEK 3,754.1 million (3,457.6), of which SEK 347.2 million related to liabilities available for sale in accordance with IFRS 5, see Note 15.

Financing consists of property loans with mortgages as collateral, in some cases, the subsidiaries' shares are also pledged and guarantees are provided by the Parent Company. Property loans are subject to the following covenants: the interest-coverage ratio must exceed 1.5, the loan-to-value ratio may not exceed 70-75 percent of market value and the equity ratio must exceed 25 percent. See Note 17 for more information about target fulfilment.

The aim of Catena's liquidity planning is to ensure that liquidity is always available to meet payment obligations at a given time. Catena makes overall liquidity forecasts each quarter, which then form the basis for on-going work. To minimise the cost of Catena's borrowing and to ensure that financing can be obtained, the company has committed credit facilities in place that cover the need for operating loans. Furthermore, Catena endeavours to distribute loan maturities evenly over time and to diversify sources of capital. At 31 December 2015, lines of credit totalling SEK 3,900.3 million (4,201.5) were available, of which SEK 146.2 million (743.9) was unutilised.

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

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

### Maturity structure of financial assets and liabilities, 31 December 2014

	Financial liabilities					Unutilised lines of credit	Payment flows, interest on loans
	Financial assets	Loans	Supplier	Associated companies	Accrued		
0-3 months	256.8	84.2	22.0	14.2	48.0	0.9	12.6
3-12 months	-	953.6	-	-	-	96.4	37.6
1-2 years	-	849.3	-	-	-	50.7	33.8
2-5 years	-	1,404.1	-	-	-	595.9	15.0
More than 5 year	-	166.4	-	-	-	-	82.4
<b>Total</b>	<b>256.8</b>	<b>3,457.6</b>	<b>22.0</b>	<b>14.2</b>	<b>48.0</b>	<b>743.9</b>	<b>181.4</b>

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

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

### Loan maturity structure

Matures in	2015	2014
2015	-	1,037.8
2016	1,344.7	849.3
2017	1,968.1	1,404.1
>2018	441.3	166.4
<b>Total</b>	<b>3,754.1</b>	<b>3,457.6</b>

### Maturity structure for recognised liabilities to credit institutions

	31 December 2015	31 December 2014
Maturity, 1-5 years from balance-sheet date	2,250.0	2,237.7
Maturity, > 5 years from balance-sheet date	159.4	166.4
<b>Total</b>	<b>2,409.4</b>	<b>2,404.1</b>

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

	Nominal amount in original currency		Average effective interest rate	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Liabilities to credit institutions</b>	<b>3,754.1</b>	<b>3,457.6</b>	<b>2.6%</b>	<b>2.8%</b>

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

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

**Interest-rate risk**

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

On 31 December 2015, total interest-bearing liabilities amounted to SEK 3,754.1 million (3,457.6), SEK 347.2 million of which was liabilities available for sale (see Note 15), and SEK 88.5 million (17.0) that will be amortised over 2016. At the same time, the average effective interest rate was 2.6 percent (2.8) and the average fixed-interest term was about 0.4 years (0.2), without taking derivatives into consideration. Taking derivatives into account, the average period of fixed interest was 3.1 years (3.5). The Group's earnings can be impacted by the continuous changes to these factors. The majority of the Group's interest-bearing liabilities have a fixed-interest term of less than one year with a floating interest rate. Interest rates on variable loans are based on the 3-month STIBOR with the addition of a margin. To limit the interest-rate risk of floating-rate loans, interest-rate swaps are held in an amount of SEK 2,000.0 million (2,000.0) and interest-rate cap agreements are held in an amount of SEK 0.0 million (0.0). The average protection after taking into account the interest-rate swap and interest-rate cap agreements limits the interest rate to approximately 2.6 percent (2.9).

Two of Catena's loan facilities are affected by the negative Stibor rate with the marginal rate being reduced in these cases. Derivatives are affected when Catena must also pay the variable interest component since this is now negative. The net effect of the negative Stibor rate is SEK 1.9 million. Other borrowing facilities are not affected by the negative Stibor rate as these include an interest rate floor that means the interest rate can never fall below 0 percent.

Interest rate maturity structure, years	SEK m	Effective interest rate, % <sup>1)</sup>	Share in %
2016	1,603.7	1.6	42.7
2017	30.7	1.7	0.9
2020	112.0	1.4	3.0
2021	500.0	4.3	13.3
2022	500.0	3.7	13.3
2023	500.0	3.1	13.3
>2024	507.7	2.8	13.5
<b>Total</b>	<b>3,754.1</b>	<b>2.6</b>	<b>100.0</b>

1) Average interest rate, taking into account the contractual interest-rate swap agreements.

**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.

2015	Net profit/loss via profit or loss
Loans and receivables	-
Financial assets measured at fair value via profit or loss	30.5

2014	Net profit/loss via profit or loss
Loans and receivables	-0.1
Financial assets measured at fair value via profit or loss	-150.6

A one percentage-point rise in the interest rate for interest-bearing liabilities, assuming unchanged loan volumes and fixed-interest terms in line with valid derivative agreements, would have a negative impact on earnings of SEK 37.5 m (neg: 34.6).

**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 2015, 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 14.

**Concentration risk**

Concentration risk means, for example, the risk of substantial dependence on a few customers. As of 31 December 2015, Catena's ten (10) largest tenants accounted for 61 percent (65) of the Group's contracted income from property.

Credit risk exposure	31 December 2015	31 December 2014
Cash and cash equivalents	201.5	199.4
Accounts receivable	1.9	1.6
Other current receivables	46.2	65.9
Other long-term receivables	617.0	2.6
<b>Total</b>	<b>866.6</b>	<b>269.5</b>

	Nominal value	Fair value (excl. accrued interest)		Carrying amount	
	31 December 2015	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Interest-rate swap contracts (receive floating, pay fixed interest)</b>	<b>2,000.0</b>	<b>-115.7</b>	<b>-146.2</b>	<b>-115.7</b>	<b>-146.2</b>

Of the carrying value of interest rate swap agreements, the full amount, SEK -115.7 million (-146.2), pertains to the non-current portion.

The above table shows that the fair value and book value of the Group's derivatives do not differ. Also in the case of other contracted financial assets and liabilities in the Group and the Parent Company, fair values correspond to the carrying amounts as of 31 December 2015.

## NOTE 20. Classification of financial instruments

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

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

Carrying amounts correspond to fair values for all balance-sheet items.

2014	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loan and accounts receivable	Carrying amount
<b>Financial assets</b>				
Other long-term receivables	-		-	-
Accounts receivable	-	-	1.6	1.6
Other current receivables	-	-	55.8	55.8
Cash and cash equivalents	-	-	199.4	199.4
<b>Total</b>	-	-	<b>256.8</b>	<b>256.8</b>
Non-financial assets				5,879.2
<b>Total</b>				<b>6,136.0</b>

<b>Financial liabilities</b>				
Non-current liabilities to credit institutions	-	-2,404.1	-	-2,404.1
Interest-rate derivatives	-146.2	-	-	-146.2
Current liabilities to credit institutions	-	-1,053.5	-	-1,053.5
Accounts payable	-	-22.0	-	-22.0
Current liabilities to credit institutions	-	-14.2	-	-14.2
Accrued expenses	-	-48.0	-	-48.0
<b>Total</b>	<b>-146.2</b>	<b>-3,541.8</b>	-	<b>-3,688.0</b>
Non-financial assets				-463.2
<b>Total</b>				<b>-4,151.2</b>

Carrying amounts correspond to fair values for all balance-sheet items.

**NOTE 21. Pledged assets and contingent liabilities**

<i>Pledged assets</i>	<b>31 Decem- ber 2015</b>	<b>31 Decem- ber 2014</b>
Property mortgages for liabilities to credit institutions	3,430.4	3,836.5
Shares for liabilities to credit institutions <sup>1)</sup>	2,157.9	2,838.6
Guarantee obligations	20.9	20.9
<b>Total</b>	<b>5,609.2</b>	<b>6,696.0</b>

*Contingent liabilities*

Responsibility for Group companies' liabilities (HB/KB)	737.6	681.0
Guarantees given for Group companies	3,315.5	3,451.3
Guarantee obligations for the benefit of associated companies	99.5	10.0
Other contingent liabilities	0.1	0.1
<b>Total</b>	<b>4,152.7</b>	<b>4,142.4</b>

1) Pertains to shares in Group companies.

**NOTE 22. Accrued expenses and prepaid income**

	<b>31 Decem- ber 2015</b>	<b>31 Decem- ber 2014</b>
Advance payment of rents	28.8	31.1
Accrued operating expenses	5.5	12.5
Prepaid media expenses	0.6	10.9
Accrued interest expenses	14.1	9.9
Accrued salary-related expenses	11.1	9.7
Other items	5.5	5.0
<b>Total</b>	<b>65.6</b>	<b>79.1</b>

**NOTE 23. Related parties****Close associations**

The Group is under a significant influence from Erik Paulsson, with his family and companies. At 31 December 2015, his holding amounted to 46.8 percent (45.6) of the voting rights in the Group's Parent Company. Erik Paulsson is a Board member of Catena. Erik Paulsson's influence means that the Group has related-party transactions with Backahill AB and Hansan AB. Related party transactions also took place with AB Elmsäter in Enhörna, a company owned by Board Member, Catharina Elmsäter Svård, for consulting services.

In addition to the above related party relationships, through subsidiaries, Catena owns the following associated companies: Log.Sunnanå AB, Log. Sunnanå Två AB, Log.Tostarp AB, Log. Tostarp Två AB, PeBri Projektutveckling AB and SFF Holding AB. See Note 13 Participations in associated companies.

In 2015, no Board member or senior executives in Catena AB or its subsidiaries have themselves, via companies or related parties, had any direct involvement in business transactions carried out by Catena that were or are unusual in their nature or their terms and conditions. See Note 8 Employee and personnel expenses.

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

	<b>2015</b>	<b>2014</b>
<b>Transactions with the Group's associated companies</b>		
Sales	3.2	8.7
Interest income	1.5	-
Current receivables	67.0	55.7
Interest-bearing liabilities	14.9	14.7
Guarantees given	99.5	10.0
<b>Transactions with other related parties</b>		
Purchasing	118.7	4.8
Sales	1,430.7	-
Long-term receivables	613.1	-

**Other information**

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

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

Transactions with related parties are priced at market rates.

**NOTE 24. Significant events after the end of the financial year**

In connection with the public takeover bid for Tribona's shares, Catena's Annual General Meeting decided to issue new shares and on 29 January 2016, 7,246,971 shares and votes were registered. At that time, Catena had secured 91.6 percent of the shares in Tribona and extended the acceptance period.

Following the extended acceptance period, Catena has acquired an additional 2.9 percent of the shares and now owns 94.5 percent of the Tribona Group. A further 346,614 shares in Catena will be issued. Catena has initiated the compulsory redemption of the remaining shares in Tribona. The Board of Tribona has decided to delist Tribona's shares from the Nasdaq Stockholm exchange. The last day of trading in the shares will be 22 February 2016.

Tribona will be included in Catena's financial statements as of the interim report for the first quarter of 2016. Tribona's personnel will be recruited to Catena in the spring of 2016. The buyers of the Högsbo 21:2 property took possession of the facility on 15 January 2016.

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

## NOTE 25. Cash flow statement

Supplementary disclosures to the cash-flow statement	1 January 2015 31 December 2015	1 January 2014 31 December 2014
<b>Interest paid and dividends received</b>		
Dividends received	-	-
Interest received	4.2	0.9
Interest paid	-88.9	-90.2
<b>Adjustments for non-cash items</b>		
Amortisation, depreciation and impairment of assets	0.5	0.6
Change in value of investment properties	-198.3	-392.5
Change in value of derivatives	-30.5	150.6
Participations in the earnings of associated companies	-12.4	-0.6
Net capital loss from the divestment of non-current assets	-101.3	6.5
Net capital loss from the divestment of operations	-0.9	-
Other non-cash profit/loss items	-5.4	-0.1
	<b>-348.3</b>	<b>-235.5</b>
<b>Acquisition of assets via subsidiaries</b>		
No business combinations were carried out during the year and the year's acquisitions of shares in subsidiaries have been classified as asset acquisitions and net proceeds comprised the following items:		
<i>Assets acquired and liabilities assumed:</i>		
Investment properties	555.7	477.2
Financial assets		
Operating receivables	15.0	-6.3
Cash and cash equivalents	3.2	12.8
Provisions	-	-
Deferred tax liabilities	-	0.8
Non-current liabilities	-72.0	-236.9
Current operating liabilities	-31.8	-13.5
<b>Total net assets</b>	<b>470.1</b>	<b>234.1</b>
Purchase consideration paid	235.9	163.1
Payment for redemption of the company's debt to the Parent Company	234.2	71.0
Non-cash issue	-	-50.0
<b>Total</b>	<b>470.1</b>	<b>184.1</b>
Less: Participations in joint ventures	-	-
Less: Cash and cash equivalents in the acquisition	-3.2	-12.8
<b>Impact on cash and cash equivalents</b>	<b>466.9</b>	<b>171.3</b>
<b>Divestment of operations</b>		
<i>Divested assets and liabilities:</i>		
Investment properties	1,306.7	-
Operating receivables	47.1	-
Cash and cash equivalents	-	-
Deferred tax liabilities	-0.5	-
Non-current liabilities	-	-
Current liabilities	-26.8	-
Remaining shareholding	-	-
Capital gains	95.4	-
<b>Total</b>	<b>1,421.9</b>	<b>-</b>
Purchase consideration received	1,421.9	-
Vendor's lien	-650.0	-
<b>Total</b>	<b>771.9</b>	<b>-</b>
Less: Cash and cash equivalents in the acquisition	-	-
<b>Impact on cash and cash equivalents</b>	<b>771.9</b>	<b>-</b>
<b>Acquisitions of other financial assets</b>		
Capital contribution made	-	-
Acquisitions of associated companies	625.0	1.0
Changes in interest-bearing items	-	55.8
<b>Total investments in financial assets</b>	<b>625.0</b>	<b>56.8</b>
<b>Divestment of financial assets</b>		
Shareholder contribution received	-	-
Settlement of financial receivables	-	-
<b>Total divestment of financial assets</b>	<b>-</b>	<b>-</b>

# Financial statements – Parent Company

## Parent Company Income Statement

SEK m	Note	1 Jan. 2015 31 Dec. 2015	1 Jan. 2014 31 Dec. 2014
Net turnover	4	30.2	27.2
Cost of services performed	5,6,7,8	-55.1	-54.7
<b>Operating profit/loss</b>		<b>-24.9</b>	<b>-27.5</b>
<b>Financial income and expenses</b>	9		
Interest income and similar profit/loss items		73.2	41.7
Profit from participations in affiliated companies		102.7	49.2
Interest expense and similar profit/loss items		-99.4	-219.6
<b>Pre-tax profit</b>		<b>51.6</b>	<b>-156.2</b>
Tax on profit for the year	10	-17.7	22.1
<b>Comprehensive income for the year</b>	<b>16</b>	<b>33.9</b>	<b>-134.1</b>

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

## Balance Sheet, Parent Company

SEK m	Note	31 Decem- ber 2015	31 Decem- ber 2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Equipment	11	1.6	1.8
<b>Financial fixed assets</b>			
Participations in Group companies	12	1,242.4	1,227.4
Participations in associated companies	13	610.2	-
Deferred tax asset	10	29.4	39.1
Other long-term receivables		3.8	2.3
<b>Total financial fixed assets</b>		<b>1,885.8</b>	<b>1,268.8</b>
<b>Total fixed assets</b>		<b>1,887.4</b>	<b>1,270.6</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable	14	0.2	0.6
Receivables from Group companies		1,210.3	1,373.3
Other receivables		35.6	57.1
Prepaid expenses and accrued income	16	3.3	3.4
<b>Total current receivables</b>		<b>1,249.4</b>	<b>1,434.4</b>
<b>Cash and bank balances</b>		<b>201.2</b>	<b>198.7</b>
<b>Total current assets</b>		<b>1,450.6</b>	<b>1,633.1</b>
<b>Total ASSETS</b>	<b>22</b>	<b>3,338.0</b>	<b>2,903.7</b>

SEK m	Note	31 Decem- ber 2015	31 Decem- ber 2014
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	17		
<b>Restricted shareholders' equity</b>			
Share capital		112.8	112.8
Statutory reserve		10.0	10.0
<b>Total restricted shareholders' equity</b>		<b>122.8</b>	<b>122.8</b>
<b>Unrestricted shareholders' equity</b>			
Share premium reserve		962.4	1,130.2
Accumulated profit		-	43.2
Comprehensive income for the year		33.9	-134.1
<b>Total unrestricted shareholders' equity</b>		<b>996.3</b>	<b>1,039.3</b>
<b>Total equity</b>		<b>1,119.1</b>	<b>1,162.1</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	18	0.5	0.7
<b>Total provisions</b>		<b>0.5</b>	<b>0.7</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	15	316.8	-
Deferred tax liabilities	10	-	-
Interest-rate derivatives	15	115.7	146.2
<b>Total Long-term liabilities</b>		<b>432.5</b>	<b>146.2</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	15	67.2	-
Accounts payable		4.8	1.5
Liabilities to Group companies	15	1,667.5	1,553.9
Other liabilities		19.8	16.0
Accrued expenses and prepaid income	19	26.6	23.3
<b>Total current liabilities</b>		<b>1,785.9</b>	<b>1,594.7</b>
<b>Total liabilities and provisions</b>	<b>22</b>	<b>2,218.9</b>	<b>1,741.6</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,338.0</b>	<b>2,903.7</b>
	<b>20</b>	<b>31 Decem- ber 2015</b>	<b>31 Decem- ber 2014</b>
<b>Pledged assets</b>		<b>20.9</b>	<b>20.9</b>
<b>Contingent liabilities</b>		<b>2,730.7</b>	<b>3,385.6</b>

## Parent Company changes in shareholders' equity

SEK m	Restricted share- holders' equity		Unrestricted equity			Total equity
	Share equity	Statutory reserve	Share premium reserve	Accumulated profit	Comprehen- sive income for the year	
<b>Opening equity, 1 Jan 2014</b>	<b>110.9</b>	<b>10.0</b>	<b>1,082.2</b>	<b>94.4</b>		<b>1,297.5</b>
New share issue	1.9		48.1			50.0
Comprehensive income for the year					-134.1	-134.1
Dividend				-51.3		-51.3
<b>Closing equity, 31 Dec 2014</b>	<b>112.8</b>	<b>10.0</b>	<b>1,130.3</b>	<b>43.1</b>	<b>-134.1</b>	<b>1,162.1</b>
<b>Equity brought forward 1 Jan 2015</b>	<b>112.8</b>	<b>10.0</b>	<b>1,039.3</b>	-		<b>1,162.1</b>
New share issue	-		-			-
Comprehensive income for the year					33.9	33.9
Dividend			-76.9	-		-76.9
<b>Equity carried forward 31 Dec 2015</b>	<b>112.8</b>	<b>10.0</b>	<b>962.4</b>	<b>-</b>	<b>33.9</b>	<b>1,119.1</b>

## Parent Company Cash Flow Analysis

SEK m	Note 21	1 January 2015 31 December 2015	1 January 2014 31 December 2014
<b>Operating activities</b>			
Pre-tax profit		51.6	-156.2
Adjustment for items not included in cash flow		-30.1	151.5
Cash flow before changes in working capital		<b>21.5</b>	<b>-4.7</b>
<b>Changes in working capital</b>			
Change in operating receivables		-10.4	-6.6
Change in operating liabilities		10.1	-7.6
<b>Cash flow from operating activities</b>		<b>21.2</b>	<b>-18.9</b>
<b>Investing activities</b>			
Acquisitions of property, plant and equipment		-0.3	-1.8
Divestments of tangible fixed assets		-	0.5
Acquisitions of financial assets		-625.2	-0.1
Sales and net amortisation of financial assets		299.7	60.4
<b>Cash flow from investing activities</b>		<b>-325.8</b>	<b>59.0</b>
<b>Financing activities</b>			
Loans raised		384.0	-
Dividend		-76.9	-51.3
<b>Cash flow from financing activities</b>		<b>307.1</b>	<b>-51.3</b>
<b>Cash flow for the year</b>		<b>2.5</b>	<b>-11.2</b>
<b>Opening cash and cash equivalents</b>		<b>198.7</b>	<b>209.9</b>
<b>Closing cash and cash equivalents</b>		<b>201.2</b>	<b>198.7</b>

# Notes – Parent Company

## NOTE 1. Accounting principles

Amounts in SEK m unless otherwise specified.

Catena AB (publ), 556294-1715, is the Parent Company of a Group comprising companies that own and operate properties or run property-related projects. All inter-Group functions are centralised to the Parent Company.

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation no. RFR 2 Accounting for legal entities, which entails that the Parent Company in its annual report for the legal entity applies all of the EU-approved IFRS and statements, to the fullest extent possible, within the framework of the Annual Accounts Act, and taking into consideration the connection between accounting and taxation. Recommendations indicate the exceptions and the supplements to be made to the IFRS.

The Parent Company applies the same accounting policies as the Group, detailed in Note 2 for the Group, except in the cases stated below.

### Differences between the accounting policies of the Group and the Parent Company

The following accounting policies for the Parent Company have been applied consistently for all periods presented in the Parent Company's financial reports, unless specifically stated otherwise.

### Subsidiaries, associated companies and joint ventures

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

### Shareholder contributions and Group contributions

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

### Presentation of income statement and balance sheet

The Parent Company follows the presentation format in the Swedish Annual Accounts Act for the income statement and balance sheet, which means that a different presentation format for equity and that other provisions are reported as a separate item in the balance sheet.

## NOTE 2. Financial risk management

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

## NOTE 3. Significant estimates and assumptions for accounting purposes

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

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

## NOTE 4. Net turnover

Turnover primarily comprises intra-Group administration fees.

## NOTE 5. Cost of services performed

	2015	2014
Personnel costs	34.1	32.5
Other external costs	20.5	21.6
Depreciation of property, plant and equipment	0.5	0.6
<b>Total</b>	<b>55.1</b>	<b>54.7</b>

## NOTE 6. Employee and personnel expenses

Average number of employees	of whom		of whom	
	2015	men	2014	men
Employees in Sweden	21	69 %	20	67 %

	Board of Directors		Senior executives	
Gender distribution in executive management	2015	2014	2015	2014
Men	67%	83%	75%	86%
Women	33%	17%	25%	14%

	2015	2014
<b>Salaries, fees, benefits and other remuneration</b>		
Chairman of the Board	0.2	0.2
Other Board members	0.4	0.4
Chief Executive Officer		
Base salary	2.7	2.6
Other remuneration	1.4	1.6
Other senior executives (7 and 6 individuals respectively)		
Base salary	5.6	4.9
Other remuneration	1.4	2.4
Other employees	9.7	9.8
<b>Total</b>	<b>21.4</b>	<b>21.9</b>
<b>Pension expenses</b>		
President	1.3	0.8
Other senior executives (7 and 6 individuals respectively)	2.1	1.2
Other employees	1.2	1.1
<b>Total</b>	<b>4.6</b>	<b>3.1</b>
<b>Statutory social security contributions incl. payroll tax</b>		
Chairman of the Board	0.1	0.1
Other Board members	0.1	0.1
President	1.6	1.5
Other senior executives (7 and 6 individuals respectively)	2.7	2.5
Other employees	3.3	3.3
<b>Total</b>	<b>7.8</b>	<b>7.5</b>
<b>Total</b>	<b>33.8</b>	<b>32.5</b>

For information about directors' fees, the terms and conditions governing the employment and dismissal of senior executives, remuneration of related parties, bonuses, pensions, severance pay, etc. please refer to Note 8 for the Group.



## NOTE 7. Fees and expenses to auditors

	2015	2014
Audit engagement	1.2	1.2
Audit activities in addition to the audit engagement	0.5	0.2
Tax consultancy	0.2	0.5
Other Services	0.1	0.1
<b>Total</b>	<b>2.0</b>	<b>2.0</b>

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

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

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

Costs for audits and other assignments from PwC pertaining to all subsidiaries were charged to the Parent Company.

## NOTE 8. Leasing fees pertaining to operational leasing

	2015	2014
Minimum lease fees <sup>1)</sup>	0.6	0.6

1) There were no variable fees.

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

	2015	2014
Within one year	0.7	0.6
Between one and five years	0.4	0.7
<b>Total</b>	<b>1.1</b>	<b>1.3</b>

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

## NOTE 9. Financial income and expenses

Interest income and similar profit/loss items	2015	2014
Interest income, Group companies	39.6	41.0
Interest income, other	3.1	0.7
Interest-rate derivatives, changes in value	30.5	-
<b>Total</b>	<b>73.2</b>	<b>41.7</b>

Profit from participations in affiliated companies	2015	2014
Group contributions received	131.2	104.8
Impairment of shares in subsidiaries	-28.5	-55.6
<b>Total</b>	<b>102.7</b>	<b>49.2</b>

Interest expense and similar profit/loss items	2015	2014
Interest expense, Group companies	-49.9	-44.8
Interest expense, other	-44.4	-20.9
Interest-rate derivatives, changes in value	-	-150.9
Other financial expenses	-5.1	-3.0
<b>Total</b>	<b>-99.4</b>	<b>-219.6</b>

<b>Net financial items</b>	<b>76.5</b>	<b>-128.7</b>
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## NOTE 10 Tax

Recognised in profit or loss	2015	2014
<b>Current tax</b>		
Tax for the year	8.0	-15.6
<b>Deferred tax</b>		
Deferred tax for temporary differences, derivatives	-9.7	37.7
<b>Total recognised tax</b>	<b>-17.7</b>	<b>22.1</b>

Reconciliation of effective tax	2015	2014
Pre-tax profit	51.6	-156.2
Tax according to current rate: 22%	-11.4	34.4
Non-deductible expenses	-6.3	-12.3
<b>Recognised effective tax</b>	<b>-17.7</b>	<b>22.1</b>

The recognised effective tax rate in percent totalled 34.3 (14.1).

	Recognised in profit or loss			
	OB 2014	2014	CB 2014	CB 2015
<b>Deferred tax asset</b>				
Pension provisions	0.9	-0.2	0.7	-0.2
Interest-bearing liabilities	-	32.2	32.2	-6.7
Loss carry-forwards	1.5	4.7	6.2	-2.8
<b>Total deferred tax assets</b>	<b>2.4</b>	<b>36.7</b>	<b>39.1</b>	<b>-9.7</b>
<b>Deferred tax liabilities</b>				
Interest-bearing liabilities	1.0	-1.0	-	-
<b>Total deferred tax liabilities</b>	<b>1.0</b>	<b>-1.0</b>	<b>-</b>	<b>-</b>

## NOTE 11. Property, plant and equipment

Equipment	2015	2014
Opening expenses	2.3	1.2
Acquisitions	0.3	1.8
Sales and disposals	-	-0.7
<b>Closing cost</b>	<b>2.6</b>	<b>2.3</b>
Opening depreciation	-0.5	-0.1
Sales and disposals	-	0.2
Depreciation for the year	-0.5	-0.6
<b>Depreciation carried forward</b>	<b>-1.0</b>	<b>-0.5</b>
<b>Carrying amount</b>	<b>1.6</b>	<b>1.8</b>

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

Cost of services performed	2015	2014
	0.5	0.6

**NOTE 12. Participations in Group companies**

	31 December 2015	31 December 2014
<b>Accumulated cost</b>		
At beginning of the year	1,294.5	1,238.8
Acquisitions	-	0.1
Group contributions paid <sup>1)</sup>	28.5	55.6
Capital contribution made	15.0	-
<b>Closing balance</b>	<b>1,338.0</b>	<b>1,294.5</b>
<b>Accumulated write-downs</b>		
At beginning of the year	-67.1	-11.5
Impairment for the year <sup>2)</sup>	-28.5	-55.6
<b>Closing balance</b>	<b>-95.6</b>	<b>-67.1</b>
<b>Carrying amount at year end</b>	<b>1,242.4</b>	<b>1,227.4</b>

1) Group contributions paid to subsidiaries are recognised as an increase in the shares in the subsidiary and, thereafter, tested to identify whether any impairment need exists. Group contributions received from subsidiaries are treated as dividends and are recognised as financial income in profit or loss.

2) Impairment for the year is included under the profit/loss item "Profit from participations in Group companies", see Note 9.

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

Subsidiary	Corp. No.	Registered office	No. of shares	Holding in % <sup>1)</sup>	31 December 2015 Carrying amount	31 December 2014 Carrying amount
Catena Logistik AB	556922-7365	Helsingborg	1,000	100.0	1,154.8	1,154.8
Catena Byggnads AB	556048-4726	Helsingborg	50,000	100.0	47.7	47.7
Catena Fastigheter AB	556754-0843	Helsingborg	1,000	100.0	0.1	0.1
Catena i Stenungsund AB	556754-0835	Helsingborg	1,000	100.0	0.1	0.1
Catena i Vinsta AB	556754-0868	Helsingborg	1,000	100.0	24.6	24.6
Catena i Täby AB	556754-7509	Helsingborg	1,000	100.0	0.1	0.1
Catena Obl. Holding AB	556984-8467	Helsingborg	1,000	100.0	15.1	0.1
<b>Total</b>					<b>1,242.4</b>	<b>1,227.4</b>

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

**Specification of indirectly owned subsidiaries**

Name	Corp. Reg. No.	Registered office	Name	Corp. Reg. No.	Registered office
Catena Backa Invest AB	556758-6838	Helsingborg	Catena Log. Muskötgatan AB	556633-8157	Helsingborg
Catena Backa 23:5 KB	916624-0797	Helsingborg	Catena Log. Mörby AB	556713-8572	Helsingborg
Catena Bronsringen AB	556702-8153	Helsingborg	Catena Log. Norrköping AB	556703-2809	Helsingborg
Catena Högsbo AB	556649-7730	Helsingborg	Catena Log. Projekt AB	556824-7570	Helsingborg
Fastigheten Preppen HB	969684-0983	Gothenburg	Catena Log. Regulatorn AB	556584-0005	Helsingborg
Catena Konen AB	556802-4771	Helsingborg	Catena Log. Sockret 4 AB	559025-6698	Helsingborg
Catena Log. Backa AB	556595-0002	Helsingborg	Catena Log. Stockholm AB	556519-4148	Helsingborg
Catena Log. Basfiolen AB	556697-7129	Helsingborg	Catena Log. Södertälje AB	556524-7433	Helsingborg
Catena Log. B-Kråkebo 1:56 AB	559016-9198	Helsingborg	Catena Log. Tahe AB	556102-5304	Helsingborg
Catena Log. Borås AB	556519-4155	Helsingborg	Catena Log. Vanda AB	556672-1402	Helsingborg
Catena Log. Borås Tre AB	556691-3223	Helsingborg	Catena Log. Varalöv AB	556663-0025	Helsingborg
Catena Log. Borås Två AB	556537-6141	Helsingborg	Catena Log. Vasslan AB	556697-7137	Helsingborg
Catena Log. Förmanen AB	556667-7299	Helsingborg	Catena Log. Vindtunneln 2 AB	556685-3064	Helsingborg
Catena Log. Godsvagnen AB	556740-8801	Helsingborg	Catena Log. Vissol AB	556140-0135	Helsingborg
Catena Log. Gävle AB	556697-7194	Helsingborg	Catena Log. Vissol Två AB	556717-7653	Helsingborg
Catena Log. Haninge AB	556660-1596	Helsingborg	Catena Log. Vårdshuset AB	556697-7145	Helsingborg
Catena Log. Hästhagen AB	556252-1616	Helsingborg	Catena Log. Växjö Ett AB	556222-2595	Helsingborg
Catena Log. Invest AB	556649-9108	Helsingborg	Catena Log. Ädelmetallen AB	556740-9874	Helsingborg
Catena Log. Jakobsberg AB	556607-0925	Helsingborg	Catena Log. Örebro AB	556636-3270	Helsingborg
Catena Log. Järfälla KB	969628-1634	Helsingborg	Catena Log. Östanvinden AB	556697-7111	Helsingborg
Catena Log. Jönköping AB	556536-7587	Helsingborg	Catena Logistikposition Helsingborg AB	556688-6635	Helsingborg
Catena Log. Jönköping Två AB	556691-3215	Helsingborg	Catena Obl. AB	556984-8426	Helsingborg
Catena Log. Kopparverket AB	556700-1275	Helsingborg	Catena Söderåsen Fastighets AB	556634-8776	Helsingborg
Catena Log. Kristianstad AB	556697-7202	Helsingborg	Çatena Transportstaden Örebro AB	556591-2309	Helsingborg
Catena Log. Kungsbacka AB	556969-5439	Helsingborg	Catena Ättehögen AB	556659-9360	Helsingborg
Catena Log. Köpingegården HB	916626-8806	Helsingborg	Hallsbergs Terminal AB	556317-5966	Helsingborg
Catena Log. Lagret 1 AB	556660-1539	Helsingborg	Hallsbergs Kombiterminal AB	556643-8023	Helsingborg
Catena Log. Lagret 2 AB	559007-5544	Helsingborg	Logistikposition Karlshamn AB	556752-6040	Karlshamn
Catena Log. Ljungby AB	556536-7595	Helsingborg	Logistikposition Katrineholm AB	556692-4147	Katrineholm
Catena Log. Malmö AB	556537-6166	Helsingborg	Queenswall AB	559001-6696	Ängelholm
Catena Log. Malmö Två AB	556824-2944	Helsingborg			
Catena Log. Misteln AB	559011-1307	Helsingborg			
Catena Log. Mosås AB	556710-4459	Helsingborg			

## NOTE 13. Participations in associated companies

Associated companies	31 December 2015	31 December 2014
<i>Accumulated cost</i>		
At beginning of the year	-	-
Acquisitions	610.2	-
<b>Carrying amount at year end</b>	<b>610.2</b>	<b>-</b>

### 2015

Joint ventures/ Associated companies	Corp. Reg. No.	Registered office	Participation	Assets	Liabilities	Income	Results	Carrying amount
Tribona AB (publ)	556870-4646	Lund	29.55%	5,452.0	3,534.0	402.0	140.0	610.2
<b>Total</b>				<b>5,452.0</b>	<b>3,534.0</b>	<b>402.0</b>	<b>140.0</b>	<b>610.2</b>

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

## NOTE 14. Accounts receivable

The Parent Company's accounts receivable amounted to SEK 0.2 m (0.6). Of these, SEK 0.0 m (0.6) has not fallen due. No bad debt losses arose for the Parent Company during the year.

## NOTE 15. Financial instruments and financial risk management

### Financial policy

The Parent Company's assumption of financial risk is governed by the risk mandate set by Catena's Board. The policy and targets are detailed in Note 18 for the Group.

### Financing and financing risks

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

	Nominal amount in original currency		Average effective interest rate	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Liabilities to credit institutions	384.0	-	2.6%	-
Liabilities to Group companies	1,667.5	1,553.9	3.0%	3.0%
Liabilities to associated companies	14.9	14.2	0.0%	3.0%

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

	Nominal value		Carrying amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Interest-rate swap contracts</b>	<b>2,000.0</b>	<b>-115.7</b>	<b>-146.2</b>	

A one percentage-point rise in the interest rate for interest-bearing liabilities, assuming unchanged loan volumes, would have an impact of SEK 20.7 million (15.7).

## NOTE 17. Equity

### Number of shares in issue at 31 December 2015

Class of shares	Number of registered shares	Quotient value per share, SEK	Total value per share, SEK	Voting rights per share	Total number of votes
Ordinary shares	25,641,921	SEK 4.40	SEK 112,824,452.40	1	25,641,921

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

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

On 23 October 2015, Catena acquired 29.55 percent of the shares in Tribona AB (publ). Tribona is a streamlined property company in logistics and logistics properties. In connection with the acquisition, a public takeover bid was submitted, resulting in Catena AB owning 94.5 percent of Tribona AB as per February 2016. In 2016, compulsory acquisition procedure has been initiated and Tribona's shares have been de-listed from the stock exchange.

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

## NOTE 16. Prepaid expenses and accrued income

	31 December 2015	31 December 2014
Prepaid fee for credit facility	2.6	2.1
Prepaid marketing expenses	-	1.0
Prepaid rent for premises	0.1	0.2
Other prepaid expenses	0.6	0.1
<b>Total</b>	<b>3.3</b>	<b>3.4</b>

## Share capital progress

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

The dividends adopted by the Annual General Meeting and paid in 2015 were SEK 3.00 per share or a total of SEK 76.9 million. For 2015, the Board proposes an ordinary dividend of SEK 3.00 per share. Based on the number of shares outstanding entitled to receive a dividend for the 2015 financial year, the proposed dividend means a total dividend amount of SEK 99.7 million. The dividend amount corresponds to 98.6 percent of the dividend target in Catena's financial targets, SEK 101.1 million.

Following the end of the year, new shares were issued as part of the acquisition of Tribona. A total of 7,593,585 shares were issued. The total number of shares following the share issue is 33,235,506 and the total share capital amounts to SEK 146,236,226.40 after the issue.

The Parent Company's target for asset management and the financial targets correspond with the Group's and are detailed in Note 18 for the Group.

## NOTE 18. Other provisions

	2015	2014
Special payroll tax	0.5	0.7
<b>Payments</b>		
	2015	2014
Amount for which a provision is expected to be paid after more than 12 months	0.4	0.6
	2015	2014
Opening balance	0.7	0.8
Settled commitments	-0.2	-0.1
<b>Closing balance</b>	<b>0.5</b>	<b>0.7</b>

## NOTE 19. Accrued expenses and prepaid income

	31 December 2015	31 December 2014
Accrued salary-related expenses	11.0	9.7
Accrued interest expenses	10.6	9.4
Other accrued expenses	5.0	4.2
<b>Total</b>	<b>26.6</b>	<b>23.3</b>

## NOTE 20. Pledged assets and contingent liabilities

	2015	2014
<b>Pledged assets</b>		
Guarantee obligations	20.9	20.9
<b>Total</b>	<b>20.9</b>	<b>20.9</b>
<b>Contingent liabilities</b>		
Guarantees given for Group companies	2,631.2	3,375.6
Guarantee obligations for the benefit of associated companies	99.5	10.0
<b>Total</b>	<b>2,730.7</b>	<b>3,385.6</b>

## NOTE 21. Cash flow statement

Supplementary disclosures	1 January 2015 31 December 2015	1 January 2014 31 December 2014
<b>Interest paid and dividends received</b>		
Interest received	42.7	41.7
Interest paid	-104.6	-61.4
<b>Adjustment for items not included in cash flow</b>		
Amortisation, depreciation and impairment of assets	0.4	0.6
Change in value of derivatives	-30.5	150.9
Group contributions received	-	-
<b>Total</b>	<b>-30.1</b>	<b>151.5</b>

## NOTE 22. Classification of financial instruments

2015

Financial assets	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loan and accounts receivable	Carrying amount
Other long-term receivables	-	-	-	-
Accounts receivable	-	-	0.2	0.2
Interest-rate derivatives	-	-	-	-
Other current receivables	-	-	1,249.2	1,249.2
Cash and cash equivalents	-	-	201.2	201.2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,450.6</b>	<b>1,450.6</b>
Non-financial assets				1,887.4
<b>Total</b>				<b>3,338.0</b>



**Financial liabilities**

Non-current liabilities to credit institutions	-	-316.8	-	-316.8
Interest-rate derivatives	-115.7	-	-	-115.7
Current liabilities to credit institutions	-	-67.2	-	-67.2
Accounts payable	-	-4.8	-	-4.8
Other current liabilities	-	-1,687.3	-	-1,687.3
Accrued expenses	-	-26.6	-	-26.6
<b>Total</b>	<b>-115.7</b>	<b>-2,102.7</b>	<b>-</b>	<b>-2,218.4</b>
Non-financial assets				-0.5
<b>Total</b>				<b>-2,218.9</b>

Carrying amounts correspond to fair values for all balance-sheet items.

2014	Measurement categories			
	Measured at fair value via profit or loss	Measured at amortised cost	Loans and accounts receivable	Carrying amount
<b>Financial assets</b>				
Other long-term receivables	-	-	-	-
Accounts receivable	-	-	0.6	0.6
Interest-rate derivatives	-	-	-	-
Other current receivables	-	-	1,429.0	1,429.0
Cash and cash equivalents	-	-	198.7	198.7
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,628.3</b>	<b>1,628.3</b>
Non-financial assets				1,275.4
<b>Total</b>				<b>2,903.7</b>

**Financial liabilities**

Non-current liabilities to credit institutions	-	-	-	-
Interest-rate derivatives	-146.2	-	-	-146.2
Current liabilities to credit institutions	-	-	-	-
Accounts payable	-	-1.5	-	-1.5
Other current liabilities	-	-1,569.9	-	-1,569.9
Accrued expenses	-	-23.3	-	-23.3
<b>Total</b>	<b>-146.2</b>	<b>-1,594.7</b>	<b>-</b>	<b>-1,740.9</b>
Non-financial assets				-0.7
<b>Total</b>				<b>-1,741.6</b>

Carrying amounts correspond to fair values for all balance-sheet items.

**NOTE 23. Significant events after the end of the financial year**

Following the end of the financial year, Catena AB acquired an additional 65 percent of the shares in Tribona AB (publ) as a result of the public takeover bid submitted in December 2015.

As per February 2016, Catena owns a total of 94.5 percent of shares in Tribona and a compulsory redemption procedure and delisting of Tribona's shares from the stock exchange have taken place. In addition, in early 2016, Catena issued a total of 7,593,585 new shares in Catena in connection with the acquisition of the shares. The decisions to implement the share issues were taken by Extraordinary General Meetings in Catena on two occasions.

All personnel in Tribona will be recruited to Catena in the spring of 2016 as a result of the transfer of operations that is being implemented.

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

**NOTE 24. Related parties**
**Close associations**

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

	2015	2014
<b>Transactions with subsidiaries</b>		
Purchasing	0.8	0.7
Sales	28.9	26.5
Interest income	39.6	41.0
Interest expenses	49.9	44.8
Group contributions received	131.2	104.8
Group contributions paid	36.5	71.3
Current receivables	1,210.3	1,373.3
Interest-bearing liabilities	1,667.5	1,553.9
Guarantees given	2,631.2	3,375.6
<b>Transactions with the Group's associated companies</b>		
Sales	3.2	8.7
Interest income	1.5	-
Current receivables	67.0	55.7
Interest-bearing liabilities	14.9	14.7
Guarantees given	99.5	10.0
<b>Transactions with other related parties</b>		
Purchasing	0.2	4.8

**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 President 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 July 19, 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 22 March 2016. The consolidated statement of comprehensive, statement of financial position and the Parent Company's income statement and balance sheet are subject to the approval of the Annual General Meeting on 27 April 2016.

Solna, 22 March 2016

Henry Klotz

*Chairman of the Board*

Katarina Wallin

*Board member*

Catharina Elmsäter-Svärd

*Board member*

Bo Forsén

*Board member*

Erik Paulsson

*Board member*

Gustaf Hermelin

*Board member  
Chief Executive Officer*

Our auditors' report was submitted on 22 March 2016

PricewaterhouseCoopers AB

Lars Wennberg

*Authorised Public Accountant*

# Audit Report

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

## Report on the annual accounts and consolidated financial statements

We have conducted an audit of the annual and consolidated accounts of Catena AB (publ) for the year 2015 with the exception of the Corporate Governance Report on pages 102-113. The annual accounts and consolidated financial statements of the company are included in the printed version of this document on pages 11-27 and 36-113.

### *Responsibility of the Board of Directors and the President for the annual and consolidated accounts.*

The Board of Directors and CEO are responsible for the preparation of annual accounts that provide a true and fair representation, pursuant to the Annual Accounts Act, and consolidated financial statements that provide a true and fair representation pursuant to the International Financial Reporting Standards, IFRS, as adopted by the EU, and the Annual Accounts Act and for the internal control that the Board and CEO assess as necessary for preparing annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor selects the procedures to be conducted based on such assessments as the risk of material misstatement in the annual accounts and consolidated financial statements, and whether such misstatement is due to fraud or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the company's internal control processes. An audit also includes an evaluation of the appropriateness of the accounting policies applied and of the reasonableness of the Board's and CEO's estimates in the accounts, as well as an evaluation of the overall presentation in the annual report and consolidated financial statements.

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

### *Statements*

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 2015 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 2015 and of its earnings and cash flows for the year pursuant to International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 102-113. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

### Report on other legal and regulatory requirements

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 2015. We have also conducted a statutory review of the Corporate Governance Report.

### *Responsibility of the Board of Directors and the President*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and for the Corporate Governance Report on pages 102-113 being prepared in accordance with the Annual Accounts Act.

### *Auditors' responsibility*

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the company's earnings and the administration of the company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden. As a basis for our statement regarding the proposed appropriation of the company's profit or loss, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the company to ascertain whether any director or the President is liable for compensation to the company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

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

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our statements. This means that our review of the Corporate Governance Report, as required by law, has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

### *Statements*

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

In my view, a Corporate Governance Report has been prepared and its statutory information is consistent with other parts of the annual and consolidated financial accounts.

Stockholm, 22 March 2016  
PricewaterhouseCoopers AB

Lars Wennberg  
Authorised Public Accountant

### Förmannen 4, Ängelholm

There is a 22,241 square-metre logistics warehouse on the Förmannen 4 property in Ängelholm, which is well located in a trade and logistics area closely adjacent to the E6/E20 motorway.

One of the tenants, Ingrid Skoog Bengtsson, CEO of Skoogs Åkeri & Logistik AB:

“Ängelholm is an ideal location for logistics, from where the Nordic metropolitan regions, Copenhagen / Malmö, Oslo and Stockholm can be reached within a day.





Chairman of the Board:

## Committed, clear and transparent corporate governance imbues confidence

The 2015 year of operations was characterised by strong growth. In addition to acquisitions of a number of properties, in the autumn, we were able to submit a bid for Tribona, which was completed in early 2016. This pervaded the work of the Board over the year. Alongside the valuation and financial issues associated with growing operations, the work of the Board also became more future-oriented, focusing increasingly on balancing opportunities and risks responsibly. To maintain the confidence of stakeholders, we have developed and adapted our corporate governance for an expanded organisation.



Particularly following the sale of the project properties in Solna, Catena has, in a short space of time, been transformed into a focused and leading company for logistics properties. Following the acquisition of Tribona, which doubled our operations, Catena also manages Sweden's largest portfolio of logistics properties. Our rapid transformation has

been possible thanks to dedicated and smooth cooperation between the company's management and Board, which have, without delay, been able to weigh up commercial risks and opportunities, and make informed decisions. Catena's Board is, I would say, a practised team that has proven itself capable of cooperating well. Its members possess valuable experience and skills that are of use to the operations in different ways. Both existing and potential, future board members are continuously assessed by the Chairman of the Board and the Nomination Committee. This makes it possible to compose a well-considered Board, based on the company's plans and requirements. Ahead of the increased focus on core operations, such considerations led, among other things, to the Nomination

Committee proposing a somewhat altered Board of Directors to the 2015 Annual General Meeting.

Alongside conscientious board work, transparency is crucial in maintaining and developing stakeholders' confidence in our business. Accordingly, we continue, as far as is possible without damaging our business, to maintain proper, open and frequent communications with customers, shareholders and all other stakeholders. Our employees in particular are especially important as we now integrate Tribona's operations into Catena. Our employees create our product and serve our customers. Without them, there would be no business. I would like to extend a special thank you to them for their efforts.

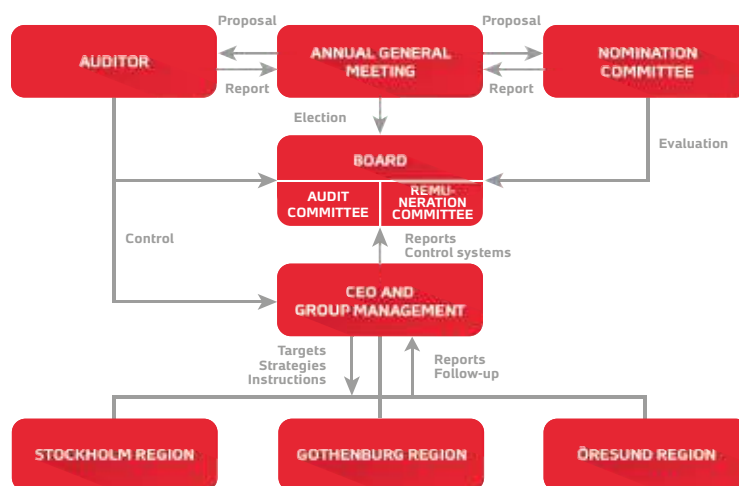
To maintain and develop Catena's responsibility for operations, including in the merged operations, we have, over the year, revised and updated our business plan and developed and clarified our policies, including those on ethics and crisis management. Together with our control and risk management, our well thought-out policies, which are close to our business processes, are all important components in responsible corporate governance, which generates the trust that is crucial to our business. Together with our competent organisation, leading position and financial strength, this gives us good opportunities to both develop the business and provide the owners with a return on their capital contributions.

Solna, March 2016

Henry Klotz  
hklotz@clsholdings.com

# Corporate governance report

All business decisions at Catena must be justifiable from a financial and ethical perspective. Through active and responsible board work, we balance the risks and opportunities associated with all commercial operations, and thereby generate value for shareholders and other stakeholders. Through transparency and availability we provide our shareholders and other stakeholders with insight into decision paths, responsibility, powers and control systems. The information we provide must be correct, reliable and up to date.



## Corporate governance

Catena is a Swedish public limited liability company listed on NASDAQ Stockholm. The applicable regulations for governance and control of the Group are primarily the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Regulations for Issuers, the Swedish Code of Corporate Governance, internal guidelines and policies, as well as other applicable laws and regulations.

Catena's Board and executive management endeavour to ensure that Catena complies with the requirements imposed by the stock exchange, shareholders and other stakeholders. The Swedish Code of Corporate Governance (the "Code", available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se)) is aimed at ensuring favourable conditions for active and responsible ownership. It is based on the principle of comply or explain. Deviations from the Code must be justified and explained. This Corporate Governance Report describes how Catena applied the Code during 2015.

### *Deviations from the Swedish Code of Corporate Governance*

The company follows the Swedish Code of Corporate Governance with the following exceptions: The com-

pany 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.

## Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body. At the AGM, all shareholders are provided with the opportunity, not subject to limitation, to exercise influence over the company corresponding to their respective share-holdings. The company applies no special arrangements concerning the function of the AGM – neither based on any provisions in the Articles of Association or, insofar as the company is aware, any agreements between shareholders.

The AGM appoints the Board and auditors and adopts principles for the remuneration of the Board, auditors and Group management. When necessary, the AGM also makes decisions on items including the Articles of Association, dividends, and changes in share capital. At the AGM, which must be held within six months of the close of the financial year, resolutions must be passed on the

adoption of the balance sheets and income statements, the appropriation of Catena's profit or loss and the discharge of responsibility of the Board and the CEO.

### Annual General Meeting, 28 April 2015

The 2015 Annual General Meeting decided to authorise the Board to make decisions on new share issues, as well as on acquisitions and transfers of treasury shares. The purpose of the authorisation is to be able to continuously adapt the company's capital requirements and thereby contribute to increased shareholder value and to be able to transfer shares in connection with financing of possible property or company acquisitions, through payment with the company's own shares.

Up until the next AGM, the Board was authorised to decide on the acquisition and disposal of a maximum of 1/10 of all shares with funds available for profit distribution. Decisions may be made on one or several occasions. The authorisation includes the right to decide to deviate from shareholders' preferential rights. Disposals may be made in connection with possible acquisitions or other structural transactions or through sale on the open market. In connection with acquisitions or disposals via Nasdaq OMX Nordic Stockholm, the price shall be within the price interval registered at any given time. Shares may be acquired to adjust the capital structure, to be used in financing acquisitions or other transactions, or otherwise for disposal or redemption.

The Board was authorised, on one or more occasions prior to the next AGM, to issue new shares, with or without preferential rights for shareholders to participate in the issue and with or without provisions regarding payment in kind or set-off. The authorisation may cover at most a combined 1/10 of the total number of shares outstanding at the time of the Board's first decision to issue shares. New share issues are to be implemented on the usual market terms.

### Extraordinary General Meeting, 23 June 2015

The Extraordinary General Meeting in Stockholm on 23 June approved Catena's sale of its wholly-owned subsidiary Catena i Solna AB and indirectly of the Solna Stora Frösunda 2 and Solna Hagalund 2:2 properties. The buyer in the proposed transaction is a wholly-owned subsidiary of Fabege AB (publ), which, at the time, held approximately 10.2 percent of all shares in Catena AB. Accordingly, the sale is to be viewed as a transaction with a related party in accordance with generally accepted practices in the stock market and should be approved by the General Meeting, as has been the case.

### Extraordinary General Meeting, 30 November 2015

In accordance with the Board's proposal, a decision was made by an Extraordinary General Meeting on 30 Novem-

ber 2015 to issue new shares. The decision increased the share capital by a maximum of SEK 56,562,000 through the issue of at most 12,855,000 shares. Only shareholders of Tribona AB shall be entitled to subscribe for shares. Subscribed shares shall be paid for entirely through the contribution (in kind) of shares in Tribona, with each complete group of eight existing shares in Tribona entitling the holder to subscribe for three new shares in the company. In January 2016, Catena registered part of the issue with the Swedish Companies Registration Office, whereby the total number of shares and votes increased by 7,246,971. In another part of the issue, the number of shares and votes increased by a further 346,614.

On 29 February 2016, Catena's registered share capital amounted to SEK 146,236,226.4 distributed between 33,235,506 shares. All shares are of the same class of shares and each share entitles the holder to one vote at Catena's General Meetings.

### Remuneration of Board and senior executives

In line with the decision of the AGM on 28 April 2015, the Chairman of the Board receives SEK 200,000 and other members SEK 100,000 each. No directors' fees are payable to the CEO. Salary, other remuneration and pension premiums for the CEO and other senior executives are presented in Note 8 to the consolidated financial statements. In 2015, variable remuneration paid to the CEO and management amounted to just under SEK 2.6 million.

### Nomination Committee

The Nomination Committee is tasked with preparing and submitting proposals for the Board, Chairman of the Board, directors' fees, policies for appointing the Nomination Committee, the Chairman at the AGM and, when applicable, auditors and auditors' fees. Catena's Annual General Meeting on 28 April 2015 decided to appoint a Nomination Committee consisting of representatives of the four largest shareholders and the Chairman.

In accordance with the decision, the following Nom-

Ownership structure, per 31 December 2015. Ten largest shareholders	No. of shares, 000s	Votes, %
Backahill	11,221	43.8
Endicott Sweden AB (CLS Holding plc)	3,719	14.5
Länsförsäkringar fondförvaltning	2,382	9.3
SFU Sverige AB	1,847	7.2
CRHE Invest AB	770	3.0
Swedbank Robur fonder	539	2.1
Handelsbanken Fonder AB	507	2.0
Banque Carnegie Luxembourg SA	481	1.9
JP Morgan Bank Luxembourg SA	405	1.6
JP Morgan Europe Limited	241	0.9
Other shareholders	3,530	13.7
	<b>25,642</b>	<b>100.0</b>

ination Committee was formed in advance of the 2016 Annual General Meeting: Henry Klotz appointed by Endicott Sweden AB (CLS Holdings plc), Klas Andersson appointed by SFU Sverige, Svante Paulsson appointed by Backahill AB and Eva Gottfridsdotter-Nilsson appointed by Länsförsäkringar Fondförvaltning AB. The Chairman of the Nomination Committee is Klas Andersson, while the Chairman of the Board Henry Klotz convenes the meetings. In accordance with applicable decisions, new shareholder representatives are to be appointed when ownership changes.

**Board of Directors**

The Board’s overriding task is to manage Catena’s and the Group’s activities on behalf of the owners in a way that best secures the owners’ interest in a favourable long-term return on capital. The members are elected annually at the AGM for the period up to the end of the following AGM. The Board’s work is carried out in compliance with statutory provisions, the Articles of Association and the formal work plan. The formal work plan is discussed at the

**Assessment of the work of the Board**

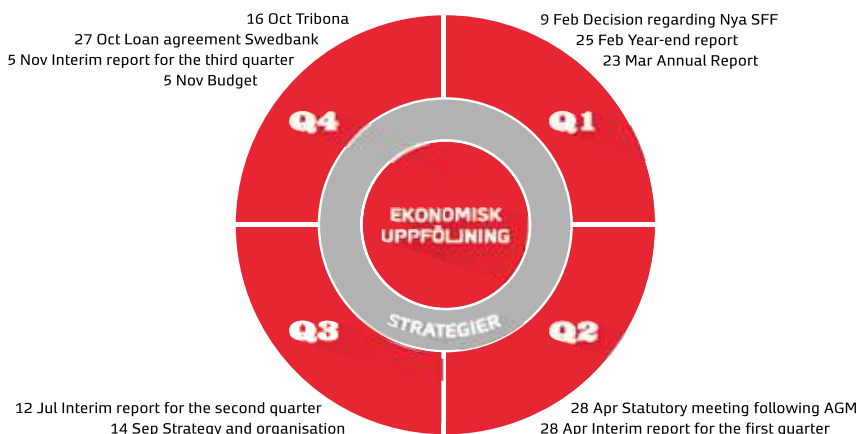
Each year, the Chairman of the Board performs an evaluation of the Board’s ability to perform its duties, its working methods and composition in relation to the direction and challenges facing the company. The individual Board members’ competence, commitment and suitability (from a variety of perspectives) are tested by means of an extensive questionnaire that each member is required to respond to in isolation. The responses received are followed up in a private discussion based on the company’s planning and its expectations of that member.

The results are discussed in the Nomination Committee, which, based on the completed evaluation and other considerations, proposes a Board for the coming year of operations. Well-functioning Board work demonstrates that the process has been effective.

**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 on-going developments through contact with the CEO on strategic issues. During 2015, ten minutes Board meetings were held, one of which was statutory. During the year, the CFO acted as the secretary of the Board. In addition to the above items, Board meetings have addressed market issues, plans and strategies for the Group’s development and the on-going follow-up of results and position, valuations of the Group’s properties, liquidity and financing as well as investment decisions. Catena’s auditor in charge Lars Wennberg, PwC, was called in to the Board meetings in February, April, July and November.

Principal content of Board meetings in 2015



statutory Board meeting and is set annually. The composition of the Board includes expertise and experience from the areas that are of major importance as part of efforts to support, monitor and control operations in a property company. Board members have expertise in properties, the real estate market, and financing and business development, for example. In accordance with the Articles of Association, Catena’s Board is to comprise not fewer than five and not more than nine members with no deputies.

Catena’s Board comprises six members who were elected at the Annual General Meeting (AGM) on 28 April 2015. For further information about the Board members, please refer to the section “Board, senior executives and auditors”.

**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 are a functioning reporting systems. These 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.

### Auditor

Catena's auditors are elected at the AGM. At the 2015 Annual General Meeting, the accounting firm PwC was elected as the new auditor, with Lars Wennberg as the principal 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.

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

### 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.

### Remuneration Committee

The Board of Catena has established a Remuneration Committee. The task of the Remuneration Committee is to prepare matters concerning remuneration and other conditions of employment for the CEO. The CEO, on the basis of principles established by the Board, determines remuneration of senior executives. During 2015, the Remuneration Committee comprised Henry Klotz (Chairman), Bo Forsén and Katarina Wallin.

### Audit committee

Catena's Board has established an Audit Committee. The task of the Audit Committee is to maintain and add to efficiency in contacts with the Group's auditor and to supervise the procedures for auditing and financial reporting. The Committee also evaluates the work of the auditor and monitors how accounting principles and requirements

are progressing. The Board has decided that all its members, with the exception of the CEO, are to be part of the Committee.

### Stock market information

Catena submits prompt, simultaneous, correct and reliable information to existing and potential shareholders and other stakeholders. The company submits interim reports, a year-end report and an annual report for the entire financial year. Catena's website, [www.catenafastigheter.se](http://www.catenafastigheter.se), presents current information on Catena, such as press releases and financial statements.

Shareholders can download financial information from the company via the website. This information can also be ordered directly from Catena by telephone or by post.

### Internal control

The Board is responsible for internal control pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance. This Corporate Governance Report is prepared in accordance with Chapter 6, Section 6 of the Swedish Annual Accounts Act and is thus limited to internal control and risk management related to financial reporting. The basis of internal control is the control environment in which the work of the Board and executive management is set. The Board has adopted a number of important policies and basic guidelines for internal control programs, such as a financial policy, an ethics and crisis management policy and information policies. The CEO presents regular reports to the Board on the basis of established routines and documents. Catena's internal control structure is based on a clear division of responsibility and work between the Board and CEO, as well as within operational activities. Operational activities include business control and business planning processes. Examples of these include tools for monitoring operations, preparations ahead of the purchase and sale of properties/companies, and underlying data for property valuations. Control activities are performed at the individual property level in the form of current results and investment monitoring and, at the overall level, in the form of results analysis at the area level, analysis of key data and reviews of the Group's legal structure.

In order to prevent and detect errors and deviations, there are, for example, systems for attestation rights, reconciliations, approval and reporting of business transactions, reporting templates as well as accounting and valuation policies. These systems are continuously updated.

Internal information and external communication are regulated at the overall level by means of the information policy. Internal information is disseminated through regular information meetings.

# Risks and opportunities

Successful business operations are built on the responsible and controlled management of risks. Well managed, risks can lead to opportunities and generate value, while risks that are not managed properly can lead to damage and losses. Accordingly, risk management is an important part of the governance and control of Catena's business operations.

The company works continuously to assess, manage and monitor the risks always associated with commercial operations.

For identified risks that may arise in the operations and from behaviours that could affect the company's brand and reputation, the Board of Directors and senior management have developed policies, instructions and mandates that are continuously reviewed.

Risks based on events beyond the company's control and which could disrupt business are evaluated on an ongoing basis. To reduce potentially harmful effects, the

company takes out carefully considered insurance coverage. The risk of personal injury or harm to property that could be incurred as a consequence of Catena's actions is treated in the same way.

In the assessment of risks, those representing the greatest present effect on the company, should they occur, are prioritised. That is to say that the probability of a risk occurring and the damage it could cause are weighed up.

The table shows:

🟢 for High priority, 🟡 for Medium Priority, 🟠 for Low priority.

## Rental income and expenses

RISK	MANAGEMENT	EXPOSURE	PRIORITY																
<p><b>Vacancies</b></p> <p>The letting ratio is influenced by factors including general economic conditions, the pace of production for new properties, infrastructure changes as well as population growth and employment. Changes in these factors can impact vacancy rates and rent levels.</p>	<p>Catena's lease portfolio is long term. The majority of the company's properties are also modern and located at key logistic hubs by ports and along the major European motorways adjacent to population centres. This makes Catena less sensitive to market fluctuations and their impact on the overall letting ratio.</p>	<p><b>Lettable space and letting ratio in terms of space by region, %</b></p> <table border="1"> <caption>Lettable space and letting ratio in terms of space by region, %</caption> <thead> <tr> <th>Region</th> <th>Letting Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>Öresund</td> <td>93.6</td> </tr> <tr> <td>Stockholm</td> <td>94.4</td> </tr> <tr> <td>Gothenburg</td> <td>93.0</td> </tr> </tbody> </table>	Region	Letting Ratio (%)	Öresund	93.6	Stockholm	94.4	Gothenburg	93.0	<p>🟢</p>								
Region	Letting Ratio (%)																		
Öresund	93.6																		
Stockholm	94.4																		
Gothenburg	93.0																		
<p><b>Cancelled leases</b></p> <p>After a tenant vacates a property, there is a risk pertaining to the length of time that elapses before a new tenant is in place. The risk of substantial changes in vacancies and rental income increases in line with the number of individual major tenants a property company has.</p>	<p>New leases are generally signed for a term of more than five years. Local asset management in close collaboration with tenants reduces the risk of unexpected termination of leases.</p>	<p><b>Distribution lease durations, per year</b></p> <table border="1"> <caption>Distribution lease durations, per year</caption> <thead> <tr> <th>Year</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>-16</td> <td>8</td> </tr> <tr> <td>-17</td> <td>15</td> </tr> <tr> <td>-18</td> <td>10</td> </tr> <tr> <td>-19</td> <td>20</td> </tr> <tr> <td>-20</td> <td>10</td> </tr> <tr> <td>-21</td> <td>9</td> </tr> <tr> <td>-22+</td> <td>27</td> </tr> </tbody> </table>	Year	Percentage (%)	-16	8	-17	15	-18	10	-19	20	-20	10	-21	9	-22+	27	<p>🟡</p>
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-19	20																		
-20	10																		
-21	9																		
-22+	27																		
<p><b>Bad debt losses</b></p> <p>Commercial tenants are not always able to discharge their obligations.</p>	<p>Risk decreases through a solid understanding of customers. In certain leases, tenants' obligations are guaranteed by a parent company or by way of bank guarantees, accordingly, Catena's bad debt losses have been marginal over the past five years.</p>	<p><b>Customer losses/rental income</b></p> <table border="1"> <caption>Customer losses/rental income</caption> <thead> <tr> <th>Year</th> <th>SEK m</th> </tr> </thead> <tbody> <tr> <td>-12</td> <td>0</td> </tr> <tr> <td>-13</td> <td>2.5</td> </tr> <tr> <td>-14</td> <td>0</td> </tr> <tr> <td>-15</td> <td>0</td> </tr> </tbody> </table>	Year	SEK m	-12	0	-13	2.5	-14	0	-15	0	<p>🟡</p>						
Year	SEK m																		
-12	0																		
-13	2.5																		
-14	0																		
-15	0																		

## Rental income and expenses, cont.

RISK	MANAGEMENT	EXPOSURE	PRIORITY										
<p><b>Increased operating and maintenance costs</b></p> <p>Earnings can be impacted if increases in operating and maintenance costs outpace growth in compensation to Catena in the form of contractual rents. Unforeseen and extensive renovation needs can also have an impact.</p>	<p>Leases for logistics properties are normally linked to the Consumer Price Index (CPI). Catena also works continuously to identify cost-efficient solutions, particularly in the area of energy. Any unforeseen renovation needs should primarily only arise for damage, for which Catena has arranged insurance solutions.</p>	<p><b>Index contracts: share of the contract volume</b></p> <table border="1"> <caption>Index contracts: share of the contract volume</caption> <thead> <tr> <th>Year</th> <th>Share (%)</th> </tr> </thead> <tbody> <tr> <td>-12</td> <td>100</td> </tr> <tr> <td>-13</td> <td>100</td> </tr> <tr> <td>-14</td> <td>100</td> </tr> <tr> <td>-15</td> <td>100</td> </tr> </tbody> </table>	Year	Share (%)	-12	100	-13	100	-14	100	-15	100	M
Year	Share (%)												
-12	100												
-13	100												
-14	100												
-15	100												
<p><b>Increased ground rents</b></p> <p>Ground rents are periodically renegotiated and there is no guarantee that the ground rent will not increase at the respective renegotiation, which can negatively impact Catena's earnings.</p>	<p>Catena has freehold ownership of most of its properties. Increases in ground rents are generally offset through indexation in the lease contract or through renegotiation of the lease.</p>	<p><b>Proportion of freehold properties</b></p> <table border="1"> <caption>Proportion of freehold properties</caption> <thead> <tr> <th>Year</th> <th>Proportion (%)</th> </tr> </thead> <tbody> <tr> <td>-12</td> <td>80</td> </tr> <tr> <td>-13</td> <td>80</td> </tr> <tr> <td>-14</td> <td>80</td> </tr> <tr> <td>-15</td> <td>80</td> </tr> </tbody> </table>	Year	Proportion (%)	-12	80	-13	80	-14	80	-15	80	L
Year	Proportion (%)												
-12	80												
-13	80												
-14	80												
-15	80												
<p><b>Taxes</b></p> <p>In Sweden, there are extensive opportunities for tax deferral when an asset is divested within a group. Instead, taxation takes place when the asset leaves the group. Through so-called packaging, tax credits can also be obtained in situations where assets are sold externally. In 2015, the Swedish government assigned a special investigator the task of reviewing certain aspects in the area of property tax and stamp duty. A report is to be presented by 31 March 2017. It may affect Catena's earnings.</p>	<p>Progress is monitored carefully.</p>												

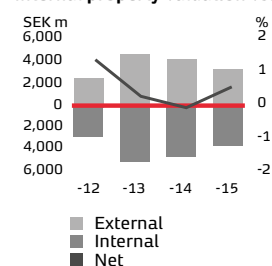
## Changes in value

## Properties

Catena reports its property portfolio at its assessed market value. This means that changed market values as a result of changed rent levels and vacancy rates, changed yield requirements and detailed development plan processes, etc., will impact Catena's financial statements.

Payment of reasonable acquisition prices and a thorough analysis based on extensive experience reduces the risk of impaired property values, which is also balanced by the favourable earnings potential. Each quarter, Catena performs an internal valuation of its properties. External valuations and completed transactions confirm Catena's internal valuations.

## Internal property valuation vs. external



## Corporate acquisitions

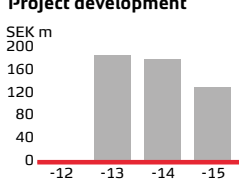
Catena sometimes acquires properties under corporate formats. In 2015, Catena also made a bid on an operational property company with a broader risk profile. Historical decisions and actions, as well as the future financial performance of the acquired companies could affect Catena's earnings.

Through its expertise in logistics properties, Catena is in a good position to make an accurate assessment of potential future acquisitions. To minimise the risks associated with historical decisions and actions, Catena performs thorough due diligence prior to each acquisition. In addition to a thorough financial examination, this also includes a number of other areas, including customer relationships, commitments and the environment.

The value of assets is checked regularly based on the cash flows they generate, ensuring as far as possible a correct valuation on each occasion.



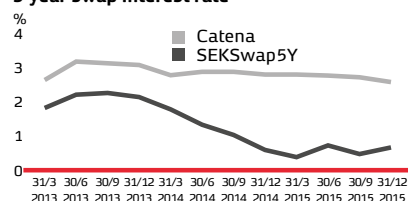
## Changes in value, cont.

RISK	MANAGEMENT	EXPOSURE	PRIORITY
<b>Projects</b>	Catena's investments in the project development are initially limited because they are largely based on development rights. These are capitalised with increased investment only when a contract has been signed with a customer.	<b>Project development</b> 	<b>L</b>

**Financial instruments**

As part of managing interest-rate risk, Catena utilises financial instruments in the form of interest-rate derivatives, primarily nominal interest-rate swaps. Interest-rate derivatives are recognised in the balance sheet on an on-going basis.

In pace with changes in market interest rates, theoretical positive or negative values arise that do not impact cash flow. On reaching maturity, the value of derivatives is always zero. Positive or negative values are recognised in the statement of financial position.

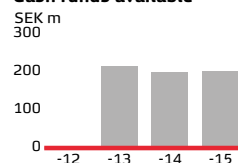
**Catena's average interest rate and 5-year swap interest rate**

## Financing risks

**Liquidity risks**

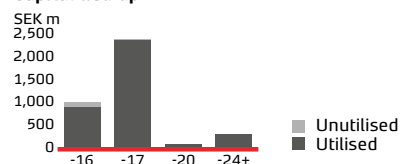
Insufficient access to the liquid funds or credit facilities necessary to meet payment obligations could negatively impact Catena's earnings and financial position.

At the closing date, Catena had unutilised lines of credit totalling SEK 146.2 million and cash and cash equivalents of SEK 201.5 million.

**Cash funds available****Refinancing**

The properties and shares owned by Catena are financed by a combination of loans and equity. The majority of financing comprises bank loans. There are no guarantees that existing credit providers will renew loans when they fall due.

The Group's financial policy stipulates how funding and liquidity is to be secured. Borrowing takes place in Swedish currency using a fixed-loan term of one to ten years. Existing credit frameworks have a remaining contract term of up to 2.5 years. Catena also has opportunities to secure funding on the bond market through Nya Svensk FastighetsFinansiering.

**Capital tied-up****Interest received**

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 derivatives equivalent to 53 percent of the Group's liabilities. The company expects to be able to maintain a low interest rate level that follows changes in the market with a time lag. The derivatives are specified in note 19 to the consolidated accounts.

**Interest maturity year**

Year	SEK m	Interest rate, % <sup>1)</sup>	Share, %
2016	1,603.7	1.6	42.7
2017	30.7	1.7	0.9
2020	112.0	1.4	3.0
2021	500.0	4.3	13.3
2022	500.0	3.7	13.3
2023	500.0	3.1	13.3
2024	507.7	2.8	13.5
<b>Total</b>	<b>3,754.1</b>	<b>2.6</b>	<b>100.0</b>

<sup>1)</sup> Refers to the current average interest rate as per 31 December 2015. Interest rates change in line with the changes in the general interest rate but are limited by interest-rate caps.

## Indemnity risks

**Acquired environmental damage**

According to the Swedish Environmental Code, those who conduct operations that contribute to contamination are responsible for the ensuing treatment and remediation thereof. If the party that has conducted such operations cannot carry out or defray the cost of subsequent treatment and remediation, then the party that acquired the property – and who at the time of acquisition was aware of or should have been aware of the contamination – is liable.


Prior to each acquisition, Catena conducts a thorough analysis and risk assessment.

*Despite in-depth analyses, no complete investigation of possible, hitherto unknown environmental contamination in the property portfolio has been carried out. It cannot be precluded that environmental contamination exists that could result in costs and/or claims for compensation on Catena.*

**L**



## Indemnity risks, cont.

RISK	MANAGEMENT	EXPOSURE	PRIORITY
<b>Injury to person or property</b> Property belonging to Catena can be destroyed by fire, theft or other damage. Similarly, through, for example, negligence Catena can cause injury to another person or another person's property.	Insurance has been contracted to cover any liability or property damage claims. The properties are covered by unlimited buildings insurance.	<i>Over the last few years, no company in the Catena Group has had any significant insurance claim. The exception was 2014, when the company suffered two fires. The insurance company compensated Catena for the damage.</i>	

## Other risks

## 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 persons.

All of Catena's executives have comprehensive knowledge of property development and management. On-going dialogues and development together with market terms also contribute to low employee turnover. The company also actively applies an order of succession for key personnel.

*A large part of Catena's current management has been active in the company or its predecessor, Brinova's, management for up to 12 years. No one has left the management team since 2013 in connection with the reverse acquisition, in which management and staff were transferred from Brinova.*



## Deficient procedures and irresponsible behaviour

The company may suffer harm as a result of criminal or irresponsible behaviour by the its employees or other representatives.

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.

*Over the past six years, the company has not suffered any damage attributable to criminal or irresponsible behaviour.*



## Unsound business practices

Catena's projects extend over long periods of time and include numerous sub-contractors and other stakeholders. Despite the company's zero tolerance policy, applicable to all involved, regarding unsound business practices, whether these involve working conditions, corruption and restraint of competition, there is always the risk that an individual operator fails to live up to Catena's values.

Catena has an express Code of Conduct that everyone is required to follow. Sub-contractors are initially checked so that any financial discrepancies are discovered as soon as possible. The partnership is then evaluated on a continuous basis. Subcontractors are also encouraged to check that their suppliers also adhere to Catena's values. The slightest suspicion of any deviation from the values is investigated promptly. If the supplier does not adhere to Catena's values, the company may terminate the cooperation immediately.

It is the view of the Board of Directors and senior management that there is good control of the suppliers with whom the company has direct contact.



## Disputes

It cannot be excluded that Catena may become involved in a legal dispute or arbitration proceedings that have significant impact on Catena's earnings or financial position.

The risk is reduced through diligently prepared contracts and agreement.

*Over the last three years, Catena has not been involved in any significant disputes.*



## Sensitivity analysis

The table presents the theoretical effect on pre-tax profit of Catena's annual earnings capacity after financial items with full disclosure of an isolated change in each variable.

Factor	Change, %	Impact on earnings, SEK m
Contractual rental income	+/- 1.0	+/- 4.9
Economic letting ratio	+/- 1.0 percentage point	+/- 5.1
Interest on interest-bearing liabilities	+/- 1.0 percentage point	+/- 37.5
Property expenses	+/- 1.0	+/- 1.3
Changes in value of investment properties	+/- 1.0	+/- 53.4

# Board of Directors



	Henry Klotz	Bo Forsén	Gustaf Hermelin	Erik Paulsson	Catharina Elmsäter-Svärd	Katarina Wallin
<b>BORN</b>	1944.	1948.	1956.	1942.	1965.	1970.
<b>POSITION ON THE BOARD</b>	Chairman.	Member.	Member.	Member.	Member.	Member.
<b>YEAR ELECTED</b>	2007.	2012.	2013.	2013.	2015.	2013.
<b>EDUCATION</b>	Engineer in property engineering, M.Sc. Economics	Business administration studies, Lund University.	Business administration studies, Stockholm School of Economics.	Elementary school.	Advertisement and marketing, Berghs School of Communication. Diploma in market economics.	M.Sc. Engineering, Royal Institute of Technology. Behavioural Science and Business Administration, Stockholm University.
<b>PRINCIPAL EMPLOYMENT</b>	Executive Vice Chairman, CLS Holding plc.	Board work.	CEO, Catena AB.	Company leader and entrepreneur since 1959.	Self-employed and advisor at AB Elmsäter i Enhörna.	Strategy Consultant and Partner at Evidensgruppen.
<b>OTHER ASSIGNMENTS</b>	Board Member of a large number of companies in the CLS Group. Board Member of Note AB.	Chairman of the Board of Victoria Park AB, Norén Fastigheter AB, Scandinavian Resort AB. Board Member of Knäckeärr Holding AB, Forsiva AB, Cale Access AB and Backahill AB.	Board member of a large number of subsidiary companies within or associated with the Catena Group and SFU Sverige AB.	Chairman of the Board of Fabega AB, SkiStar AB, Wihlborgs Fastigheter AB, Backahill AB and a number of regional companies. Board Member of a number of regional companies.	Chairman of the Board of Södertäljes Sportklubb (SSK), Chairman of the Board of Institutet för framtidsstudier and Chairman of the Board of Drive Sweden.	Chairman of the Board of Ekologi-gruppen Ekoplan AB, Belatchew Arkitekter AB, Evimetrix AB and Bernow Lindqvist Wallin AB. Board Member of Au Point AB and Evidens blw AB. Deputy Board Member of Belatchew Fastigheter AB.
<b>TERMINATED ASSIGNMENTS</b>	Chairman of the Board of COOD Investments AB. Board Member of 24 Media Network AB and Fielden House Investment Ltd.	Deputy CEO of the Trelleborg Group. CEO of the Wihlborgs Group. Various board assignments	CEO and Board Member of Klövern AB, Brinova Fastigheter AB and a large number of subsidiaries within the Brinova Group. Board Member of AMF Fastigheter AB, Diös Fastigheter AB, Fabega AB and Platzer Fastigheter Holding AB (publ).	Chairman of the Board of Diös Fastigheter AB, Brinova Fastigheter AB and a number of regional companies. Board Member of Nolato AB, Klövern AB and Platzer Fastigheter Holding AB (publ).	Minister, Infrastructure Minister and Acting Minister of Defence. Member of the Riksdag (Swedish parliament) and chairman of a number of parliamentary committees. Chairman of the County Council and County Council Commissioner of Finance in Stockholm County.	Board Member of REIM Real Estate Interim Management Sweden AB.
<b>OWN SHAREHOLDING AND HOLDINGS OF RELATED PARTIES 2015</b>	-	1,000 shares via companies.	1,848,899 shares via companies and related parties.	11,990,751 shares via companies.	-	-
<b>DEPENDENT ON: THE COMPANY MAJOR SHAREHOLDERS</b>	No Yes	No No	Yes Yes	No Yes	No No	No No
<b>PRESENCE BOARD MEETINGS</b>	10/10	10/10	10/10	8/10 <sup>1)</sup>	6/7	9/10
<b>ATTENDANCE, AUDIT COMMITTEE</b>	2/2	2/2		2/2	2/2	2/2
<b>ATTENDANCE, REMUNERATION COMMITTEE</b>	1/1	1/1				1/1

1) 2015-02-09. Erik Paulsson not in attendance due to conflict of interest.

**Auditor:** Lars Wennberg, PwC.

Furthermore, Andreas Philipsson, who resigned in connection with the 2015 Annual General Meeting, attended the Board meetings on 9 February 2015, 25 February 2015, 23 March 2015 and 28 April 2015.

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

# Management Team



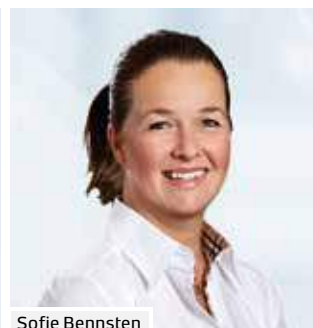
Gustaf Hermelin



Mikael Halling



Peter Andersson



Sofie Bennsten



Maths Carreman



Johan Franzén



Lena Haraldsson



Göran Jönsson

	Gustaf Hermelin	Mikael Halling	Peter Andersson	Sofie Bennsten
<b>BORN</b>	1956.	1952.	1966.	1969.
<b>POSITION</b>	CEO.	Deputy CEO	CFO.	HR Manager.
<b>EMPLOYEE SINCE</b>	1 October 2013.	1 October 2013.	1 October 2013.	1 October 2013.
<b>EDUCATION</b>	Business administration studies, Stockholm School of Economics.	MBA and Structural Engineer.	M.Sc. in Business Administration.	M.Sc. Economics.
<b>PREVIOUS POSITIONS</b>	CEO of Klöver AB and the Brinova Group.	Deputy CEO and Business Area Manager for Logistics in the Brinova Group. CEO of Birsta Fastigheter AB.	CFO of the Brinova Group. CFO of Fastighets AB Skånehus. CFO of Riksbyggen Norra Skåne.	Head of Administration and Accounting of the Brinova Group.
<b>OWN SHAREHOLDINGS AND SHAREHOLDINGS OF RELATED PARTIES IN 2015</b>	1,848,899 shares via companies and related parties.	-	-	-

	Maths Carreman	Johan Franzén	Lena Haraldsson	Göran Jönsson
<b>BORN</b>	1958.	1978.	1970.	1961.
<b>POSITION</b>	Regional Manager, Stockholm.	Regional Manager, Gothenburg.	Market Area Manager, Malmö.	Regional Manager, Öresund.
<b>EMPLOYEE SINCE</b>	1 October 2013.	1 October 2013.	1 November 2015	1 October 2013.
<b>EDUCATION</b>	Structural Engineer.	Business administration studies, School of Business, Economics and Law at Gothenburg University	Graduate Engineer, Lund Institute of Technology	Structural Engineer.
<b>PREVIOUS POSITIONS</b>	Unit Manager at Klöver Nyköping. Several management positions within Skanska.	Business Developer in the Brinova Group. District Manager at Jungheinrich Svenska AB.	Senior executive at ICA Fastigheter Sverige AB and Fastighets AB Briggen.	Business Area Manager for Commercial/Residential in the Brinova Group. CEO at Maintech Förvaltning Syd.
<b>OWN SHAREHOLDINGS AND SHAREHOLDINGS OF RELATED PARTIES IN 2015</b>	1,000 shares.	-	-	-

# Multi-year overview

Key financial figures for the Group	2015	2014	2013	2012
<b>Financial</b>				
Profit for the year, SEK m	571.5	344.2	138.4	220.3
Pre-tax profit, SEK m	590.3	440.3	184.7	232.3
Interest-coverage ratio, multiple	4.8	3.1	2.8	4.0
Profit from property management, SEK m	259.3	204.9	147.0	178.8
Cash flow before change in working capital, SEK m	241.5	204.8	187.8	128.0
Total assets, SEK m	6,947.9	6,136.0	5,038.0	3,443.1
Interest-bearing liabilities, SEK m	3,754.1	3,457.6	2,963.0	2,058.9
Average interest rate, %	2.6	2.8	3.1	2.9
Capital tied-up, years	2.5	2.9	2.3	5.1
Fixed interest, years	3.1	3.5	3.0	0.2
Debt/equity ratio, multiple	1.5	1.7	1.8	2.8
Equity/assets ratio, %	35.7	32.4	32.6	21.4
Return on equity, %	25.6	19.0	11.7	34.1
Return on equity, %	10.5	12.3	6.3	9.7
<b>Share-related</b>				
Share price at year end, SEK	115.75	105.75	100.00	63.00
Price trend over the year, %	9.0	5.8	58.7	9.6
Highest price paid during the year, SEK	141.00	115.00	103.50	102.00
Lowest price paid during the year, SEK	103.00	94.00	62.00	48.10
Profit from property management per share, SEK	10.11	8.02	10.29	15.41
Comprehensive income per share, SEK	22.29	13.49	9.81	19.26
Dividend per share, SEK	3.00	3.00	2.00	1.00
Dividend yield, %	2.6	2.8	2.0	1.6
Total return on the share, %	12.3	7.8	60.3	13.0
P/E ratio	5.2	7.8	10.2	3.3
Cash flow per share, SEK	0.08	-0.56	14.93	0.01
Equity per share, SEK	96.46	77.22	64.95	62.93
Net asset value per share, EPRA NAV, SEK	115.00	96.60	75.00	80.80
Turnover rate, %	21.3	11.6	6.1	-
No. of shares at year end, 000s	25,642	25,642	25,195	11,564
Average number of shares, 000s	25,642	25,556	14,291	11,564
Market value, SEK m	2,968	2,712	2,520	729
<b>Property-related</b>				
Number of properties	55	47	45	45
Lettable area, thousand sq. m.	816.8	753.1	690.6	575.8
Fair value of the properties, SEK m	5,340.3	5,750.9	4,722.3	3,382.4
Rental value, SEK m	511.5	480.1	419.3	356.3
Rental income, SEK m	464.2	431.3	316.8	286.2
Economic letting ratio, %	95.5	95.8	87.2	89.0
Net operating surplus, SEK m	351.3	325.7	221.3	184.9
Surplus ratio, %	75.7	75.5	69.9	64.6
Project development	131.6	180.4	186.7	1.5
Loan-to-value ratio, %	70.3	60.1	62.7	60.9

In the Annual Report's consolidated financial tables and diagrams, Catena reports financial data for four years, that is, from Catena AB's acquisition of Brinova Logistik on 30 September 2013, plus the comparison year 2012.

# Definitions and glossary

## DEFINITIONS

### Financial

#### Return on equity, %

Net profit for the year as a percentage of average equity.

#### Return on capital employed, %

Pre-tax profit plus interest expenses, divided by average capital employed.

#### Return on total capital, %

Pre-tax profit plus financial expenses as a percentage of average total assets.

#### Average interest rate

Average interest on the loan portfolio with derivatives being taken into account.

#### Average interest on interest-bearing liabilities, %

The estimated annual interest expense at year-end as a percentage of interest-bearing liabilities.

#### Associated companies

Companies in which Catena has a minority ownership and that are not subsidiaries.

#### Joint venture

A joint venture is a partnership whereby two or more companies invest in a new company to carry out a project together.

#### Capital tied-up

The average remaining period of fixed interest in the loan portfolio.

#### Fixed interest

Average remaining period of fixed interest on the loan portfolio with derivatives being taken into account.

#### Interest-coverage ratio, multiple

Pre-tax profit before reversal of financial expenses and unrealised changes in value in relation to financial expenses.

#### Debt/equity ratio, multiple

Interest-bearing liabilities divided by equity at year end.

#### Equity ratio, %

Equity including non-controlling interests as a percentage of total assets.

#### Capital employed, SEK m

Total assets at year-end less non-interest-bearing liabilities and provisions.

### Share-related

#### Dividend yield, %

Dividend in relation to the share price at year end.

#### Total return on the share, %

The change in share price change over the year plus dividends paid in relation to the share price at the beginning of the year.

#### Market capitalisation

The number of shares outstanding multiplied by the latest price paid on the specified day.

#### Equity per share, SEK

Equity attributable to Parent Company shareholders in relation to the number of shares outstanding at year end.

#### P/E ratio

Share price at year end in relation to earnings per share for the year.

#### Earnings per share, SEK

Profit for the year attributable to the Parent Company's shareholders in relation to the average number of shares outstanding.

#### Net asset value per share, EPRA NAV, SEK

Equity per share with reversal of interest rate derivatives and deferred tax in accordance with the balance sheet.

#### Dividend per share, SEK

Dividend for the financial year in relation to the number of shares outstanding on the record date.

### Property-related

#### Loan-to-value ratio, %

Interest-bearing liabilities attributable to the properties as a percentage of the carrying amounts of the properties at year end.

#### Dividend yield, %

Net operating surplus excluding property administration as a percentage of the properties' book value at year-end.

#### Net operating surplus, SEK m

Income from property less operating and maintenance costs, property tax, ground rents and property administration costs.

#### Economic letting ratio, %

Contractual rents under valid leases at year end as a percentage of rental value.

#### Profit from property management

Pre-tax profit with reversal of changes in value.

#### Profit from property management per share, SEK

Profit from property management in relation to the number of shares outstanding at year-end.

#### Rental value, SEK m

Contractual rents on an annual basis plus a supplement for assessed market rents for vacant space.

#### Contractual annual rent

Contractual rents are the applicable rents for the existing portfolio that is leased as of the balance-sheet date.

#### Lettable area

Total area available for letting.

#### Vacancy ratio for floor space, %

Vacant space as a percentage of lettable area at year-end.

#### Surplus ratio, %

Net operating surplus as a percentage of income from property.

## 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.

### Logistics warehouses

These are defined as properties with inventories of finished goods and importers' stocks of goods awaiting sale.

### Distribution centres

A property with goods that are stored for a shorter period to then be transported onward.

### City logistics

A distribution centre that is optimised for rapid and short-distance freight distribution activities, of fast moving goods such as perishable goods.

### 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.

# 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 27 April 2016 at 4:00 p.m. at the IVA Conference Centre, Grev Turegatan 16 in Stockholm, Sweden. See the formal invitation on the cover flap.

## Interim reports

The company submits interim reports, a year-end report and an annual report for the entire financial year. The following publications are planned for 2016:

### 27 April

Interim report for the first quarter of 2016.

### 11 July

Interim report for the second quarter of 2016.

### 10 November

Interim report for the third quarter of 2016.

### 17 February 2017

Interim report the fourth quarter and year-end report for 2016.

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

## Financial presentations

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. These are posted on the company's website immediately on being published.



## Follow us on our new website

Catena's website, [www.catenafastigheter.se](http://www.catenafastigheter.se), presents up-to-date information on Catena's operations and financial information. This includes, press releases, as well as financial reports and presentations. The company's stakeholders can also download Catena's financial publications from the website. This information can also be ordered directly from Catena by telephone or by post.

## Other

### Logistics trends

Catena analyses current logistics trends drives these forwards in various ways. Including by organising the Logistics Trends seminar, at which various aspects of logistics are discussed. The 2016 seminar will be held in Helsingborg on 21 April.

### Selection of press releases from 2015

16 Dec	Catena sells property in Gothenburg and continues to streamline its operations and strengthen its cash position.
14 Dec	Catena publishes public offer document.
20 Oct	Catena has acquired Klövern's shares in Tribona and submitted a public takeover bid to the shareholders of Tribona.
9 Oct	Catena acquires terminal in Växjö for SEK 80 million.
1 Oct	Catena acquires a logistics property in Ängelholm for SEK 22 million.
1 Sep	Catena acquires a logistics property in Borås for SEK 80 million.
14 July	Catena acquires a logistics property in Jönköping for SEK 35 million.
25 June	Catena acquires a logistics property and land in Ängelholm.
16 June	Catena acquires a logistics property in Jönköping for SEK 60 million.
28 May	Catena sells the project property in Solna.
20 May	Catena constructs a logistics property in Katrineholm.
19 May	Catena acquires a logistics property in Åhus for SEK 20 million.
16 April	Catena appoints Erik Penser as liquidity guarantor.
7 April	Catena participates in a new issue by Nya SFF.
18 Mar	Catena acquires and constructs in Katrineholm.
17 Mar	Catena acquires a logistics property in Ängelholm for SEK 120 million.
12 Jan	Catena becomes a partner in a new finance company with an MTN program of SEK 8,000 million.

En svensk version är tillgänglig på [www.catenafastigheter.se](http://www.catenafastigheter.se).

Catena AB is a Swedish public limited-liability company. The company is incorporated and registered under Swedish law with the company name Catena AB (publ) and the corporate registration number 556294-1715. The company has its registered office in Solna, Sweden. Catena's annual report is available in Swedish and English with the Swedish version as the official version. The Annual Report is published on the company's website [www.catenafastigheter.se](http://www.catenafastigheter.se) from 29 March 2016. Printed copies are distributed to shareholders and other stakeholders on demand. The Administration Report comprises pages 11-63. The financial reports comprise the pages 65-99 and were prepared in accordance with IFRS. All amounts are stated in SEK million unless otherwise specified. The figures in parenthesis pertain to 2014 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 assesses 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 115.

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# CATENA

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

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