

## INTERIM REPORT JANUARY – SEPTEMBER, 2010



**Stora Frösunda (Haga Norra), Solna – Illustration from program to the local plan**

*Catena shall own, effectively manage and actively develop commercial real estate in prime locations that offer the potential to generate steadily growing cash flow and healthy value growth. Catena's overriding objective, based on its focused orientation, is to provide shareholders with a favorable, long-term total return by being one of the leading players focusing on commercial real estate in a number of strategic locations.*





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- **Rental revenue** during the period totaled SEK 117.7m (118.5).
- **Income from property management** amounted to SEK 73.2m (62.9), or SEK 6.33 per share (5.44).
- **Profit before tax** for the period was SEK 219.3m (12.7).
- **Profit after tax** for the period amounted to SEK 150.0m (10.5), or SEK 12.97 per share (0.91).
- **Realized change in value** included in profit before tax amounted to SEK 17.2m (0.0)
- **Unrealized change in value** amounted to a profit of SEK 128.9m (loss: 50.2), for which property accounts for a profit of SEK 121.7m (loss: 47.0) and derivatives for a profit of SEK 7.2m (loss: 3.2).
- **Investments** in existing portfolio amounted to SEK 12m (30) during the period.

The above information pertains to continuing operations, meaning following divestment of the Norwegian property portfolio.

Profit before tax for the period including the divestment of the Norwegian property portfolio amounted to SEK 253.5m (64.7).

### **Peter Hallgren, President and CEO:**

- *The unrealized change in value of SEK 122m is largely attributable to Haga Norra, where work on a new local plan is progressing according to plan.*
- *The change in the focus of Catena's operations that was announced signifies that there will be no new property acquisitions in the immediate future. However, efforts to improve the current portfolio will continue in cooperation with old and new tenants.*
- *Work to examine the prerequisites for the possible divestment of parts of Catena's property portfolio has commenced.*

## **FOCUS ON COMMERCIAL REAL ESTATE**

Catena is a real estate company that focuses on properties in external retailing locations. The real estate portfolio is located in three growth regions: Stockholm, Göteborg and Öresund.

## **SUMMARY OF STRATEGY AND DIRECTION**

Catena shall:

- Actively manage the real estate portfolio, focusing on stimulating long-term customer relationships by offering attractive premises in close cooperation with our tenants.
- Actively improve and develop the real estate portfolio by identifying and implementing value-adding measures that increase the properties' attractiveness and yield, with due consideration of risk.
- Divest properties for which the potential to create additional value growth is deemed limited.

## **FINANCIAL TARGETS**

Over a business cycle, Catena aims to achieve the following targets:

- Return on shareholders' equity that exceeds the risk-free interest by not less than 5 percentage points<sup>1</sup>.
- Interest coverage ratio not less than 1.75.
- Equity/assets ratio not lower than 25% and not higher than 35%.

## **DIVIDEND POLICY**

Long-term, Catena's dividend shall amount to 75% of the income from property management<sup>2</sup> after tax<sup>3</sup>.

## **REVENUES, EXPENSES AND EARNINGS**

*The figures in parentheses show the corresponding period for the preceding year. For definitions, see Catena's website [www.catenafastigheter.se](http://www.catenafastigheter.se).*

## **GROUP**

### **Rental revenue**

Rental revenue amounted to SEK 117.7m (118.5). The decrease compared with the year-

earlier period is primarily due to a weaker DKK in 2010, compared with 2009. Some 82.3 percent (86.9) of rental revenue derives from the Bilia Group.

The revenue-based occupancy rate totaled 97.4 percent (97.2) on October 1, 2010. The total rental value of vacant premises was estimated to amount to an annual SEK 4.1m (5.9). The average lease term was 7.8 years (8.7).

### **Property expenses**

Property expenses totaled SEK 18.4m (18.4). Of total property expenses, operating expenses increased by SEK 1.0m compared to year 2009, mainly due to increased expenses for snow clearing. Repair and maintenance expenses decreased by SEK 0.1m compared with the preceding year. Property tax and leasehold fees remained unchanged. Property administration decreased SEK 0.8m compared to year 2009.

### **Operating surplus**

The operating surplus for the year was SEK 99.3m (100.1).

### **Other operating revenues**

Other operating revenues of SEK 0.4m (0.2) consist of consulting fees of SEK 0.1m (0.1), and invoicing forwarded to tenants in respect of work completed, in the amount of SEK 0.3m (0.1).

### **Other operating expenses**

Other operating expenses comprise SEK 0.3m (0.2) for work-related costs that were passed on to tenants and SEK 1.0m (0.0) in compensation paid for interruptions experienced by tenants. Preceding year also included consulting fees of SEK 0.2m .

### **Central administration**

Expenses relating to central administration totaled SEK 8.7m (8.3). This item includes costs for Group Management and other central functions.

### **Net financial items**

Net financial items amounted to an expense of SEK 16.5m (28.7). The annual average interest rate, including derivative instruments, was 2.46 percent (2.61) on the closing date. Financial instruments limit the impact of interest-rate movements on the Group's borrowing costs. During the period, interest paid was capitalized

<sup>1</sup> Risk-free interest is defined as interest on a five-year Swedish Government bond.

<sup>2</sup> Profit after financial items excluding realized and unrealized changes in value.

<sup>3</sup> Profit after financial items charged with 26,3% standard tax.

in the amount of SEK 0.0m (0.4) for current construction projects. During the second quarter all loans regarding the Danish properties have been solved.

#### Financial items

SEK m	2010		2009	
	July-Sept	July-Sept	Jan-Sept	Jan-Sept
Interest income	0.8	0.0	2.6	0.8
Interest expenses	-6.3	-8.1	-20.1	-29.5
Net exchange rate fluctuations	-0.1	0.0	1.0	0.0
<b>Net financial items</b>	<b>-5.6</b>	<b>-8.1</b>	<b>-16.5</b>	<b>-28.7</b>

### Income from property management

Income from property management totaled SEK 73.2m (62.9).

### Changes in value

#### Properties

The Group's Swedish and Danish properties were internally valued at closing date using externally obtained information on the Swedish and Danish property markets. However, Stora Frösunda 2 (Haga Norra) has been valued externally. The recognized change in value pertains largely to the potential building rights that may be facilitated through the local plan work in progress at Haga Norra.

The internal rate of return on net operating income and the yield applied in the calculation of residual value (residual value yield) were mostly unchanged in Sweden and Denmark. The internal rate of return on net operating income varies from 6.6 to 10.2 percent and for the residual value yield from 6.25 to 8.50 percent. Refer to Catena's Annual Report for 2009 for more detailed information on the valuation methods.

#### Change in book value of the properties

SEK m	2010		2009	
	Jan.-Sep.	Jan.-Sep.	Jan.-Sep.	Jan.-Sep.
Book value at the beginning of period	2,472	2,354		
Value changes	122	-		
Investments in existing portfolio	12	34		
Divestments	-604	-		
Currency effect	-9	29		
<b>Book value at the end of period</b>	<b>1,993</b>	<b>2,417</b>		

### Property divestments

In addition to the recognized divestment of the Norwegian property portfolio below, Catena divested a property in Denmark during the period. The buyer took possession of this property on June 1, 2010. The realized profit totaled SEK 17.2m (0.0).

### Financial derivatives

Catena deploys interest swaps to achieve the interest rate structure stipulated in the Group's finance policy. The value of interest-rate swaps increases or decreases in line with the divergence in the interest rate from the corresponding market interest rate and with the remaining time to maturity. The unrealized value of the aforementioned interest-rate swaps resulted in a deficit of SEK 6.2m (loss: 22.7) on the closing date, of which, the change in value for the period resulted in an increase of SEK 7.2m (decrease: 3.2). Hedge accounting is not applied. The unrealized changes of value have no impact on the cash flow statement.

### Value change

As a result of its property holdings in Denmark, the Group is exposed to the currency of this country.

### Taxes

Current tax paid for the period amounted to SEK -33.2m (-0.5) and deferred tax amounted to SEK -36.1m (-1.7).

### Profit after tax for the period from continuing operations

Profit after tax from continuing operations amounted to SEK 150.0m (10.5) for the period.

### Divested operations

Total profit from divested operations (the Oslo-region) after tax totaled SEK 103.5m (54.2), of which capital gain from divestment was SEK 39.0m (0.0) and dissolution of deferred tax amounted to SEK 58.5m (0.0)

### Profit after tax for the period

The profit after tax for the period totaled SEK 253.5m (64.7).

### Other comprehensive income for the period

Other comprehensive expense amounted to SEK 12.0m (income: 12.1) and consisted of the revaluation of expanded net investments of SEK 11.7m (expense: 0.7) and translation reserve expense of SEK 18.8m (income: 12.8). The translation reserve that was transferred to this year's earnings due to the divestment of the Norwegian subsidiary represented an expense of SEK 4.9m (0.0).

## Comprehensive income for the period

Comprehensive income for the period amounted to SEK 241.5m (76.8).

## RISKS AND UNCERTAINTY FACTORS

### General

Catena is exposed to a number of risks that may affect the company's business and earnings, as well as the value of property. Through its holding of properties in Denmark, the income statement and balance sheet can also be affected by fluctuations in the currency of this country against the Swedish krona. Included among other risks are risks in leases, changes in operation and maintenance expenses and interest and financing risks, valuation of properties and taxes. Investment properties are reported on the balance sheet at fair value and changes in value of these properties are reported in the income statement. This means that the effects of Catena's income- and balance statements become more volatile, affecting in particular the Group's earnings, equity/assets ratio and loan-to-value ratio.

### Value change

For quarterly financial reports, the Group's investment properties are generally valued internally, with externally obtained yield requirements. For annual reports, valuation is external. The same valuation principles were used for the quarterly report as for year-end 2009. Property valuation is linked with assumptions about the future, meaning that the value interval can amount to +/- 5-10 percent at the property level.

The value of the Group's interest swaps is obtained externally. The value of these instruments varies with the agreed interest rate.

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

For additional information about risks and uncertainty factors, refer to Catena's 2009 Annual Report, pages 18-19 and page 54.

### Parent Company

The Parent Company is exposed to the aforementioned risks through liabilities to foreign subsidiaries, loans and financial derivatives.

## PARENT COMPANY

The operations of the Parent Company, Catena AB, primarily consist of Group-wide functions and management of the Group's subsidiaries.

The Parent Company's operating revenue is 100 percent (100) derived from billing for internally provided services.

### Current earnings capacity

With the aim of providing a current view of the Catena Group's earnings capacity regarding income from property management on a 12-month basis, the income statement below was prepared. It is important to note that this income statement is not to be equated with a forecast. For example, the income statement does not contain any assessments regarding future occupancy rate, rent and interest-rate trends or changes in value.

Earnings capacity on a 12-month basis at September 30, 2010 has been determined in accordance with the following:

- Rental revenue is contractual rental revenue as of October 1, 2010 on an annual basis with the addition for estimated market rent for vacant premises. Given rent reduction have not been divided into periods.
- Property expenses pertain to operating and maintenance expenses, property taxes and leasehold fees with the addition of property administration based on actual outcome in the past year adjusted for holding period.
- Central administration has been based on actual outcome for the most recent 12 months.
- Net financial items have been calculated based on interest-bearing liabilities and assets. Expenses for interest-bearing liabilities are based on the Group's average interest-rate level at September 30, 2010.
- Other operating revenues/expenses have not been taken into account.

### Current earnings capacity

	2010
SEK m	Sept. 30
Rental value	160
Vacancies	-4
Rental income	<b>156</b>
Property costs	-23
Net operation income	<b>133</b>
Central administration	-12
Net financial items	-21
Income from property management	<b>100</b>

## PROPERTIES

The Group's real estate portfolio consists of commercial premises located in the Stockholm, Gothenburg and Öresund regions.

On September 30, 2010, the real estate portfolio consisted of 26 properties, of which four are held on leasehold, with a rentable area of 192,967 square meters.

The properties are booked at a carrying amount of SEK 1,939m, which corresponds to the properties' estimated market value. On October 1, 2010, the rental value totaled SEK 159.6m. Contracted rental revenue on a yearly basis amounted to SEK 158.1m, of which SEK 2.6m pertained to rental agreements that have not yet come into effect. The revenue-related occupancy rate was 97.4 percent.

### Property investments/acquisitions

Investments in current properties amounted to SEK 12m. This amount pertains primarily to construction and rebuilding.

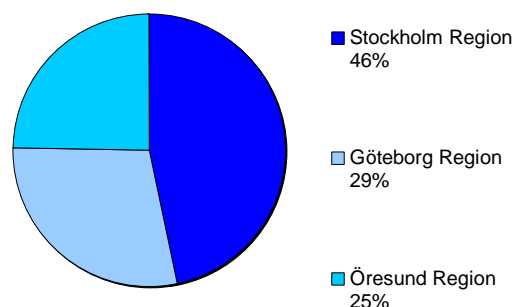
### Lease-duration structure as of October 1, 2010

Expiry, year	No. of agreements	Leased floor space, sq.m	Contracted rental revenue	
			SEKm	Proportion, %
2010	3	1,166	1.1	0.7
2011	8	3,141	2.0	1.3
2012	17	9,909	9.5	6.0
2013	5	11,668	8.0	5.1
2014	9	36,656	29.2	18.4
2015	2	6,516	4.7	3.0
2016	3	3,830	4.1	2.6
2017	5	17,052	14.0	8.9
2018	1	3,688	6.4	4.1
2019	2	22,034	19.0	12.0
2020	0	0	0.0	0.0
2021	3	47,829	36.1	22.7
2022	3	27,710	24.0	15.2
<b>Total</b>	<b>61</b>	<b>191,199</b>	<b>158.1</b>	<b>100.0</b>

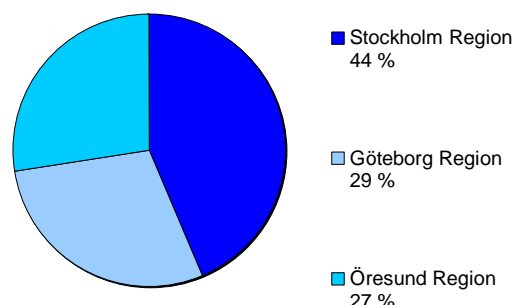
Average lease-duration is 7.8 years

In the tables, the items Contracted rental revenue and Maturity structure include granted rent discounts and signed leases, which have not yet entered into effect. However, the granted rent discounts have not been accrued over the lease term.

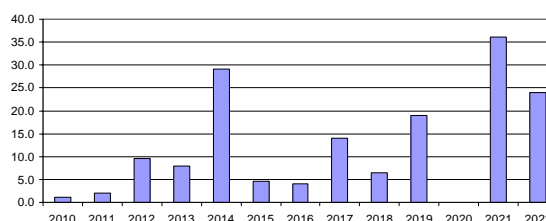
### Book value (totalled SEK 1,993m) by region as of September 30, 2010



### Rental value (totalled SEK 159.6m) by region as of October 1, 2010



### Maturity structure, leases, as of October 1, 2010 (SEKm)<sup>1)</sup>



Maturity structure excluding deviation possibilities in general agreements with Bilia.

1) The framework agreement covers seven properties, which combined comprise 17.60% of the total rental value at October 1, 2010. This agreement gives Bilia the possibility of vacating spaces corresponding to a maximum of two thirds of the aggregate base rent payable as of December 31, 2011 and all spaces covered by the framework agreement as of December 31, 2014. The framework agreement thereby expires. Under the framework agreement, the tenant is not entitled to leave spaces at times other than those stated above.

## FINANCING

### Shareholders' equity

Shareholders' equity at September 30, 2010 totaled SEK 1,058m (822) and equity/assets ratio was 44.6 percent (33.3). Over the long term, the equity/assets ratio should remain in the range of 25 – 35 percent.

### Liquidity

Cash and cash equivalents and short-term investments as of September 30, 2010 totaled SEK 371m (40). In addition to cash and cash equivalents, the Group has SEK 75m (75) in unutilized overdraft facilities.

### Interest-bearing liabilities

As of September 30, 2010 Catena had long-term loan agreements amounting to SEK 1,052m. In addition to these credit agreements, Catena also has an overdraft facility of SEK 75m (75).

As of September 30, 2010, interest-bearing liabilities totaled SEK 1,052m (1,358). The average outstanding fixed credit period was 1.4 (1.5) years on September 30, 2010.

The average fixed-interest period at September 30, 2010 was 0.3 years (0.9). The average rate of interest was 2.46 percent (2.61).

This fixed-interest period was achieved by using swap agreements to extend outstanding loans with short fixed-interest periods.

A change in market rate of interest of  $\pm 1$  percent impacts on Catena's interest expenses  $\pm$  SEK 8.0m.

Catena only has loans denominated in SEK.

### Provisions

Provisions of SEK 168m (223) consist of provisions for deferred tax of SEK 155m (209).

#### Term structure of interest rates at September 30, 2010

Maturity, year	Loan amount SEK m	Av. interest rate %	Share %
Floating	791.7	2.04	75.2
2010	-	-	-
2011	130.0	3.70	12.4
2012	130.0	3.79	12.4
2013	-	-	-
<b>Summa</b>	<b>1,051.7</b>	<b>2.46</b>	<b>100.0</b>

## CATENA SHARE

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

The last price paid on September 30, 2010 was SEK 179.50 per share, corresponding to a market capitalization of about SEK 2,076m.

As of September 30, 2010, the number of shares in Catena was 11,564,500 distributed among 17,000 owners.

Shareholders on Sep. 30, 2010	Number of shares	Voting rights (%)
Endicott Sweden AB (CLS Holding plc)	3,389,000	29.3
Erik Selin gruppen	2,476,688	21.4
PEAB AB	2,240,900	19.4
Skandia Liv	289,400	2.5
Banque Carnegie Luxembourg SA	171,921	1.5
CBNY-DFA-INT SML CAP V	109,825	0.9
Mellon US Tax Exempt Account	75,250	0.7
Swedbank Robur fonder	60,208	0.5
CBNY-DFA-CNTL SML CO S	56,762	0.5
Verdipapirfondet Odin Eiendom	53,621	0.5
<b>Total, 10 largest shareholders</b>	<b>8,923,575</b>	<b>77.2</b>
Other shareholders	2,640,925	22.8
<b>Total</b>	<b>11,564,500</b>	<b>100.0</b>

## ORGANIZATION

### Legal structure

Catena AB, corporate registration number 556294-1715, is the Parent Company of the Catena Group. The Danish properties are wholly owned by the Danish company. The Swedish properties, except one, are owned by 13 wholly owned Swedish subsidiaries.

### Personnel

Of the 10 (11) employees, 2 (3) are women.

Senior management and the finance function are located in Göteborg and consist of a total of seven employees. In addition, there are administrative personnel in Göteborg, Stockholm, and Malmö.

#### Loan-maturity structure at September 30, 2010

Credit agreements SEK m	Utilized SEK m	Share %
-----	-----	
60.0	60.0	5.7
396.7	396.7	37.7
350.0	350.0	33.3
245.0	245.0	23.3
<b>1,051.7</b>	<b>1,051.7</b>	<b>100.0</b>



## **ACCOUNTING PRINCIPLES**

Catena applies the IFRS standards as adopted by the EU and the interpretations of them (IFRIC). This interim report was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in accordance with the Swedish Annual Accounts Act. The accounting principles and computation methods comply with those applied in the most recent annual report.

During the year, new standards and interpretations, as well as amendments to standards and interpretations did not have any impact on the Group's financial statements.

## **CALENDAR**

Year-end report	February 23, 2011
Annual General Meeting	April 14, 2011

This interim report has been reviewed by the company's auditors. The Review Report is on page 15.

Göteborg, October 27, 2010

**Catena AB (publ)**

*Peter Hallgren*  
*President*

## **EVENTS AFTER THE END OF THE REPORT PERIOD**

After the end of the period, Catena decided to examine the prerequisites for the divestment of parts of the company's property portfolio, and to increase focus on developing the company's most attractive properties, such as the Haga Norra property in Solna.

At the Extraordinary Meeting on October 12, it was resolved to pay a dividend of SEK 26.00 per share, totaling SEK 300,677,000. At this Meeting, two new Board members were also elected. At the same time, the Company's President resigned from the Board.

This information is such that Catena AB (publ) must release it publicly in accordance with the Swedish Securities and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was released to the public on October 27, 2010 at 08.15 a.m.

## Consolidated income statement

SEK m	Result	Result	Result	Result	Result
	2010	2009	2010	2009	2009
	Jul.-Sep	Jul.-Sep	Jan.-Sep.	Jan.-Sep.	Jan.-Dec.
<b>Continuing operations</b>					
Rental revenue	38.4	40.7	117.7	118.5	158.1
Operating expense	-0.5	-0.5	-3.1	-2.1	-2.6
Repair and maintenance expenses	-1.6	-2.1	-4.9	-5.0	-7.1
Property tax	-1.7	-1.9	-5.6	-5.7	-7.6
Ground rent	-0.6	-0.6	-1.7	-1.7	-2.1
Property administration	-1.1	-1.3	-3.1	-3.9	-5.1
<b>Net operating income</b>	<b>32.9</b>	<b>34.3</b>	<b>99.3</b>	<b>100.1</b>	<b>133.6</b>
Other operating income	0.1	-	0.4	0.2	4.1
Other operating expenses	-	-	-1.3	-0.4	-3.2
Central administration	-2.1	-1.8	-8.7	-8.3	-11.5
<b>Operating profit</b>	<b>30.9</b>	<b>32.5</b>	<b>89.7</b>	<b>91.6</b>	<b>123.0</b>
Net financial items	-5.6	-8.1	-16.5	-28.7	-35.2
<b>Income from property management</b>	<b>25.3</b>	<b>24.4</b>	<b>73.2</b>	<b>62.9</b>	<b>87.8</b>
<b>Changes in value</b>					
Properties, realized	-0.8	-	17.2	-	-
Properties, unrealized	53.7	-1.7	121.7	-47.0	-53.0
Financial derivatives, unrealized	2.3	1.3	7.2	-3.2	-1.7
<b>Profit before tax</b>	<b>80.5</b>	<b>24.0</b>	<b>219.3</b>	<b>12.7</b>	<b>33.1</b>
Current tax	-5.7	-0.1	-33.2	-0.5	-3.8
Deferred taxes	-16.2	-7.5	-36.1	-1.7	-1.5
<b>Profit after tax for the period from continuing operations</b>	<b>58.6</b>	<b>16.4</b>	<b>150.0</b>	<b>10.5</b>	<b>27.8</b>
<b>Divested operation</b>					
Rental revenue	-	11.3	11.4	33.3	45.2
Operating cost	-	-0.4	-0.7	-4.0	-2.5
Net financial items	-	-1.3	-1.1	-4.3	-6.0
Changes in value	-	4.7	-1.4	50.4	91.9
Taxes	-	-4.0	-2.2	-21.2	-36.0
<b>Profit after tax but before capital gain according to below</b>	<b>-</b>	<b>10.3</b>	<b>6.0</b>	<b>54.2</b>	<b>92.6</b>
Capital gain from divestment of discontinued operation	-0.2	-	39.0	-	-
Tax attributable to the above capital gain	-	-	58.5	-	-
<b>Profit after tax from divestment</b>	<b>-0.2</b>	<b>-</b>	<b>97.5</b>	<b>-</b>	<b>-</b>
<b>Total profit after tax from divested operation</b>	<b>-0.2</b>	<b>10.3</b>	<b>103.5</b>	<b>54.2</b>	<b>92.6</b>
<b>Profit for the period after taxes</b>	<b>58.4</b>	<b>26.7</b>	<b>253.5</b>	<b>64.7</b>	<b>120.4</b>
Earnings per share	5.05	2.31	21.92	5.59	10.41
Earnings per share from continuing operations	5.07	1.42	12.97	0.91	2.40

## Consolidated statement of comprehensive income

SEK m	Result	Result	Result	Result	Result
	2010	2009	2010	2009	2009
	Jul.-Sep	Jul.-Sep	Jan.-Sep.	Jan.-Sep.	Jan.-Dec.
Profit for the period after taxes	58.4	26.7	253.5	64.7	120.4
<i>Other comprehensive income for the period</i>					
Foreign currency translation adjustment	-1.7	-1.4	-7.1	12.1	16.8
Translation reserve transferred to net profit for	-	-	-4.9	-	-
<i>Total other comprehensive income for the period</i>	-1.7	-1.4	-12.0	12.1	16.8
<b>Total comprehensive income for the period</b>	<b>56.7</b>	<b>25.3</b>	<b>241.5</b>	<b>76.8</b>	<b>137.2</b>

## Consolidated balance statement

SEK m	Result	Result	Result
	Sep. 30, 2010	Sep. 30, 2009	Dec. 31, 2009
<b>Assets</b>			
Properties	1,993	2,417	2,472
Other tangible fixed assets	2	2	2
Current assets	4	7	7
Cash and cash equivalents	371	40	103
<b>Total assets</b>	<b>2,370</b>	<b>2,466</b>	<b>2,584</b>
<b>Equity and liabilities</b>			
Equity	1,058	822	883
Provisions	168	223	241
Long-term interest-bearing liabilities	1,052	1,358	1,367
Noninterest-bearing liabilities	92	63	93
<b>Total equity and liabilities</b>	<b>2,370</b>	<b>2,466</b>	<b>2,584</b>

## Changes in consolidated equity

SEK m	Result	Result	Result
	2010	2009	2009
	Jan.-Sep.	Jan.-Sep.	Jan.-Dec.
Opening shareholders' equity	883	806	806
Dividend	-66	-61	-61
Total comprehensive income for the period	241	77	138
<b>Closing shareholders' equity</b>	<b>1,058</b>	<b>822</b>	<b>883</b>

## Consolidated cash-flow statement

SEK m	Result 2010 Jan.-Sep.	Result 2009 Jan.-Sep.	Result 2009 Jan.-Dec.
Management result	73	63	88
Adjustments for non-cash items	1	-1	-2
Tax paid	-33	-1	-3
Change in working capital	15	58	107
<b>Cash-flow from operating activities</b>	<b>56</b>	<b>119</b>	<b>190</b>
Change in tangible fixed assets	38	-30	-33
<b>Cash-flow from investing activities</b>	<b>38</b>	<b>-30</b>	<b>-33</b>
Paid dividend	-66	-61	-61
Change in interest-bearing liabilities	-74	-8	-8
<b>Cash-flow from financing activities</b>	<b>-140</b>	<b>-69</b>	<b>-69</b>
<b>Cash-flow for the period from continuing operations</b>	<b>-46</b>	<b>20</b>	<b>88</b>
<b>Cash-flow for the period from divested operation</b>			
Cash-flow from operating activities	10	-27	-31
Cash-flow from investing activities	533	-1	-3
Cash-flow from financing activities	-229	-	-
<b>Net cash-flow from divested operation</b>	<b>314</b>	<b>-28</b>	<b>-34</b>
<b>Total cash-flow for the period</b>	<b>268</b>	<b>-8</b>	<b>54</b>
Cash and cash equivalents at the beginning of the period	103	45	45
Exchange difference in cash	-	3	4
<b>Cash and cash equivalents at the end of the period</b>	<b>371</b>	<b>40</b>	<b>103</b>

## Key ratios, Group

	Result 2010 Jan.-Sep.	Result 2009 Jan.-Sep.	Result 2009 Jan.-Dec.
<b>Financial</b>			
Return on shareholders' equity, %	34.8	10.6	14.3
Return on total capital, %	15.5	6.7	8.2
Equity/assets ratio, %	44.6	33.3	34.1
Interest coverage ratio, management result, multiple	5.0	3.6	4.0
Loan-to-value ratio, properties, %	52.8	56.2	55.3
Debt/equity ratio, multiple	1.0	1.7	1.5
<b>Share-related (pertains to number of shares at the end of period)</b>			
Net profit for the period per share, SEK	21.92	5.59	10.41
Pre-tax profit for the period per share, SEK	23.04	7.62	13.98
Management result for the period per share, SEK	7.16	7.60	10.77
Management result for the period after standard tax per share, SEK	5.28	5.60	7.93
Shareholders' equity per share, SEK	91.49	71.08	76.27
Dividend per share, SEK	5.75	5.25	5.25
Number of shares at the end of the period, thousands	11,565	11,565	11,565
Average number of shares at the end of the period, thousands	11,565	11,565	11,565
<b>Property-related</b>			
Book value of properties, SEK m	1,993	2,417	2,472
Direct yield, %	6.5	7.4	7.2
Rentable area, sq.m.	192,967	233,654	231,314
Rental revenue per sq.m., SEK	801	875	886
Operating surplus, per sq.m., SEK	676	761	775
Revenue-based occupancy rate, %	97.4	97.2	97.9
Surplus ratio, %	85.4	86.9	87.4
<b>Employees</b>			
Number of employees at the end of the period	10	11	11

## Information per segment/region

	Rental revenue		Net operating income		Book value		Investments		Rentable area sq. m.	
	2010 Jan.-Sep.	2009 Jan.-Sep.	2010 Jan.-Sep.	2009 Jan.-Sep.	2010 30/Sep	2009 30/Sep	2010 Jan.-Sep.	2009 Jan.-Sep.	2010 30/Sep	2009 30/Sep
SEK m										
Stockholm	49.2	48.4	38.8	39.6	929	807	1.9	4.4	88,566	88,693
Göteborg	34.0	35.3	30.2	31.2	573	553	3.3	0.5	55,838	58,783
Öresund	34.5	34.8	30.4	29.3	491	544	6.8	24.7	48,563	53,957
Oslo	11.4	33.3	10.8	31.8	-	513	-	4.5	-	32,221
<b>Total</b>	<b>129.1</b>	<b>151.8</b>	<b>110.2</b>	<b>131.9</b>	<b>1,993</b>	<b>2,417</b>	<b>12.0</b>	<b>34.1</b>	<b>192,967</b>	<b>233,654</b>

## Parent Company income statement

SEK m	Result	Result	Result
	2010 Jan.-Sept.	2009 Jan.-Sept.	2009 Jan.-Dec.
Rental revenue	2.5	2.8	3.6
Operating expense	-2.3	-2.6	-3.4
<b>Net operating income</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Other operating income	15.4	14.3	21.4
Other operating expenses	-0.1	-0.1	-0.1
Central administration	-13.3	-13.5	-18.7
<b>Operating profit</b>	<b>2.2</b>	<b>0.9</b>	<b>2.8</b>
Net financial items	4.4	-21.0	-27.5
<b>Profit/loss after financial items</b>	<b>6.6</b>	<b>-20.1</b>	<b>-24.7</b>
Financial derivatives, unrealized	7.2	-3.2	-1.7
Income from sale of subsidiary	238.1	-	-
<b>Pre-tax profit</b>	<b>251.9</b>	<b>-23.3</b>	<b>-26.4</b>
Taxes	-1.3	8.0	10.4
<b>Net profit for the period</b>	<b>250.6</b>	<b>-15.3</b>	<b>-16.0</b>

## Parent Company balance statement

SEK m	Result	Result	Result
	Sep. 30, 2010	Sep. 30, 2009	Dec. 31, 2009
<b>Assets</b>			
Investment properties	2	2	2
Financial fixed assets	2,096	2,078	2,061
Other current assets	3	4	3
Cash and cash equivalents	370	32	97
<b>Total assets</b>	<b>2,471</b>	<b>2,116</b>	<b>2,163</b>
<b>Equity and liabilities</b>			
Equity	779	513	512
Provisions	14	13	13
Long term debt	987	995	1,008
Short term debt	691	595	630
<b>Total equity and liabilities</b>	<b>2,471</b>	<b>2,116</b>	<b>2,163</b>

# AUDITOR´S REPORT ON INTERIM REPORT

To the Board of Directors of Catena AB (publ)

Reg no 556294-1715

## **Introduction**

We have reviewed the interim report of Catena AB (publ) as at September 30, 2010 and the nine-month period ending on that date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## **Scope of review**

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, October 27, 2010

KPMG AB

Jan Malm

Authorized Public Accountant

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

Figures in this year end report have been rounded off, while calculations were carried out without rounding off. Consequently, some tables do not appear to total correctly.