

CATENA Q2

Interim report January-June 2016

- Rental income rose by 66 percent to SEK 378.0 million (227.6).
- The operating surplus rose by 61 percent to SEK 277.9 million (173.0).
- Profit from property management rose by 26 percent to SEK 143.7 million (113.6).
- Net profit for the period decreased to SEK 103.3 million (373.9), corresponding to earnings per share of SEK 3.23 (14.6), of which changes in the value of derivatives are included by a negative SEK 140.5 million (37.5) and changes in the value of properties by SEK 133.5 million (207.4). The change in goodwill also affected profit negatively by SEK 38.9 million (0).

Significant events in the second quarter

- Sale of the Partille 11:24 property in Partille for a property value of SEK 186 million.
- Successful leasing efforts have led to an increase in the occupancy rate by 6 percentage points in relation to the previous quarter, corresponding to a net increase in new tenancies of about 45,000 square metres.

E-City Engelholm takes shape

During the quarter, work continued on the first phase of our e-commerce cluster E-City Engelholm, a 14,500 square metre facility where Milvus Logistics AB will move in around the end of the year. In the second quarter, we also commenced a second stage, comprising a 43,500 square-foot warehouse for Boozt Fashion AB, one of the market's better-known e-commerce companies, which will invest in first-class automated product handling.

At E-City Engelholm, both small local and large international e-commerce companies are setting up in customised private or shared premises equipped for digital commerce. Here, the companies can, if they so wish, interact with one another in various areas, such as administration, service and distribution, thereby achieving synergies. We also offer a platform for growth through various operating solutions, resource sharing and flexible leases that provide greater adaptability to changing volumes in both the short and long term.

E-City Engelholm is centrally placed, and the whole of northern Europe can be easily reached from here. The facility is also easy to reach for those who do not want to wait or pay for the final transport to the end consumer, but who would prefer to collect their goods themselves. This is made possible by short road connections and good parking facilities, but also by municipal transport connections directly at the site.

e-commerce, which has grown steadily for quite some time, shows no signs of slowing down. Although total retail sales have shown strong growth in recent years, e-commerce is developing even more strongly. During 2015, it rose from 6.4 to 6.9 percent of total retail sales. Although it remains a fairly small percentage of trade, this is increasing. Durable goods in particular have driven this trend in recent years. However, sales of consumer goods via the Internet also continue to increase year after year. Although growth is occurring from low levels, new consumption patterns and the major players' initiatives, often in proprietary e-commerce solutions, are expected to bring increased growth, even when measured as a percentage of total retail.

Increased e-commerce imposes strict demands on flexibility of distribution, speed proximity and reliability. Consequently, in the highly competitive e-commerce sector, efficient logistics, short lead times and access to storage are a winning formula. With this as its starting point, Catena is continuing, through a majority-owned development company, to develop E-City Engelholm and the 157,000 square-metre site that permits logistics buildings totalling some 77,000 energy-efficient square metres.



E-City Engelholm



E-City Engelholm

The Group in figures

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Rental income, SEK m	201.2	113.0	378.0	227.6	464.2
Net operating surplus, SEK m	151.3	87.2	277.9	173.0	351.3
Profit from property management, SEK m	86.8	57.7	143.7	113.6	259.3
Profit for the period, SEK M	63.4	305.5	103.3	373.9	571.5
Earnings per share, SEK	2.0	11.9	3.2	14.6	22.3
Surplus ratio, %	75.2	77.2	73.5	76.0	75.7
Equity ratio, %	28.0	37.8	28.0	37.8	35.7
Letting ratio, %	91.7	96.0	91.7	96.0	95.5

A well-integrated Catena generates growth

Catena's growth and development through the acquisition of Tribona can now be seen both in profits as well as in improved key performance indicators. The integration has progressed well and the two organisations have begun to work as one with an extreme focus on creating the best possible logistics solutions for the customers of both today and tomorrow.

A year ago, we sold our "Haga Norra" development project in Solna. The transaction resulted in a cash injection of nearly SEK 1 billion. Our assessment was that the sale would provide opportunities to eventually expand the property portfolio value by almost SEK 3 billion. Now, a year later, we have, through the acquisition of Tribona, increased our property value by more than SEK 5 billion to a total of over SEK 10 billion. Thanks to a rapid integration process, we are now "back" with a focus on customers, new leases and day-to-day management. The high vacancy rate we noted at the end of the first quarter of just over 220,000 square metres has already been reduced to 180,000 square metres. Our largest individual lease has been achieved at Terminalen 3 in Malmö, where the tenant has also taken up occupancy. Other major new tenancies are Logex in Umeå, Coromatic in Stockholm and van Dieren in Katrineholm. Major new leases achieved during the quarter include the Tågarp 16:17 block in Arlöv, at the northern access to Malmö, where Espresso House has signed a lease for approximately 7,000 square metres and Mathem.se has signed one for more than 8,000 square metres. When these tenants are in place after the end of the year, the block, with its 53,000 square metres, will be the centre of a cluster of food distribution companies.

Our growth is clear, rental income for the first six months increased by 66 percent and amounted to SEK 378 million compared with SEK 228 million in the same period last year, and the net operating surplus improved by 61 percent to SEK 278 million (173). Perhaps our most important performance measures, profit from property management, has increased by 26 percent from SEK 114 million to SEK 144 million and, in comparison with the first quarter, the improvement is a full 53 percent. As already mentioned, the occupancy rate has improved by 6 percentage points from 86 percent to 92 percent. Hopefully this is just the beginning, growth and improvement on all fronts is a good sign that we are on the right path and an indication of what is to come.

Because of the continuing low interest rate environment, the value of our interest rate hedges continues to entail negative changes in value in our interest rate derivatives, which were down by SEK 140.5 million.

For the sixth consecutive year, we arranged Logistics Day in Helsingborg, where we tried to capture the latest logistics trends. "Smarter, better and faster" summarises the requirements that are expected to be imposed on distribution and logistics in the future. Combined with steadily increasing flows of goods, this creates a great need for new and modern logistics properties in the right locations.

We therefore continue to divest the older logistics properties, and in this quarter, the Partille 11:24 property was sold. Agreements have also been signed for the sale of the leaseholds for Terminalen 3 and Terminalen 4 to the City of Malmö for a property value of SEK 140 million. In connection with the agreement, we acquire the Sockret 1, 2 and 6 development properties and the land at Sockret 4 for a property value of SEK 50 million from the City of Malmö.

To access additional developable land in Örebro, we have become a one-third owner in Torsjö Logistik AB with a holding of 720,000 square metres of first-class logistics land. Catena already has several logistics properties in the immediate vicinity at Torsjö. Detailed planning for the area now acquired is expected to be completed in the spring of 2019.

We are currently upgrading existing logistics facilities at a high pace, selling older units and, in particular, building new and modern logistics properties. Our ongoing new construction of logistics premises currently amounts to 66,000 square metres. We have much to do before we are satisfied, but thanks to generally good demand, there is much benefit left to derive, after a much needed summer break!

Helsingborg, July 2016
Gustaf Hermelin



Interim report January-June 2016

Income and profit

Rental income

Rental income rose by 66 percent to SEK 378.0 million (227.6), mainly due to the acquisition of Tribona and completed projects.

Income from contracts with terms of more than three years accounted for approximately 59 percent of Catena's contracted annual rent, which entails stable income with no appreciable variation between periods, except in connection with acquisitions and sales. The average remaining lease period is slightly more than four years.

Duration of leases

Duration	Number contracts	Contracted annual rent, SEK m	Contracted annual rent, %
2016	44	9.3	1
2017	133	138.7	17
2018	42	61.4	8
2019	47	135.0	16
2020	36	92.2	11
2021	12	116.4	14
2022+	52	272.9	33
Total	366	825.9	100

Property expenses

Property expenses rose by 83 percent to SEK 100.1 million (54.6), mainly due to the property portfolio being considerably larger and a higher level of vacancies, resulting in a greater proportion of media costs being borne by the landlord.

There are seasonal variations in the operation and maintenance of properties. Winters with much cold and snow entail higher costs for heating and snow removal. A hot summer can mean increased costs for cooling. These variations, that have the greatest impact during the winter and summer months, are, to some extent, offset by a change in billed expenses to tenants.

Financial expenses

Financial expenses amounted to SEK 121.7 million (49.5) and the increase is an effect of the acquisition of Tribona. As a consequence of the acquisition, average interest on borrowings, which have now increased overall, rose by approximately 1 percentage point, resulting in higher interest expenses. Financial expenses also

include non-recurring items of approximately SEK 2 million, incurred as a consequence of the acquisition.

Earnings

Despite being burdened by substantial non-recurring amounts, profit from property management rose by 26 percent to SEK 143.7 million (113.6). The expenses of approximately SEK 20 million comprise a large number of individual items associated with the acquisition of Tribona, the largest of which is the reassessment of the year's opening holding in Tribona, which, in connection with the preparation of the acquisition analysis for the now wholly owned holding, resulted in an expense of SEK 12 million being recognised under Participations in profit of associated companies.

Profit for the period was SEK 103.3 million, which is SEK 270.6 million lower than in the year-earlier period, primarily due to negative changes in the value of derivatives due to long-term market rates having fallen, but also lower realised changes in value.

A positive change in the value of investment properties was reported for the period, which was partially offset by a change in goodwill from the acquisition of Tribona. The unrealised changes in value are of an accounting nature and do not affect cash flow.

Regions	2016	2015	2016	2015	2015
SEK m	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Rental income					
Gothenburg	30.0	27.0	61.6	54.1	108.9
Helsingborg	29.0	15.9	57.1	31.4	73.4
Jönköping	21.9	10.7	42.1	21.8	52.9
Malmö	34.5	5.6	56.1	11.2	22.3
Stockholm	85.8	48.2	161.1	97.3	194.9
Solna project	-	5.6	-	11.8	11.8
Total	201.2	113.0	378.0	227.6	464.2
Operating surplus					
Gothenburg	24.6	20.9	49.3	40.2	79.9
Helsingborg	20.1	11.2	42.0	22.2	50.7
Jönköping	15.1	8.4	29.0	16.6	41.4
Malmö	22.4	4.2	31.1	8.2	16.5
Stockholm	69.1	38.3	126.5	76.2	153.2
Solna project	-	4.2	-	9.6	9.6
Total	151.3	87.2	277.9	173.0	351.3

Related parties

Profit for the period includes minor transactions with related party Hansan AB and AB Elmsätters i Enhörna for consulting services and interest expenses to Backahill AB.

Rental income



Operating surplus by region



Total profit from property management



Statement of comprehensive income

SEK m	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec	Rolling 12-month
Rental income	201.2	113.0	378.0	227.6	464.2	614.6
Property expenses	-49.9	-25.8	-100.1	-54.6	-112.9	-158.4
Operating surplus	151.3	87.2	277.9	173.0	351.3	456.2
Central administration	-7.9	-5.5	-15.0	-12.5	-26.7	-29.2
Other operating income	4.5	0.5	5.0	1.2	23.1	26.9
Other operating expenses	-	-	-0.1	-	-13.7	-13.8
Interest in profits from associated companies	1.3	-0.1	-9.5	-	12.4	2.9
Financial income	4.7	1.0	7.1	1.4	7.2	12.9
Financial expenses	-67.1	-25.4	-121.7	-49.5	-94.3	-166.5
Profit from property management	86.8	57.7	143.7	113.6	259.3	289.4
Realised changes in value of investment properties	5.1	101.3	5.1	101.3	102.2	6.0
Unrealised changes in value of investment properties	105.0	34.4	128.4	106.1	198.3	220.6
Change in value goodwill	-38.9	-	-38.9	-	-	-38.9
Changes in values of derivatives	-67.6	77.4	-140.5	37.5	30.5	-147.5
Pre-tax profit	90.4	270.8	97.8	358.5	590.3	329.6
Current tax	-	-	-	-	-3.9	-3.9
Deferred tax	-27.0	34.7	5.5	15.4	-14.9	-24.8
Net profit for the period/year	63.4	305.5	103.3	373.9	571.5	300.9
Other comprehensive income						
Translation difference	1.1	-	1.0	-	-	1.0
Comprehensive income for the period/year	64.5	305.5	104.3	373.9	571.5	301.9
Comprehensive income for the period/year distributed among the Parent Company's shareholders	64.5	305.4	104.3	373.9	571.5	301.9
Comprehensive income for the period/year distributed among non-controlling interests	-	0.1	-	-	-	-
Key figures before and after dilution						
Shareholders' equity, SEK per share	100.3	88.8	100.3	88.8	96.5	100.3
Net asset value per share, EPRA NAV, SEK	130.1	103.1	130.1	103.1	115.0	130.1
Profit for the period/year, SEK per share	2.0	11.9	3.2	14.6	22.3	9.4
Number of shares outstanding, millions	33.2	25.6	33.2	25.6	25.6	33.2

Quarterly overview

SEK m	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3
Rental income, SEK m	201.2	176.8	119.1	117.50	113.0	114.6	114.3	105.4
Net operating surplus, SEK m	151.3	126.6	88.4	91.9	87.2	85.8	83.8	81.5
Surplus ratio, %	73.5	71.6	74.2	78.2	77.2	74.9	73.3	77.3
Letting ratio, %	91.7	85.6	95.5	96.8	96.0	95.8	95.8	93.9
Profit from property management, SEK m	86.8	56.9	67.2	78.5	57.7	55.9	49.9	52.9
Profit for the period, SEK M	63.4	39.9	145.3	52.3	305.5	68.4	34.1	263.3
Return on equity, %	1.9	1.4	6.0	2.3	14.1	3.4	1.7	14.5
Equity ratio, %	28.0	28.4	35.7	38.0	37.8	32.6	32.4	32.3
Share price at end of the period, SEK	123.00	125.00	115.75	120.00	133.50	131.25	105.75	98.00
Cash flow per share from operating activities, SEK	1.6	14.0	2.6	6.0	-0.8	3.2	5.2	2.8
Earnings per share, SEK	2.0	1.3	5.7	2.0	11.9	2.7	1.3	10.3
Net asset value per share, EPRA NAV, SEK	130.1	128.8	115.0	108.6	103.1	101.3	96.6	91.9

Financial position

Cash flow

SEK m	2016	2015	2015
	Jan-Jun	Jan-Jun	Jan-Dec
Pre-tax profit	97.8	358.5	590.3
Adjustments for non-cash items	30.8	-244.7	-348.8
Tax paid	-1.6	-	-
Cash flow before changes in working capital	127.0	113.8	241.5
Change in operating receivables	-61.3	7.4	8.2
Change in operating liabilities	413.9	-59.8	29.5
Cash flow from operating activities	479.6	61.4	279.2
Acquisition of assets via subsidiaries	-559.9	-19.5	-467.0
Divestment of operations	437.2	771.5	771.9
Investments in investment properties	-140.2	-47.6	-142.6
Divestment of investment properties	-	-	1.4
Acquisitions of property, plant and equipment	-0.3	-0.1	-0.3
Change in financial assets	-41.2	-98.2	-597.8
Cash flow from investing activities	-304.4	606.1	-434.4
Change in loans	-144.3	-438.3	234.2
Dividend paid	-99.7	-76.9	-76.9
Cash flow from financing activities	-244.0	-515.2	157.3
Cash flow for the period	-68.8	-152.3	2.1
Opening cash and cash equivalents	201.5	199.4	199.4
Closing cash and cash equivalents	132.7	351.7	201.5

Cash flow for the period before changes in working capital improved by SEK 13.2 million to SEK 127.0 million (113.8). Cash flow was affected by both significant acquisitions and disposals.

The cash outflow for the acquisition of Tribona amounts to SEK 559.9 million for the period. Part of the acquisition was financed through new share issues for a total SEK 855.9 million, which did not affect cash flow.

The divestments that were implemented of the Högsbo 21:2 and Partille 11:24 properties in Gothenburg affected cash flow positively by SEK 437.2 million.

At the end of the period, cash and cash equivalents amounted to SEK 132.7 million (351.7).

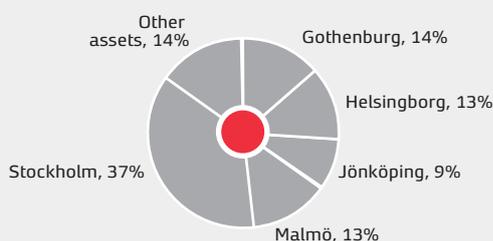
Statement of financial position

SEK m	2016	2015	2015
	30 Jun	30 Jun	31 Dec
Assets			
Non-current assets			
Goodwill	627.1	-	-
Investment properties	10,143.0	4,737.9	4,781.5
Property, plant and equipment	2.6	1.6	1.6
Financial fixed assets	689.8	697.0	1,282.7
Deferred tax asset	166.4	59.7	57.8
Current assets			
Assets available for sale	-	-	559.2
Current receivables	155.6	177.2	63.6
Cash and cash equivalents	132.7	351.7	201.5
Total assets	11,917.2	6,025.1	6,947.9
Equity and liabilities			
Equity attributable to Parent Company shareholders	3,333.9	2,275.7	2,473.4
Equity attributable to non-controlling interests	4.4	0.1	4.4
Non-current liabilities			
Liabilities to credit institutions	2,782.9	2,931.9	2,409.4
Deferred tax liabilities	1,103.6	367.9	395.7
Other non-current liabilities	594.6	119.0	125.9
Current liabilities			
Liabilities available for sale	-	-	386.3
Liabilities to credit institutions	3,706.9	95.0	997.5
Other current liabilities	390.9	235.5	155.3
Total shareholders' equity and liabilities	11,917.2	6,025.1	6,947.9

The change in the financial position is pervaded by the gradual acquisition of Tribona. At the start of the year, the holding was recognised according to the equity method, which meant that Catena's share of Tribona's combined assets were recognised on a single line in the balance sheet.

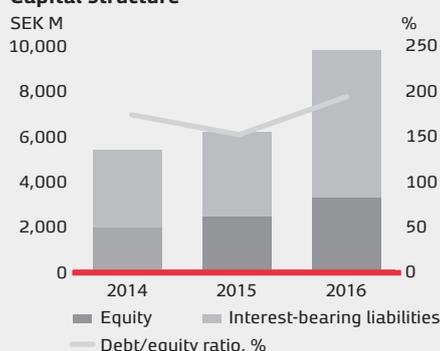
The acquisition of Tribona constitutes a business combination and is recognised in accordance with IFRS 3 Business Combinations. This means, in addition to all of the assets and liabilities of the acquired Tribona being recognised distributed across all of the balance sheet items, the deferred tax should be taken into account on all temporary differences. This increase in deferred tax liabilities results in goodwill of SEK 696.6 million, which were reduced by SEK 38.9 million in the second quarter beyond what has been realised through the sale of Partille 11:24. The effects of a business combination entail an increase in the balance sheet, thereby affecting the related key data.

Asset distribution



Total assets: SEK 11,917.2 million

Capital structure



Change in Equity

SEK m	2016 30 Jun	2015 30 Jun	2015 31 Dec
Opening balance	2,477.8	1,984.8	1,984.8
Dividend paid to shareholders	-99.7	-76.9	-76.9
New share issue	855.9	-	-
Change in minority interest	-	-6.0	-1.6
Comprehensive income for the period attributable to non-controlling interests	-	-	-
Comprehensive income for the period attributable to Parent Company shareholders	104.3	373.9	571.5
Closing balance	3,338.3	2,275.8	2,477.8
Attributable to:			
Parent Company's shareholders	3,333.9	2,275.7	2,473.4
Non-controlling interests	4.4	0.1	4.4

Liabilities to credit institutions

Liabilities to credit institutions amounted to SEK 6,489.8 million (3,026.9) and the loan framework amounted to SEK 7,321.5 million on 30 June 2016.

Fixed interest, year	SEK m	Interest rate, % ¹⁾	Participation, %
2016	1,614.4	2.3	24.7
2017	29.8	1.7	0.5
2018	770.5	3.4	11.9
2019	300.0	4.8	4.6
2020	562.0	4.1	8.7
2021	751.7	4.4	11.6
2022	883.9	4.4	13.6
>2023	1,577.5	3.8	24.4
Total	6,489.8	3.5	100.0

1) Refers to the current average interest rate as per 30 June 2016. Interest rates change in line with the changes in the general interest rate but are limited by interest-rate caps.

Capital-interest, year	Contract volume, SEK m	Utilised, SEK m	Unutilised, SEK m
2016	1,030.0	575.9	454.1
2017	3,962.4	3,584.8	377.6
2018	692.9	692.9	-
2019	500.2	500.2	-
2020	991.1	991.1	-
>2024	144.9	144.9	-
Total	7,321.5	6,489.8	831.7

Derivative instruments

Financial instruments consist of derivative instruments in Category 2 of the valuation hierarchy. The derivatives are marked to market, meaning that the carrying amount agrees with the fair value. The change is recognised in the income statement. The carrying amount was a negative SEK 566.3 million (108.7). The change in the value of the derivatives does not affect cash flow and, on reaching maturity, the value of derivatives is always zero.

The nominal value of the derivatives is equivalent to 73 percent of consolidated liabilities to credit institutions.

Interest rate hedges through interest-rate swaps

Start year	End year	Interest rate, %	SEK m
2011	2018	2.8	502.0
2011	2021	2.9	500.0
2012	2019	3.3	300.0
2012	2020	3.2	450.0
2012	2021	2.7	60.0
2012	2021	2.7	191.7
2012	2022	2.3	500.0
2012	2023	2.7	570.0
2013	2022	3.6	320.0
2013	2022	3.6	63.9
2014	2023	1.7	500.0
2014	2024	1.4	500.0
Total			4,457.6

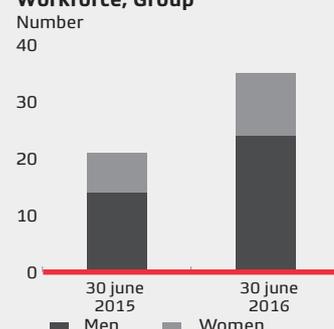
Reduction in the rate of interest through interest-rate caps

Start year	End year	Interest-rate cap, %	SEK m
2013	2018	2.0	268.5
Total			268.5



Backa 23:5, Göteborg

Workforce, Group



The property portfolio

Property portfolio by region

Regions	Number of properties	Lettable area, thousand sq. m.	Fair value, SEK M	Rental value, SEK M	Economic letting ratio, %	Contracted annual rent, SEK M	Surplus ratio, %
Gothenburg	11	201.6	1,625.5	132.8	97	128.5	80
Helsingborg	20	257.9	1,493.9	127.6	92	117.1	74
Jönköping	11	218.2	1,048.4	113.9	84	96.1	69
Malmö	18	207.2	1,584.7	142.2	91	129.7	55
Stockholm	30	565.3	4,390.5	384.4	92	354.5	79
Total	90	1,450.2	10,143.0	900.9	92	825.9	74

Changes in property portfolio

The acquisition of Tribona was effectuated through a public take-over bid offer that was completed on 5 February. Tribona was consolidated on 26 January (the acquisition date). Compulsory redemption of the remaining approximately 5.5 percent of the shares outstanding has been required.

During the period, ongoing investments in existing properties amounted to SEK 140.2 million (47.6), of which a large part pertains to investments in the Sothönan 3 property in Katrineholm, where a new terminal is now complete for industrial volume

freight. The largest investment currently in progress, is our e-commerce cluster E-City Engelholm, which you can read more about on page 2. Construction of stages one and two are in full swing, together comprising 58,000 square metres of warehouse and office space for various e-commerce companies.

Sales and acquisitions of companies and properties over the period, until the closing date, are listed in the table below.

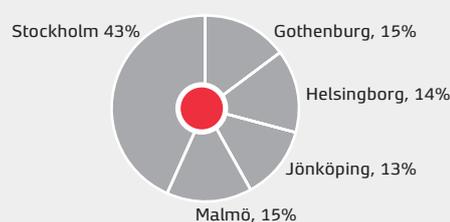
Property acquisitions

Property designation	Transfer date	Region	Municipality	Space, sq. m.	Property value, SEK m	Rental income per year, SEK million
Acquisition of Tribona	26 January 2016	All		708,997	5,264.6	398.9
Total				708,997	5,264.6	398.9

Property sales

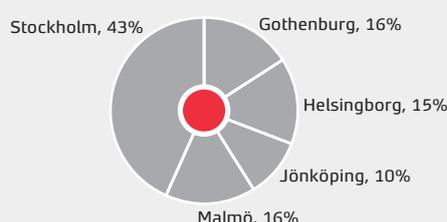
Property designation	Vacated	Region	Municipality	Space, sq. m.	Property value, SEK m	Earnings, SEK m
Högsbo 21:2	15 January 2016	Gothenburg	Gothenburg	66,180	580.0	0
Partille 11:24	2016-04-15	Gothenburg	Partille	19,600	186.0	5.1
Total				85,780	766.0	5.1

Rental value by region



Rental value: SEK 900.9 million

Property stock by region



Real value: SEK 10,143.0 million

Surplus ratio



Property portfolio

SEK M	Fair value	Number of properties
Property portfolio at beginning of year	5,340.3	55
Acquisitions	5,264.6	37
Investments in existing properties	140.2	
Sales	-729.6	-2
Translation differences, etc.	-0.9	
Unrealised changes in value	128.4	
Total investment properties	10,143.0	90

Property valuation

The unrealised changes in the value of Catena's properties during the period amounted to SEK 128.4 million (106.1), as an effect, among other things, of well-implemented projects, economies of scale and good property management.

Each quarter, Catena implements internal valuations of all its investment properties and this is used to determine the fair values recognised in the balance sheet. To verify the internal valuations, external valuations of a selection of our properties are also carried out. External valuations of about SEK 7.4 billion of the property portfolio were conducted during the first half of 2016.

All of the Group's investment properties are assessed as being at level 3 in the valuation hierarchy. A detailed description of the valuation principles is available in Catena's annual report for 2015.

A certain discrepancy is permitted between the internal valuation and the fair value before the fair value is adjusted. The deviation must lie within a range governed by the permitted deviation, $\pm 0.25\%$, from the set yield requirement. Only when the deviation exceeds or falls short of this range is the real value adjusted. This deviation is accepted since there is always some uncertainty in estimated figures.

Other

Market outlook

Over time, the market for logistics properties is driven by increased goods flows and growing retail trade, particularly e-commerce. Consequently, demand for Catena's well-situated and, for their purpose well-suited and environmentally efficient, logistics spaces is expected to remain good in 2016.

The availability of modern, strategically located logistics premises, preferably adjacent to container terminals, is limited. This means that we expect a substantial increase in the letting ratio of our properties. The availability of developable land with suitable planning permission is also limited, providing opportunities to move forward with new production at our existing development sites.

Concluded agreement negotiations also indicate stable rent levels in our existing portfolio. In addition, as a result of increased space efficiency, we expect increased rental income per square metre for our newer holdings of larger buildings and newly developed properties.

Combined with favourable access to capital at low interest rates, this means that the transaction market for efficient, energy-smart and suitably located logistics properties remains good. Through acquisitions and property development, we perceive good opportunities to expand our operations over the coming years.

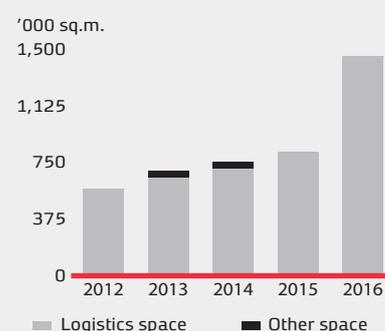
Catena's sustainability activities

Sustainability is one of Catena's four prioritised strategic areas. Our work focuses on participating in social progress by establishing the conditions for more sustainable logistics, reducing environmental impact and being an attractive employer. Catena has daily contacts with numerous stakeholders and contact fora include Catena's annual Logistics Trends conference. Read more about Catena's sustainability work on pages 27-37 of the 2015 Annual Report.



Hammaren 2, Klippan

Logistics space



The Catena share

On the balance sheet date, the Catena share was registered on the Nasdaq Stockholm – Nordic Mid Cap list. The closing price on 30 June 2016 was SEK 123.00, against the opening price of SEK 115.00 on 4 January 2016, representing an increase of 7.0 percent over the period. During the period, the highest price noted for the Catena share was SEK 127.75 and the lowest was SEK 109.25.

As per 31 May 2016, Catena had 14,642 shareholders and the number of shares in Catena amounted to 33,235,506.

Dividend policy

In the long term, Catena's dividends shall amount to at least 50 percent of profit from property management less standard rate tax.

Ownership structure, 30 June 2016

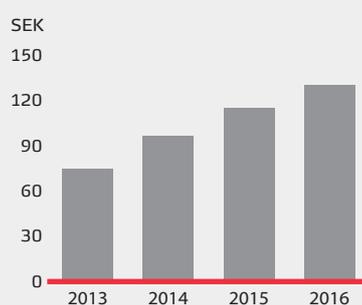
	No. of shares, 000s	Votes, %
Backahill	11,221	33.8
Endicott Sweden AB (CLS Holding plc)	3,71	11.2
Länsförsäkringar fondförvaltning AB	3,22	9.7
SFU Sverige AB	1,847	5.6
Nordea Investment Funds	1,506	4.5
CGML PB Client Acct-Sweden Treaty (Carve Capital)	1,057	3.2
Skagen Vekst Verdipapirfond	955	2.9
Swedbank Robur fonder	874	2.6
JP Morgan Bank Luxembourg SA	778	2.3
CRHE Invest AB	770	2.3
Prior & Nilsson Fond- och Kapitalförvaltning AB	550	1.7
Banque Carnegie Luxembourg SA	476	1.4
Malmer, Staffan	454	1.4
JP Morgan Europe Limited	313	0.9
Other shareholders	5,494	16.5
Total	33,236	100

Key figures ¹⁾

For definitions of key figures, see page 14.	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec	Rolling 12-month
Property-related				
Rental income, SEK m	378.0	227.6	464.2	614.6
Net operating surplus, SEK m	277.9	173.0	351.3	456.2
Surplus ratio, %	73.5	76.0	75.7	74.2
Rental value, SEK m	900.9	467.4	511.5	900.9
Economic letting ratio, %	91.7	96.0	95.5	91.7
Loan-to-value ratio, %	64.0	63.9	70.3	64.0
Lettable area, thousand sq.m.	1,450.2	735.3	816.8	1,450.2
Financial				
Profit from property management, SEK m	143.7	113.6	259.3	289.4
Pre-tax profit, SEK m	97.8	358.5	590.3	329.6
Profit for the period, SEK m	103.3	373.9	571.5	300.9
Total assets, SEK m	11,917.2	6,025.1	6,947.9	11,917.2
Return on equity, %	3.6	17.3	25.6	10.7
Return on capital employed, %	3.8	6.6	10.5	7.2
Interest-coverage ratio, multiple	2.2	5.3	4.8	2.8
Average interest rate, %	3.5	2.8	2.6	3.5
Fixed interest, years	3.5	3.8	3.1	3.5
Capital tied-up, years	2.1	3.1	2.5	2.1
Equity ratio, %	28.0	37.8	35.7	28.0
Equity ratio, excluding goodwill, %	29.6	37.8	35.7	29.6
Share-related				
Prior to and after dilution				
Share price at end of the period, SEK	123.00	133.50	115.75	123.00
Cash flow per share from operating activities, SEK	14.99	2.39	10.99	21.88
Equity per share, SEK	100.30	88.75	96.46	100.30
Profit from property management per share, SEK	4.49	4.43	10.11	9.04
Comprehensive income per share, SEK	3.23	14.58	22.29	9.40
Net asset value per share, EPRA NAV (including goodwill), SEK	145.50	103.10	115.00	145.50
Net asset value per share, EPRA NAV, SEK	130.10	103.10	115.00	130.10
Number of shares outstanding, millions	33.2	25.6	25.6	33.2
P/E ratio	13	5	5	13

¹⁾ On remaining properties at the end of the period.

Net worth per share, EPRA NAV



Share-price trend, 1 July 2014 to 30 June 2016



Parent Company's financial statements

Income Statement SEK m	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Net turnover	20.2	14.7	30.2
Cost of services performed	-30.5	-23.0	-55.1
Operating profit/loss	-10.3	-8.3	-24.9
Financial income and expenses			
Other interest income and similar income	37.4	1.0	42.7
Profit from participations in affiliated companies	-	-	133.2
Interest expense and similar expenses	-186.6	-28.3	-99.4
Pre-tax profit	-159.5	-35.6	51.6
Tax on profit for the period	23.4	7.8	-17.7
Comprehensive income for the period	-136.1	-27.8	33.9

No items in the Parent Company are recognised in other comprehensive income and total comprehensive income is therefore consistent with profit for the year.

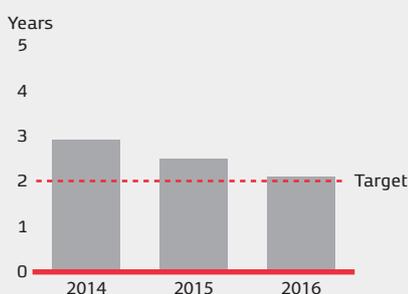
Balance sheet SEK m	2016 30 Jun	2015 30 Jun	2015 31 Dec
Assets			
Non-current assets			
Property, plant and equipment	2.6	1.6	1.6
Financial fixed assets	3,300.5	1,246.2	1,856.4
Deferred tax asset	52.8	39.6	29.4
Current assets			
Long-term receivables	2.8	-	-
Receivables from Group companies	3,394.9	1,104.2	1,210.3
Receivables from associated companies	50.5	140.4	33.3
Current receivables	9.2	10.0	5.8
Cash and cash equivalents	83.3	350.8	201.2
Total assets	6,896.6	2,892.8	3,338.0
Equity and liabilities			
Equity	1,739.2	1,057.4	1,119.1
Non-current liabilities			
Liabilities to credit institutions	-	-	316.8
Other non-current liabilities	223.1	149.3	116.2
Current liabilities			
Liabilities to credit institutions	350.4	-	67.2
Liabilities to Group companies	4,405.2	1,619.6	1,667.5
Liabilities to associated companies	18.7	15.8	14.9
Other current liabilities	160.0	50.7	36.3
Total shareholders' equity and liabilities	6,896.6	2,892.8	3,338.0



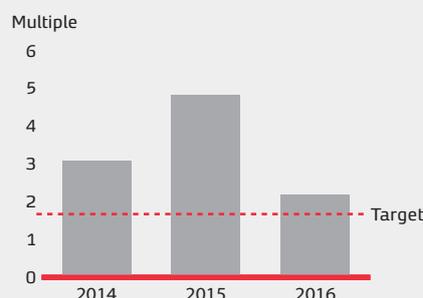
Vanda 1, Stockholm

Financial targets

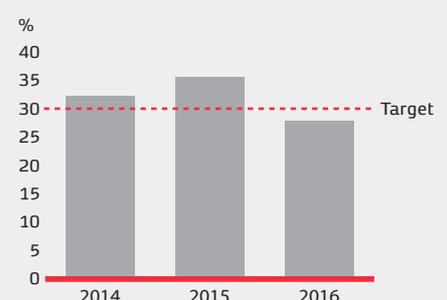
Average fixed loan term



Interest coverage ratio



Equity ratio



Other significant events during the period



In connection with the public takeover bid for Tribona's shares, Catena's Annual General Meeting decided to issue new shares and on 29 January 2016, 7,246,971 shares and votes were registered.

Following the extended acceptance period, Catena has acquired an additional 2.9 percent of the shares and a further 346,614 shares have been issued. Compulsory redemption of the remaining shares in Tribona is in progress and an arbitration board has been formed. The Board of Tribona decided to delist Tribona's shares from the Nasdaq Stockholm exchange. The final day for trading in Tribona's shares was 22 February 2016.

In connection with the new regional division following the acquisition of Tribona, Catena has expanded its company management to include Christian Berglund as regional manager for Malmö and Jönköping.

Catena is building two stages out of three at the e-commerce cluster E-CITY Engelholm of more than 57,000 square metres. Among other developments, it has, through its subsidiary Queenswall AB, signed a 15-year lease on 43,500 square metres with Boozt Fashion AB, which is due to move in during the first quarter of 2017.

In Nässjö, an approximately 9,200 square-metre logistics warehouse is to be constructed, starting in the spring of 2016 and Catena has signed a lease for approximately 6,700 square metres of this space with Höglunds Logistik AB in Nässjö. The lease will come into effect on 1 October 2016 and will be valid for ten years.



Catena has signed agreements for the sale of the Partille 11:24 property in Gothenburg for a property value of SEK 186 million. The buyer gained access to the property on 15 April.

In May, Nya SFF issued covered bonds for SEK 652 million. Catena is participating with the logistics property Nattskiftet 11 in Stockholm and is borrowing an amount of SEK 211 million through a two-year bond with a floating rate of 3 months Stibor plus 0.95 percent.

Catena has decided to invest approximately SEK 50 million in the Tågarp 16:17 property outside Malmö. The investment will permit a new ten-year lease with Espresso House and a new three-year lease with MatHem. The total annual rent will amount to approximately SEK 12 million and the remodelling will be completed in early 2017.

Together with the City of Malmö, Catena has signed a contract

for an exchange of properties. Catena divests the Terminalen 3 and 4 properties in Malmö, of more than 34,000 square meters, for a property value of SEK 140 million. At the same time, Catena acquires three properties, Sockret 1, 2 and 6, from the City of Malmö and the land at Sockret 4, which is currently on leasehold, for a property value of SEK 50 million. Catena is expected to gain access in November 2016.

A shareholders' agreement has been signed with the Municipality of Örebro's wholly owned companies, Örebroporten AB and Lokalusman i Örebro 2 AB, regarding a joint venture company named Torsjö Logistik AB. The Company will own approximately 720,000 square metres of first-class logistics land and the parties will join efforts to work for a new development plan for the area. The land is located near the properties already owned by Catena in Örebro. When the area is fully developed, the investment in Torsjö Logistik AB will amount to about SEK 2 billion.

Significant events after the end of the period

No significant events have taken place after the end of the period.



Jordbromalm 4:33, Haninge



Nattskiftet 11, Stockholm

Accounting and valuation principles

Catena AB draws up its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also with interpretive statements from the International Financial Interpretations Committee (IFRIC), as approved by the European Commission for application in the EU.

The Parent Company applies the same accounting principles as the Group, but taking into consideration the recommendations from the Swedish Financial Reporting Board in RFR 2, Accounting for Legal Entities.

This interim report was drawn up in accordance with IAS 34, Interim Financial Reporting, for the Group and according to the Swedish Annual Accounts Act for the Parent Company. The accounting principles are unchanged compared with the annual report for the preceding year. None of the other IFRS or IFRIC interpretations that apply effective from 1 January 2016 are deemed to have any significant impact on the Group.

Risks and uncertainty factors

In order to draw up the accounts according to generally accepted accounting principles, the company management must make assessments and assumptions that affect the asset and liability items and the income and expense items disclosed in the annual accounts, and also other information provided. Actual outcomes may diverge from these assessments. Catena's financial risks are described in Note 19 on pages 87-88 of the 2015 Annual Report. No essential changes have occurred since its publication.

The Board of Directors and the Chief Executive Officer certify that this report gives a true and fair view of the financial position and results and describes significant risks and uncertainties that the Group and the companies included in the Group face.

Solna, 8 July 2016
Catena AB (publ)
Board of Directors

Auditor's review report regarding the summary interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act

Introduction

We have performed a limited review of the interim financial information (interim report) of Catena AB on 30 June 2016 and the six-month period ended on that date. The Board and the CEO are responsible for the preparation and presentation of this interim financial information 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.

focus and scope of the review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Company's Elected Auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review and undertaking other review procedures. A review has a different focus and is substantially less in scope than the focus and scope of an audit in accordance with the International Standards on

Auditing and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance such that we would become aware of all significant matters that might be identified in an audit. The conclusion 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 interim report has not, in all material respects, been prepared 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.

Stockholm, 8 July 2016
PricewaterhouseCoopers AB
Lars Wennberg, Authorised Public Accountant



Bunkagården Mellersta 2, Helsingborg

Definitions

Return on equity

Net profit for the period/year as a percentage of average equity.

Return on capital employed

Profit before tax, with reversal of financial expenses and the change in value of derivatives, as a percentage of average total assets.

Loan-to-value ratio

Liabilities to credit institutions in relation to the property's carrying amount at the end of the period/year.

Operating surplus

Rental income minus operating and maintenance costs, ground rent and property taxes.

Equity per share

Equity attributable to Parent Company shareholders in relation to the number of shares at the end of the period/year.

Economic letting ratio

Contractual annual rent under valid leases at the end of the period/year as a percentage of rental value.

Profit from property management

Pre-tax profit with reversal of changes in value.

Profit from property management per share

Profit from property management in relation to the average number of shares outstanding.

Average interest rate

Average interest on the loan portfolio with derivatives being taken into account.

Rental value

Contractual rents on an annual basis plus a supplement for assessed market rents for vacant space.

Capital tied-up

The average remaining period for which capital is tied up in the loan portfolio.

Long-term net asset value per share, EPRA NAV

Shareholders' equity with reversal of the fair value of interest rate derivatives and deferred taxes in the balance sheet and goodwill associated with the deferred tax, calculated per share.

Long-term net asset value including goodwill per share, EPRA NAV, SEK

Equity with reversal of the fair value of interest rate derivatives and deferred taxes in the balance sheet, calculated per share.

P/E ratio

Share price divided by rolling earnings per share.

Earnings per share

Profit for the period/year attributable to the Parent Company's shareholders in relation to the average number of shares outstanding.

Fixed interest

Average remaining period of fixed interest on the loan portfolio with derivatives being taken into account.

Interest-coverage ratio

Pre-tax profit before reversal of financial expenses and unrealised changes in value in relation to financial expenses.

Debt/equity ratio

Interest-bearing liabilities divided by equity

Equity ratio

Equity including non-controlling interests as a percentage of total assets.

Equity ratio, excluding goodwill

Shareholders' equity including minority interests as a percentage of total assets less goodwill.

Surplus ratio

Operating surplus as a percentage of rental income.



Korsberga 1, Västerås

Catena in brief

Catena is a leading property company in logistics, offering companies and third party operators customised, cost-effective and sustainable logistics facilities in strategic locations adjacent to the country’s cargo flows. In this way, the company generates strong cash flow, enabling stable development of operations and dividends for shareholders.

Vision

Catena links Scandinavia’s cargo flows

Cargo flows to and from Scandinavia currently utilise maritime, air, rail and road transport, separately or combined, to collect and store cargo at selected logistics hubs. At these locations, which have been carefully defined by Catena and from which the metropolitan regions of Scandinavia can also easily be reached, we are continuing to develop modern and well-suited logistics facilities.

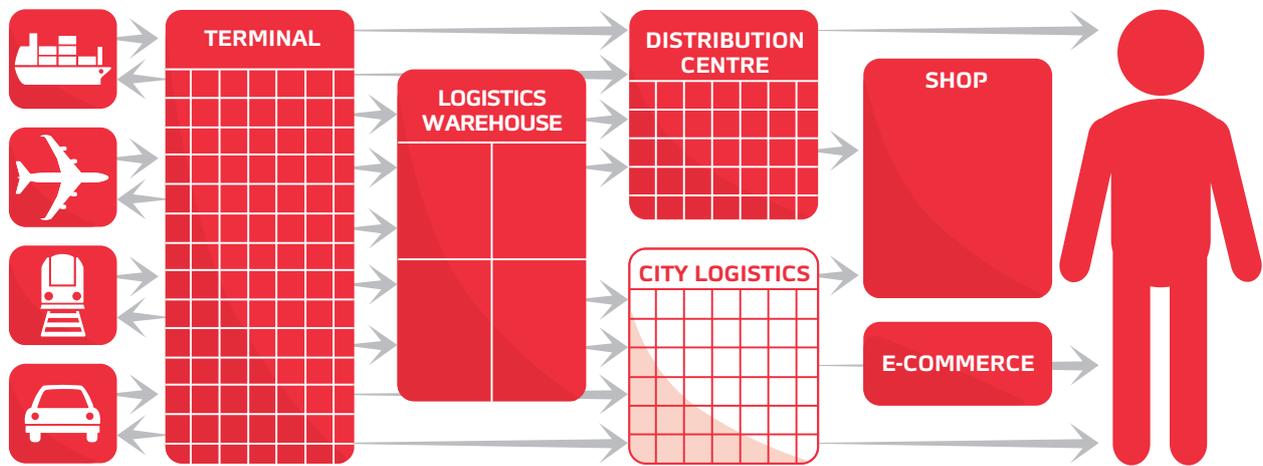
Business concept

Catena shall sustainably and through partnerships develop efficient logistics facilities that serve the metropolitan regions of Scandinavia.

In Sweden, with its substantial distances and considerable dependency on exports, transport efficiency constitutes an important factor in companies’ profitability. At the same time, the challenges faced in terms of climate change impose stricter new demands on reducing environmental impact. Catena offers premises solutions that provide benefits in terms of both costs and the environment, along superior green corridors.

Customer offering

Logistics solutions is a collective term for buildings whose purpose is the collection, storage and distribution of goods. The goods, volumes, timing and, above all, the task impose different requirements on logistics premises. Consequently, Catena provides different types of premises solutions.



Barnarps-Kråkebo 1:44, Jönköping



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Financial reporting

Interim report January-September

10 November 2016

Year-end report 2016

17 February 2017

Annual General Meeting 2017, in Stockholm, 4.00 pm

27 April 2017

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