

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.

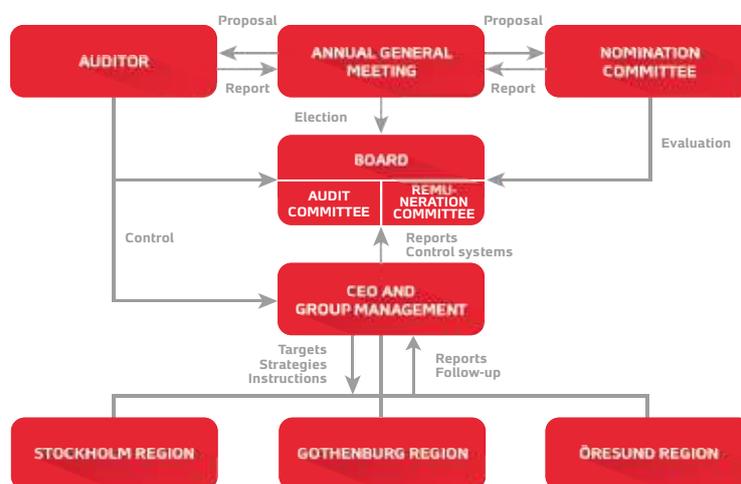
To maintain and develop Catena's responsibility for operations, including in the merged operations, we have, over the year, revised and updated our business plan and developed and clarified our policies, including those on ethics and crisis management. Together with our control and risk management, our 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

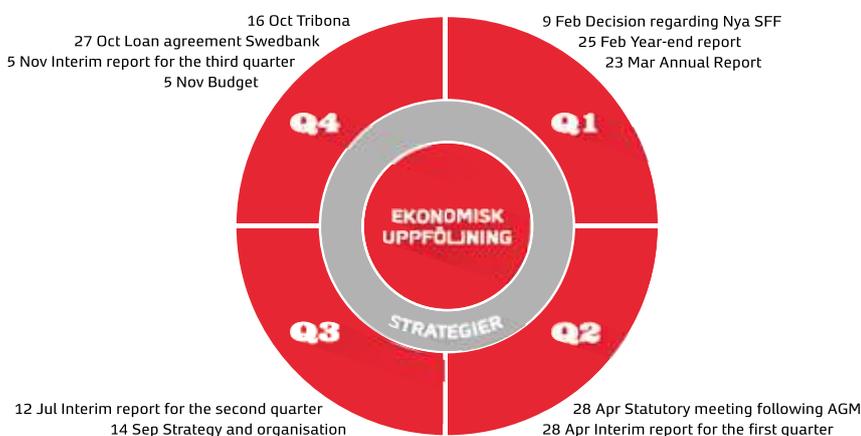
Each year, the Chairman of the Board performs an evaluation of the Board's ability to perform its duties, its working methods and composition in relation to the direction and challenges facing the company. The individual Board members' competence, commitment and suitability (from a variety of perspectives) 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>Letting ratio 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>								
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<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 of 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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<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 (SEK m)</caption> <thead> <tr> <th>Year</th> <th>Losses (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	Losses (SEK m)	-12	0	-13	2.5	-14	0	-15	0	<p>🟡</p>						
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## 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	
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<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	
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### Taxes

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.

Progress is monitored carefully.

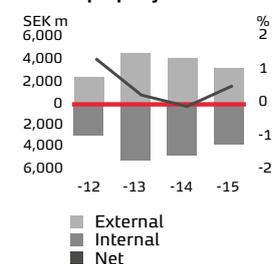
## Changes in value

### 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.

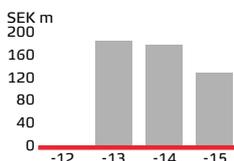
RISK	MANAGEMENT	EXPOSURE	PRIORITY
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**Projects**

Catena pursues active project development, which is important for the company's continued growth. Investments are often made several years before to the completed property can be put into operation. There is a certain degree of risk that the property will not correspond to market needs when completed.

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.

**Project development**

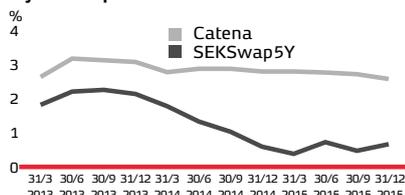


**Financial instruments**

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**



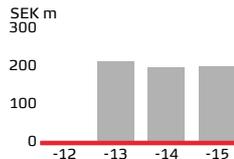
Financing risks

**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**

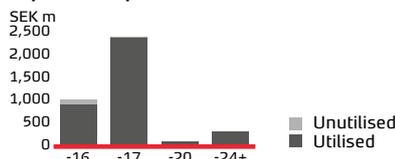


**Refinancing**

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.*



## 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

<b>Shortage of skills</b> Catena's future development depends extensively on the knowledge, experience and commitment of a limited number of individuals in senior management and other key persons.	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.	<i>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.</i>	
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## 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.	<i>Over the past six years, the company has not suffered any damage attributable to criminal or irresponsible behaviour.</i>	
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## 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.	
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## 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.	<i>Over the last three years, Catena has not been involved in any significant disputes.</i>	
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## 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



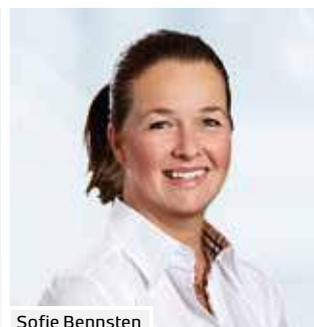
Gustaf Hermelin



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.	-	-	-