

## INTERIM REPORT JANUARY – MARCH 2013



*Haga Norra will have new, modern office space with open areas and a high level of service with shopping, restaurants and parking on the ground level.*

# INTERIM REPORT JANUARY - MARCH 2013

## First quarter

- Rental revenue SEK 6.7 M (6.7)
- Operating profit SEK 4,6 M (18.8)
- Profit before tax SEK 2.8 M (16.5)
- Profit after tax SEK 2.2 M (12.2), corresponding to SEK 0.19 per share (1.05)
- Unrealized changes in property value SEK 0 M (14.8)
- Investments SEK 0.2 M (0.2)

## CEO Andreas Philipson comments

Business operations have continued according to plan in the beginning of the year. The differences in results compared to the same quarter last year are due to an increase in the value of the properties of about 15 million SEK for the first quarter of 2012. We have a high equity ratio and our key ratios look good in general.

At the beginning of the year the zoning plan approved by the City of Solna at the end of last year was appealed. The appeals, which have to do with risks associated with noise and particle levels, are part of the zoning process, especially for construction in densely populated metropolitan areas.

We are focused on a strong environmental profile in the creation of the new Haga Norra. When the expansion is complete, we will fall well below the current minimum levels for noise etc. With the environmental considerations that we have included in the zoning plan and based on the test measurements we have made, I have confidence in our ability to deal with any environmental issue in the on-going appeal process.

I feel confident that we have done everything in our power to move the process forward. Our aim is to meet the requirements and ensure that the continuing process is managed as smoothly as possible.

# THE GROUP'S REVENUE, EXPENSES AND EARNINGS

## First quarter

In the first quarter, rental revenue amounted to SEK 6.7 M (6.7). Property expenses were SEK 0.8 M (1.0) while the operating surplus was SEK 5.9 M (5.7). Administration costs amounted to SEK 1.3 M (1.7).

Change in property value amounted to SEK 0 M (14.8) in the quarter. At December 31 2012 the property value was appraised to a total of SEK 850 M. This value includes investments made in the first quarter 2013 of SEK 0.2 M.

Operating profit amounted to SEK 4.6 M (18.8) while financial net items were SEK -1.7 M (-2.3).

Profit before tax was SEK 2.8 M (16.5).

Current tax amounted to SEK -0.6 M (-0.4) and deferred tax was SEK 0.0 M (-3.9).

## 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 March 31, 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 recognized in the balance sheet consists essentially of an appraised value of potential development rights that can be realized by the zoning work that is under way for the property. 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 have been compared to similar objects, 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 SEK 850 M. Given that the zoning plan has not been finalized 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 March 31, 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 March 31, 2013 was 0.3 years (0.3). Average interest rate was 2.3 % (3.65).

Catena only has loans in Swedish krona.

## Equity

Equity amounted to SEK 483 M (309) at March 31, 2013, and the equity/assets ratio was 52.3 % (42.4). Over the long term, the equity/assets ratio should be in the 25-35 % range.

## Liquidity

At March 31, 2013, cash and cash equivalents, which comprise cash and bank deposits, were SEK 59 M (76) of which blocked funds were SEK 20.6 M.

## 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 March 31, 2013

	Loan amount	Maturity Average interest rate	Share	Credit agreements	Maturity Utilized	Share
Maturity, year	SEK m	%	%	SEK m	SEK m	%
2014	306.4	2.32	100.0	306.4	306.4	100.0
						-
<b>Total</b>	<b>306.4</b>	<b>2.32</b>	<b>100.0</b>	<b>306.4</b>	<b>306.4</b>	<b>100.0</b>

## 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 (2) employees.

## THE CATENA SHARE

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

The closing price in March 31, 2013 was SEK 81.50 per share, corresponding to market capitalization of some SEK 942 M.

At March 31, 2013, there were 11,564 500 shares in Catena, held by some 17,000 shareholders.

<b>Shareholders at March 31, 2013</b>	<b>No. of shares</b>	<b>Votes (%)</b>
Endicott Sweden AB (CLS Holdings plc)	3,469,349	29.9
Fabege	3,469,342	29.9
Catella fund management	1,288,321	11.1
Livförsäkrings AB Skandia (publ)	277,374	2.4
Banque Carnegie Luxembourg SA	190,118	1.6
CBNY-DFA-INT SML CAP V	100,232	0.9
Swedbank Robur funds	60,208	0.5
Mellon US Tax Exempt Account	58,300	0.5
Handelsbanken funds	57,161	0.5
CBNY-DFA-CNTL SML CO S	56,202	0.5
<b>Total, 10 largest</b>	<b>9,026,607</b>	<b>78.0</b>
Other	2,537,893	22.0
<b>Total</b>	<b>11,564,500</b>	<b>100.0</b>

## DIVIDEND PROPOSAL

The Board of Directors proposes a dividend of SEK1.00 per share for the fiscal year 2012.

## ACCOUNTING PRINCIPALS

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 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 recognized at fair value. Changes in value are recognized 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 ration.

### Value changes

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

For further information on risks and uncertainty factors, see Catena's annual report for 2012, note 21, page 38.

## **Parent company**

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

## **CALENDAR**

Annual General Meeting	April 24, 2013
<u>Interim reports 2013</u>	
January–June	August 9, 2013
January–September	October 25, 2013
Year-end report 2013	February 2014

## **EVENTS AFTER THE BALANCE SHEET DATE**

No significant events have occurred after the balance sheet date.

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

Solna, April 24, 2013

Catena AB (publ)

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 public on April 24, 2013, at 2:00 p.m. CET.*

## CONSOLIDATED INCOME STATEMENT, CONDENSED

SEK m	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Rental revenue	6.7	6.7	26.6
Operating expenses	-	-	-0.6
Repair and maintenance expenses	-	-	-0.8
Property tax	-0.7	-0.7	-2.7
Property administration	-0.1	-0.3	-
<b>Operating surplus</b>	<b>5.9</b>	<b>5.7</b>	<b>22.5</b>
Other operating income	-	-	-
Other operating expenses	-	-	-
Central administration	-1.3	-1.7	-5.7
Properties, unrealized value changes	0.0	14.8	238.5
<b>Operating profit</b>	<b>4.6</b>	<b>18.8</b>	<b>255.3</b>
Net financial items	-1.8	-2.3	-8.8
<b>Profit before tax</b>	<b>2.8</b>	<b>16.5</b>	<b>246.5</b>
Current tax	-0.6	-0.4	-1.2
Deferred tax	-0.0	-3.9	-38.8
<b>Profit after tax for the period</b>	<b>2.2</b>	<b>12.2</b>	<b>206.5</b>
Profit per share*	0.19	1.05	17.86

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Profit after tax for the period	2.2	12.2	206.5
<i>Other comprehensive income for the period</i>			
Actuarial profit/loss	-	-	0.1
<b>Total comprehensive income for the period</b>	<b>2.2</b>	<b>12.2</b>	<b>206.6</b>

## CONSOLIDATED BALANCE SHEET, CONDENSED

SEK m	Outcome Mar 31 2013	Outcome Mar 31 2012	Outcome Dec 31 2012
<b>Assets</b>			
Investment properties	850	625	850
Current receivables	15	28	16
Cash and cash equivalents/investments in securities, etc.	59	76	58
<b>Total assets</b>	<b>924</b>	<b>729</b>	<b>924</b>
<b>Equity and liabilities</b>			
Equity	483	309	481
Provisions	120	85	120
Interest-bearing liabilities	306	306	306
Non-interest-bearing liabilities	15	29	17
<b>Total equity and liabilities</b>	<b>924</b>	<b>729</b>	<b>924</b>
<b>Pledged assets</b>	<b>Mar 31 2013</b>	<b>Mar 31 2012</b>	<b>Dec 31 2012</b>
Blocked account	20	20	20
Mortgages	306	306	306
<b>Total pledged assets</b>	<b>326</b>	<b>326</b>	<b>326</b>
<b>Contingent liabilities</b>			
Guarantee commitment, FPG/PRI	0.2	0.2	0.1



## CHANGES IN CONSOLIDATED EQUITY, CONDENSED

<b>SEK m</b>	Outcome 2013 Jan-Mar	Outcome 2012 Jan-Mar	Outcome 2012 Jan-Dec
Opening equity	481	297	297
Dividend	-	-	-23
Comprehensive income for the period	2	12	207
<b>Closing equity</b>	<b>483</b>	<b>309</b>	<b>481</b>

## CONSOLIDATED CASH FLOW, CONDENSED

<b>SEK m</b>	Outcome 2013 Jan-Mar	Outcome 2012 Jan-Mar
Profit before tax	3	17
Adjustment for non-cash items	-	-15
Tax paid	-1	-
Changes in working capital	-1	-20
<b>Cash flow from operating activities</b>	<b>1</b>	<b>-18</b>
<b>Cash flow from investing activities</b>	<b>-</b>	<b>-</b>
Paid dividend	-	-
Change in interest-bearing liabilities	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Total cash flow for the period</b>	<b>1</b>	<b>-18</b>
Cash and cash equivalents at the beginning of the period	58	94
<b>Cash and cash equivalents at the end of the period</b>	<b>59</b>	<b>76</b>

## KEY RATIOS, GROUP

SEK m	Outcome 2013 Jan-Mar	Outcome 2012 Jan-Mar
<b>Financial</b>		
Return on equity, %	1.8	16.1
Return on total equity, %	2.0	10.9
Equity/assets ratio %	52.3	42.4
Interest coverage ratio, multiple	2.6	1.4
Loan to value ratios, properties, %	36.0	49.1
Debt/equity ratio, multiple	0.6	1.0
<b>Share-related</b>		
Earnings per share for the period, SEK	0.19	1.05
Profit before tax for the period, SEK	0.25	1.43
Equity per share, SEK	41.8	26.72
Dividend per share, SEK	-	-
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, as there are no potential shares		
<b>Property-related</b>		
Book value of properties, SEK m	850	625
Property yield, %	2.8	3.3
Leasable area, sq.m.	40,723	40,723
Rental revenue, SEK per sq.m.	661	661
Operating surplus, SEK per sq.m.	579	506
Economic occupancy rate, %	96.9	96.9
Operating surplus margin, %	88.0	85.1

## PARENT COMPANY INCOME STATEMENT, CONDENSED

SEK m	Outcome 2013 Jan-Mar	Outcome 2012 Jan-Mar	Outcome 2012 Jan-Dec
Rental revenue	-	-	-
Operating expenses	-	-	-
<b>Operating surplus</b>	-	-	-
Other operating income	1.0	1.0	4.1
Other operating expenses	-	-	-
Central administration	-1.2	-1.7	-5.9
<b>Operating profit</b>	<b>-0.2</b>	<b>-0.7</b>	<b>-1.8</b>
Financial net	0.7	1.0	8.4
<b>Profit/loss after financial net items</b>	<b>0.5</b>	<b>0.3</b>	<b>6.6</b>
<b>Profit before tax</b>	<b>0.5</b>	<b>0.3</b>	<b>6.6</b>
Tax	-0.1	-0.1	-1.7
<b>Net profit/loss for the period</b>	<b>0.4</b>	<b>0.2</b>	<b>4.9</b>

## PARENT COMPANY BALANCE SHEET, CONDENSED

SEK m	Outcome 2013 Mar 31	Outcome 2012 Mar 31	Outcome 2012 Dec 31
<b>Assets</b>			
Financial assets	57	481	57
Current assets	446	11	442
Cash and cash equivalents/investments in securities, etc.	41	70	43
<b>Total assets</b>	<b>544</b>	<b>562</b>	<b>542</b>
<b>Equity and liabilities</b>			
Equity			
<i>Restricted equity</i>			
Share capital	51	51	51
Statutory reserve	10	10	10
<i>Non-restricted equity</i>			
Accumulated profit/loss	107	125	102
Net profit/loss for the period	0	0	5
<b>Total equity</b>	<b>168</b>	<b>186</b>	<b>168</b>
Provisions	10	10	10
Current liabilities	366	366	364
<b>Total equity and liabilities</b>	<b>544</b>	<b>562</b>	<b>542</b>
Pledged assets	Mar 31 2013	Mar 31 2012	Dec 31 2012
Blocked account	20	20	20
<b>Contingent liabilities</b>			
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**

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 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 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 is publishing the information in this interim report in accordance with the Swedish Securities Markets Act (2007:528).*

### **CATENA AB (publ)**

Org.nr: 556294-1715

Box 3121

103 62 Stockholm

Phone: 08-410 999 30

[www.catenafastigheter.se](http://www.catenafastigheter.se)

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.