

Responsible governance is the foundation for value creation

2017 was an active year for Catena. In parallel with the integration of Tribona, we have also acquired and built new modern logistics facilities and continued to strengthen our position as Sweden's leading and largest property company in the logistics sector. Today, Catena is a strong company that generates value for its customers through attractive solutions. This allows us to generate cash flows so that we can continue developing our business and building value for all of our stakeholders, not least our shareholders whom we can offer a growing company and a good total return on their invested capital.

For a long time, Catena has been a leader in the development of modern specialised logistics facilities. Following our refinement and consolidation of the logistics property market in which we have been most highly involved, in 2016, we also became the largest company in that sector in Sweden. This is a position that we strengthened in 2017 by acquiring and building more modern facilities in strategically selected locations, equipped for growing segments such as FMCG and e-commerce.

This affords us even better opportunities for our basic mission: to generate value for our customers by developing logistics solutions for today's faster, better and more intelligent logistics. Our capacity in this regard is clearly reflected in the earnings trend of recent years and, not least, in 2017 when we were able to deliver our best performance ever. This development is primarily the achievement of the executive management and all of the company's committed employees. It is they who meet Catena's customers every day, offering them the best logistics properties in the market. It is also they who, through their daily efforts, contribute to an increasingly positive surplus, thus making Catena an ever better and valued company. Catena is also well-positioned and has the financial strength for continued growth.

The primary task of the Board in generating value for our customers and, in particular, for our other stakeholders, is to build confidence in Catena on a long-term basis. We do this by giving management overarching targets, instructions and guidelines for the operations, but also restrictions that set the limits for the operations. To develop and grow our business in the long term.

Catena has a well-functioning Board of Directors, competent in all areas of crucial importance for the operations, and well-balanced in terms of both age and gender. Within the framework of the beneficial cooperation with management, the Board assesses the investments and other strategic decisions that need to be made to maintain and develop the company's leading position. In this way, we can minimise and balance the risks associated with all business operations, against the business opportunities in the market, which is a fundamental way of generating value and developing Catena.



This also entails a certain measure of the control but, above all, monitoring of the activities pursuant to the duties of the Board.

Accordingly, Catena's responsible corporate governance ensures that the Board, through processes, management documents and reports, both supports and verifies that Catena is managed in as focused, ethical, sustainable and efficient a manner as possible, and with controlled risk. This is a process that is being conducted pro-actively but that also contains procedures and preparedness for unforeseen events, should they occur. Through responsible corporate governance, we can also be transparent and gain the trust, not only of our customers, but also of our employees and shareholders, as well as that of the financial markets, society and all other stakeholders. The value this generates has laid the foundation for the successes we have enjoyed to date. It is also a prerequisite for our continued success as we continue to expand our business through acquisitions and, more preferably, continued project development. To the benefit of all of our stakeholders.

Solna, March 2018

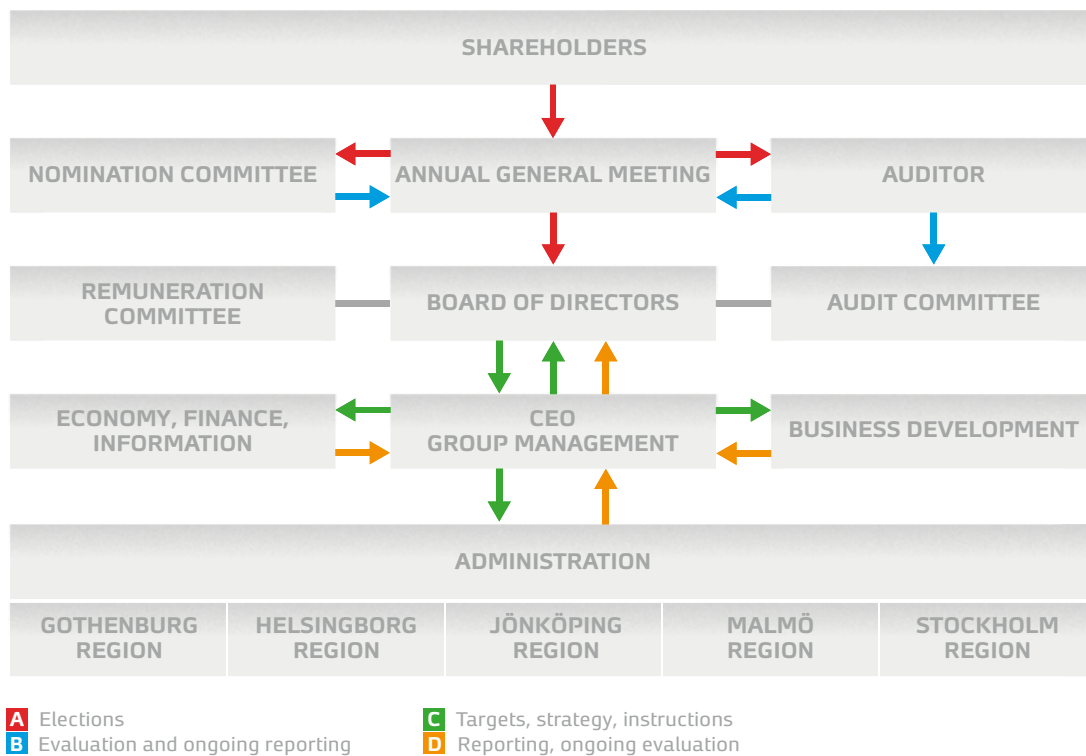
Gustaf Hermelin, Chairman of the Board

**Bunkagården Mellersta 2, Helsingborg.**

Catena's facilities can be equipped with efficient logistics systems ranging from fully automatic picking to, as seen here, efficient pallet racks.

Corporate governance report

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



Regulations

External rules

Swedish Companies Act
Annual Accounts Act
Other applicable legislation
IFRS
Nasdaq’s Rule Book for Issuers
Swedish Code of Corporate Governance

Internal rules

Articles of Association
The Board’s formal work plan
Position instructions
Values
Code of Conduct
Financial policy
Personnel policy
Environmental policy
Information policy
Other policies and instructions

Corporate governance

Catena is a Swedish public limited liability company listed on NASDAQ Stockholm. The applicable regulations for governance and control of the Group are primarily the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm’s Regulations for Issuers, the Swedish Code of Corporate Governance, internal guidelines and policies, as well as other applicable laws and regulations. Catena’s Board and executive management endeavour to ensure that Catena complies with the requirements imposed by the stock exchange, shareholders and other stakeholders. The Swedish Code of Corporate Governance, the “Code”, available at www.bolagsstyrning.se, is aimed at ensuring favourable conditions for active and responsible ownership. It is based on the principle of comply or explain. Deviations from the Code must be justified and explained. This Corporate Governance Report describes how Catena applied the Code during 2017.



Contacts

Gustaf Hermelin, Chairman.
gustaf.hermelin@catenafastigheter.se

Deviations from the Swedish Code of Corporate Governance

The company follows the Swedish Code of Corporate Governance with the following exceptions: the company has no separate internal audit function. The Board assesses the need for such a function annually and has determined that ongoing internal control efforts, which should preferably be performed by management, constitute a sufficient audit function in terms of the company's business and size.

Shareholders

At 31 December 2017, following the new share issue implemented during the year, the share capital in Catena AB totalled SEK 164,619,501.20 distributed among 37,413,523 ordinary shares. The largest shareholder per 28 February 2018 is the Backahill Group with 30.0 percent (31.4) of the capital and Endicott Sweden AB with 10.6 percent (11.2). No other shareholders held 10 percent or more of the shares outstanding. Each share confers one vote and each person entitled to vote at the General Meeting of shareholders may vote for the full number of shares held and represented.

► Read more about Catena's shares and shareholders on pages 66-67.

Ownership structure, 28 February 2018,
the ten largest owners

	No. of shares, 000s	Votes, %
Backahill	11,221	30.0
Endicott Sweden AB (CLS Holding plc)	3,971	10.6
Länsförsäkringar fondförvaltning AB	3,206	8.6
SFU Sverige AB	1,810	4.8
Kilen 134 Strängnäs AB	1,678	4.5
Handelsbankens Fonder	1,275	3.4
Nordea Investment Funds	1,014	2.7
Citi Switz AG AS Agent For Clients	905	2.4
RBC Investor Services Bank S.A.	592	1.6
Skagen M2 Verdipapirfondet	576	1.5
Other shareholders	11,166	29.9
Total:	37,414	100.0

Ownership, distribution by size of shareholding
at 28 February 2018

	Owners	
	Number	Share, %
1-500	13,794	93.3
501-1,000	460	3.1
1,001-5,000	327	2.2
5,001-10,000	74	0.5
10,001-15,000	21	0.1
15,001-20,000	16	0.1
20,001-	90	0.6
Total:	14,782	100.0

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, 27 April 2017

Following the adoption of the balance sheet and income statement in the Annual Report, the Meeting resolved, in accordance with the Board's proposal, to approve payment of a dividend of SEK 3.50 per share. The Annual General Meeting resolved that the number of Board Members elected by the Annual General Meeting should be seven ordinary members with no deputies. The Annual General Meeting adopted the Nomination Committee's proposal for the re-election of all Board Members – Henry Klotz, Bo Forsén, Gustaf Hermelin, Erik Paulsson, Katarina Wallin och Catharina Elmsäter-Svärd, and the



Catena continuously provides information through a number of activities to investors, lenders and shareholders. Here, Catena's CEO, Benny Thögersen, is presenting Catena's plans.

new election of H el ene Briggert (formerly H el ene Nathorst Sp angberg). It was proposed that Gustaf Hermelin be newly elected as Chairman of the Board.

The auditing firm, PricewaterhouseCoopers AB was reappointed auditor, with authorised public accountant Mats  akerlund as the new principal auditor.

The Annual General Meeting discharged the Board Members and CEO from liability for the 2016 fiscal year. The Annual General Meeting also adopted the Nomination Committee's proposal for instructions for the Nomination Committee. The Annual General Meeting also approved the Nomination Committee's proposal for remuneration of SEK 250,000, previously SEK 250,000, for the Chairman of the Board and SEK 125,000, previously SEK 125,000, for each of the other Board Members not employed by the company.

In addition, remuneration was approved of SEK 40,000 (0) to the Remuneration Committee to be distributed in the amount of SEK 20,000 (0) to the chairman of the Committee and SEK 10,000 (0) each to two members. Remuneration was approved of SEK 100,000 (0) to the Audit Committee to be distributed in the amount of SEK 50,000 (0) to the chairman of the Committee and SEK 25,000 (0) each to two members, and special fee of SEK 1,800,000 (0) to Gustaf Hermelin to assist the management of Catena until the 2018 Annual General Meeting.

Fees are paid to the auditor according to approved invoices on an on-going basis.

The Board's proposal for remuneration principles for senior executives was also approved; Salary, other remuneration and pension premiums for the CEO and other senior executives are presented in Note 8 to the consolidated financial statements. In 2017, variable remuneration paid to the CEO and management amounted to just under SEK 3.8 million.

The Annual General Meeting also 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.

The complete minutes can be found at www.catena-fastigheter.se/om-oss/bolagsstyrning/arsstammor/

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 27 April 2017 decided to appoint a Nomination Committee consisting of representatives of the four largest shareholders, as per the start of October, and the Chairman. In accordance with the decision, the following Nomination Committee was formed:

Name	Appointed by
Fredrik Widlund	Endicott Sweden AB (CLS Holdings plc)
Anders Nelson	Backahill Kil AB
Johannes Wingborg	L�ansf�ors�akringar Fondf�orvaltning AB
Gustaf Hermelin	Chairman, SFU Sverige AB

The chairman of the Nomination Committee is Anders Nelson, while the Committee is convened by Chairman of the Board, Gustaf Hermelin. Combined, the four owner representatives held approximately 57 percent of the votes in Catena as of 1 October 2017. In accordance with applicable decisions, new shareholder representatives are to be appointed when ownership changes.



Anders Nelson,
Chairman of the Nomination Committee
nelson@backahill.se

Board of Directors

The Board’s overriding task is to manage Catena’s and the Group’s activities on behalf of the owners in a way that best secures the owners’ interest in a favourable long-term return on capital. The members are elected annually at the AGM for the period up to the end of the following AGM.

The Board’s work is carried out in compliance with statutory provisions, regulations, the Articles of Association and the formal work plan. The formal work plan is discussed at the statutory Board meeting and is set annually. The composition of the Board includes expertise and experience from the areas that are of major importance as part of efforts to support, monitor and control operations in a property company. Board Members have expertise in properties, the real estate market, and financing, digital trade and business development, for example.

In accordance with the Articles of Association, Catena’s Board is to comprise not fewer than five and not more than nine members with no deputies.

Catena’s Board comprises seven members who were elected at the Annual General Meeting (AGM) on 27 April 2017. For further information on the members of the Board of Directors, see the presentation of the Board and Management on pages 130-131.

The work of the board

The Chairman of the Board is responsible for leading the work of the Board in an efficient and appropriate manner. In addition to leading the work, the Chairman monitors the Group’s development on an on-going basis through

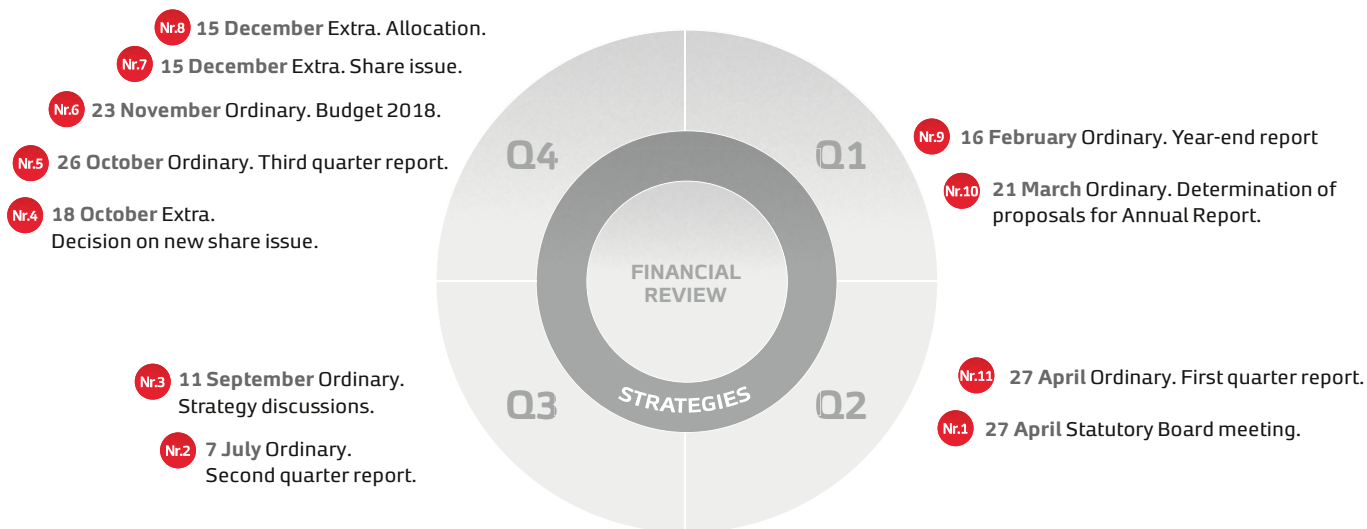
contact with the CEO on strategic issues. During 2017, 11 minuted Board meetings were held, one of which was statutory. The members’ attendance is shown in the Board Presentation on pages 130-131. During the year, the CFO acted as the secretary of the Board. In addition to the above items, Board meetings have addressed market issues, plans and strategies for the Group’s development and the on-going follow-up of results and position, valuations of the Group’s properties, liquidity and financing as well as investment decisions. Catena’s auditor in charge, Mats Åkerlund, PwC, was called in to the Board meetings in February, March, July and October. In addition, the departing auditor, Lars Wennberg, PwC, was called in to the Board meetings in February and March.

In addition to the above items, Board meetings have addressed market issues, plans and strategies for the Group’s development and performed on-going follow-up of results and position, valuations of the Group’s properties, liquidity and financing as well as investment decisions.

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.

Principal contents of Board meetings in 2017



The Board is responsible for continuously monitoring and controlling Catena's operations. Consequently, it is the duty of the Board to ensure there is a functioning reporting system.

The systems, which were evaluated during the year, and have proven appropriate and effective. Regular reports concerning Catena's and the Group's economic and financial position, current market issues, project reporting, and, in certain cases, underlying information for investment decisions and property sales, are presented at Board meetings.

In addition to being responsible for Catena's organisation and administration, the Board's key task is to make decisions on strategic issues. Each year, the Board sets the overall goals for the Group's operations and decides on strategies to attain these goals.

The CEO's instructions and internal policy documents are also reviewed annually.

Assessment of the work of the Board

Each year, the Chairman of Catena's Board has performed an evaluation of the Board's ability to perform its duties, its working methods and composition in relation to the direction and challenges facing the company. This is a process that the Board's new Chairman continued and developed over the year. The individual Board Members' competence, commitment and suitability (from a variety of perspectives) are tested by means of a small number of open questions that each member is required to respond to. Questions that also concern the composition of the Board, its function, including its structure and processes, as well as collaboration with Management. That is, questions that assess the Board's function and capacity to make correct decisions and manage the company responsibly. These considerations form the basis of a private dialogue between the Chairman, the Nomination Committee and the individual member, based on the company's planning and the expectations of the member as well as the member's expectations on the Board. Based on its assessment of the Board, the Nomination Committee, which also has discussions with the company's CEO and auditor, proposes to the Annual General Meeting, among other things, a Board of Directors for the coming financial year. This process has proven to work well, taking the balanced composition of the Board into account, with regard primarily to expertise, but also gender and age.

Board Committees

Remuneration Committee

The Board of Catena has established a Remuneration Committee. The task of the Remuneration Committee is

to prepare matters concerning remuneration and other conditions of employment for the CEO. The CEO, on the basis of principles established by the Board, determines remuneration of senior executives. During 2017, the Remuneration Committee comprised Bo Forsén (Chairman), Henry Klotz and Katarina Wallin.

Audit Committee

Catena's Board has established an Audit Committee. The task of the Audit Committee is to maintain and add to efficiency in contacts with the Group's auditor and to supervise the procedures for auditing and financial reporting. The Committee also evaluates the work of the auditor and monitors how accounting principles and requirements are progressing.

During 2017 the Committee consisted of Henry Klotz (chairman), Catharina Elmsäter-Svärd and Héléne Brigert. Peter Andersson (CFO), Anders Holmqvist (Chief Accountant) and Carl Fogelberg (Auditor, PwC) also participated in the Committee's meetings.

Auditor

The auditor reports the results of his examination to the shareholders in the auditor's report. This is presented at the AGM. In addition, the auditor presents a detailed report to the Board twice annually. In conjunction with this report, a discussion is also held concerning the observations of the audit. In addition to auditing, PwC has also provided services in the areas of taxes and accounting.



Mats Åkerlund, Auditor PwC
mats.akerlund@pwc.com

CEO

The CEO leads operations on the basis of the CEO's instructions drawn up by the Board. According to the instructions, the CEO is tasked with ensuring that the Board Members receive regular information and reports on Catena's progress to enable them to make sound assessments and well-founded decisions. The CEO must also ensure that Catena observes the obligations regarding information and so forth that arise from the listing agreement with NASDAQ Stockholm. The CEO's duties also include supervising compliance with the goals, policy and strategic plans established by the Board and ensure that they are submitted to the Board for updating or review whenever necessary.

Stock market information

Catena submits prompt, simultaneous, correct and reliable information to existing and potential shareholders and other stakeholders. The company submits interim reports, a year-end report and an Annual Report for the entire financial year. Catena's website, www.catenafastigheter.se, presents current information on Catena, such as press releases and financial statements. Shareholders can download financial information from the company via the website. This information can also be ordered directly from Catena by telephone or by post.

Internal control

The Board is responsible for internal control pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance. This Corporate Governance Report 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.

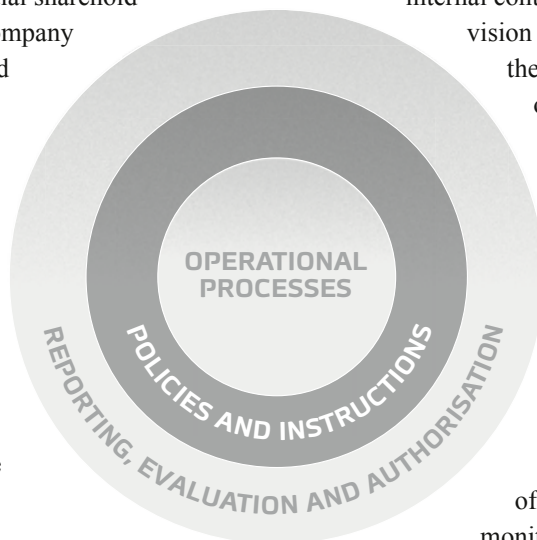
The CEO presents regular reports to the Board on the basis of established routines and documents. Catena's

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.

► See also page 120, Deviations from the Swedish Code of Corporate Governance.



Plantehuset 2, Helsingborg. Logistics company Freja's leased premises is one of the first to be established in Catena's 270,000 square-meter Logistikposition Tostarp next to the E6/E4 just outside Helsingborg.

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:

H for High priority, **M** for Medium Priority, **L** for Low priority.

RISK	MANAGEMENT	EXPOSURE	VALUATION
<p>Rental income and expenses</p> <p>Vacancies</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. There are no seasonal effects affecting income.</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>Letting ratio</p>	
<p>Cancelled leases</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>Distribution lease durations, per year</p>	
<p>Bad debt losses</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>Customer losses/rental income</p>	

RISK	MANAGEMENT	EXPOSURE	VALUATION
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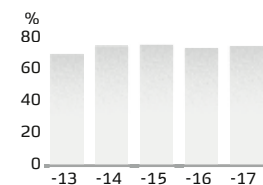
Rental income and expenses, cont.

Increased operating and maintenance costs

Earnings can be impacted if increases in operating and maintenance costs outpace growth in compensation to Catena in the form of contractual rents. Unforeseen and extensive renovation needs can also have an impact.

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.

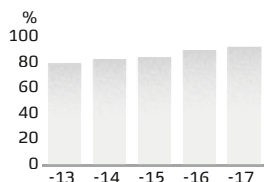
Surplus ratio

**Increased ground rents**

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.

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.

Proportion of freehold properties

**Taxes and limits on interest deductions**

In Sweden, it is possible to defer the tax when properties are sold in the form of business-contingent shares, referred to as packaging. On 30 March 2017 the official report "Some issues in the area of property and stamp duty (SOU 2017: 27)" was presented with the aim of limiting opportunities for packaging. No decisions have yet been taken as a consequence of this report. At the same time, work is underway to implement an EU directive called ATAD, which will entail restrictions on interest deductions in the corporate sector. A memorandum presenting proposals for amended corporate tax rules was published on 20 June 2017. The main components of the proposal consist of reduced corporate income tax, general limits on interest deductions, temporary limits on loss-carryforwards and tax rules for leasing. The rules are to be implemented in Swedish law by 31 December 2018. It is currently unclear how the above changes will be formulated.

Progress is monitored carefully.

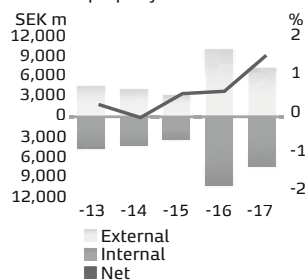
Changes in value

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



RISK MANAGEMENT EXPOSURE VALUATION

Changes in value, cont.

Corporate acquisitions

Catena sometimes acquires properties under corporate formats. In 2017, Catena acquired 17 properties through companies. 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. During the year, impairment of SEK 76.6 million was recognised through the income statement on the assessment that the anticipated synergies from the Tribona acquisition had been realised.

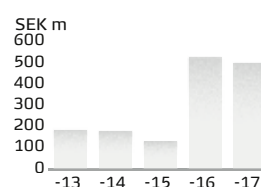


Projects

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.

Investments in project development

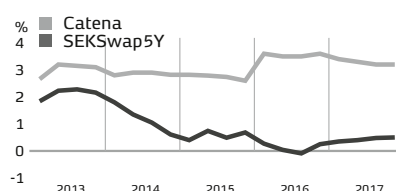


Financial instruments

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



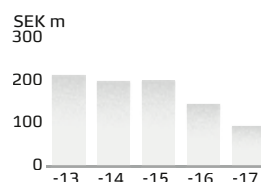
Financing risks

Liquidity risk

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 428.1 million and cash and cash equivalents of SEK 94.8 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. As of 31 December 2017, following the renegotiation of SEK 5.5 billion, existing loan frameworks entailed a capital being tied up for a period of 1.9 years. Catena also has opportunities to secure funding on the bond market through Svensk FastighetsFinansiering.

Capital tied-up

Year	Contract volume, SEK M	Utilised, SEK M	Unutilised, SEK M
2018	1,361.9	1,261.9	100.0
2019	2,857.4	2,529.3	328.1
2020	3,098.3	3,098.3	-
2021	612.7	612.7	-
>2022	66.0	66.0	-
Total	7,996.3	7,568.2	428.1



RISK	MANAGEMENT	EXPOSURE	VALUATION																																												
<p>Financing risks, continued.</p> <p>Interest</p> <p>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.</p>	<p>Catena's properties have been financed at market interest rates and financing costs are secured through derivatives equivalent to 63 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.</p>	<p>Interest maturity year</p> <table border="1"> <thead> <tr> <th>Year</th> <th>SEK M</th> <th>Interest rate, %¹⁾</th> <th>Share, %</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>2,673.6</td> <td>2.4</td> <td>35.3</td> </tr> <tr> <td>2019</td> <td>77.0</td> <td>0.4</td> <td>1.1</td> </tr> <tr> <td>2020</td> <td>282.0</td> <td>1.4</td> <td>3.7</td> </tr> <tr> <td>2021</td> <td>769.7</td> <td>4.4</td> <td>10.2</td> </tr> <tr> <td>2022</td> <td>500.0</td> <td>3.8</td> <td>6.6</td> </tr> <tr> <td>2023</td> <td>500.0</td> <td>3.2</td> <td>6.6</td> </tr> <tr> <td>2024</td> <td>500.0</td> <td>2.9</td> <td>6.6</td> </tr> <tr> <td>2025</td> <td>1,122.0</td> <td>3.9</td> <td>14.8</td> </tr> <tr> <td>2026</td> <td>1,143.9</td> <td>4.2</td> <td>15.1</td> </tr> <tr> <td>Total:</td> <td>7,568.2</td> <td>3.2</td> <td>100.0</td> </tr> </tbody> </table> <p><small>1) Refers to the current average interest rate as per 31 December 2017. Interest rates are adjusted in line with the changes in the general interest rate but are limited by interest-rate caps.</small></p>	Year	SEK M	Interest rate, % ¹⁾	Share, %	2018	2,673.6	2.4	35.3	2019	77.0	0.4	1.1	2020	282.0	1.4	3.7	2021	769.7	4.4	10.2	2022	500.0	3.8	6.6	2023	500.0	3.2	6.6	2024	500.0	2.9	6.6	2025	1,122.0	3.9	14.8	2026	1,143.9	4.2	15.1	Total:	7,568.2	3.2	100.0	
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<p>Indemnity risks</p> <p>Acquired environmental damage</p> <p>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.</p>	<p>Prior to each acquisition, Catena conducts a thorough analysis and risk assessment.</p>	<p><i>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.</i></p>																																													
<p>Injury to person or property</p> <p>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.</p>	<p>Insurance has been contracted to cover any liability or property damage claims. The properties are covered by unlimited buildings insurance.</p>	<p><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, and 2016, when there was one fire. The insurance company compensated Catena for the damage.</i></p>																																													
<p>Other risks</p> <p>Shortage of skills</p> <p>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.</p>	<p>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.</p>	<p><i>A large part of current management has served in the company or in its predecessor Brinova for up to 14 years. A new CEO took office during the year. The departing CEO was appointed Chairman of the Board. The organisation was reinforced with a new Deputy CEO, the company's CFO.</i></p>																																													
<p>Deficient procedures and irresponsible behaviour</p> <p>The company may suffer harm as a result of criminal or irresponsible behaviour by the its employees or other representatives.</p>	<p>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.</p>	<p><i>Over the past eight years, the company has not suffered any damage attributable to criminal or irresponsible behaviour.</i></p>																																													

RISK	MANAGEMENT	EXPOSURE	VALUATION
<p>Other risks, continued.</p> <p>Unsound business practices</p> <p>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.</p>	<p>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.</p>	<p><i>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.</i></p>	
<p>Disputes</p> <p>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.</p>	<p>The risk is reduced through diligently prepared contracts and agreement.</p>	<p><i>Over the past five years, Catena has not had any significant disputes over the last five years, nor does it currently have any.</i></p>	

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	+/- 10.5
Economic letting ratio	+/- 1.0 percentage point	+/- 11.1
Interest rate level for interest-bearing liabilities with regard to swaps	+/- 1.0 percentage point	-26.7/-57.3
Property expenses	+/- 1.0	+/- 2.2
Changes in value of investment properties	+/- 1.0	+/- 131.3

Board of Directors



	Gustaf Hermelin	Catharina Elmsäter-Svärd	Bo Forsén
Born	1956	1965	1948
Position on the board	Chairman	Board member	Board member
Year elected	2013	2015	2012
Education	Business administration studies, Stockholm School of Economics.	Advertisement and marketing, Berghs School of Communication. Diploma in market economics.	Business administration studies, Lund University.
Principal occupation	Chairman of the Board of Catena AB.	CEO Sveriges Byggindustrier (Swedish construction sector association).	Board work.
Other assignments	Board Member of a large number of subsidiaries within, or related to, the Catena Group. Chairman of Vectura Fastigheter AB and SFU Sverige AB.	Chairman of Södertälje Sports Club (SSK), Chairman of the Institute for Futures Studies, Chairman of Drive Sweden and Chairman of Railcare AB. Board Member of Ellevio.	Chairman of the Board of Victoria Park AB and Scandinavian Resort AB. Board Member of Knäckekärr Holding AB, Forsiva AB and Backahill AB.
Terminated assignments	CEO and Board Member of Klövern AB, Brinova Fastigheter AB. Board Member of AMF Fastigheter AB, Diös Fastigheter AB, Fabege AB and Platzer Fastigheter Holding AB (publ).	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.	Deputy CEO of the Trelleborg Group. CEO of the Wihlborgs Group. Various board assignments
Own shareholdings and shareholdings of related parties in 2017	1,812,400 shares via companies and related parties.	200 shares via companies.	1,000 shares via companies.
Dependent on: the company major shareholders	Yes Yes	No No	No No
Attendance at Board meetings	11/11	11/11	11/11
Attendance, audit committee	-	1/2	-
Attendance, remuneration committee	-	-	1/1

Company management



	Benny Thögersen	Peter Andersson	Sofie Bennsten
Born	1966	1966	1969
Position	CEO	CFO and Deputy CEO	Group Controller, HR
Employee since	15 November 2016	1 October 2013.	1 October 2013.
Education	Halmstad University	M.Sc. in Business Administration.	M.Sc. Economics.
Previous positions	CEO of Knapp AB and several assignments at, e.g. Consafe, Ica and Akzo Nobel.	CFO at Brinova Fastigheter AB and CFO at Fastighets AB Skånehus.	Head of Administration at Brinova Fastigheter AB. Former Head of Accounting at Brinova Fastigheter AB.
Own shareholdings and shareholdings of related parties in 2017	500.	-	-

Auditor's statement regarding the Corporate Governance Report

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

Assignments and responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 2017 on pages 117-131 and for it being prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our review of the Corporate Governance Report, as required by law, has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that the



Henry Klotz	Hélène Briggert	Erik Paulsson	Katarina Wallin
1944	1985	1942	1970
Board member	Board member	Board member	Board member
2007	2017	2013	2013
Engineer in property engineering, M.Sc. Economics.	M.Sc. in Business Administration, Lund University.	Elementary school.	M.Sc. Engineering, Royal Institute of Technology, Behavioural Science and Business Administration, Stockholm University.
Working Chairman of the Board, CLS Holdings.	Shareholder and Board Member HEG & Partners Fastigheter 5 AB.	Company leader and entrepreneur since 1959.	Strategy Consultant and Partner at Evidensgruppen.
Chairman of the Board of First Camp Sverige Holding AB.	Board Member of companies in the HEG Group and Human to Human SVB.	Chairman of the Board of Fabege AB, Wihlborgs Fastigheter AB and Backahill AB and of a number of regional companies. Board Member of Brinova Fastigheter AB and of a number of regional companies.	Chairman of the Board of Ekologi-gruppen Ekoplan AB, Belatchew Arkitekter AB, Evimetrix AB, Bernow Lindqvist Wallin AB and Au Point AB. Board Member of Evidens blw AB, Kavaljer AB, Sveafastigheter Utveckling AB and Nordisk byggdag. Deputy Board Member of Belatchew Fastigheter AB.
Chairman of the Board of COOD Investments AB. Board Member of 24 Media Network AB, Fielden House Investment Ltd and Note AB.	Head of Marketing at Gymgrossiten Sweden AB. Management consultant at Business Sweden.	Chairman of the Board of SkiStar AB and Diös Fastigheter AB and Board Member of Nolato AB, Klövern AB and Platzer Fastigheter Holding AB.	CEO Evidens blw AB. Chairman of the Board of Real Estate Interim Management Sweden AB and Evidens Fastighetsutveckling AB. Board Member of Temaplan AB. Co-opted Board Member of STF ingenjörsutbildning AB, etc.
-	800.	11,220,751 shares via companies.	-
No Yes	No No	No Yes	No No
11/11	9/11	10/11	11/11
2/2	2/2	-	-
1/1	-	-	1/1



Christian Berglund	Maths Carreman	Johan Franzén	Göran Jönsson
1970	1958	1978	1961
Regional Manager, Malmö and Jönköping	Regional Manager, Stockholm	Regional Manager, Gothenburg	Regional Manager, Öresund
26 January 2016	1 October 2013.	1 October 2013.	1 October 2013.
Engineer.	Structural Engineer.	Business administration studies, School of Economics, Business and Law, Gothenburg University.	Structural Engineer.
Property Manager at Tribona and Regional Manager at Dalkia AB.	Unit Manager at Klövern and supervisor/purchasing manager and project developer at Skanska.	Business Development at Brinova Fastigheter AB and District Manager at Jungheinrich Svenska AB.	Head of Business Area Residential/ Commercial in Brinova Fastigheter AB and CEO of Maintech Forvaltning Syd.
-	2,000.	-	-

► Additional and updated information on assignments and holdings is available at www.catenafastigheter.se

examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent with the annual and consolidated accounts

and are in accordance with the Annual Accounts Act.

Malmö, 20 March 2018
PricewaterhouseCoopers AB

Mats Åkerlund
Authorised Public Accountant