

INTERIM REPORT JANUARY – JUNE 2012



Catena is introducing urban gardening at its new Haga Norra city site, enabling householders and local restaurants to cultivate vegetables locally

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Second quarter

- Rental revenue SEK 6.6 M (6.9)
- Operating profit SEK 3.8 M (1.5)
- Profit before tax SEK 1.4 M (0.8)
- Unrealized changes in property value SEK -0.5 M (1.3)
- Investments in continuing operations SEK 0.5 M (1.3)
- Profit after tax SEK 1.1 M (-0.3)

The period January-June

- Rental revenue SEK 13.3 M (13.8)
- Operating profit SEK 22.6 M (31.5)
- Profit before tax SEK 17.9 M (32.6)
- Unrealized changes in property value SEK 14.3 M (30.3)
- Investments in continuing operations SEK 0.7 M (1.7)
- Profit after tax SEK 13.3 M (90.7)

CEO Andreas Philipson comments

In the second quarter, we continued to focus on completing the zoning plan and development contract for Haga Norra. Accordingly, this work involves no major changes since the beginning of the year. The zoning plan was exhibited ahead of the summer, and its definitive approval by the City of Solna is expected in the fall. This process is a key component for us being able to realize the future Haga Norra, with new housing and workplaces.

The response has been positive in the ongoing letting work to find tenants for the site. We also believe strongly that Haga Norra is attractive. It is centrally located in the new Solna-Stockholm district, which is an up-and-coming area between Hagastaden, Frösunda, the Mall of Scandinavia and the National Arena.

We also strengthened our organization, appointing Lars Lindvall as our new CFO. Lars' previous positions include being an accounting and corporate consultant, as well as holding executive positions in the Norsk Hydro group.

Otherwise, operating activities progressed as planned, with continued stable cash flow from tenants. Profit before tax was SEK 17.9 M, compared to SEK 32.6 M in the corresponding period of the previous year. The difference is mainly in a lower value increase on properties. We have unchanged property values compared to the first quarter. Compared to a year ago, the difference is an increase of SEK 73 M.

THE GROUP'S REVENUES, EXPENSES AND EARNINGS

Second quarter

In the second quarter, rental revenue amounted to SEK 6.6 M (6.9). Property expenses were SEK 0.8 M (1.7) while the operating surplus was SEK 5.9 M (5.2). Administration costs amounted to SEK 1.6 M (5.0).

Change in property value amounted to SEK -0.5 M (1.3) in the quarter. The property value was appraised at a total of SEK 625 M. This value includes investments of SEK 0.5 M. The appraisal was conducted by Forum Fastighetsekonomi, with a valuation date of June 30.

Operating profit amounted to SEK 3.8 M (1.5) while net financial items were SEK -2.4 M (-0.7).

Current tax amounted to SEK -0.4 M (-0.2) and deferred tax was SEK 0.1 M (-0.1).

Properties

The group's property portfolio consists of two properties in Haga Norra, Solna, Stockholm.

These properties have leasable area of 40,723 sq. m. Total rental value as of June 30, 2012 was SEK 28.7 M (28.7). The economic occupancy rate amounted to 96.9% (96.9).

Valuation and applied valuation method

Essentially, the fair value recognized in the Balance Sheet consists of the estimated value of potential development rights that could be enabled through ongoing zoning planning work for the property. Potential development rights are for housing and commercial premises in the properties Stora Frösunda 2 and Hagalund 2:2 in the Municipality of Solna.

The applied valuation method for the potential development rights is based on a location price method, with values estimated through comparisons with land allocation contracts and agreements on transferring development rights in Stockholm and Stockholm suburbs. After an appraisal, which factors in the status of Catena's potential development rights in relation to comparables, a deduction has been made for estimated cost relating to demolition, planning, etc. Deductions will also be made for waiting periods and the assessed risks associated with the potential development rights. A minority of the total appraised fair value consists of the present value of the operating net generated from current usage of the property.

The total estimated fair value of the property amounts to SEK 625 M. Against the background of the zoning planning work being incomplete, the quantification of appraisals is associated with fairly substantial caution. However, this uncertainty is expected to reduce over time as the timing for approval of the plan approaches.

Financing

As of June 30, 2012, the Catena group had loan agreements amounting to SEK 306 M.

At the end of the period, interest-bearing liabilities were SEK 306 M (306).

The loan is due in 2014.

The average fixed-interest period as of June 30, 2012 amounted to 0.3 years (0.3). The average interest rate was 3.01% (3.95).

Catena only has loans denominated in Swedish krona.

Equity

Equity amounted to SEK 287 M (261) as of June 30, 2012 and the equity/assets ratio was 40.4% (39.1). Over the long term, the equity/assets ratio should be in the 25 – 35% range.

Liquidity

As of June 30, 2012, cash and cash equivalents, which comprise cash and bank deposits, were SEK 72 M (103) of which blocked funds were SEK 20.3 M (20.3).

PARENT COMPANY

The operations of the parent company, Catena AB, primarily consist of group-wide functions and management of the group's subsidiaries.

ORGANIZATION

Catena AB, corporate identity number 556294-1715, is the parent company of the Catena group. The Swedish property is held by a wholly owned Swedish subsidiary.

There were 2 (5) employees.

THE CATENA SHARE

The Catena share is listed on Nasdaq OMX Stockholm—Nordic list Small Cap.

The closing price on June 29, 2012 was SEK 49.80 per share, corresponding to market capitalization of some SEK 576 M.

As of June 29, 2012, there were 11,564,500 shares in Catena, held by just over 16,400 shareholders.

Shareholders as of June 29, 2012	No. of shares	Votes (%)
Endicott Sweden AB (CLS Holdings plc)	3,469,000	29.9
Erik Selin group	2,344,642	20.3
PEAB AB	2,310,000	20.0
Livförsäkrings AB Skandia (publ)	277,374	2.4
Banque Carnegie Luxembourg SA	190,018	1.6
CBNY-DFA-INT SML CAP V	107,613	0.9
Swedbank Robur funds	60,208	0.5
Mellon US Tax Exempt Account	59,300	0.5
CNBY-DFA-CNTL SML CO S	56,202	0.5
Handelsbanken fonder	52,125	0.4
Total, 10 largest	8,926,065	77.0
Other	2,638,435	23.0
Total	11,564,500	100.0

ACCOUNTING POLICIES

Catena applies IFRS as endorsed by the EU and their IFRIC interpretations. This Interim Report was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act for the group and in accordance with the Swedish Annual Accounts Act for the parent company. IFRS 5, which addresses discontinued operations, has been applied. Otherwise, these accounting policies and computation methods comply with those applied in the most recent Annual Report.

RISKS AND UNCERTAINTY FACTORS

Catena is subject to a number of risks that can affect the company's operations, results of operations and the value of properties. These risks include risks in lease contracts, changes in operating and maintenance costs, interest and funding risks and taxes. Properties are recognized in the Balance Sheet at fair value. Value changes are recognized in the Income Statement. This implies that the effects on Catena's Balance Sheet and Income Statement become more volatile and affect items, including the group's results of operations, equity/assets ratio and loan to value ratio.

Value changes

In this quarterly financial statement, the valuation of the group's investment property has been conducted by ordering an external property appraisal.

Over and above what is stated in this Interim Report, no material changes have occurred compared to the statement in the Annual Report.

For more information on risk and uncertainty factors, please refer to note 25 on page 42 of Catena's Annual Report for 2011.

Parent company

The parent company is exposed to the aforementioned risks through intragroup loans and financial derivatives.

CALENDAR

Interim Report January–September October 25, 2012

Year-end Report 2012 February 2013

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after the end of the period

This Interim Report has not been subject to review by the company's auditor.

Solna, August 8, 2012

Catena AB (publ)

The Board of Directors

The information in this Report is mandatory for Catena AB (publ) to disclose in accordance with the Swedish Securities Markets Act.

The information was released to the media for publication on August 9, 2012 at 08:00 a.m. CET.

CONSOLIDATED INCOME STATEMENT, CONDENSED

SEK M	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Continuing operations					
Rental revenue	6.6	6.9	13.3	13.8	26.9
Operating expenses	-0.1	-0.2	-0.2	-0.2	-0.6
Repair and maintenance expenses	-	-0.1	-0.2	-0.2	-0.3
Property tax	-0.6	-0.6	-1.3	-1.3	-2.7
Property administration	-	-0.8	-	-1.6	-2.7
Operating surplus	5.9	5.2	11.6	10.5	20.6
Other operating income	-	-	-	-	0.1
Other operating expenses	-	-	-	-	-
Central administration	-1.6	-5.0	-3.3	-9.3	-12.9
Properties, unrealized value changes	-0.5	1.3	14.3	30.3	86.7
Operating profit	3.8	1.5	22.6	31.5	94.5
Net financial items	-2.4	-0.7	-4.7	1.1	-3.8
Profit/loss before tax	1.4	0.8	17.9	32.6	90.7
Current tax	-0.4	-0.2	-0.8	-1.2	-5.0
Deferred tax	0.1	-0.1	-3.8	-7.0	-24.7
Profit/loss for the period after tax from continuing operations	1.1	0.5	13.3	24.4	61.0
Discontinued operations					
Profit/loss from discontinued operations					
Revenue	-	-	-	-	-
Expenses	-	-1.1	-	-1.1	-
Profit/loss before tax	-	-1.1	-	-1.1	-
Tax	-	0.3	-	0.3	-
Profit/loss after tax	-	-0.8	-	-0.8	-
Capital gain/loss on divestment of discontinued operations					
Properties, realized value changes	-	-	-	2.1	2.6
Taxes attributable to above value changes	-	-	-	65.0	66.0
Capital gain/loss on divestment after tax	-	-	-	67.1	68.6
Total gain/loss from discontinued operations after tax	-	-0.8	-	66.3	68.6
Profit/loss after tax for the period	1.1	-0.3	13.3	90.7	129.6
Earnings per share*	0.09	-0.03	1.15	7.84	11.21
Earnings per share from continuing operations*	0.09	0.04	1.15	2.11	5.28

*There is no dilution effect and there are no potential shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Profit after tax for the period	1.1	-0.3	13.3	90.7	129.6
<i>Other comprehensive income for the period</i>	-	-	-	-	-
Actuarial profit/loss	-	-	-	-	-2.1
Revaluation reserve transferred to net profit	-	-	-	6.0	7.5
<i>Total other comprehensive income</i>	-	-	-	6.0	5.4
Comprehensive income for the period	1.1	-0.3	13.3	96.7	135.0

CONSOLIDATED BALANCE SHEET, CONDENSED

SEK M	Actual 30 Jun 2012	Actual 30 Jun 2011	Actual 31 Dec 2011
Assets			
Investment properties	625	552	610
Current receivables	33	13	7
Cash and cash equivalents/investments in securities, etc	52	103	94
Total assets	710	668	711
Equity and liabilities			
Equity	287	261	297
Provisions	85	59	82
Interest-bearing liabilities	306	306	307
Non-interest-bearing liabilities	32	42	25
Total equity and liabilities	710	668	711
Pledged assets	30 Jun 2012	30 Jun 2011	31 Dec 2011
Blocked account	20	20	20
Mortgages	306	306	306
Total pledged assets	326	326	326
Contingent liabilities			
Guarantee commitment, FPG/PRI	0.2	0.2	0.1

CHANGES IN CONSOLIDATED EQUITY, CONDENSED

SEK M	Actual 2012 Jan-Jun	Actual 2011 Jan-Jun	Actual 2011 Jan-Dec
Opening equity	297	847	844
Dividend	-23	-683	-682
Comprehensive income for the period	13	97	135
Closing equity	287	261	297

CONSOLIDATED CASH FLOW, CONDENSED

SEK M	Actual 2012 Jan-Jun	Actual 2011 Jan-Jun	Actual 2011 Jan-Dec
Profit before tax	13	33	91
Adjustment for non-cash items	-14	-35	-91
Tax paid	-1	-	-5
Change in working capital	-17	-54	-32
Cash flow from operating activities	-19	-56	-37
Change in investment properties/property, plant and equipment	-	1,526	-2
Cash flow from investing activities	-	1,526	-2
Paid dividend	-23	-683	-683
Change in interest-bearing liabilities	-	-740	-680
Cash flow from financing activities	-23	-1,423	-1,363
Cash flow from continuing operations in the period	-42	47	-1,402
Net cash flow from discontinued operations	-	-1	1,440
Total cash flow for the period	-42	46	38
Cash and cash equivalents at beginning of period	94	57	56
Cash and cash equivalents at end of period	52	103	94

KEY RATIOS, GROUP

SEK M	Actual 2012 Jan-Jun	Actual 2011 Jan-Jun
Financial (incl. discontinued operations)		
Return on equity, %	9.1	32.7
Return on total capital, %	6.7	5.3
Equity/assets ratio, %	40.4	39.1
Interest coverage ratio, multiple	1.7	1.1
Loan to value ratio, properties, %	49.0	55.4
Debt/equity ratio, multiple	1.1	1.2
Share-related		
Earnings per share for the period, continuing operations, SEK	1.16	2.11
Profit before tax for the period, continuing operations, per share, SEK	1.55	2.82
Operating profit per share for the period, continuing operations, SEK	1.95	2.72
Equity per share, SEK	24.82	22.57
Dividend per share, SEK	2.00	59.00
Number of shares at end of period, 000	11,565	11,565
Average number of shares, 000	11,565	11,565
There is no dilution effect because there are no potential shares		
Property-related, continuing operations		
Book value of properties, SEK M	625	552
Property yield, %	3.7	3.8
Leasable area, sq. m.	40,723	40,723
Rental revenue, SEK per sq. m.	661	678
Operating surplus, SEK per sq. m.	570	516
Economic occupancy rate, %	96.9	96.9
Operating surplus margin, %	87.2	76.1

PARENT COMPANY INCOME STATEMENT, CONDENSED

SEK M	Actual 2012 Apr-Jun	Actual 2011 Apr-Jun	Actual 2012 Jan-Jun	Actual 2011 Jan-Jun	Actual 2011 Jan-Dec
Rental revenue	-	-	-	-	-
Operating expenses	-	-	-	-	-
Operating surplus	-	-	-	-	-
Other operating income	1.0	1.1	2.0	2.1	4.1
Other operating expenses	-	-0.4	-	-0.4	-
Central administration	-1.6	-6.9	-3.3	-12.2	-16.6
Operating profit	-0.6	-6.2	-1.3	-10.5	-12.5
Profit/loss from sale of subsidiary	-	-	-	-10.3	-10.8
Net financial items	1.5	-0.9	2.5	1.0	22.3
Profit/loss after financial items	0.9	-7.1	1.2	-19.8	-1.0
Profit before tax	0.9	-7.1	1.2	-19.8	-1.0
Taxes	-0.2	2.3	-0.3	2.9	-1.7
Net/profit loss for the period	0.7	-4.8	0.9	-16.9	-2.7

PARENT COMPANY BALANCE SHEET, CONDENSED

SEK M	Actual 2012 30 Jun	Actual 2011 30 Jun	Actual 2011 31 Dec
Assets			
Financial assets	481	473	481
Current assets	9	2	2
Cash and cash equivalents/investments in securities, etc.	44	103	85
Total assets	534	578	568
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	51	51	51
Statutory reserve	10	10	10
<i>Non-restricted equity</i>			
Accumulated profit or loss	102	815	128
Net profit/loss for the period	1	-12	-3
Total equity	164	172	186
Provisions	10	8	10
Current liabilities	360	398	372
Total equity and liabilities	534	578	568
	30 Jun 2012	30 Jun 2011	31 Dec 2011
Pledged assets	20	20	20
Contingent liabilities			
Guarantee commitment, FPG/PRI	0.2	0.2	0.1

DEFINITIONS

Returns are restated on a full-year basis in interim financial statements without consideration to seasonality.

Return on equity

Profit after tax for the period as a percentage of average equity.

Return on total capital

Profit before tax for the period plus interest expenses as a percentage of average total assets.

Loan to value ratio, properties

Interest-bearing liabilities in relation to the book value of properties.

Property yield

Annualized operating surplus as a percentage of the book value of properties at the end of the period.

Operating surplus per sq. m.

Annualized operating surplus divided by leasable area.

Equity per share

Equity at the end of the period in relation to the number of shares at the end of the period.

Economic occupancy rate

Rental revenue as a percentage of rental value.

Property expenses

Operating expenses, repair and maintenance expenses, site leasehold charges/ground rents, property tax and property administration.

Book value of properties

Book value of buildings, land, construction in progress and fixtures and fittings.

Rental revenue

Rents charged including supplements such as compensation for property tax etc.

Rental revenue per sq. m.

Annualized rental revenue divided by leasable area.

Rental value

Actual rental revenue and potential rental revenue for vacant premises estimated by Catena.

Management income per share after standard rate tax

Management income for the period less 26.3% tax, divided by the average number of shares.

Cash flow from operating activities per share

Management income for the period divided by the number of shares outstanding at year-end.

Interest coverage ratio

Profit before tax plus financial expenses and plus/minus unrealized value changes divided by financial expenses.

Debt/equity ratio

Interest-bearing liabilities divided by equity.

Equity/assets ratio

Reported equity as a percentage of total assets.

Leasable area

Total area available for letting.

Operating surplus margin

Operating surplus as a percentage of rental revenue.

Catena is publishing the information in this Interim Report in accordance with the Swedish Securities Markets Act (2007:528).

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The figures stated in this Interim Report have been rounded, while computations have been performed without rounding. This implies that the totals in certain tables may not appear accurate.

N.B. This is a translation from Swedish. The Swedish version shall always take precedence.