



CATELLA *Year-End Report* JANUARY – DECEMBER 2020



CATELLA

# Leading finance group in property and alternative investments

Catella was founded in 1987, has 28 offices across 14 countries and 550+ employees.

<p><b>CORPORATE FINANCE</b></p> <p>Leading European advisor within real estate related corporate finance.</p>	<p><b>PROPERTY INVESTMENT MANAGEMENT</b></p> <p>Regulated fund products, regional asset management services and project management of real estate development.</p>	<p><b>EQUITY, HEDGE AND FIXED INCOME FUNDS</b></p> <p>Global niche player in systematic macro.</p>	<p><b>PRINCIPAL INVESTMENTS</b></p> <p>Own investments and co-investments with partners in real estate projects.</p>
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Headquartered in Stockholm and listed at Stockholm Stock Exchange, Nasdaq OMX, midcap.

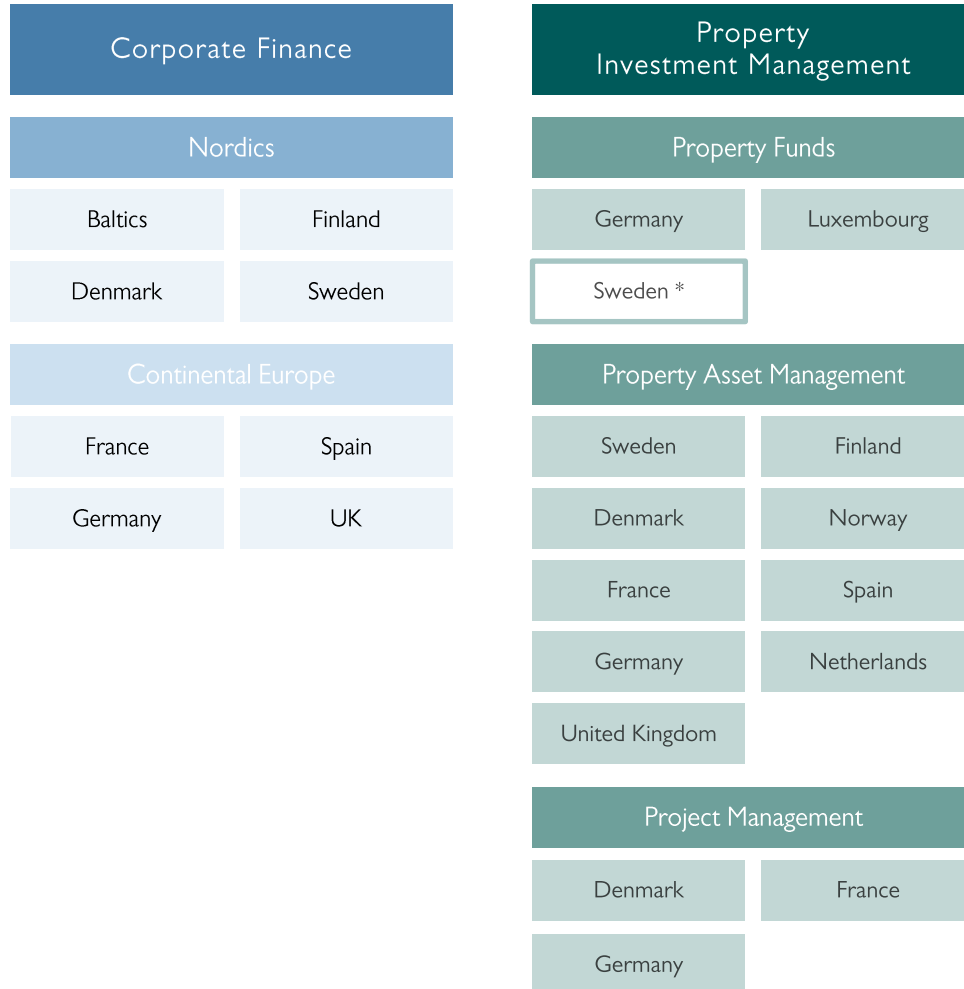
<p>MARKET CAPITALISATION</p> <p>SEK <b>2,9</b> Bn</p> <p>February 2020</p>	<p>TOTAL INCOME*</p> <p>SEK <b>2,3</b> Bn</p> <p>2020</p>	<p>DISTRIBUTION OF INCOME (2020)* **</p> <div style="text-align: center;"> </div>	<p>OPERATING PROFIT*</p> <p>SEK <b>393</b> M</p> <p>2020</p>	<p>ASSETS UNDER MANAGEMENT "AUM"*</p> <p>SEK <b>130</b> Bn</p> <p>2020</p>
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\*The Banking business area is reported as a Disposal group held for sale and is not included in the Group figures.

\*\* During the third quarter 2020, Catella divest-ed 70 percent of the shares in Catella Fondförvaltning AB (Mutual Funds). Income and expenses were included for the period 1 January - 31 August 2020.

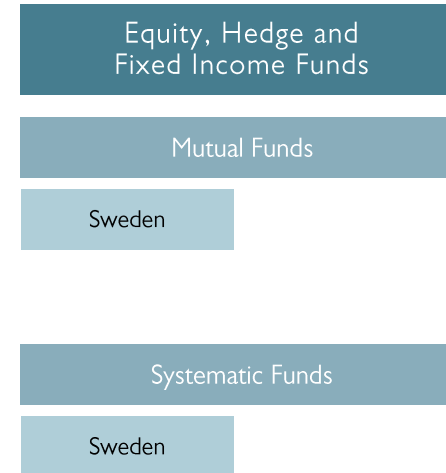
# Business areas and Principal Investments – Pan-European reach

## PROPERTY INVESTMENTS AND ADVISORY

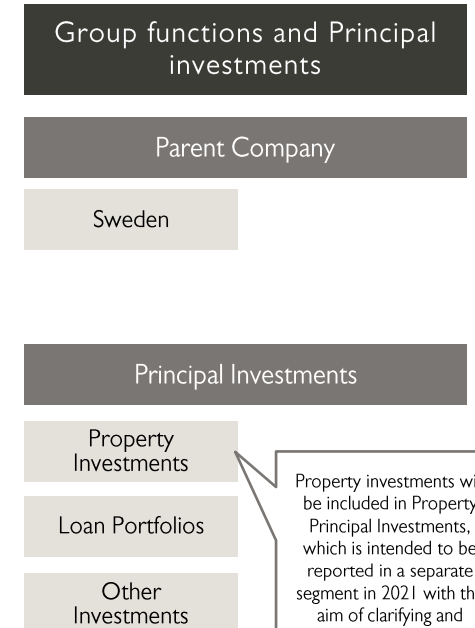


\* Ambition to launch property funds in Sweden.

## FUND MANAGEMENT

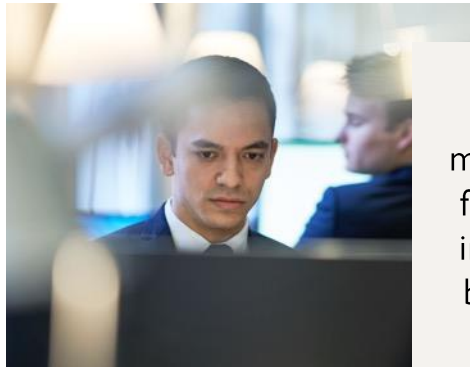


## OTHER



Property investments will be included in Property Principal Investments, which is intended to be reported in a separate segment in 2021 with the aim of clarifying and increasing transparency.

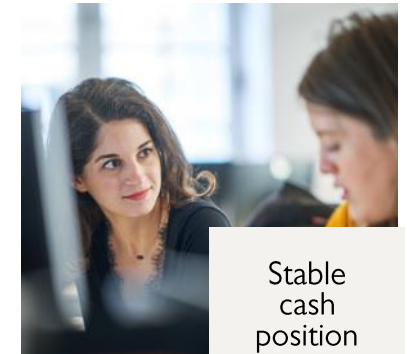
# Differentiated, linked business model with a clear income base



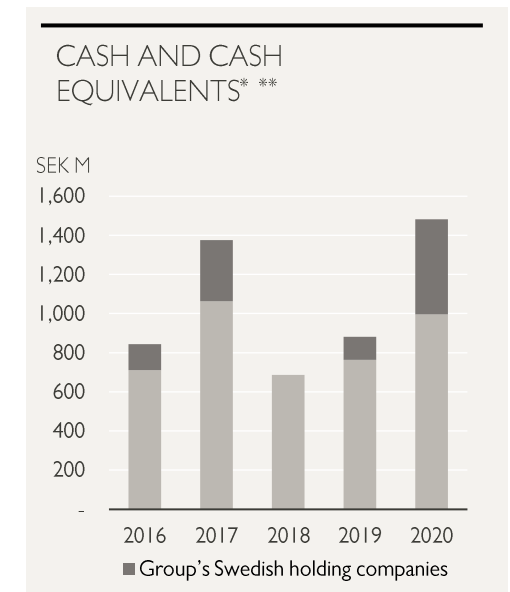
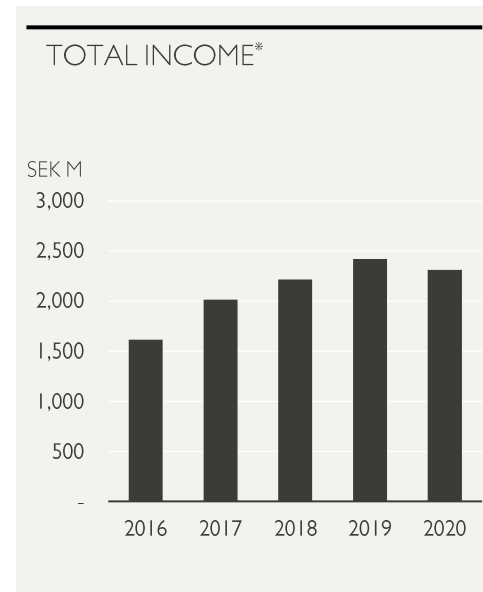
Assets under management drives fixed earnings and increases Catella's base for potential variable earnings



Solid profitability development despite negative trend in assets under management



Stable cash position

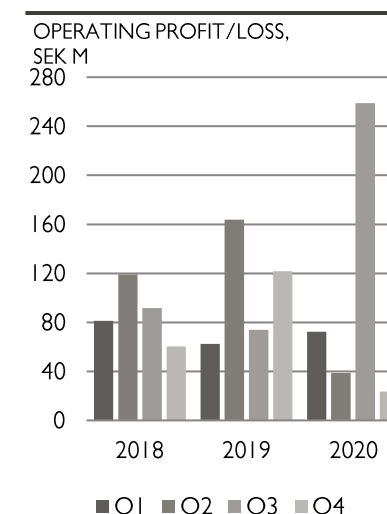
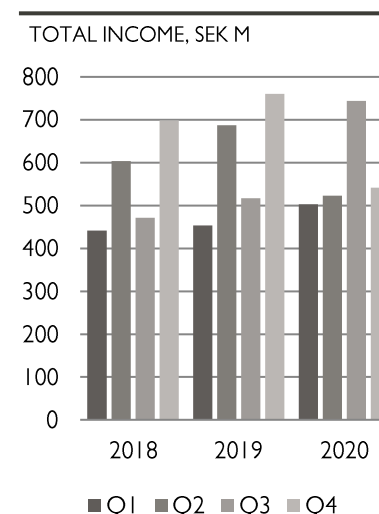
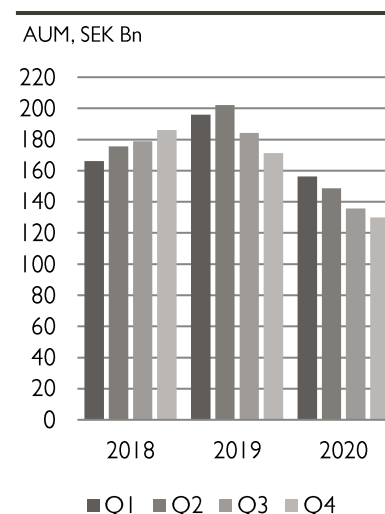


\* THE BANKING BUSINESS AREA HAS BEEN REPORTED AS A DISPOSAL GROUP HELD FOR SALE AND HAS NOT BEEN INCLUDED IN GROUP FIGURES.

\*\* ONCE THE BANKING LICENSE HAS BEEN RETURNED SEK 400 M IS EXPECTED TO BE AVAILABLE WHICH ARE CURRENTLY TIED TO CATELLA BANK DUE TO THE REGULATORY FRAMEWORK. THESE CONSIST OF CASH AND CASH EQUIVALENTS AND VISA SHARES.

# Sales and results of operations Group

- Assets under management decreased by SEK 5.9 Bn during the quarter, mainly driven by Systematic Funds and exchange rate effects.
  - Property Investment Management increased assets under management adjusted for exchange rate changes and had a net inflow of SEK 5.1 Bn
- Income after assignment expenses and commissions amounted to SEK 476 million (645, adjusted for Mutual Funds), which was 26 percent lower compared with the fourth quarter of 2019.
  - Most of the decrease is attributable to Systematic Funds but also to Continental Europe in Corporate Finance, which had a challenging quarter.
  - Property Investment Management was in line with the previous year but with a higher share of fixed income.
- Operating expenses amounted to -453 (-521, adjusted for Mutual Funds) and the decrease is mainly due to lower variable personnel costs but was negatively affected by impairment attributable to goodwill.
- The result for the period was negatively affected by changes in exchange rates, write-downs of the loan portfolio and positively by write-downs of deferred tax asset.

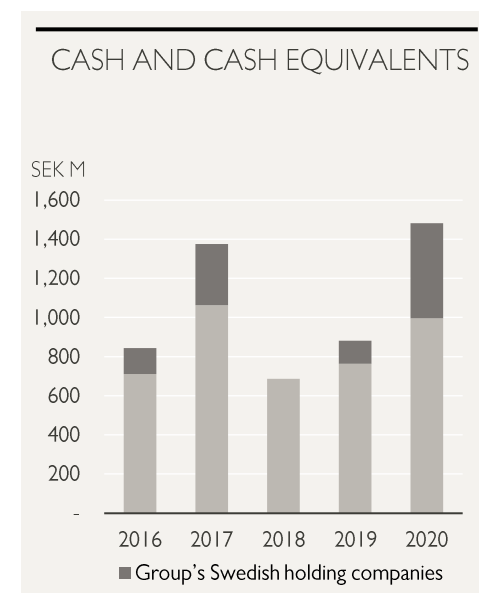


SEK M	3 Months		12 Months	
	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>Total income</b>	542	761	2,312	2,420
Assignment expenses and commission	-65	-83	-300	-372
Operating expenses	-453	-556	-1,618	-1,626
<b>Operating profit/loss</b>	23	122	393	422
<b>Profit for the period from continuing operations</b>	-32	72	134	148
<b>Net profit/loss for the period</b>	-7	65	74	193
Profit/loss attributable to the Parent Company shareholders	-8	47	65	113
<i>Operating margin, %</i>	4	16	17	17
No. of employees, at end of period	566	582	566	582
<b>Asset under management, SEK Bn</b>	-	-	129.9	171.3
<i>net in-(+) and outflow(-)</i>	0.4	-13.7	-30.6	-33.0

\* Includes internal income between business areas.

# Financial position – Remaining operations (Excl Catella Bank)

Balance sheet	SEK M
<b>Assets</b>	<b>3,694</b>
Short and long term investments	279
<i>Loan portfolio</i>	96
<i>Other investments (Securities, Co-investments)</i>	77
<i>Treasury placements (Bonds, Macro fund)</i>	50
<i>Accrued bonuses invested in own products</i>	56
Property development projects	720
Deferred tax assets *	21
Cash and cash equivalents ***	1,482
Other assets	1,192
<b>Equity</b>	<b>1,363</b>
Shareholders of the parent company	1,178
Minorities interest	185
<b>Liabilities</b>	<b>2,331</b>
Unsecured bond **	750
Other liabilities	1,581



\* *Deferred tax assets offsettable against tax in Mutual Funds and the loan portfolios.*

\*\* *3M Stibor (no floor) + 4% margin, maturity June 2022*

\*\*\* *Once the banking license has been returned SEK 350 M is expected to be available which are currently tied to Catella Bank due to the regulatory framework. These consist of cash and cash equivalents and Visa shares.*

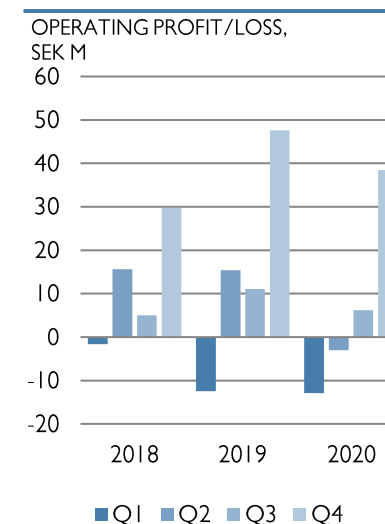
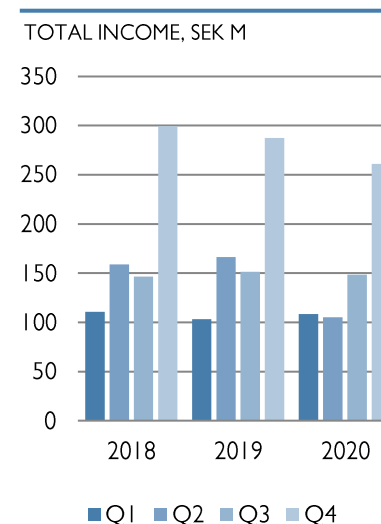
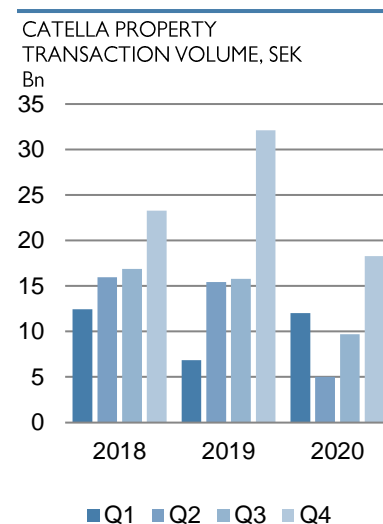




# CORPORATE FINANCE

# Sales and results of operations

- The total transaction market for commercial properties in Europe, excluding the UK, totalled EUR 59.2 Bn (112.0) in the quarter, which is a decrease of 47% year-on-year.
- Property transactions where Catella acted as advisor totalled SEK 18. Bn (32.1) in the quarter, of which:
  - Sweden SEK 10.3 Bn (6.0)
  - France SEK 4.4 Bn (20.9)
  - Germany SEK 0.1 Bn (1.7)
  - Denmark SEK 0.0 Bn (2.0)
- Assignment costs were up on the previous year mainly because France co-invoiced with another advisor.
- Operating costs decreased by SEK 32 M, mainly due to lower personnel costs, personnel-related costs and marketing costs.
- Income and operating profit increased in the Nordics year-on-year, mainly driven by Sweden which had a very strong quarter and high activity. In Continental Europe, income after assignment costs and operating profit were significantly lower year-on-year, mainly driven by France and Germany where fewer transactions were completed due to challenging market conditions in the wake of lockdowns.



SEK M	3 Months		12 Months	
	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Nordic *	96	77	222	225
Continental Europe *	166	210	400	482
<b>Total income</b>	<b>261</b>	<b>287</b>	<b>623</b>	<b>709</b>
Assignment expenses and commission	-33	-18	-75	-55
Operating expenses	-189	-222	-520	-592
<b>Operating profit/loss</b>	<b>38</b>	<b>48</b>	<b>29</b>	<b>62</b>
Operating margin, %	15	17	5	9
No. of employees, at end of period	-	-	208	214
Property transaction volume, SEK Bn	18.3	32.1	45.0	70.2
of which Nordic	12.4	9.3	29.3	27.1
of which Continental Europe	5.9	22.9	15.7	43.1

\* Includes internal income between business areas.

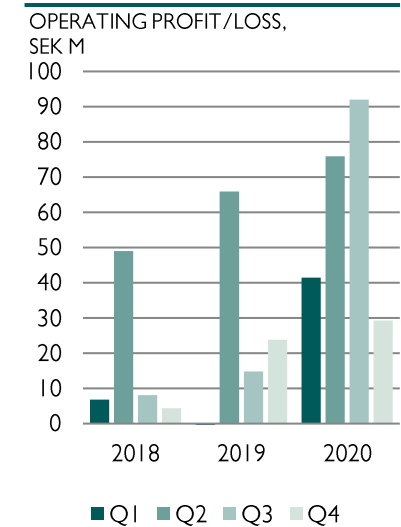
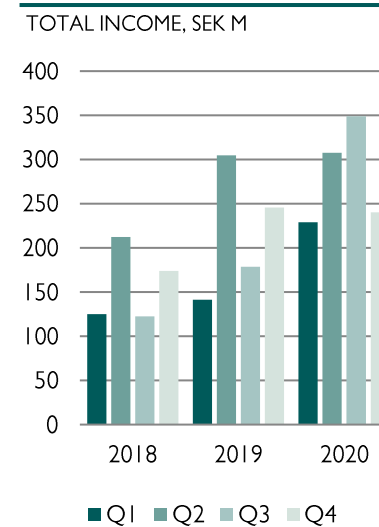
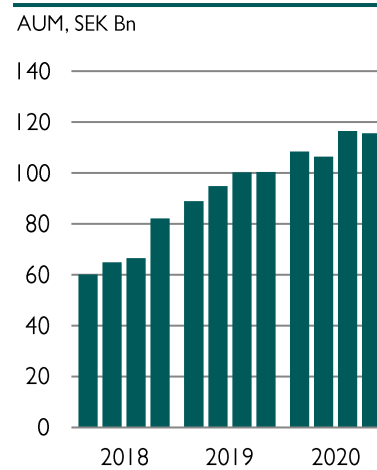




# PROPERTY INVESTMENT MANAGEMENT

# Sales and result of operations

- The decrease in assets under management was mainly due to exchange rate fluctuations while inflows were evenly distributed between Property Asset Management and Property Funds.
- Property Funds' income increased by SEK 20 M year-on-year, driven mainly by fixed income.
- Within Property Asset Management's income decreased by SEK 12 M year-on-year. The operations in the UK, France\*\* and Spain reported reduced variable earnings, while Benelux increased variable earnings driven by new tax regulations relating to property transactions, which come into force in 2021.
- Operating costs decreased mainly as a result of lower variable personnel costs. In addition, costs were negatively affected by goodwill impairment of SEK 8 M.



SEK M	3 Months		12 Months	
	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Property Funds *	167	147	749	613
Property Asset Management *	102	114	493	306
<b>Total income</b>	<b>240</b>	<b>246</b>	<b>1,126</b>	<b>871</b>
Assignment expenses and commission	-30	-35	-164	-189
Operating expenses	-181	-187	-723	-577
<b>Operating profit/loss</b>	<b>29</b>	<b>24</b>	<b>239</b>	<b>104</b>
Operating margin, %	12	10	21	12
No. of employees, at end of period	-	-	273	251
<b>Asset under management, SEK Bn</b>	-	-	<b>115.6</b>	<b>100.5</b>
net in-(+) and outflow(-)	5.1	1.1	21.2	12.5

\*\* Catella's French operations, Catella Asset Management SAS, was divested in January 2021.

\* Includes internal income between business areas.

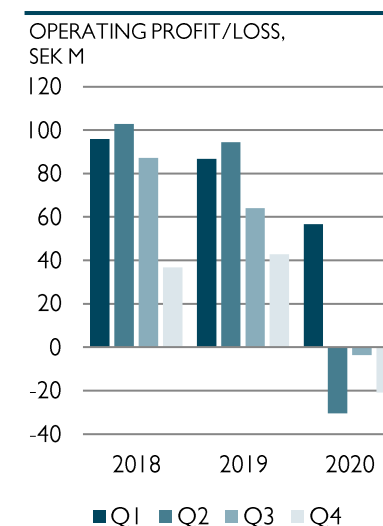
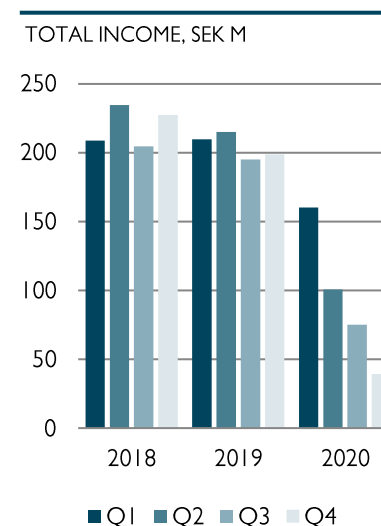
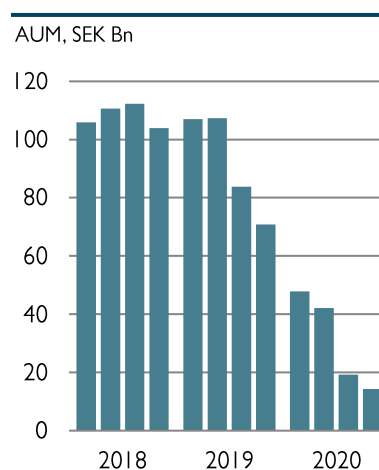


# EQUITY, HEDGE AND FIXED INCOME FUNDS



# Sales and results of operations

- During the third quarter 2020, Catella divested 70 percent of the shares in Catella Fondförvaltning AB (Mutual Funds). Income and expenses were included for the period 1 January - 31 August 2020. The remaining 30% was included in the Group's financial position as a Holding in associated companies under the Other segment.
- Assets under management decreased by SEK 5.0 M year-on-year; net flows were SEK -4.7 Bn. Measures relating to System-atic Macro are being introduced with the aim of reversing the negative trend and developing new products.
- Total income was SEK 39 M (139 adjust-ed for Mutual Funds) in the quarter. The decrease in income was almost exclusively due to fixed earnings in Sys-tematic Funds.
- Operating costs totalled SEK -58 M (-90 adjusted for Mutual Funds). The decrease in year-on-year terms was mainly driven by lower variable personnel and consulting costs.
  - Work is underway to adapt the costs to the current situation.



SEK M

Mutual Funds \*

Systematic Funds \*

**Total income**

Assignment expenses and commission

Operating expenses

**Operating profit/loss**

Operating margin, %

No. of employees, at end of period

**Asset under management, SEK Bn**

net in-(+) and outflow(-)

	3 Months		12 Months	
	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Mutual Funds *	0	59	130	243
Systematic Funds *	39	139	245	576
<b>Total income</b>	<b>39</b>	<b>199</b>	<b>375</b>	<b>818</b>
Assignment expenses and commission	-2	-31	-65	-135
Operating expenses	-58	-125	-309	-395
<b>Operating profit/loss</b>	<b>-21</b>	<b>43</b>	<b>2</b>	<b>288</b>
Operating margin, %	-53	22	0	35
No. of employees, at end of period	-	-	67	93
<b>Asset under management, SEK Bn</b>	<b>-</b>	<b>-</b>	<b>14.2</b>	<b>70.8</b>
net in-(+) and outflow(-)	-4.7	-14.8	-51.9	-45.5

\* Includes internal income between business areas.

# PRINCIPAL INVESTMENTS



# Catella's principal investments

## INVESTMENTS

SEK M	31 December 2020
Property development projects	720
<i>of which holdings in associated companies *</i>	86
<i>of which development and project properties</i>	634
Loan portfolios	96
Other holdings	129
<b>Total</b>	<b>945</b>

\* *Catella's share of equity in Seestadt MG+ och Düssel-Terrassen*

## Progress in the quarter

- As of 31 December 2020, principal investments totalled SEK 945 M, an increase of SEK 109 M on the previous quarter.
- Of the change, SEK 124 M comprises additional investments in Kaktus and new investments in the property development project *Infrahubs Fastighet 2*, which is constructing a logistics property in Norrköping.
- In addition loan portfolios were impaired by a total of SEK 16 M.

## Property development projects

- Seestadt MG+**  
Property development project located next to the central station in Mönchengladbach. The project consists of 1,500-2,000 apartments over an area totalling 140,000 m<sup>2</sup>. The project started in 2017 and Catella acquired the first land parcel in 2019. Catella is working on producing blueprints for the site and finalising an urbanisation agreement.
- Düssel-Terrassen**  
Property development project located in a suburb of Düsseldorf. The project consists of 800 apartments on a land area totalling 75,000 m<sup>2</sup>. The project started in 2018 and Catella acquired the first land parcel in 2018. Catella is working on producing blueprints for the site and finalising an urbanisation agreement.
- Kaktus**  
Student housing development project located in central Copenhagen. The project consists of 25,000 m<sup>2</sup> including 495 apartments. The blueprint was approved in 2017 and planning approval obtained in 2019.
- Logistics properties Norrköping**  
Catella is planning to invest just over SEK 500 M in the development of logistics properties in the municipality of Norrköping, alongside with a partner. Catella's share of the investment amounts to SEK 250 M. The company has acquired a land area of 170,000 m<sup>2</sup> in Norrköping, Sweden, and is constructing a logistics property of some 70,000 m<sup>2</sup>. The property has been fully let to Postnord and the rental agreement spans 10 years. The transaction should be viewed against the background of Catella's intention to create mutual fund products in areas such as logistics properties. The transaction is conditional on planning permission being granted.

# Measures and direction

## Market forces behind Catella's strategy

- Expansive financial and monetary policy keep interest rates low
- In the absence of government bond returns, a strong demand for stable returns from real estate assets
- International capital seeking property investments in Europe
- Demand for pan-European partners and products
- Investors seeking deep property knowledge

## Övergripande åtgärder och riktning

- Catella's capital and resources will increasingly be more focused on Property Investment Management, Corporate Finance och development projects
- We aim to develop a clearer strategy within Asset Management och Property Funds, and to create selective funds in segments such as residential, logistics, development projects, hotels and potentially infrastructure
- For Catella to remain successful it is necessary to co-invest together with customers, which will increase assets under management within Property Investment Management.

## Principal investments and co-investments

- Investments are made to increase assets under management and generate income within Property Investment Management in multiple ways:
  1. Return on Catella's invested capital
  2. Attract more assets, which generates higher fixed earnings, within Asset Management
  3. Performance-based income
  4. Advisory fees, and
  5. Selling assets into Catella funds to increase long-term capital and fees



# Measures and direction (Cont.)

## Property Investment Management

- Broadening the business area through vertical expansion; geography, property types and risk category to increase Catella's attractiveness towards international capital
- Catella intends to increase assets under management within opportunistic and value-add properties
- The verticals will be created as regulated and non-regulated vehicles on different platforms

- Launch new fund structures in the Nordics, initially focused on logistics and systematic property equity funds
- Broaden the product offering in the UK through e.g. value creation and work-outs of distressed credit situations
- Identify a new French partnership to rapidly grow in this important market

ILLUSTRATION OF CURRENT ASSETS UNDER MANAGEMENT

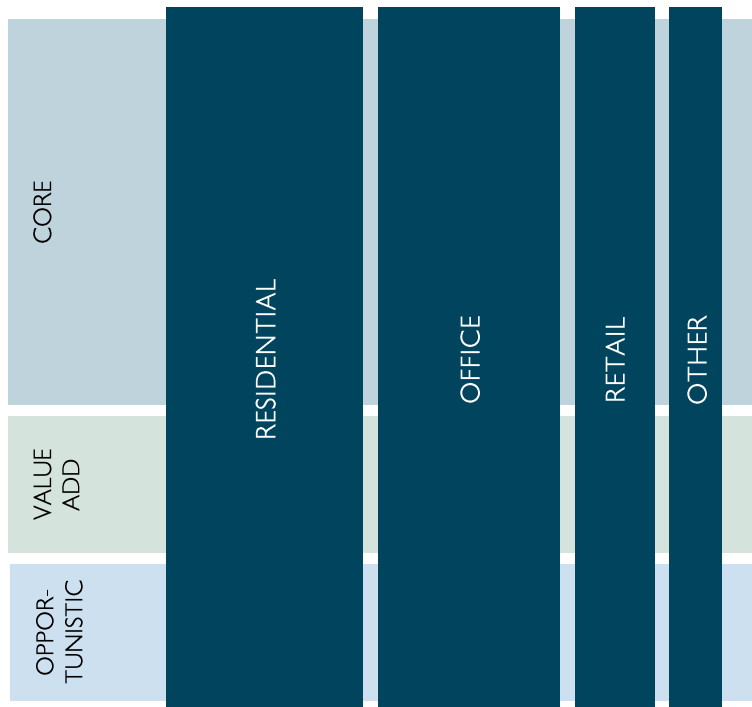
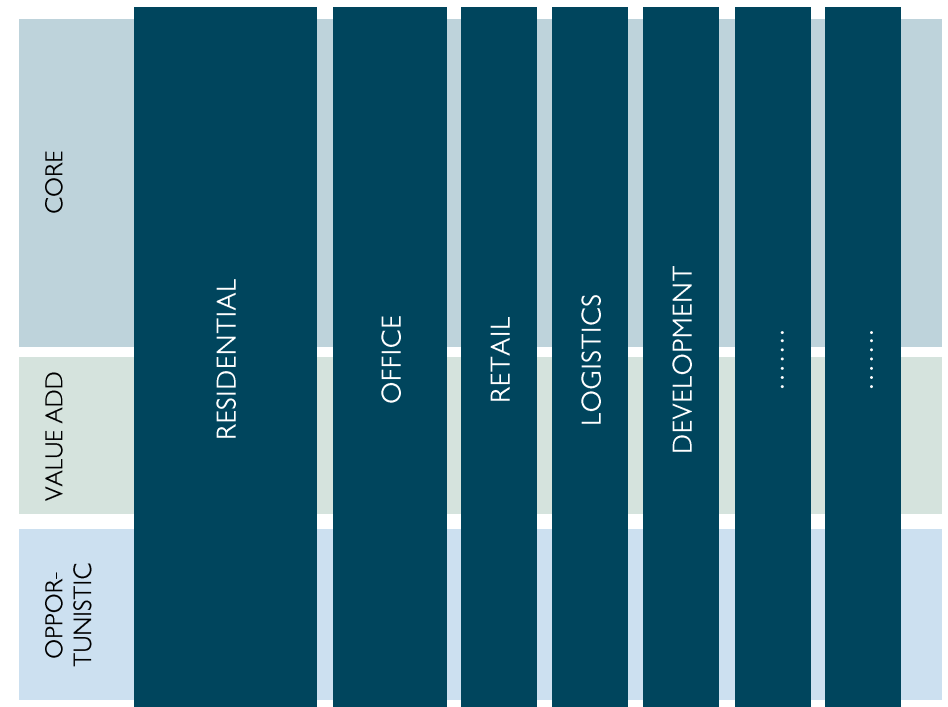


ILLUSTRATION OF FUTURE ASSETS UNDER MANAGEMENT



# Measures and direction (Cont.)

## Corporate Finance

- Germany is Europe's largest property market and Catella has not succeeded in establishing a strong position in this market. Catella intends to continue working with strengthening the German Corporate Finance business
- Transaction volumes in the market remain depressed, with Sweden and strong exception, and we need to continue our work with developing a broader offering of products and competence in our larger markets

## Equity, Hedge and Fixed Income Funds

- We are intensely focused on delivering new systematic products to market, including carve-out factors from the macro strategi and new factors that better capture market trends
- Catella are deeply involved in supporting the company's future development, but in the short term we need to right size the cost base to current assets under management

## Catella Bank

- Wind-down is expected to be concluded in the first half of 2021
- Once the banking license has been returned, we expect approximately SEK 350 M is made available in the form of cash and cash equivalents and Visa shares which are tied to the bank due to the regulatory framework

# Financial calendar 2020

**Catella Annual Report 2020**

21 April 2021

**Interim Report January–March 2021**

7 May 2021

**Annual General Meeting 2021**

25 May 2021

**Interim Report January–June 2021**

20 August 2021

**Interim Report January–September 2021**

11 November 2021

**Year-end Report 2021**

25 February 2022



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