

# CATENA Q4

## Year-End Report, January–December 2014

- Rental income increased by 36% to SEK 431.3m (316.8m).
- The operating surplus surged by 47% to SEK 325.7m (221.3m).
- Profit from asset management rose by 39% to SEK 204.9m (147.0m).
- Profit for the year amounted to SEK 344.2m (138.4m), corresponding to earnings per share of SEK 13.49 (9.81), including changes totalling SEK –150.6m (4.4m) in derivative values and SEK 386.0m (33.3m) in property values.
- Successful efforts to improve energy efficiency and a good letting outcome resulted in a rise in the surplus ratio to 76% (70%).
- The Board proposes a dividend of SEK 3.00 (2.00) per share.

## Key events during the fourth quarter

- Catena has obtained interest-rate hedging for SEK 500m through a 10-year interest-rate swap at a rate of 1.39%.

## Key events since year-end

- Nya Svensk FastighetsFinansiering AB ('Nya SFF'), a newly formed finance company with a secured bond programme of SEK 8 billion, 20% owned by Catena, has been launched.

## Mission

Catena's mission is, sustainably and through cooperation, to develop efficient logistics installations to serve metropolitan regions in Scandinavia.

## Regions

SEK million	2014	2013	2014	2013
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Rental income</b>				
Stockholm	47.9	38.8	194.3	142.1
Gothenburg	32.6	23.9	125.8	90.9
Öresund	26.2	20.4	85.5	77.2
Solna Project	7.6	6.6	25.7	6.6
<b>Total</b>	<b>114.3</b>	<b>89.7</b>	<b>431.3</b>	<b>316.8</b>
<b>Operating surplus</b>				
Stockholm	36.8	29.4	152.7	101.8
Gothenburg	21.3	16.3	90.4	62.0
Öresund	18.9	14.4	59.9	52.9
Solna Project	6.8	4.6	22.7	4.6
<b>Total</b>	<b>83.8</b>	<b>64.7</b>	<b>325.7</b>	<b>221.3</b>

Group in figures	2014	2013	2014	2013
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income, SEK m	114.3	89.7	431.3	316.8
Operating surplus, SEK m	83.8	64.7	325.7	221.3
Profit from asset management, SEK m	49.9	31.7	204.9	147.0
Profit for the year, SEK m	34.1	20.7	344.2	138.4
Earnings per share, SEK	1.3	0.9	13.5	9.8
Surplus ratio, %	73.3	72.1	75.5	69.9
Equity ratio, %	32.4	32.6	32.3	32.6
Letting ratio, %	95.8	87.2	95.8	87.2

## More emphasis on sustainability

Catena's sustainability efforts, in administration as well as development, were intensified in 2014 with a range of additional activities in line with the new strategic aims adopted by the Board. Alongside financial obligations, working for sustainability represents responsibility for society's development, the environment and the workforce.

Reducing the customers' resource consumption is the very core of Catena's business: developing well-located logistics installations, adapted for their respective functions, with access to various transport facilities. This and also the shorter transport routes we achieve are important, since even small improvements have a major bearing on energy use and thereby on the environment and finances.

In day-to-day administration, the key environmental aspect is the properties' energy use and the environmental impact this involves. We employ a range of tools, from more effective insulation to more efficient lighting. We also use renewable energy sources, such as the sun and the heat stored in the ground, air and water. The picture shows the solar panels we installed on the Backa 23:5 property in Gothenburg. We also reuse the heat energy produced by our processes, in the storage premises for frozen products, for example. Our target is to be energy-neutral by year-end 2020, by producing as much energy ourselves as we use.

To manage our environmental impact, we have obtained ISO 14001 certification for our environmental management system.

Catena's employees pave the way for our success in the business as a whole, as well as our pursuit of sustainability. To attract, develop and retain the expertise we need, we give priority to activities that make us an attractive employer. We give priority to, and encourage, skills development, a stimulating work environment and our staff's scope for controlling their own time, taking responsibility and developing as individuals.

Our sustainability efforts are continuously reported in line with the Global Reporting Initiative's (GRI) Sustainability Reporting Framework, the world's most widely used accounting framework of its kind.



Backa 23:5, Gothenburg (cover image)

## Rapidly rising letting ratio

We are well on the way to establishing Catena as Sweden's leading logistics property company. Good volume growth during the year raised the lettable area of our logistics properties at year-end to 712,000 sq.m., valued at some SEK 4.5 billion, equivalent to roughly SEK 6,300 per sq.m. Despite some major tenant moves out of premises totalling more than 100,000 sq.m., we note a highly positive trend of the letting ratio. Thus, we have filled not only space made vacant but also previously unlet space, and this boosted the letting ratio at year-end to as much as 96%, compared with 87% a year before. It is pleasing that we have gained numerous new customers thanks to the new lettings and, at the same time, initiate and embark on a high volume of new production projects.

When we define 'logistics properties', they are not what are known as 'warehouses' in everyday parlance, which often consist of disused old industrial buildings. On the contrary, they are rationally designed facilities that meet stringent requirements in terms of burglar-proofing and fireproofing, and are well adapted for their purpose. In many cases, we ourselves have had them built in close cooperation with our customers. Our buildings can be divided into terminals, logistic warehouses and distribution warehouses, and at present we see strong demand for all three types. The greatest potential we see is in city logistics, with distribution warehouses optimised for speedy, short-distance transport to companies and private individuals in the nearby urban area.

The surplus ratio, our key 'target figure' for measuring efficiency in day-to-day activities, has also improved to the good level of 76%, against 70% at the previous year-end. This improvement in the surplus ratio may be explained partly by successful measures to raise energy efficiency. During the year, we converted a few of our last oil-heated properties to heating based on geothermal energy combined with efficient ventilation recovery. In addition, we have replaced older types of lighting by modern, energy-saving fittings controlled by means of movement sensors. The outcome for the year was a decrease in heat consumption equivalent to 2.4 MWh in a comparable stock. In a world of increasingly stiff competition, our merit as a supplier is based on our ability to help our customers become even more rational, so as to reduce their own costs and thereby also alleviate their environmental impact.

The new local plan for our big, well-located urban development project 'Haga North' in Solna came into force in the second half of 2014. Our plan is now, in collaboration with established operators in the office and residential sectors, to pursue this process further. The local plan for our development property in Sunnanå near Malmö, which we own jointly with Peab, also came into force during the year and we have already begun the building of a new terminal at the property.



During the year, Catena renegotiated and extended loan limits totalling SEK 3.5 billion with our banks, and joined in starting up a new company (Nya SFF) focusing on secured bonds. We also hedged our interest rates by entering into new interest swap agreements. With an average return of more than 7% and average loan interest below 3%, our operations yield a good surplus. Since our logistics properties do not require large ongoing investments either to maintain their rental-income level or in the event of a new tenant, profit from asset management becomes a 'proper' cash flow. At present, we retain in cash flow roughly half of our income, to spend on new investments and distribute as dividend. This is a level that stands up more than well in comparisons with other companies.

Our success as a listed company is based on our ability to generate a higher return than other companies, and personally I believe that our good cash flow will be our distinguishing feature. We look forward to 2015 with keen anticipation.

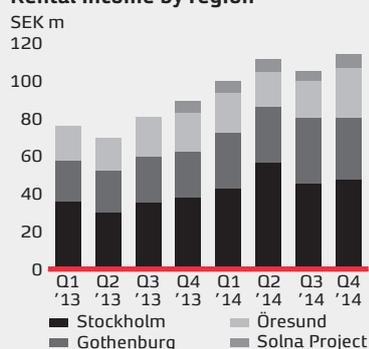
Solna, February 2015  
Gustaf Hermelin, Chief Executive Officer

# Year-End Report, January–December 2014

## Income statement

SEK m	2014	2013	2014	2013
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	114.3	89.7	431.3	316.8
Property costs	-30.5	-25.0	-105.6	-95.5
<b>Operating surplus</b>	<b>83.8</b>	<b>64.7</b>	<b>325.7</b>	<b>221.3</b>
Central administration	-10.7	-6.9	-28.9	-8.6
Other operating income	8.9	0.2	9.6	2.1
Other operating costs	-8.1	-0.2	-8.1	-2.1
Interest in profits from associated companies	0.1	-0.3	-0.8	4.6
Other financial income	-	1.5	0.9	18.4
Other financial expense	-24.1	-27.3	-95.1	-88.7
<b>Profit from asset management</b>	<b>49.9</b>	<b>31.7</b>	<b>204.9</b>	<b>147.0</b>
Realised changes in value of investment properties	-6.5	-	-6.5	2.4
Unrealised changes in value of investment properties	59.1	-	392.5	30.9
Changes in value of derivatives	-59.6	4.4	-150.6	4.4
<b>Pre-tax profit</b>	<b>42.9</b>	<b>36.1</b>	<b>440.3</b>	<b>184.7</b>
Tax paid	-1.9	-	-1.9	-
Tax deferred	-6.9	-15.4	-94.2	-46.3
<b>Profit for the year</b>	<b>34.1</b>	<b>20.7</b>	<b>344.2</b>	<b>138.4</b>
Profit for the year distributed among parent company's shareholders	34.1	20.8	344.8	140.2
Profit for the year distributed among holdings without decisive influence	-	-0.1	-0.6	-1.8
<b>Key figures before and after dilution</b>				
Shareholders' equity, SEK per share	77.2	65.0	77.2	65.0
Profit for the year, SEK per share	1.3	0.9	13.5	9.8
Number of outstanding shares, million	25.6	25.2	25.6	25.2
<b>Overall profit</b>				
Profit for the year	34.1	20.7	344.2	138.4
Other overall profit for the year	-	-	-	-
<b>Total overall profit for the year</b>	<b>34.1</b>	<b>20.7</b>	<b>344.2</b>	<b>138.4</b>
Overall profit for the year distributed among parent company's shareholders	34.1	20.8	344.8	140.2
Overall profit for the year distributed among holdings without decisive influence	-	-0.1	-0.6	-1.8

### Rental income by region



## Rental income

Rental income rose by 36% to SEK 431.3m (316.8m), mainly thanks to the properties acquired, projects completed and net letting increased. During the year, Catena received two non-recurring payments. First, in the second quarter of 2014, payment was made for a rental settlement of SEK 9.9m; second, in the fourth quarter an insurance payment of SEK 8m for a fire-damaged building was received. The cost of retiring this asset was charged to realised value changes.

Of Catena's contractual annual rent, income from agreements with terms exceeding three years make up 73% of total annual rent. This represents stable income with no appreciable variation from one period to the next, apart from the effects of acquisitions and sales. The average outstanding lease period is some five years.

## Property costs

Property costs rose by 11% to SEK -105.6m (-95.5m) during the year, owing to property acquisitions. In a comparable stock, property costs are unchanged, while increased maintenance costs have been offset by lower operating costs as an effect of energy measures implemented.

## Financial expense

Financial expense amounted to SEK -95.1m (-88.7m) during the year. The increase of SEK 6.4m was attributable mainly to costs arising in connection with renegotiations of credit agreements.

## Profits

Profit from asset management during the year rose by 39% to SEK 204.9m (147.0m), thanks to a large increase in income and a limited rise in costs.

Profit after tax for the year rose by SEK 205.8m to SEK 344.2m (138.4m) owing to changes in property values, mainly attributable to project properties in Haga Norra, Solna. This effect is offset by increased discounts on derivatives, the rise in these discounts being due to lower market interest rates. The value changes are accounting adjustments and do not affect the existing cash flow.

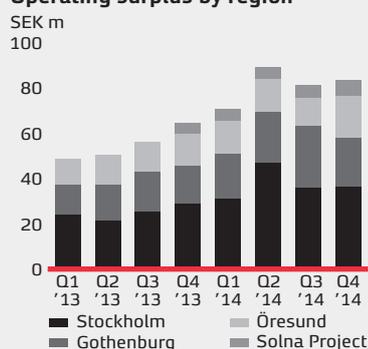
## Associated companies

The figure for full-year profit includes transactions with four associated companies: Backahill AB, Hansan AB, TAM Group AB and Dina el Midani Architect. These transactions, relating to tenancies and consultancy services, do not amount to any substantial sum.

## Lease expiry profile

Year of expiry	No. of contracts	Contractual annual rent, SEK m	Contractual annual rent, %
2015	84	33.1	7
2016	44	90.5	20
2017	52	80.2	18
2018	9	19.6	4
2019	8	25.9	6
2020	19	59.4	13
2021+	19	151.1	32
<b>Total</b>	<b>235</b>	<b>459.8</b>	<b>100</b>

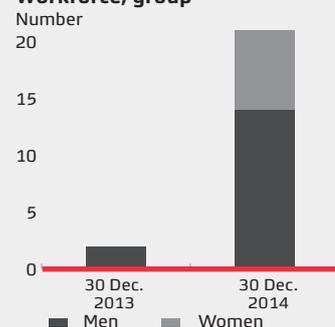
### Operating surplus by region



### Total profit from asset management



### Workforce, group



## Cash flow

SEK m	2014	2013
	Jan-Dec	Jan-Dec
Profit before tax	440.3	184.7
Adjustment for items not included in cash flow	-235.5	3.1
Tax paid	-	-
<b>Cash flow from current operations before changes in working capital</b>	<b>204.8</b>	<b>187.8</b>
Change in operating receivables	9.2	3.9
Change in operating liabilities	-39.8	-9.8
<b>Cash flow from current operations</b>	<b>174.2</b>	<b>181.9</b>
Acquisition of assets through subsidiaries	-171.3	89.2
Investments in investment properties	-180.4	-268.9
Sale of investment properties	15.0	4.8
Acquisition of tangible assets	-1.8	-1.3
Sale of tangible assets	0.5	-
Change in financial assets	-56.8	-230.9
<b>Cash flow from investment operations</b>	<b>-394.8</b>	<b>-407.1</b>
Change in loans	257.7	438.6
Dividend paid	-51.3	-
<b>Cash flow from financing operations</b>	<b>206.4</b>	<b>438.6</b>
<b>Cash flow for the year</b>	<b>-14.2</b>	<b>213.4</b>
<b>Opening liquid funds</b>	<b>213.6</b>	<b>0.2</b>
<b>Closing liquid funds</b>	<b>199.4</b>	<b>213.6</b>

## Balance sheet

SEK m	2014	2013
	31 Dec	31 Dec
<b>Assets</b>		
<b>Fixed assets</b>		
Investment properties	5,750.9	4,722.3
Tangible assets	1.8	1.1
Financial assets	30.6	31.3
Deferred tax claim	63.9	16.1
<b>Current assets</b>		
Current receivables	89.4	53.6
Liquid funds	199.4	213.6
<b>Total assets</b>	<b>6,136.0</b>	<b>5,038.0</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity attributable to parent company's owners	1,980.0	1,636.5
Shareholders' equity attributable to holdings without decisive influence	4.8	5.4
<b>Long-term liabilities</b>		
Debts to credit institutions	2,404.1	674.5
Deferred tax liability	413.7	272.6
Other long-term liabilities	146.9	0.8
<b>Current liabilities</b>		
Debts to credit institutions	1,053.5	2,288.5
Other current liabilities	133.0	159.7
<b>Total shareholders' equity and liabilities</b>	<b>6,136.0</b>	<b>5,038.0</b>

## Analysis of cash flow

Cash flow for the year from current operations, before changes in working capital, rose by SEK 17m to SEK 204.8m (187.8m).

This cash flow was boosted by the acquisitions of the properties in Haninge and Nässjö, for the part of the payment that did not consist of new shares issued to the property vendors, and also by the acquisition of the Kungsbacka property.

Investments in existing properties and dividend paid also affected cash flow. The acquisitions were financed partly by taking out new loans, and additional loans were also taken out for continued investments.



Törsjö 2:49, Örebro



Terminalen 1, Hallsberg

## Debts to credit institutions

Debts to credit institutions amounted to SEK 3,457.6m (2,963.0m), the loan limit at 31 December 2014 being SEK 4,201.5m.

During the year, Catena signed financing agreements for SEK 3.5 billion, of which SEK 2bn was for a three-year term and the remainder for up to two years, which increased the loan limit by SEK 0.9bn.

### Debts to credit institutions

Fixed-rate loan term, end year	SEK m	Interest, % <sup>1</sup>	Percentage,
2015	1,457.6	2.0	42.0
2021	500.0	4.3	14.5
2022	500.0	3.6	14.5
2023	500.0	3.1	14.5
2024	500.0	2.7	14.5
<b>Total</b>	<b>2,963.0</b>	<b>2.8</b>	<b>100.0</b>

<sup>1</sup> Average interest rate concerned at 31 December 2014. Rates vary with overall rates, subject to current rate-cap limits.

Fixed loan term, end year	Contract volume, SEK m	Used, SEK m	Unused, SEK m
2015	1,135.1	1,037.8	97.3
2016	900.0	849.3	50.7
2017	2,000.0	1,404.1	595.9
>2018	166.4	166.4	-
<b>Total</b>	<b>4,201.5</b>	<b>3,457.6</b>	<b>743.9</b>

## Derivative instruments

Financial instruments consist of derivative instruments, which belong to category 2 of the valuation hierarchy.

These derivatives are valued at market value, which means that their book value matches the real value. This change is shown in the income statement. There was a book-value discount of SEK 146.9m, against a surplus value of SEK 4.4m in the previous year. This change in value of derivatives does not affect cash flow, and when the term of the derivatives expires their value is always zero.

In the third quarter a new swap was agreed for SEK 500m, with a term lasting until year-end 2023, at a fixed interest rate of 1.7%.

Another new swap was agreed in the fourth quarter, again for SEK 500m and at a fixed interest rate of 1.4%, this time until year-end 2024.

The nominal value of these derivatives corresponds to 58% of the group's debts to credit institutions.

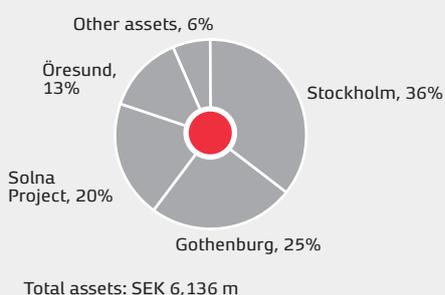
### Interest-rate hedging through interest-rate swaps

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

## Change in shareholders' equity

SEK m	2014 31 Dec	2013 31 Dec
<b>Opening balance</b>	<b>1,641.9</b>	<b>735.0</b>
Dividend paid to shareholders	-51.3	-28.0
Acquisition, Catena	-	616.3
Capital contribution	50.2	180.2
Overall profit for the year attributable to holdings without decisive influence	-0.6	-1.8
Overall profit for the year attributable to parent company's shareholders	344.8	140.2
<b>Closing balance</b>	<b>1,984.8</b>	<b>1,641.9</b>
Attributable to:		
Parent company's shareholders	1,980.0	1,636.5
Holdings without decisive influence	4.8	5.4

### Asset distribution



Jordbromalm 4:33, Haninge

## Property stock by region

Regions	No. of properties	Lettable space, '000 sq.m.	Real value, SEK m	Rental value, SEK m	Economic letting ratio	Contractual annual rent, SEK m	Surplus ratio
Stockholm	21	311.3	2,193.9	210.7	95%	200.0	79%
Gothenburg	12	235.3	1,505.2	158.6	98%	155.1	72%
Öresund	13	165.8	816.8	84.2	93%	78.7	70%
<b>Total, Logistics</b>	<b>46</b>	<b>712.4</b>	<b>4,515.9</b>	<b>453.5</b>	<b>96%</b>	<b>433.8</b>	<b>76%</b>
Solna Project	1	40.7	1,235.0	26.6	98%	26.0	88%
<b>Total, properties</b>	<b>47</b>	<b>753.1</b>	<b>5,750.9</b>	<b>480.1</b>	<b>96%</b>	<b>459.8</b>	<b>76%</b>

## Changes in property stock

Investments in existing properties during the year amounted to SEK 180.4m (186.7m). These mostly related to investments in new building at three properties: Högsbo 21:2 in Gothenburg, Ättehögen 2 in Jönköping and Hästhagen 4 in Helsingborg.

In February, Catena acquired two properties for SEK 396m in Haninge and Nässjö. These properties comprise 48,000 sq.m. of logistics space and are expected to yield rental income of some SEK 32m a year.

In May, the Varla 6:15 property in Kungsbacka was purchased for SEK 82m. This property contains 25,000 sq.m. of logistics space and a rental income of some SEK 15m a year is expected.

The land consolidation regarding Dikartorp 3:6 in Järfälla was completed, and since then this property has been part of the property designated as Dikartorp 3:12.

The Jakobsberg 11:16 property in Järfälla, with floor space of 2,455 sq.m., was sold in May at book value: SEK 15m.

The building part of the Släggan 1 property in Ljungby was destroyed by a fire during the year.

## Property stock

SEK m	Real value	Number of properties
Property stock at 1 January 2014	4,722.3	45
Acquisitions	477.2	3
Investments in existing properties	180.4	
Sales	-15.0	-1
Other <sup>1</sup>	-6.5	
Unrealised value changes	392.5	
<b>Total, investment properties</b>	<b>5,750.9</b>	<b>47</b>

<sup>1</sup> Including insurance indemnity for comprehensively damaged property.

## Property valuation

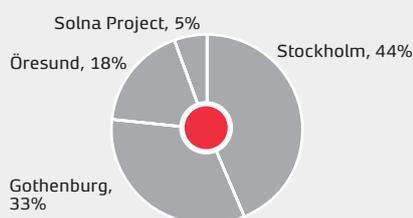
The unrealised value changes in Catena's properties during the year amounted to SEK 392.5m (30.9m), as an effect of well-implemented projects, good management and the entry into force of the change in the local plan for Catena's project property, Haga North in Solna.

Every quarter, Catena implements internal valuations of all its investment properties. These internal valuations then form the basis for the real values disclosed in the balance sheet. To verify the internal valuations, external valuations of a selection of our properties are also carried out. External valuations of some SEK 4.3bn of the property stock were implemented during the third and fourth quarters of 2014.

The Haga North project in Solna was valued at SEK 1.2bn. Catena's value was safeguarded by an external valuation by DTZ at the same level.

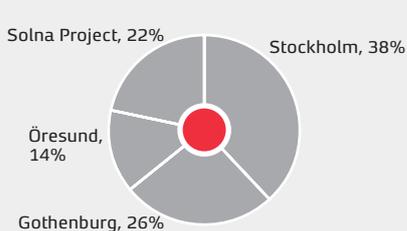
Some leeway is allowed between the value according to the internal valuation and real value before adjustment of real value is carried out. The deviation must lie within a range governed by the permitted deviation,  $\pm 0.25\%$ , from the set yield requirement. Only when the deviation exceeds or falls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

### Rental value by region



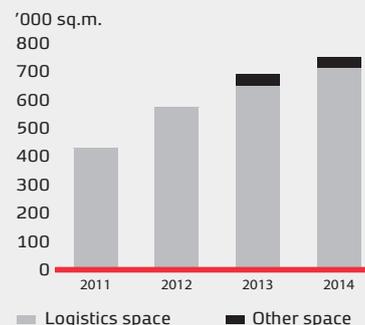
Rental value: SEK 480.1m

### Property stock by region



Real value: SEK 5,750.9m

### Logistics space



## Property acquisitions

Property designation	Completion date	Region	Municipality	Area, sq.m.
Lagret 1 Jordbromalm	13 February 2014	Gothenburg	Nässjö	24,404
4:33	13 February 2014	Stockholm	Haninge	23,547
Varla 6:15	28 May 2014	Gothenburg	Kungsbacka	25,006
<b>Total</b>				<b>72,957</b>

## Property sales

Property designation	Completion date	Region	Municipality	Area, sq.m.
Jakobsberg 22:16	26 May 2014	Stockholm	Järfälla	2,455
<b>Total</b>				<b>2,455</b>

## Market prospects

Demand for business premises in Catena's market segments is good. Completed contract negotiations show slightly raised rent levels compared with previous quarters, if with shorter agreed periods. Through its core operations, developing well-located and, for their function, well-adapted and environmentally efficient logistics installations with access to various transport services, Catena sees opportunities to expand over the next few years. The market for efficient, energy-smart and correctly located logistics properties remains attractive owing to raised requirements in terms of ecoefficient and cost-effective deliveries. As for the Solna property, demand for building rights relating mainly to housing remains high.

## Dividend and AGM

The Annual General Meeting (AGM) will be held in Stockholm at 4.00 pm on on 28 April 2015. The Board will recommend the AGM to approve a dividend of SEK 3.00 (2.00) per share, totalling some SEK 77m (51m).

## Dividend policy

Catena's aim is, in the long term, to pay at least 50% of profit from asset management, after standard tax, as dividends.

## Catena shares

On the accounting date, Catena's shares were registered on the Nasdaq Stockholm Nordic Mid Cap List. The closing price on 31 December 2014 was SEK 105.75, against the opening price of SEK 100.00 on 2 January 2014, representing a rise of 6% during the year. The highest price noted for Catena's shares in 2014 was SEK 115.00 and the lowest SEK 94.00.

## Ownership structure at 31 December 2014

	Number of shares, '000	Votes, %
Backahill Kil AB	11,680	45.6
Endicott Sweden AB (CLS Holding plc)	3,469	13.5
Fabege AB (publ)	2,619	10.2
SFU Sverige AB	1,847	7.2
Länsförsäkringar fondförvaltning AB	1,607	6.3
Citibank NA New York	641	2.5
Prior & Nilsson Fond- och Kapitalförvaltning AB	371	1.4
Banque Carnegie Luxembourg SA	223	0.9
JP Morgan Europe Ltd	165	0.6
Livförsäkringsbolaget Skandia ÖMS	158	0.6
Handelsbanken Fonder AB	125	0.5
Caesar Åfors	100	0.4
CBNY-DFA-INT SML CAP V	97	0.4
Swedbank Robur Fonder	89	0.4
Gamla Livförsäkringsbolaget	80	0.3
Other shareholders	2,371	9.2
<b>Total</b>	<b>25,642</b>	<b>100.0</b>

## Net asset value

Net asset value per share amounted to SEK 92.84, against SEK 75.25 in the preceding year.

### Surplus ratio



### Share-price trend, 1 January 2013 to 31 December 2014



Key figures<sup>1</sup>

For definitions of key figures, see last page.

	2014 Jan-Dec	2013 Jan-Dec
<b>Financial</b>		
Return on shareholders' equity, %	19.0	11.7
Return on capital employed, %	12.3	6.3
Interest coverage ratio, times	3.1	2.8
Average interest rate, %	2.8	3.1
Fixed-rate loan term, years	3.5	3.0
Fixed loan term, years	2.9	2.3
Equity ratio, %	32.4	32.6
Profit from asset management, SEK m	204.9	147.0
Pre-tax profit, SEK m	440.3	184.7
Profit for the year, SEK m	344.2	138.4
Balance-sheet total, SEK m	6,136.0	5,038.0
<b>Share-related</b>		
<b>Before and after dilution</b>		
Equity per share, SEK	77.22	64.95
Earnings per share, SEK	13.49	9.81
Profit from asset management per share, SEK	8.02	10.29
Number of outstanding shares, million	25.6	25.2
P/E ratio	8	10
<b>Property-related</b>		
Rental income, SEK m	431.3	316.8
Operating surplus, SEK m	325.7	221.3
Rental value, SEK m	480.1	419.3
Economic letting ratio, %	95.8	87.2
Surplus ratio, %	75.5	69.9
Leasable area, '000 sq.m.	753.1	690.6

<sup>1</sup> On properties still held at year-end.

Comments on the bar charts below:

## Financial targets

Catena's overall aim is to show a strong cash flow, to permit stable development and dividends for shareholders. To implement the financial strategy and safeguard long-term stable financing in the form of shareholders' equity and loan capital (which may consist in both bank financing and secured bonds), Catena has adopted a number of measurable financial targets: an equity ratio that should reach 30%, an interest coverage ratio that must be at least 1.75 times and an average fixed loan term that should be at least 2 years.

## Other major events during the year

Since 2 January 2014, Catena's shares have been traded on the Nasdaq Stockholm Nordic Mid Cap List.

On 13 February 2014 Catena acquired two properties, in Haninge and Nässjö, for SEK 396m. These properties comprise 48,000 sq.m. of logistics space and the income from them is expected to amount to some SEK 32m a year.

A new issue of 446,469 shares was implemented in conjunction with the above acquisitions, boosting the number of shares in Catena to 25,641,921 and the share capital by SEK 2m to SEK 112.8m.

The local plan has come into force for Catena's project properties in Haga Norra, Solna. Catena is proceeding with its plans to realise a new, modern urban district with both homes and business premises.

Catena and Peab have commenced an investment of SEK 240m altogether, through a jointly owned company, in a new terminal building for DHL Freight in Sunnanå near Malmö. The floor space in this building will be 17,300 sq.m. and the term of the rental contract is 10 years.

During the period, Catena signed financing agreements for SEK 3.5bn, of which SEK 2bn has a term of three years and the remainder has terms of up to two years. This increased the loan limit by SEK 0.9bn. In addition, a new swap for SEK 1bn was signed, with terms lasting until year-end 2023 and 2024 respectively and fixed interest of 1.4%–1.7%.

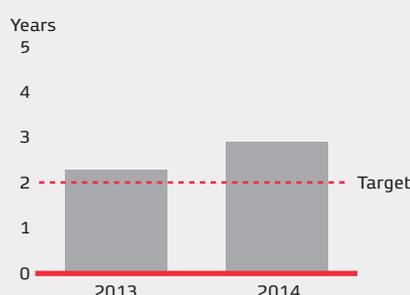
Catena expanded its company management during the year: Johan Franzén, recently appointed as the new regional manager in Gothenburg, and Sofie Bennsten, the HR manager, have now joined.

The Board of Catena has also adopted a new business plan with slightly revised financial targets. See more under 'Financial targets' below.

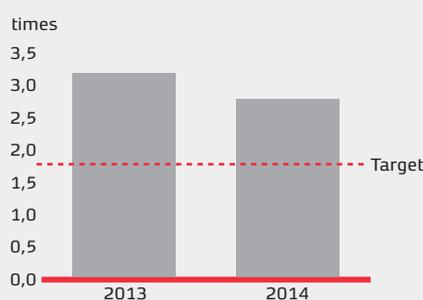
A new electoral committee has been formed ahead of the 2015 AGM.

On 31 October Catena's head office moved from Ängelholm to premises in the company's own property in Helsingborg, at Landskronavägen 7A.

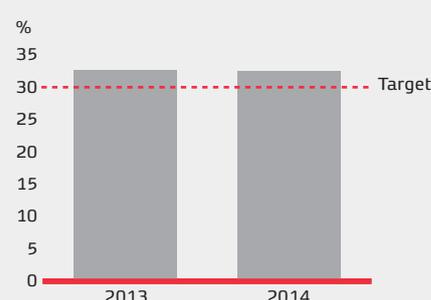
Average fixed loan term



Interest coverage ratio



Equity ratio



## Parent company's financial statements

Income statement	2014	2013
SEK m	Jan-Dec	Jan-Dec
Net turnover	27.2	9.9
Cost of services performed	-54.7	-21.4
<b>Operating profit or loss</b>	<b>-27.5</b>	<b>-11.5</b>
<b>Financial income and expense</b>		
Other interest income and similar income	41.7	21.8
Profit from participation in group companies	49.2	11.1
Interest costs and similar expense	-219.6	-19.9
<b>Pre-tax profit</b>	<b>-156.2</b>	<b>1.5</b>
Tax on profit for the year	22.1	-2.9
<b>Profit for the year</b>	<b>-134.1</b>	<b>-1.4</b>

No items in the parent company are disclosed in 'Other overall profit', and 'Total overall profit or loss' is therefore the same as 'Profit or loss for the year'.

Balance sheet	2014	2013
SEK m	31 Dec	31 Dec
<b>Assets</b>		
<b>Fixed assets</b>		
Tangible assets	1.8	1.1
Financial assets	1,227.4	1,227.3
Deferred tax claim	39.1	2.4
Long-term claims	2.3	4.7
<b>Current assets</b>		
Claims on group companies	1,373.3	1,200.7
Current receivables	61.1	16.5
Liquid funds	198.7	209.9
<b>Total assets</b>	<b>2,903.7</b>	<b>2,662.6</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	1,162.1	1,297.5
<b>Long-term liabilities</b>		
Other long-term liabilities	146.9	1.8
<b>Current liabilities</b>		
Debts to group companies	1,553.9	1,315.3
Debts to associated companies	14.2	14.1
Other current liabilities	26.6	33.9
<b>Total shareholders' equity and liabilities</b>	<b>2,903.7</b>	<b>2,662.6</b>

## Accounting and valuation principles

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

The parent company applies the same accounting principles as the group, but taking into consideration the recommendations from the Swedish Financial Reporting Board in RFR 2, *Accounting for Legal Entities*.

This year-end report was drawn up in accordance with IAS 34, *Interim Financial Reporting*, for the group and according to the Swedish Annual Accounts Act for the parent company. None of the new standards and statements that have entered into force have had any influence on the financial reports, and the accounting principles applied are therefore the same as in the previous year.

A reclassification of SEK 550.4 million from short-term to long-term debts to credit institutions was carried out. The sum concerned related to the closing balance in 2013 and the reclassification was occasioned by the fact that the contractual due date for these debts was within 12 months. They have been rescheduled in the current financial year.

### Risks and uncertainty factors

In order to draw up the accounts according to generally accepted accounting principles, the company management must make assessments and assumptions that affect the asset and liability items and the income and expense items disclosed in the annual accounts, and also other information provided. Actual outcomes may diverge from these assessments. Catena's risks are described, in Swedish, on pages 36–39 of *Årsredovisningen 2013* (the Annual Report for 2013). No essential changes have occurred since its publication.

Solna, February 2015

Catena AB (publ)

*The Board*

*This report has not been subjected to special examination by the company's auditors.*

## Events since year-end

In January 2015 Nya Svensk FastighetsFinansiering AB ('Nya SFF') was launched. This newly formed finance company, with a secured Medium-Term Note (MTN) programme of SEK 8 billion, is 20% owned by each of Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter AB and Wihlborgs Fastigheter AB. Its financing activities will start in February 2015.

A small property in Luleå was sold at a property value of SEK 7m, with completion on 1 April 2015.



# Definitions

## Average interest rate

Average rate of interest on the loan portfolio, taking derivatives into account.

## Earnings per share

Profit for the period or year under review attributable to the shareholders in the parent company, in relation to the average number of outstanding shares.

## Economic letting ratio

Contractual rent for leases in force at year-end, as a percentage of rental value.

## Equity per share

Shareholders' equity attributable to the parent company's owners, in relation to the number of shares at the end of the period or year under review.

## Equity ratio

Shareholders' equity, including minority interests, as a percentage of the balance-sheet total.

## Fixed loan term

Average remaining fixed term of the loan portfolio.

## Fixed-rate loan term

Average remaining fixed-rate term of the loan portfolio, taking derivatives into account.

## Interest coverage ratio

Pre-tax profit with adding-back of financial expense and unrealised value changes, in relation to financial expense.

## Net asset value per share

Shareholders' equity attributable to the parent company's owners, with adding-back of deferred tax on the surplus values of the properties, in relation to the number of shares at the end of the period or year under review.

## P/E ratio

Share price divided by rolling earnings per share.

## Profit from asset management

Pre-tax profit with adding-back of value changes.

## Profit from asset management per share

Profit from asset management in relation to the average number of shares outstanding.

## Rental value

Closing rent on an annual basis with the addition of estimated market rent for vacant floor space.

## Return on equity

Profit for the period or year under review as a percentage of average shareholders' equity.

## Return on total assets

Pre-tax profit with the addition of financial expense, as a percentage of the average balance-sheet total.

## Surplus ratio

Operating surplus as a percentage of contractual rental income.

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## Financial reporting

Interim Report, January–March	28 April 2015
Annual General Meeting 2015, in Stockholm, 4.00 pm	28 April 2015
Interim Report, January–June	13 July 2015
Interim Report, January–September	5 November 2015
Year-End Report 2015	18 February 2016
Annual General Meeting 2016, in Stockholm, 4.00 pm	28 April 2016



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