

INTERIM REPORT JANUARY – JUNE 2013



The office building in the centre will be the new entrance to Solna from the E4 highway, here shown from the northwest.

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Second quarter

- Rental revenue SEK 6.6 M (6.6)
- Operating profit SEK 38.4 M (3.8)
- Profit before tax SEK 36.8 M (1.4)
- Profit after tax SEK 29.0 M (1.1), corresponding to SEK 2.51 per share (0.09)
- Unrealised changes in property value SEK 34.3 M (-0.5)
- Investments SEK 0.5 M (0.5)

Period January-June

- Rental revenue SEK 13.3 M (13.3)
- Operating profit SEK 43.0 M (22.6)
- Profit before tax SEK 39.6 M (17.9)
- Profit after tax SEK 31.2 M (13.3), corresponding to SEK 2.70 per share (1.15)
- Unrealised changes in property value SEK 34.3 M (14.3)
- Investments SEK 0.7 M (0.7)

CEO Andreas Philipson comments

The business remained stable in the first half of 2013. The differences in result compared to the same period last year are primarily due to an increase in property values in the quarter of more than 34 million SEK. The estimated increase in value is essentially due to reduced risk factors as our plans continue to materialise.

Our zoning plan was appealed at the beginning of the year concerning noise pollution and particle levels. During this quarter, we have worked to ensure that the appeal process will run as smoothly as possible. Catena is focused on a strong environmental profile for the new Haga Norra. Our aim is to meet all requirements to ensure the best environment. Based on our test measurements as well as the environmental precautions we have included in the zoning plan, I feel confident that we will reach the required limits when the expansion is completed.

Preparations continued in order to identify future commercial tenants for our properties.

The level of activity and interest for what is happening in the local area remained strong during the quarter, including the developments at Arenastaden and the continued expansion of the hospital New Karolinska in Hagastaden. When New Karolinska held an open house, approximately 1,000 visitors showed up. The range of future offerings in Haga Norra and its surroundings in terms of jobs, housing, shopping, entertainment and leisure makes our location very interesting.

THE GROUP'S REVENUE, EXPENSES AND EARNINGS

Second quarter

In the second quarter, rental revenue amounted to SEK 6.6 M (6.6). Property expenses were SEK 0.9 M (0.7) while the operating surplus was SEK 5.7 M (5.9). Administration costs amounted to SEK 1.6 M (1.6).

Change in property value amounted to SEK 34.3 M (-0.5) in the quarter. At June 30, 2013 the property value was appraised to a total of SEK 885 M. This value includes investments made in the second quarter 2013 of SEK 0.5 M.

Operating profit amounted to SEK 38.4 M (3.8) while financial net items were SEK -1.6 M (-2.4).

Profit before tax was SEK 36.8 M (1.4).

Current tax amounted to SEK -0.3 M (-0.4) and deferred tax was SEK -7.5 M (0.1).

Six months

In the period January-June, rental revenue amounted to SEK 13.3M (13.3). Property expenses were SEK 1.7 M (1.7) while the operating surplus was SEK 11.6 M (11.6). Administration costs amounted to SEK 2.9 M (3.3).

Change in property value amounted to SEK 34.3 M (14.3) in the period. Property investments made in the period amounted to SEK 0.7 M (0.7).

Operating profit amounted to SEK 43.0 M (22.6) while financial net items were SEK -3.4 M (-4.7).

Profit before tax was SEK 39.6 M (17.9). Current tax amounted to SEK -0.9 M (-0.8) and deferred tax was SEK -7.5 M (-3.8).

Properties

The group's property portfolio consists of two properties in Haga Norra in Solna, Stockholm. These properties have a leasable area of 40 723 sq. m. Total rental revenue as of June 30, 2013 amounted to SEK 28.1 M (28.7). The economic occupancy rate amounted to 96.9 % (96.9).

Valuation and applied valuation method

The fair value recognised in the balance sheet consists essentially of an appraised value of potential development rights that can be realised by the zoning work that is under way for the properties. The development rights cover residential and commercial properties for Stora Frösunda 2 and Hagalund 2:2 in the City of Solna.

The valuation method applied for the development rights is based on a location price method, with values estimated through comparisons with land allocation contracts and agreements on transferring potential development rights in Stockholm and Stockholm suburbs. After an assessment where the location of Catena's potential development rights has been compared to similar projects, the estimated costs for demolition, planning, etc. have been deducted. Deductions have also been made for processing periods and the assessed risk associated with the potential development rights. A small part of the total appraised fair value consists of the present value of the operating profit generated from current usage of the property.

The estimated total fair value of the properties amounts to about SEK 885 M, compared with SEK 850 M at the end of the first quarter. The estimated increase in value is essentially due to reduced risk factors as our plans continue to materialise. Given that the zoning plan has not been finalised legally, these estimates are still subject to some uncertainty.

Beyond what is presented in this interim report, no other significant changes to valuation and valuation methods have taken place, compared to the review in the Annual Report.

Financing

At June 30 2013, 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 on May 2, 2014.

The average fixed-interest period as of June 30, 2013 was 0.3 years (0.3). Average interest rate was 2.1 % (3.01).

Catena only has loans in Swedish krona.

Equity

Equity amounted to SEK 501 M (287) at June 30, 2013, and the equity/assets ratio was 52.9 % (40.4). Over the long term, the equity/assets ratio should be in the 25-35 % range.

Liquidity

At June 30 2013, cash and cash equivalents, which comprise cash and bank deposits, were SEK 49 M (52) of which blocked funds were SEK 20.6 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.

Interest rate and loan maturity structure at June 30, 2013

	Loan amount	Maturity Average interest rate	Share	Credit agreements	Maturity Utilised	Share
Maturity, year	SEK m	%	%	SEK m	SEK m	%
2014	306.4	2.01	100.0	306.4	306.4	100.0
Total	306.4	2.32	100.0	306.4	306.4	100.0

ORGANISATION

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 (2) employees.

The Annual General Meeting adopted the nomination committee's proposal to re-elect board members Henry Klotz, Christer Sandberg, Bo Forsén and Lennart Schönning and elect Katarina Wallin as new board member. Henry Klotz was re-elected as Chairman.

THE CATENA SHARE

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

The closing price on June 30, 2013 was SEK 85 per share, corresponding to market capitalization of some SEK 983 M.

At June 30 2013, there were 11,564,500 shares in Catena, held by some 15,500 shareholders.

Shareholders at June 28 2013	No. of shares	Vote (%)
Endicott Sweden AB (CLS Holdings plc)	3,469,349	29.9
Fabege	3,469,342	29.9
Catella fondförvaltning	1,385,266	12.0
Livförsäkrings AB Skandia (publ)	277,374	2.4
Banque Carnegie Luxembourg SA	189,118	1.6
CBNY-DFA-INT SML CAP V	100,232	0.9
Swedbank Robur funds	60,208	0.5
Mellon US Tax Exempt Account	59,300	0.5
Handelsbanken funds	56,815	0.5
CBNY-DFA-CNTL SML CO S	56,202	0.5
Total 10 largest	9,123,206	78.9
Other	2,441,294	21.1
Total	11,564,500	100.0

ACCOUNTING PRINCIPLES

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 Accounts Act for the group and in accordance with the Swedish Annual Accounts Act for the parent company. Accounting principles and computation methods are unchanged from those applied in the most recent Annual Report.

RISKS AND UNCERTAINTY FACTORS

Catena is subject to a number of risks factors that can affect the company's operations, profit and the value of its properties. Among these risks are risks in rental agreements, changes in operating and maintenance costs, interest and financial risks as well as taxes. Properties in the balance sheet are recognised at fair value. Changes in value are recognised in the income statement. This means that the effects on Catena's balance sheet and income statement become more volatile, affecting for example consolidated earnings, equity/assets ratio and loan to value ratio.

Value changes

Beyond what is stated in this interim report, no significant changes have occurred compared with the statements in the annual report.

CONSOLIDATED INCOME STATEMENT, CONDENSED

SEK m	2013 Apr-Jun	2012 Apr-Jun	2013 Jan-Jun	2012 Jan-Jun	2012 Jan-Dec
Continuing operations					
Rental revenue	6.6	6.6	13.3	13.3	26.6
Operating expenses	-0.2	-0.1	-0.2	-0.2	-0.6
Repair and maintenance expenses	-0.1	-	-0.2	-0.2	-0.8
Property tax	-0.6	-0.6	-1.3	-1.3	-2.7
Operating surplus	5.7	5.9	11.6	11.6	22.5
Other operating income	-	-	-	-	-
Other operating expenses	-	-	-	-	-
Central administration	-1.6	-1.6	-2.9	-3.3	-5.7
Properties, unrealized value changes	34.3	-0.5	34.3	14.3	238.5
Operating profit	38.4	3.8	43.0	22.6	255.3
Net financial items	-1.6	-2.4	-3.4	-4.7	-8.8
Profit before tax	36.8	1.4	39.6	17.9	246.5
Current tax	-0.3	-0.4	-0.9	-0.8	-1.2
Deferred tax	-7.5	0.1	-7.5	-3.8	-38.8
Profit after tax for the period	29.0	1.1	31.2	13.3	206.5
Profit per share*	2.51	0.09	2.70	1.15	17.86

*) There is no dilution effect and no potential shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2013 Apr-Jun	2012 Apr-Jun	2013 Jan-Jun	2012 Jan-Jun	2012 Jan-Dec
Profit after tax for the period	29.0	1.1	31.2	13.3	206.5
<i>Other comprehensive income for the period</i>	-				
Actuarial profit/loss	-	-	-	-	0.1
<i>Total other comprehensive income</i>	-	-	-	-	0.1
Total comprehensive income for the period	29.0	1.1	31.2	13.3	206.6

CONSOLIDATED BALANCE SHEET, CONDENSED

SEK m	Outcome June 30 2013	Outcome June 30 2012	Outcome Dec 31 2012
Assets			
Investment properties	885	625	850
Current receivables	15	33	16
Cash and cash equivalents/investments in securities etc.	49	52	58
Total assets	949	710	924
Equity and liabilities			
Equity	501	287	481
Provisions	127	85	120
Interest-bearing liabilities	306	306	306
Non-interest-bearing liabilities	15	32	17
Total equity and liabilities	949	710	924
Pledged assets	June 30 2013	June 30 2012	Dec 31 2012
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	0.2

CHANGES IN CONSOLIDATED EQUITY, CONDENSED

SEK m	Outcome 2013 Jan-Jun	Outcome 2012 Jan-Jun	Outcome 2012 Jan-Dec
Opening equity	481	297	297
Dividend	-11	-23	-23
Comprehensive income for the period	31	13	207
Closing equity	501	287	481

CONSOLIDATED CASH FLOW, CONDENSED

SEK m	Outcome 2013 Jan-Jun	Outcome 2012 Jan-Jun	Outcome 2012 Jan-Dec
Profit before tax	39	13	246
Adjustment for non-cash items	-34	-14	-239
Tax paid	-1	-1	-1
Change in working capital	-1	-17	-18
Cash flow from operating activities	3	-19	-12
Changes in investment properties/property, plant and equipment	-1	-	-1
Cash flow from investing activities	-1	-	-1
Paid dividend	-11	-23	-23
Change in interest-bearing liabilities	-	-	-
Cash flow from financing activities	-11	-23	-23
Cash flow for the period	-9	-42	-36
Total cash flow for the period	-9	-42	-36
Cash and cash equivalents at the beginning of the period	58	94	94
Cash and cash equivalents at the end of the period	49	52	58

KEY RATIOS, GROUP

SEK m	Outcome 2013 Jan-Jun	Outcome 2012 Jan-Jun
Financial		
Return on equity, %	11.8	9.1
Return on total equity, %	9.2	6.7
Equity/assets ratio, %	52.9	40.4
Interest coverage ratio, multiple	2.6	1.7
Loan to value ratio, properties, %	34.6	49.0
Debt/equity ratio, multiple	0.6	1.1
Share-related		
Earnings per share for the period, SEK	2.70	1.16
Profit before tax per share for the period, SEK	3.42	1.55
Operating profit per share for the period, SEK	3.72	1.95
Equity per share, SEK	43.27	24.82
Dividend per share, SEK	1.00	2.00
Number of shares at the end of the period, thousands	11,565	11,565
Average number of shares, thousands	11,565	11,565
There is no dilution effect		
Property-related, continuing operations		
Book value of the properties, SEK m	885	625
Property yield, %	2.7	3.7
Leasable area, sq. m.	40,723	40,723
Rental revenue, SEK per sq. m.	661	661
Operating surplus, SEK per sq. m.	570	570
Economic occupancy rate, %	96.9	96.9
Operating surplus margin, %	87.2	87.2

PARENT COMPANY INCOME STATEMENT, CONDENSED

SEK m	Outcome 2013 Apr-Jun	Outcome 2012 Apr-Jun	Outcome 2013 Jan-Jun	Outcome 2012 Jan-Jun	Outcome 2012 Jan-Dec
Rental revenue	-	-	-	-	-
Operating expenses	-	-	-	-	-
Operating expenses	-	-	-	-	-
Other operating income	1.0	1.0	2.0	2.0	4.1
Other operating expenses	-	-	-	-	-
Central administration	-1.8	-1.6	-3.0	-3.3	-5.9
Operating profit	-0.8	-0.6	-1.0	-1.3	-1.8
Financial net items	0.8	1.5	1.5	2.5	8.4
Profit/loss after financial items	0.0	0.9	0.5	1.2	6.6
Profit before tax	0.0	0.9	0.5	1.2	6.6
Tax	0.0	-0.2	-0.1	-0.3	-1.7
Net profit/loss for the period	0.0	0.7	0.4	0.9	4.9

PARENT COMPANY BALANCE SHEET, CONDENSED

SEK m	Outcome 2013 June 30	Outcome 2012 June 30	Outcome 2012 Dec 31
Assets			
Financial assets	57	481	57
Current assets	450	9	442
Cash and cash equivalents/investments in securities etc.	26	44	43
Total assets	533	534	542
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/loss	96	102	102
Net profit/loss for the period	0	1	5
Total equity	157	164	168
Provisions	10	10	10
Current liabilities	366	360	364
Total equity and liabilities	533	534	542
	June 30	June 30	Dec 31
Pledged assets	2013	2012	2012
Blocked account	20	20	20
Contingent liabilities			
Guarantee commitment FPG/PRI	0.2	0.2	0.2

DEFINITIONS

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

Return on equity

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

Return on total capital

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

Loan to value ratio, properties

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

Property yield

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

Operating surplus per sq. m.

Annualised 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.

Annualised 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 22.0% 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.

Lettable 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.