

INTERIM REPORT JANUARY – SEPTEMBER 2012



Catena's property development project in Haga Norra is centrally located in the new and increasingly integrated Stockholm-Solna area

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Third quarter

- Rental revenue SEK 6.7 M (6.7)
- Operating profit SEK 4.1 M (50.7)
- Profit before tax SEK 1.8 M (48.0)
- Unrealized changes in property value SEK -0.4 M (47.2)
- Investments in continuing operations SEK 0.4 M (0.8)
- Profit after tax SEK 1.2 M (35.7)

The period January-September

- Rental revenue SEK 20.0 M (20.5)
- Operating profit SEK 26.7 M (82.2)
- Profit before tax SEK 19.7 M (80.6)
- Unrealized changes in property value SEK 13.9 M (77.5)
- Investments in continuing operations SEK 1.1 M (2.5)
- Profit after tax SEK 14.5 M (60.1)

CEO Andreas Philipson comments

The third quarter was characterized by the completion of the zoning plan for our development property in Haga Norra. This process is currently in its final phase where focus has been on a close dialogue with the City of Solna and stakeholders in the local area. We expect that the zoning plan will be approved by the City of Solna before the end of this year.

In parallel with these efforts, the work of identifying commercial tenants to the area continues. This effort is progressing according to plan and we see a steady increase in both interest and attention for our future plans.

The level of activity is still high in the local area with for example the inauguration of Friends Arena this coming weekend. Last week ground was also broken for the building of Mall of Scandinavia which plans to open its doors in autumn 2015. This adds to the interest in our development property. Haga Norra is centrally located in the new Solna-Stockholm district, which is now merging. The high number and the large size of investments in this area together contribute to our view of Haga Norra as an attractive alternative for both commercial space and housing.

Our operations continued to see stable development. Profit before tax amounted to SEK 19.7 M in the nine month period, compared to SEK 80.6 M for the corresponding period last year. For the third quarter profit before tax was SEK 1.8 M (48.0). The difference in the result is mainly due to higher unrealized value changes in the previous year.

THE GROUP'S REVENUES, EXPENSES AND EARNINGS

Third quarter

In the third quarter, rental revenue amounted to SEK 6.7 M (6.7). Property expenses were SEK 0.9 M (1.8) while the operating surplus was SEK 5.8 M (4.9). Administration costs amounted to SEK 1.3 M (-1.4).

Change in property value amounted to SEK -0.4 M (47.2) in the quarter. The property value was appraised at a total of SEK 625 M. This value includes investments of SEK 0.4 M. The appraisal was conducted by Forum Fastighetsekonomi, with a valuation date of September 30.

Operating profit amounted to SEK 4.1 M (50.7) while net financial items were SEK -2.3 M (-2.7).

Current tax amounted to SEK -0.7 M (0.2) and deferred tax was SEK 0.1 M (-12.5).

Nine months

In the period January-September, rental revenue amounted to SEK 20.0 M (20.5). Property expenses were SEK 2.6 M (5.1) while the operating surplus was SEK 17.4 M (15.4). Administration costs amounted to SEK 14.6 M (10.7).

The change in property value for the period amounted to SEK 13.9 M (77.5). The value change in 2011 was primarily due to progress in the zoning plan work. Property investments in the period amounted to SEK 1.1 M (2.5).

Operating profit was SEK 26.7 M (82.2) while net financial items were SEK -7.0 M (-1.6). Current tax amounted to SEK -1.5 M (-1.0) and deferred tax was SEK -3.7 M (-19.5).

Properties

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

These properties have a lettable area of 40,723 sq.m. The total rental value as of September 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 valuation method applied 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 its suburbs. The appraisal, which factors in the status of Catena's potential development rights by reference to comparables has been reduced by the estimated cost relating to demolition, planning, etc. Deductions have also been made for waiting periods and the assessed risks 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 total estimated fair value of the property amounts to SEK 625 M. As the zoning planning has not yet been granted, the quantification of appraisals is subject to fairly substantial uncertainty. However, this uncertainty is expected to reduce over time as the timing for final approval of the plan approaches.

Financing

As of September 30, 2012, the Catena group has loan agreements amounting to SEK 306.4 M.

At the end of the period, interest-bearing liabilities were SEK 306.4 M (306.4).

The loan is due to expire in 2014.

The average fixed-interest period as of September 30, 2012 amounted to 0.3 years (0.3). The average interest rate was 3.01% (4.08).

Catena only has loans denominated in Swedish krona.

Equity

Equity amounted to SEK 289 M (294) as of September 30, 2012 and the equity/assets ratio was 40.8% (41.6). Over the long-term, the equity/assets ratio should be in the 25-35% range.

Liquidity

As of September 30, 2012 cash and cash equivalents, which comprise cash and bank deposits, were SEK 53.8 M (92) of which blocked funds were 20.3 M (20).

PARENT COMPANY

The operations of the parent company, Catena AB primarily consists 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.

CATENA'S SHARES

Catena's shares are listed on Nasdaq OMX Stockholm – Nordic Small Cap list.

The closing price on September 28, 2012 was SEK 54.20 kronor per share, corresponding to market capitalization of some SEK 627 M.

As of September 28, 2012, there were 11,564,500 shares in Catena, held by 16,237 shareholders.

Shareholders as of September 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
Livforsakrings AB Skandia (publ)	277,374	2.4
Banque Carnegie Luxembourg SA	190,018	1.6
CBNY-DFA-INT SML CAP V	101,688	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 funds	52,125	0.4
Total, 10 largest	8,920,557	77.0
Other	2,643,943	23.0
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's operations, results of operations and position are subject to a number of risk factors which are in some cases, especially for property valuation, based on assessments. The factors that primarily affect profit and cash flow are changes in rental revenues, occupancy rate, operating costs, development costs and the level of interest rates.

The group is exposed to a number of financial risks through its operations. These financial risks are comprised primarily of counterparty risks, liquidity risks, loan risks, interest rate risks, credit risks for receivables, and valuation risks. Financial risk management is managed by Catena AB's treasury function which also handles risk management for the Catena group. Work in the treasury function is governed by the financial policy determined by the board of directors. This policy is revised from time to time.

More information on the management of financial risks can be found on pages 42-43 in the Annual Report for 2011 and a more detailed description of risks and uncertainty factors are outlined on pages 13-14. The financial risks have not changed significantly compared to the description in the Annual Report.

Catena's Balance Sheet is dominated by properties and financing. The overall risk in property value is dependent on factors such as geographical spread, property type, property size, length of lease contracts, rental structure and technical standard.

Catena's investment properties are recognized at fair value. For further information on the applied valuation method, see page 3 in this report and Note 14 in the Annual Report for 2011.

The parent company's profit/loss and financial position are affected substantially by the other companies within the group, and consequently the above also applies to the parent company.

Value changes

At this quarterly financial statement, the valuation of the group's investment property has been subject of 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.

Parent company

The parent company is exposed to the aforementioned risks through intra group loans.

CALENDAR

Year End Report 2012	February 22 nd 2013
Interim Report January-March 2013	April 24 th 2013
Annual General Meeting	April 24 th 2013

EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

This Interim Report has been subject to a limited review by the company's auditor.

Solna, October 24, 2012

Catena AB (publ)

The Board of Directors

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

The information was released to the media for publication on October 25, 2012 at 8:00 a.m. CET.

CONSOLIDATED INCOME STATEMENT, CONDENSED

SEK M	2012 Jul-Sep	2011 Jul-Sep	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Continuing operations					
Rental revenues	6.7	6.7	20.0	20.5	26.9
Operating expenses	-0.2	-0.1	-0.4	-0.3	-0.6
Repair and maintenance expenses	-	-0.1	-0.2	-0.3	-0.3
Property tax	-0.7	-0.7	-2.0	-2.0	-2.7
Property administration	-	-0.9	-	-2.5	-2.7
Operating surplus	5.8	4.9	17.4	15.4	20.6
Other operating income	-	-	-	-	0.1
Other operating expenses	-	-	-	-	-
Central administration	-1.3	-1.4	-4.6	-10.7	-12.9
Properties, unrealised value changes	-0.4	47.2	13.9	77.5	86.7
Operating profit	4.1	50.7	26.7	82.2	94.5
Net financial items	-2.3	-2.7	-7.0	-1.6	-3.8
Profit/loss before tax	1.8	48.0	19.7	80.6	90.7
Current tax	-0.7	0.2	-1.5	-1.0	-5.0
Deferred tax	0.1	-12.5	-3.7	-19.5	-24.7
Profit/loss for the period after tax from continuing operations	1.2	35.7	14.5	60.1	61.0
Discontinued operations					
Profit/loss from discontinued operations					
Revenue	-	-	-	-	-
Expenses	-	0.7	-	-0.4	-
Profit/loss before tax	-	0.7	-	-0.4	-
Tax	-	-0.3	-	-	-
Profit/loss after tax	-	0.4	-	-0.4	-
Capital gain/loss on divestment of discontinued operations					
Properties, realized value changes	-	-3.3	-	-1.2	2.6
Taxes attributable to value changes above	-	-	-	65.0	66.0
Capital gain/loss on divestment after tax	-	-3.3	-	63.8	68.6
Total gain/loss from discontinued operations after tax	-	-2.9	-	63.4	68.6
Profit/loss after tax for the period	1.2	32.8	14.5	123.5	129.6
Earnings per share*	0.10	2.84	1.25	10.8	11.21
Earnings per share from continuing operations*	0.10	3.09	1.25	5.20	5.28

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	2012 Jul-Sep	2011 Jul-Sep	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Profit after tax for the period	1.2	32.8	14.5	123.5	129.6
<i>Other comprehensive income for the period</i>	-	-	-	-	-
Actuarial profit/loss	-	-	-	-	-2.1
Revaluation reserve transferred to net profit	-	-	-	8.1	10.0
Tax on revaluation reserve transferred to net profit	-	-	-	-2.1	-2.6
<i>Total other comprehensive income</i>	-	-	-	6.0	5.4
Comprehensive income for the period	1.2	32.8	14.5	129.5	135.0

CONSOLIDATED BALANCE SHEET, CONDENSED

SEK M	Actual 30 Sep 2012	Actual 30 Sep 2011	Actual 31 Dec 2011
Assets			
Investment properties	625	600	610
Current receivables	21	14	7
Cash and cash equivalents/investments in securities, etc	54	92	94
Total assets	700	706	711
Equity and liabilities			
Equity	288	294	297
Provisions	85	71	82
Interest-bearing liabilities	306	306	306
Non-interest-bearing liabilities	21	35	25
Total equity and liabilities	700	706	711
	30 Sep 2012	30 Sep 2011	31 Dec 2011
Pledged assets			
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-Sep	Actual 2011 Jan-Sep	Actual 2011 Jan-Dec
Opening equity	297	847	844
Dividend	-23	-683	-683
Comprehensive income for the period	14	130	135
Closing equity	288	294	297

CONSOLIDATED CASH FLOW, CONDENSED

SEK M	Actual 2012 Jan-Sep	Actual 2011 Jan-Sep	Actual 2011 Jan-Dec
Profit before tax	20	81	91
Adjustment for non-cash items	-14	-79	-91
Tax paid	-2	-2	-5
Change in working capital	-20	-68	-32
Cash flow from operating activities	-16	-68	-37
Change in investment properties/property, plant and equipment	-1	1,526	-2
Cash flow from investing activities	-1	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	-40	35	-1,402
Net cash flow from discontinued operations	-	-	1,440
Total cash flow for the period	-40	35	38
Cash and cash equivalents at beginning of period	94	56	56
Cash and cash equivalents at end of period	54	92	94

KEY RATIOS, GROUP

SEK M	Actual 2012 Jan-Sep	Actual 2011 Jan-Sep
Financial (incl. discontinued operations)		
Return on equity, %	6.7	28.9
Return on total capital, %	5.2	8.6
Equity/assets ratio, %	40.8	41.6
Interest coverage ratio, multiple	1.7	1
Loan to value ratio, properties, %	49.0	51
Debt/equity ratio, multiple	1.1	1
Share-related		
Earnings per share for the period, continuing operations, SEK	1.25	5.20
Profit before tax for the period, continuing operations, per share, SEK	1.70	6.97
Operating profit per share for the period, continuing operations, SEK	2.31	7.11
Equity per share, SEK	24.99	25.42
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	600
Property yield, %	3.7	3.4
Leasable area, sq.m.	40,723	40,723
Rental revenue, SEK per sq.m.	661	671
Operating surplus, SEK per sq.m.	570	504
Economic occupancy rate, %	96.9	96.9
Operating surplus margin, %	87.0	75.1

PARENT COMPANY INCOME STATEMENT, CONDENSED

SEK M	Actual 2012 Jul-Sep	Actual 2011 Jul-Sep	Actual 2012 Jan-Sep	Actual 2011 Jan-Sep	Actual 2011 Jan-Dec
Rental revenue	-	-	-	-	-
Operating expenses	-	-	-	-	-
Operating surplus	-	-	-	-	-
Other operating income	1.0	1.0	3.0	3.1	4.1
Other operating expenses	-	-	-	-0.4	-
Central administration	-1.2	-1.9	-4.5	-14.1	-16.6
Operating profit	-0.2	-0.9	-1.5	-11.4	-12.5
Profit/loss from sale of subsidiaries	-	-3.2	-	-13.5	-10.8
Net financial items	-0.2	4.6	2.3	5.6	22.3
Profit/loss after financial items	-0.4	0.5	0.8	-19.3	-1.0
Profit/loss before tax	-0.4	0.5	0.8	-19.3	-1.0
Taxes	0.1	-0.9	-0.2	2.0	-1.7
Net profit/loss for the period	-0.3	-0.4	0.6	-17.3	-2.7

PARENT COMPANY BALANCE SHEET, CONDENSED

SEK M	Actual 2012 30 Sep	Actual 2011 30 Sep	Actual 2011 31 Dec
Assets			
Financial assets	481	473	481
Current assets	19	10	2
Cash and cash equivalents/investments in securities etc	42	92	85
Total assets	542	575	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	128	128
Net profit/loss for the period	1	-17	-3
Total equity	164	172	186
Provisions	10	8	10
Current liabilities	368	395	372
Total equity and liabilities	542	575	568
	30 Sep 2012	30 Sep 2011	31 Dec 2011
Pledged assets			
Blocked account	20	20	20
Contingent liabilities			
Guarantee commitment, FPG/PRI	0.2	0.2	0.1

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

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 yearend.

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 his 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.



Report of Review of Interim Financial Information in summary in accordance with IAS 34 and chapter 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed this report for the period 2012-01-01 –2012-09-30 for Catena AB. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish 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 Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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 International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm 2012-10-12

PricewaterhouseCoopers

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Lars Wennberg
Authorised Public Accountant