
Interim report

January–June 2017



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Sustained good growth and profitability

Quarter April–June 2017

- Revenue from Property Management amounted to MSEK 568 (464). Adjusted for currency effects and comparable units, the increase was 3 percent.
- Net operating income from Property Management amounted to MSEK 485 (398). Adjusted for currency effects and comparable units, the increase was 2 percent.
- Net operating income from Operator Activities amounted to MSEK 139 (125). Adjusted for currency effects and comparable units, the increase was 29 percent.
- EBITDA amounted to MSEK 594 (491).
- Profit for the period amounted to MSEK 887 (474).
- Cash earnings amounted to MSEK 425 (354).
- Earnings per share amounted to SEK 5.61 (3.14).

Period January–June 2017

- Revenue from Property Management amounted to MSEK 1,042 (850). Adjusted for currency effects and comparable units, the increase was 6 percent.
- Net operating income from Property Management amounted to MSEK 881 (718). Adjusted for currency effects and comparable units, the increase was 5 percent.
- Net operating income from Operator Activities amounted to MSEK 221 (179). Adjusted for currency effects and comparable units, the increase was 21 percent.
- EBITDA amounted to MSEK 1,044 (841).
- Profit for the period amounted to MSEK 1,414 (850).
- Cash earnings amounted to MSEK 715 (589).
- Earnings per share amounted to SEK 8.92 (5.63).
- EPRA NAV per share amounted to SEK 132.55 (114.03).

Significant events during the period

- Pandox reclassifies seven hotel properties in the Nordics to Property Management in the second quarter.
- Pandox concludes the acquisition of Hotel Berlaymont in Brussels for the equivalent of around MSEK 324 in May.

Key figures (MSEK)*	Q2 2017	Q2 2016	Chg in %	6m 2017	6m 2016	Chg in %	FY 2016
Revenue Property management (Note 1)	568	464	22	1,042	850	23	1,787
Net operating income Property Management (Note 1)	485	398	22	881	718	23	1,495
Net operating income Operator Activities (Note 1)	139	125	11	221	179	23	439
EBITDA (Note 1)	594	491	21	1,044	841	24	1,817
Profit for the period (Note 1)	887	474	87	1,414	850	66	2,214
Earnings per share, SEK (Note 1,2,3)	5.61	3.14	79	8.92	5.63	58	14.65
Cash earnings, MSEK (Note 1)	425	354	20	715	589	21	1,289
Cash earnings per share, SEK (Note 1,2,3)	2.67	2.34	14	4.48	3.89	15	8.49
<i>Key data</i>							
Net interest bearing debt, MSEK	—	—	—	19,015	15,022	27	18,314
Equity asset ratio, %	—	—	—	40.1	39.4	n.m.	39.7
Loan to value net, %	—	—	—	47.7	46.8	n.m.	47.9
Interest cover ratio, times	4.5	4.3	n.m.	4.0	3.7	n.m.	4.0
Market value Properties, MSEK	—	—	—	39,868	32,124	24	38,233
EPRA NAV per share, SEK (Note 3)	—	—	—	132.55	114.03	16	126.24
WAULT (Investment Properties), years	—	—	—	13.9	13.3	n.m.	13.9
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	815	698	17	700	641	9	662

(Note 1) See page 9 for a complete list of reclassifications, acquisitions and divestments.

(Note 2) Based on weighted number of shares 157,499,999 for Q2 2017. For information about previous years see page 22.

(Note 3) After non-controlling interest.

*For a complete set of definitions see page 27.

CEO comment

Sustained good growth and profitability

Strong earnings trend

Pandox is reporting an increase in both cash earnings and net asset value of 20 percent for the second quarter. This improvement was driven by a hotel market that remained strong, with an increase in occupancy and average prices in both larger cities and regional hubs. The positive calendar effect from the first quarter was neutralised in the second quarter.

Adjusted for currency effects and comparable units, net operating income increased by 2 percent, supported by good development throughout the lease portfolio.

Adjusted for currency effects and comparable units, net operating income from Operator Activities increased by 29 percent, driven mainly by a strong recovery in Brussels.

Pandox's good earnings trend clearly illustrates the benefits of a well-diversified portfolio of hotel properties in which demand is balanced between different countries, locations and guest segments, thereby mitigating business risk.

High level of activity in key markets

Pandox's hotel portfolio benefitted during the quarter from an active conference and trade fair calendar in many markets as well as good demand from the business and leisure segments.

Growth was evenly split between cities with international and domestic demand. It is worth noting that regional cities in all key markets enjoyed strong growth.

The lease portfolio in Finland developed particularly well, supported by increased economic optimism accompanied by increased regional demand, as well as strong international demand in Helsinki.

The recovery in Brussels was strong and Germany remained stable.

Growth in Stockholm weakened slightly due to new room capacity and a more uneven neutralisation of previous positive calendar effects than in other Nordic capitals. However, the underlying demand in Stockholm is still good. No negative effects were noted after the terrorist attack in April.

Fast pace for business and investment

In the second quarter Pandox concluded leasing and reclassification of seven operator hotels in the Nordics, giving the Company more scope for strategic action. This provides opportunities for us to be active. One example is our acquisition of Hotel Berlaymont which strengthens Pandox's position as the leading hotel property owner in Brussels. The hotel is in a strategic location in the EU district and work on upgrading the hotel product and strengthening its market position is in full swing. The Hotel Berlaymont acquisition demonstrates Pandox's ability to create value by identifying, acquiring and developing under-performing hotels.

However, most of Pandox's value creation takes place within the Company's existing hotel portfolio. The investment pace has been swift for an extended period and we have a significant pipeline of approved investments with good yield potential in both the Property Management and Operator Activities segments.

Pandox continuously evaluates the market for acquisitions in accordance with the Company's acquisition criteria.

Continued good market prospects

The activity level in Pandox's key markets is currently high.

Supported by previous acquisitions and anticipated organic growth driven by markets and profitable investments in the existing portfolio, the prospects are good for the remainder of the year.

20%

Growth in total cash earnings¹

¹EBITDA plus financial income minus financial cost minus current tax.

20%

Growth in net asset value²

²Measured as growth in EPRA NAV, with dividends added back and proceeds from new share issue deducted.

"Pandox is reporting an increase in both cash earnings and net asset value of 20 percent for the second quarter. This improvement was driven by a hotel market that remained strong, with an increase in occupancy and average prices in both larger cities and regional hubs."



Anders Nissen, CEO

A property company specialised in hotels

Pandox is an active owner with a business model focused on long-term revenue-based lease agreements with the market's best hotel operators. If these conditions are not in place Pandox has long experience of managing hotel operations itself. Pandox's specialist expertise and efficient management systems create opportunities to conduct business across the whole hotel value chain.

A strategy that creates value

Pandox's vision

"To be a world-leading hotel property company with expertise in active ownership, hotel property management and development, as well as hotel operation."

Overall objectives

"With support from specialist expertise and effective management systems increase cash flow and property value – hotel property by hotel property – and thereby make room for investments that support Pandox's continued expansion."

Strategy and business model

- 1
Focus on hotel properties
- 2
Large hotel properties in good locations
- 3
Long-term revenue-based leases with the best hotel operators
- 4
A high quality hotel property portfolio
- 5
Geographical diversification reduces fluctuations
- 6
Operator Activities reduce risk and create opportunities

Organisation and execution

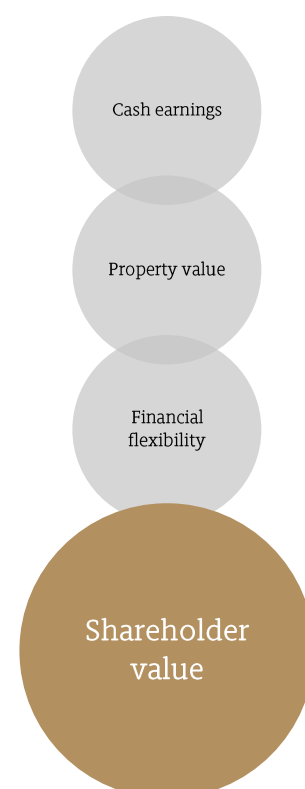
Property Management	Operator Activities	Asset management
"We own and lease hotel properties"	"We own and operate hotel properties"	"We manage hotel properties owned by others"
106 hotels corresponding to 83 percent of portfolio market value.	15 hotels corresponding to 17 percent of portfolio market value.	10 hotels.
Weighted unexpired lease term (WAULT) 13.9 years.		

Key facts

- 121 hotels
- 26,450 rooms
- 10 countries
- MSEK 39,868 in portfolio value

Value drivers

Pandox creates shareholder value over time by increasing cash flow and property value.



Financial targets

Pandox is aiming for a dividend pay-out ratio of 40-60 percent of cash earnings¹⁾, with an average dividend pay-out ratio over time of around 50 percent, and a loan-to-value ratio net²⁾ of 45-60 percent.

For 2016 the dividend was SEK 4.10 per share, corresponding to 50 percent of cash earnings. At the end of the period the loan-to-value ratio was 47.7 percent.

¹⁾ Defined as EBITDA plus financial income minus financial expense minus current tax.

²⁾ Defined as interest-bearing liabilities minus liquid funds in relation to the market value of the properties at the end of the period.

Hotel market development April-June 2017

As complete market data has not yet been published for June 2017, the RevPAR growth for most markets below refers to the period April-May 2017, i.e. not the full report period. RevPAR growth for Stockholm, Oslo and Copenhagen is for the period April-June 2017, i.e. the full report period.

Expansive global growth supported the tourism market

The global tourism market was strong and demand in the hotel industry benefitted from expansive global growth in the quarter. Europe experienced good economic growth, driven in part by Germany, Spain and the Nordic countries. The hotel markets in both North America and Europe developed well in general taking into account a somewhat negative effect of the dates of Easter (in April instead of March as in the previous year).

Sustained growth in all key markets

RevPAR development change (in local currency)

	FY 2014	FY 2015	FY 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
USA ²	8%	6%	3%	3%	3%	3%	3%	3%
New York ^{1,2}	3%	-2%	-2%	-3%	-2%	1%	-1%	1%
Montreal ²	10%	7%	9%	1%	16%	10%	14%	14%
Europe ²	6%	7%	2%	3%	2%	3%	7%	7%
London ^{1,2}	3%	2%	-1%	-3%	1%	2%	11%	10%
Brussels ²	3%	2%	-18%	-29%	-26%	-4%	5%	28%
Berlin ²	5%	8%	4%	0%	6%	3%	6%	3%
Frankfurt ²	-2%	9%	-2%	3%	-9%	-1%	1%	-9%
Stockholm	2%	9%	8%	20%	0%	6%	11%	-4%
Oslo	1%	8%	3%	0%	9%	0%	15%	10%
Helsinki ²	2%	2%	7%	12%	11%	0%	5%	3%
Copenhagen	4%	11%	13%	15%	18%	14%	14%	2%

Source: STR (USA, Canada, Europe, Finland), Benchmarking Alliance (Sweden, Norway, Denmark).

¹ Pandox does not have any direct business exposure to these markets but they are important for the assessment of the global hotel market.

² Growth Q2 2017 refers to the period April-May 2017.

USA stable, Canada stronger

RevPAR increased in the USA for the 87th consecutive month. The market has entered a slower period, with stable occupancy where average prices are driving growth. Canada has entered a strong period, driven among other things by a weak currency, limited new capacity and increasingly strong regional markets. In Montreal, which is celebrating its 375th anniversary with a packed calendar of events, RevPAR returned to double-digit growth for April-May with strong demand from Asia and the USA.

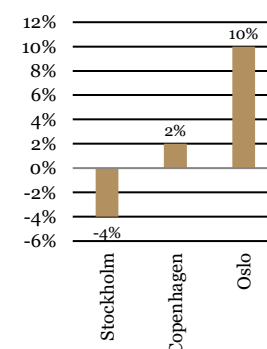
Strong growth in Europe

The hotel markets in Europe as a whole saw strong development in April-May, with an increase in RevPAR of 7 percent as a result of both growing demand and improved average prices. Growth was dampened by a certain negative calendar effect. Large hotel markets, such as Spain and Germany, reported strong growth figures and essentially all large European cities developed positively. The UK/London had a strong April-May, partly due to a weakened GBP. In Brussels RevPAR increased by 28 percent in April-May, supported by stronger demand in all segments. Several cities in Germany, including Cologne and Düsseldorf, experienced a strong trend during the same period, supported by several large events and conferences.

Stable development in the Nordics

The Nordic countries continued to benefit from a good economic trend. The calendar effect of the Easter dates varied from capital to capital, where Stockholm, in combination with a strong inflow of new room capacity, saw a decline in RevPAR of 4 percent in April-June. However, the underlying demand in Stockholm remained good and RevPAR increased by a total of 2 percent for the first six months of the year. RevPAR growth in Oslo was 10 percent in April-June, supported by a combination of capacity constraints in the market due to renovation activity and a positive effect of the Nor-Shipping exhibition. Copenhagen faced strong comparative figures and RevPAR growth stagnated at 2 percent in April-June after an extended period of double-digit growth. Copenhagen will be affected by the opening of several hotels over the next few years. Helsinki continued to develop well and the new capacity of around 700 rooms has largely been absorbed by the market, at the same time as average prices have gradually improved.

Market data
full report period
RevPAR growth Q2 2017



Financial development April-June 2017

Comparable figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2016 for balance sheet items unless otherwise stated.

Revenue and net sales

Revenue from Property Management amounted to MSEK 568 (464), an increase of 22 percent, driven by a combination of acquired and organic growth in the lease portfolio. Adjusted for currency effects and comparable units, revenue increased by 3 percent.

Revenue from Operator Activities amounted to MSEK 555 (536), an increase of 4 percent. During the period seven hotel properties were reclassified to Property Management on separate occasions (see page 9 for a list). Adjusted for currency effects and comparable units, revenue increased by 14 percent and RevPAR by 17 percent.

The Group's net sales amounted to MSEK 1,123 (1,000). Adjusted for currency effects and comparable units, net sales increased by 8 percent.

A calendar effect due to the dates of Easter (in April instead of March as in the previous year) was neutralised during the quarter.

Net operating income

Net operating income from Property Management amounted to MSEK 485 (398), an increase of 22 percent. Adjusted for currency effects and comparable units, net operating income increased by 2 percent.

Net operating income from Operator Activities amounted to MSEK 139 (125), an increase of 11 percent, supported mainly by improved results in Brussels. Adjusted for currency effects and comparable units, net operating income increased by 29 percent.

Total net operating income amounted to MSEK 624 (523), an increase of 19 percent.

Administration costs

Central administration costs amounted to MSEK -30 (-32).

EBITDA

EBITDA amounted to MSEK 594 (491), an increase of 21 percent, driven by improved net operating income for both Property Management and Operator Activities.

Financial income and expenses

Financial expenses amounted to MSEK -131 (-113), which is mainly explained by increased interest-bearing liabilities after acquisitions carried out. Financial income amounted to MSEK 0 (1).

Profit before changes in value

Profit before changes in value amounted to MSEK 417 (342), an increase of 22 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 634 (319) and are explained by a combination of improved underlying cash flows in Pandox's property portfolio and the effect of reclassifications during the quarter. Realised changes in value for Investment Properties amounted to 0 (0).

Unrealised changes in value of derivatives amounted to MSEK 71 (-55).

Current and deferred tax

Current tax amounted to MSEK -38 (-25). The increase is mainly explained by positive results after acquisitions in Germany, Austria and the Netherlands. Deferred tax expense amounted to MSEK -197 (-107).

Profit for the period

Profit for the period amounted to MSEK 887 (474) and profit for the period attributable to Parent Company shareholders amounted to MSEK 882 (471), which is equivalent to SEK 5.61 (3.14) per share.

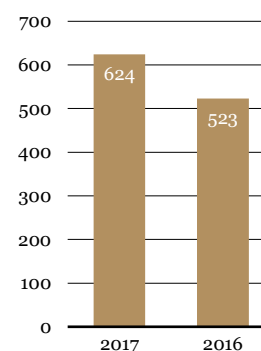
Cash earnings

Cash earnings amounted to MSEK 425 (354), an increase of 20 percent.

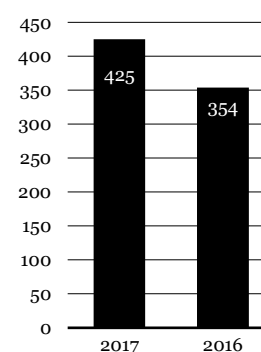
19%

Increase total NOI Q2

Total net operating income, MSEK (April-June)¹



Cash earnings, MSEK (April-June)¹



¹ See page 9 for a complete list of reclassifications, acquisitions and divestments.

Financial development January-June 2017

Comparable figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2016 for balance sheet items unless otherwise stated.

Revenue and net sales

Revenue from Property Management amounted to MSEK 1,042 (850), an increase of 23 percent, driven by a combination of acquired and organic growth in the lease portfolio. Adjusted for currency effects and comparable units, revenue increased by 6 percent.

Revenue from Operator Activities amounted to MSEK 1,076 (978), an increase of 10 percent. Meininger Copenhagen was reclassified to Property Management on 1 January 2017 and seven hotel properties in the Nordics were reclassified to Property Management on separate occasions in the second quarter of 2017 (see page 9 for a list). Adjusted for currency effects and comparable units, revenue increased by 7 percent and RevPAR by 9 percent.

The Group's net sales amounted to MSEK 2,118 (1,828). Adjusted for currency effects and comparable units, net sales increased by 6 percent.

Net operating income

Net operating income from Property Management amounted to MSEK 881 (718), an increase of 23 percent. Adjusted for currency effects and comparable units, net operating income increased by 5 percent.

Net operating income from Operator Activities amounted to MSEK 221 (179), an increase of 23 percent, supported by improved results in Brussels in the second quarter compared with the previous year. Adjusted for currency effects and comparable units, net operating income increased by 21 percent.

Total net operating income amounted to MSEK 1,102 (897), an increase of 23 percent.

Administration costs

Central administration costs amounted to MSEK -58 (-56). The increase is explained by the Company's geographical expansion.

EBITDA

EBITDA amounted to MSEK 1,044 (841), an increase of 24 percent, driven by improved net operating income for both Property Management and Operator Activities.

Financial income and expenses

Financial expenses amounted to MSEK -262 (-227), which is mainly explained by increased interest-bearing liabilities after acquisitions carried out. Financial income amounted to MSEK 1 (1).

Profit before changes in value

Profit before changes in value amounted to MSEK 697 (542), an increase of 29 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 942 (519) and are explained by a combination of improved underlying cash flows in Pandox's property portfolio and the effect of reclassifications during the quarter. Realised changes in value for Investment Properties amounted to MSEK 0 (159).

Unrealised changes in the value of derivatives amounted to MSEK 148 (-179).

Current and deferred tax

Current tax amounted to MSEK -68 (-26). The increase is mainly explained by positive results after acquisitions in Germany, Austria and the Netherlands and by accrual effects during part of the comparative period. Deferred tax expense amounted to MSEK -305 (-165).

Profit for the period

Profit for the period amounted to MSEK 1,414 (850) and profit for the period attributable to Parent Company shareholders amounted to MSEK 1,405 (845), which is equivalent to SEK 8.92 (5.63) per share.

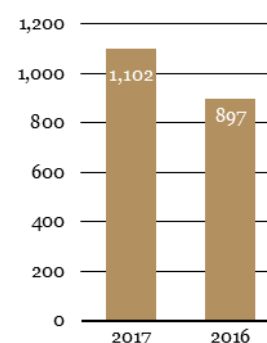
Cash earnings

Cash earnings amounted to MSEK 715 (589), an increase of 21 percent.

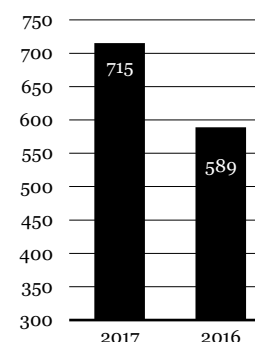
23%

Increase total NOI Q1-2

Total net operating income, MSEK (January-June)¹



Cash earnings, MSEK (January-June)¹



¹ See page 9 for a complete list of reclassifications, acquisitions and divestments.

Segment reporting

Summary of segments

MSEK	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
Total gross profit	578	486	1,016	824	1,787
– whereof gross profit Property Management	485	398	881	718	1,495
– whereof gross profit Operator Activities	93	88	135	106	292
Net operating income Property Management					
– Net operating income equals gross profit	485	398	881	718	1,495
Net operating income Operator Activities					
– Gross profit	93	88	135	106	292
– Add: Depreciation included in costs, Operator Activities	46	37	86	73	147
– Net operating income Operator Activities	139	125	221	179	439
Total net operating income	624	523	1,102	897	1,934
Central administration, excluding depreciation	-30	-32	-58	-56	-117
EBITDA	594	491	1,044	841	1,817

Property Management

The market value of Investment Properties amounted to MSEK 33,055, representing 83 percent of total property market value.

Net operating income Property Management

MSEK	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
Rental income	547	451	1,003	825	1,717
Other property income	21	13	39	25	70
Costs, excluding property administration	-64	-46	-119	-94	-212
Net operating income, before property administration	504	418	923	756	1,575
Property administration	-19	-20	-42	-38	-80
Gross profit	485	398	881	718	1,495
Net operating income, after property administration	485	398	881	718	1,495

Comments on the period April-June 2017

Rental income and other property income amounted to MSEK 568 (464) and net operating income to MSEK 485 (398), an increase of 22 percent each. During the period seven hotel properties in the Nordics were reclassified to Property Management on separate occasions.

Adjusted for currency effects and comparable units, total rental income and net operating income increased by 3 and 2 percent respectively.

Development in the comparable lease portfolio remained strong, supported by broad based demand and increased average prices. Finland, Denmark and Germany saw the highest rental growth for the quarter.

Individual cities with particularly strong development were Helsinki, Oslo and Cologne.

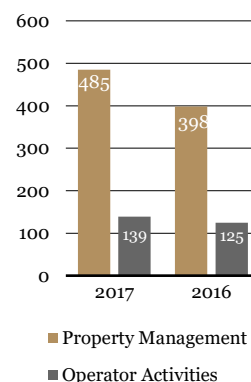
The seven hotel properties in Europe acquired in December 2016 developed according to plan.

All regional cities in the lease portfolio developed well, which reflects stronger regional economic growth and increased demand for hotel rooms as a result.

On 30 June 2017, the weighted average unexpired lease term (WAULT) for Investment Properties was of 13.9 years (31 December 2016: 13.9).

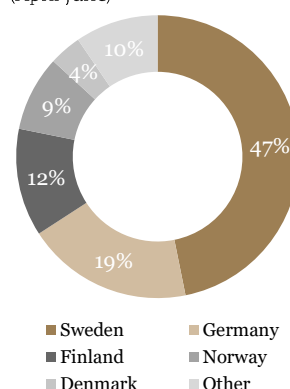
Revenue for the quarter from the nine external asset management agreements in Oslo amounted to 0.8 (0.7) MSEK.

Net operating income by segment, MSEK (April-June)¹

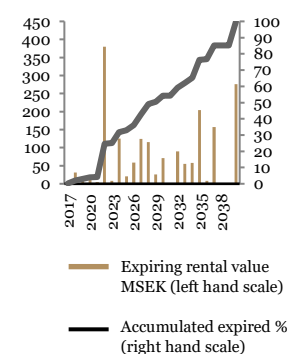


¹ See page 9 for a complete list of reclassifications, acquisitions and divestments.

Income by country Property Management (April-June)



Lease maturity profile (30 June 2017)



Operator Activities

The market value of Operating Properties amounted to MSEK 6,813, representing 17 percent of total property market value.

Net operating income Operator Activities

MSEK	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
Revenues	555	536	1,076	978	2,158
Costs	-462	-448	-941	-872	-1,866
Gross profit	93	88	135	106	292
Add: Depreciation included in costs	46	37	86	73	147
Net operating income	139	125	221	179	439

Comments on the period April–June 2017

Revenue from Operator Activities amounted to MSEK 555 (536) and net operating income to MSEK 139 (125), an increase of 4 and 11 percent respectively, despite reclassification of Meininger Copenhagen on 1 January 2017 and currently seven hotels in the Nordics to Property Management in the second quarter of 2017.

The net operating margin improved to 25.0 (23.3) percent.

Adjusted for currency effects and comparable units, revenue and net operating income increased by 14 percent and 29 percent respectively. The improvement is mainly explained by Brussels, where net operating income adjusted for currency effects and comparable units almost doubled. Canada and Germany also developed well with a combined increase in net operating income of 10 percent.

Adjusted for currency effects and comparable units, RevPAR increased by 17 percent.

Revenue from Grand Hotel Oslo up to 25 April 2017 when the agreement ended amounted to MSEK 49 (39) and net operating income to MSEK -5 (-4).

Adjusted for Grand Hotel Oslo, the net operating margin for Operator Activities was 28.5 (26.0) percent.

Reclassifications, acquisitions and divestments 2017-2016

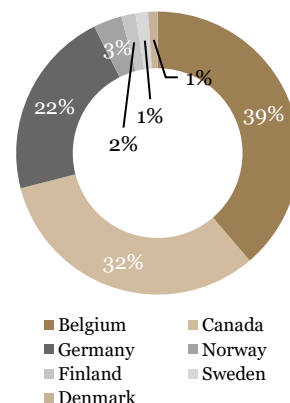
Reclassifications	Date	From	To
Scandic Prince Philip	Jun 1, 2017	Operator Activities	Property Management
Scandic Hafjell	Jun 1, 2017	Operator Activities	Property Management
Scandic Lillehammer	May 1, 2017	Operator Activities	Property Management
Scandic Sluseholmen	May 1, 2017	Operator Activities	Property Management
Scandic Kista Stockholm	Apr 11, 2017	Operator Activities	Property Management
Scandic Valdres*	Apr 4, 2017	Operator Activities	Property Management
Scandic Sørlandet	Apr 4, 2017	Operator Activities	Property Management
Meininger Copenhagen	Jan 1, 2017	Operator Activities	Property Management
Meetingpoint Hafjell	Sep 1, 2016	Property Management	Operator Activities
Thon Hotel Sørlandet	May 28, 2016	Property Management	Operator Activities
Thon Hotel Fagernes*	Jan 1, 2016	Property Management	Operator Activities

Acquisitions	Date	Segment
Hotel Berlaymont Brussels	May 28, 2017	Operator Activities
Seven hotel properties in Europe	Dec 19, 2016	Property Management
Hilton Grand Place Brussels	Oct 10, 2016	Operator Activities

Divestments From 1 January 2016	Date	Segment
Grand Hotel Oslo	Apr 25, 2017	Property Management
Eight hotel properties in Sweden	Mar 31, 2016	Operator Activities

* The same hotel property.

Revenue by country
Operator Activities
(April–June)



Pandox's own brands
(30 June 2017)

The Hotel.
BRUSSELS



hotelbloom!
Brussels

HOTELLI KORPILAMPI



Property portfolio

Change in property values

At the end of the period, Pandox's property portfolio had a total market value of MSEK 39,868 (38,233), of which MSEK 33,055 (30,163) was for Investment Properties and MSEK 6,813 (8,070) for Operating Properties. The market value of Operating Properties is reported for disclosure purposes only and is included in EPRA NAV. Eight hotel properties have been reclassified from Operator Activities, of which seven in the second quarter which is also when Hotel Berlaymont was acquired. Operating Properties are recognised at cost less depreciation and any impairment. At the end of the period, the carrying amount of the Operating Properties portfolio was MSEK 5,161 (6,415). The decrease is mainly the result of the reclassifications.

Change in value Investment Properties

	MSEK
Investment Properties, opening balance (January 1, 2017)	30,163
+ Acquisitions	—
+ Investments in current portfolio	203
- Divestments	—
+/- Reclassifications ¹	1,600
+/- Revaluation of fixed assets to the profit for the year ¹	112
+/- Unrealised changes in value	942
+/- Realised changes in value	—
+/- Change in currency exchange rates	35
Investment Properties, closing balance (June 30, 2017)	33,055

Change in value Operating Properties (reported for information purposes only)

	MSEK
Operating Properties, market value beginning of period (January 1, 2017)	8,070
+ Acquisitions	324
+ Investments in current portfolio	117
- Divestments ²	-16
+/- Reclassifications ¹	-1,712
+/- Unrealised changes in value	14
+/- Realised changes in value	—
+/- Change in currency exchange rates	16
Operating Properties, market value end of period (June 30, 2017)	6,813

¹ Refers to reclassification of eight hotel properties to Operator Activities, of which one in Q1 and seven in Q2

² Refers to divestment of FF&I Grand Hotel Oslo Q2 2017.

Investments

During the period January-June 2017, investments in the existing portfolio, excluding acquisitions, amounted to MSEK 320 (157), of which MSEK 203 (76) in Investment Properties and MSEK 117 (81) in Operating Properties.

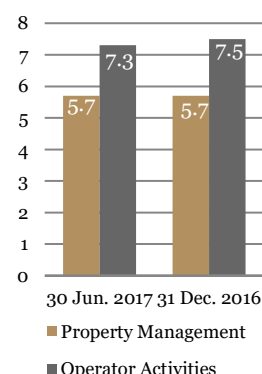
At the end of the period, committed investments for future projects equivalent to around MSEK 800 were approved, of which larger projects are Hyatt Regency Montreal, Hotel Berlin, Berlin, Leonardo Wolfsburg City, Hilton Grand Place Brussels, Elite Park Avenue Gothenburg, Elite Stora Hotellet in Jönköping and InterContinental Montreal as well as the new investment programme with Scandic Hotels Group for 19 hotel properties in the Nordic region.

Sensitivity analysis (MSEK)

Financial effects of changes in certain key valuation parameters as of June 30, 2017:

Investment properties, effect on fair value		Change	Effect on value
Yield		+/- 0.5pp	-2,681 / +3,200
Change in currency exchange rates		+/- 1%	+/- 190
Net operating income		+/- 1%	+/- 325
Investment properties, effect on revenues		Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)		+/- 1%	+/- 18
Operating properties, effect on revenues		Change	Effect on revenue
RevPAR (assuming 50/50 split between occupancy and rate)		+/- 1%	+/- 15
Financial sensitivity analysis, effect on earnings		Change	Profit before changes in value
Interest expenses with current fixed interest hedging, change in interest rates		+/- 1%	-/+ 76
Interest expenses with a change in the average interest rate level		+/- 1%	-/+ 194
Remeasurement of interest-rate derivatives following shift in yield-curves		+/- 1%	-/+ 451

Average valuation yield, %
(30 June 2017)



Property valuation

Pandox performs internal valuations of its hotel property portfolio. Investment properties are recognised at fair value in accordance with accounting standard IAS 40. Operating properties are recognised at cost less accumulated depreciation and any accumulated impairment losses. The market value of Operating properties is reported for information purposes only and is included in EPRA NAV.

The valuation model consists of an accepted and proven cash flow model, where the future cash flows the hotel properties are expected to generate are discounted. The valuation is based on the business plan for the hotel concerned, which is updated at least twice a year and takes into consideration, among other things, developments in the underlying operator activities, market developments, the contract situation, operating and maintenance issues and investments aimed at maximizing the hotel property's cash flow and return in the long-term.

External valuations of all properties are carried out annually by independent property appraisers. The external appraisers complete a more in-depth inspection at least every three years or in conjunction with major changes to the properties. The external valuations provide an important reference point for Pandox's internal valuations.

In the second quarter Pandox had external valuations performed on a quarter of the properties in its portfolio. The external valuation results are in line with and confirm Pandox's internal valuations.

For an overview of the property portfolio by segment, geography and brand, please see page 24.

Financing

Comparable figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2016 for balance sheet items, unless otherwise stated.

Financial position and net asset value

At the end of the period loan-to-value net was 47.7 (47.9) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 15,847 (15,081). EPRA NAV (net asset value) was MSEK 20,877 (19,833), corresponding to SEK 132.55 (126.24) per share. Liquid funds plus unutilised long-term credit facilities amounted to MSEK 1,358 (2,232).

Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 19,359 (18,831). Unutilised long-term credit facilities amounted to MSEK 1,014 (1,715).

The average fixed rate period was 2.4 (2.8) years and the average interest rate, corresponding to the interest rate level at the end of the period, was 2.6 (2.6) percent including effects of interest-rate swaps. The average repayment period was 2.7 (3.0) years. The loans are secured by a combination of mortgage collateral and pledged shares.

In order to manage interest rate risk and increase the predictability of Pandox's earnings, interest rate derivatives, mainly interest rate swaps, are used. At the end of the period Pandox had interest rate swaps amounting to MSEK 10,992 and around 52 percent of Pandox's loan portfolio was hedged against interest rate movements for periods longer than one year.

Interest maturity profile

(MSEK)	Interest maturity				Interest rate swaps		
	Loans	Interest swaps	Amount	Share, %	Volume	Share, %	Average interest swaps, % ¹
< 1 year	19,359	-10,326	9,033	47	956	9	4.1
1-2 year	—	738	738	4	738	7	3.0
2-3 year	—	2,302	2,302	12	2,012	18	2.0
3-4 year	—	806	806	4	806	7	2.1
4-5 year	—	3,535	3,535	18	3,535	32	1.6
> 5 year	—	2,946	2,946	15	2,946	27	1.6
Total/net/average	19,359	0	19,359	100	10,992	100	2.1

¹ Excluding bank margin.

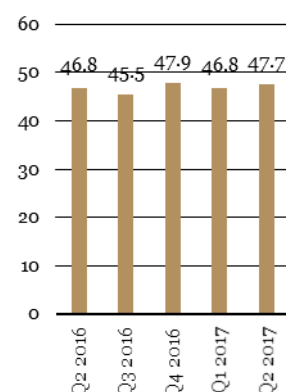
In order to reduce the currency exposure in foreign investment Pandox's aim is to finance the applicable portion of the investment in local currency. Equity is normally not hedged as Pandox's strategy is to have a long investment perspective. Currency exposures are largely in form of currency translation effects.

Interest maturity profile by currency

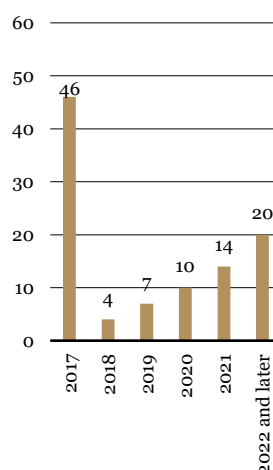
Year due (MSEK) ¹	SEK	DKK	EUR	CHF	CAD	NOK	Total	Share %	Interest % ²
2017	1,273	541	5,883	207	420	508	8,831	46	3.5
2018	250	—	242	—	—	202	694	4	3.2
2019	125	—	701	—	—	606	1,432	7	0.9
2020	900	156	866	—	—	—	1,922	10	2.7
2021	1,250	0	1,403	—	—	—	2,653	14	1.4
2022 and later	1,450	520	1,857	—	—	—	3,828	20	1.7
Total	5,248	1,217	10,952	207	420	1,316	19,359	100	2.6
Share, %	27.1	6.3	56.6	1.1	2.2	6.8	100	—	—
Average interest rate, %	3.4	2.2	2.1	0.8	3.6	3.2	2.6	—	—
Average interest rate period, years	3.2	2.6	2.3	0.1	0.1	1.3	2.4	—	—
Market value Properties	14,059	3,315	17,681	757	1,068	2,988	39,868	—	—

¹ Converted to MSEK. ² Average interest rate including bank margin.

Loan-to-value per quarter, %



Interest maturity per year, %



Pandox uses interest rate derivatives to achieve a desired interest maturity profile. The market value of the derivatives portfolio is measured on each closing date, with the change in value recognised in profit or loss. Upon maturing, the market value of a derivative contract is dissolved entirely and the change in value over time thus does not affect equity.

On 30 June 2017, the net market value of Pandox's financial derivatives amounted to MSEK -589 (-735). The change in the quarter is mainly explained by an increase in the market interest rate relative to the fixed interest rate in the interest swap contracts.

Maturity structure interest-bearing debt

Year due (MSEK)	Loan maturity ²	Interest, loans ¹	Net interest, interest swaps, negative value ¹	Subtotal interest	Net interest, interest swaps, positive value ¹	Total interest
2017	247	3	29	33	0	33
2018	5,270	43	22	65	0	65
2019	5,923	82	8	90	0	90
2020	3,145	46	60	106	0	106
2021	4,567	74	44	118	4	122
2022 and later	207	2	68	70	11	82
Total	19,359	250	232	482	15	497

¹ Calculation based on ending balance as of June 30, 2017 and actual interest rates as of the same date and implied yearly interest expense for the different maturity periods.

² Excluding current amortisation.

Deferred tax

At the end of the period deferred tax assets amounted to MSEK 685 (748). These represent the book value of tax loss carryforwards which the Company expects to be able to use in upcoming fiscal years, and temporary measurement differences for interest rate derivatives.

Deferred tax liabilities amounted to MSEK 2,924 (2,582) and relate to temporary differences between fair value and the taxable value of Investment Properties, as well as temporary differences between the book value and the taxable value of Operating Properties.

Other information

Important press releases during the period

7 April 2017	Pandox plans to acquire Silken Berlaymont in Brussels
4 May 2017	Interim Report January-March 2017
9 May 2017	Summary of Pandox Capital Market Day 2017
1 June 2017	Pandox has completed reclassifications and acquisition

To read the full press releases, see www.pandox.se.

Significant events after the period

No significant events have occurred after the period.

Employees

As of 30 June 2017, Pandox had the equivalent of 1,149 (1,420) full-time employees. Of the total number of employees, 1,113 (1,387) are employed in the Operator Activities segment and 36 (33) in the Property Management segment and in central administration.

Parent Company

Activities in the Pandox's property owning companies are administered by staff employed by the Parent Company, Pandox AB (publ). The costs of these services are invoiced to Pandox's subsidiaries. Invoicing during the period January-June 2017 amounted to MSEK 43 (37), and the profit for the period amounted to MSEK 94 (256).

At the end of the period the Parent Company shareholders' equity amounted to MSEK 3,159 (3,712) and interest-bearing debt of MSEK 5,110 (5,085), of which MSEK 2,075 (4,997) in the form of long-term debt.

Transactions with related parties

The Parent Company carries out transactions with subsidiaries in the Group. Such transactions mainly entail allocation of centrally incurred administration cost and interest relating to receivables and liabilities. All related party transactions are entered into on market terms.

Eiendomsspar AS owns 5.1 percent of 21 hotel properties in Germany and 9.9 percent of another hotel property in Germany, which were acquired by Pandox in 2015 and 2016. A temporary minority holding of 5.1 percent for the two hotel properties in Austria is expected to be dissolved in 2017.

Pandox's agreement with property owner Eiendomsspar AS on the operation of Grand Hotel Oslo came to an end on 25 April 2017 and has been replaced by an asset management agreement. Pandox has thereafter asset management agreements regarding nine hotels located in Oslo as well as for the Pelican Bay Lucaya Resort in the Grand Bahama Island, which are owned by Eiendomsspar AS, subsidiaries of Eiendomsspar AS and affiliates of Helene Sundt AS and CGS Holding AS respectively. During the second quarter revenue from the nine asset management agreements amounted to MSEK 0.8 (0.7), and revenue from Pelican Bay Lucaya amounted to MSEK 0.2 (0.2).

During the second quarter rental payments for Grand Hotel Oslo amounted to MSEK 12 (11).

Alternative performance measurements

Pandox applies the European Securities and Market Authority's (ESMA) guidelines for Alternative Performance Measurements. The guidelines aim at making alternative Performance Measurements in financial reports more understandable, trustworthy and comparable and thereby enhance their usability. According to these guidelines, an Alternative Performance Measurement is a financial key ratio of past or future earnings development, financial position, financial result or cash flows which are not defined or mentioned in current legislation for financial reporting; IFRS and the Swedish Annual Accounts Act. The guidelines are mandatory for financial reports published after 3 July, 2016. Reconciliations of Alternative Performance Measurements are available on pages 21-22.

Number of shares

At the end of the period, the total number of undiluted and diluted shares outstanding amounted to 75,000,000 A shares and 82,499,999 B shares. For the period, the weighted number of shares before and after dilution amounted to 75,000,000 A shares and 82,499,999 B shares.

Financial risk management

Pandox seeks to achieve the lowest possible financing costs while simultaneously limiting risks related to interest rates, foreign currencies and borrowings.

Pandox seeks to manage the risk that changes in interest rate levels could negatively affect Pandox's results. Pandox's objective is that interest rate exposure is managed so that increased costs as a result of reasonable changes in interest rates are compensated through higher revenues. Pandox seeks to achieve this objective through maintaining a loan portfolio with varying maturity dates and fixed interest periods.

Further, Pandox has developed and implemented systems and procedures designed to support continuous monitoring and reporting of interest rate exposures. Pandox enters into interest-rate swap contracts to obtain fixed interest rates on a certain part of its debt portfolio.

Pandox's balance sheet and income statement are exposed to changes in the value of the Swedish Krona, as certain of Pandox's assets are denominated in foreign currencies. Pandox seeks to hedge a part of this exposure through entering into loans in the local currency where Pandox's assets are located.

Pandox seeks to manage the risk that external financing may be difficult to access. Pandox's objective is to enter into long-term framework agreements.

Pandox aims to centralise, where possible, all Group borrowing in the Parent Company in order to gain flexibility and administrative benefits.

Risk factors

Pandox's business and market are subject to certain risks which are completely or partly outside the control of the Company and which could affect Pandox's business, financial condition and results of operations. These direct and indirect risks are the same for the Group and the Parent Company, with the exception that the Parent Company does not engage directly in hotel operations. Risks are the same both on a short and long-term basis.

Risk factors include, among others, the main following sector risks and risks related to the operations: (1) The value of Pandox's assets is exposed to macroeconomic fluctuations and the liquidity in the property market could decline. (2) Pandox is subject to risks in its business of repositioning and transforming hotel properties. (3) Pandox's costs of maintaining, replacing and improving its existing properties could be higher than estimated. (4) Pandox might be unable to identify and acquire suitable hotel properties. (5) Pandox may from time to time carry out acquisitions of new hotel properties, all of which are subject to risks. (6) Pandox may be unable to retain, and recruit, key personnel in the future. (7) Pandox depends on third party operators' reputation, brand, ability to run their businesses successfully and financial condition. (8) Pandox is exposed to environmental risks. (9) Pandox is exposed to interest rate fluctuations. (10) Pandox is exposed to the risk of being unable to refinance its facility agreements when they fall due. (11) Pandox is subject to certain risks common to the hotel industry, which are beyond the Company's control. (12) The hotel industry is characterised by intense competition and Pandox may be unable to compete effectively in the future. (13) New business models may enter the hotel industry. (14) The growth of Online Travel Agencies (OTAs) could materially and adversely affect Pandox's business and profitability.

Seasonal variations

The hotel industry is seasonal in nature. The periods during which the Company's properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. Since the majority of the customers that stay at Pandox owned or operated hotels are business travellers, the Company's total revenues have historically been greater particularly in the second quarter. The timing of holidays and major events can also impact the Company's quarterly results.

Company information

Pandox AB (publ) is a Swedish limited liability company (corporate reg. no. 556030-7885) with its registered office in Stockholm, Sweden. Pandox was formed in 1995 and the company's B shares are listed on Nasdaq Stockholm since 18 June 2015.

Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Padox AB's (publ), may cause actual developments and results to differ materially from the expectations expressed in this report.

Governing text

The report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy.

Financial calendar

Interim report, Q2, April-June 2017	13 July 2017
Interim report, Q3, July-September 2017	10 November 2017
Year-end report 2017	15 February 2018

More information about Padox and our financial calendar is available at www.padox.se.

Presentation of interim report

Padox will present the interim report for institutional investors, analysts and media via a webcasted telephone conference, 13 July 09:00 CEST.

To follow the presentation online go to <http://media.fronto.com/cloud/padox/170713>. To participate in the conference call and ask questions, please call one of the telephone numbers indicated below about 10 minutes before the start of the presentation. The presentation material will be available at www.padox.se at approximately 08:00 CEST.

SE: +46 (0)8 503 36 434
UK LocalCall: 08444933800
US LocalCall: 16315107498
Conference ID: 42812749

A recorded version of the presentation will be available at www.padox.se.

Contact persons

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This information is information that Padox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07:00 CEST on 13 July 2017.

Board of Directors' assurance

The Board of Directors and the CEO confirm that this report provides a fair overview of the Company's and the Group's business, position and results and describes the significant risks and uncertainties facing the Company and its subsidiaries.

Stockholm, 12 July 2017

Christian Ringnes
Chairman

Leiv Askvig
Board member

Olaf Gauslå
Board member

Bengt Kjell
Board member

Ann-Sofi Danielsson
Board member

Helene Sundt
Board member

Mats Wäppling
Board member

Jeanette Dyhre Kvisvik
Board member

Anders Nissen
Chief Executive Officer

This interim report has not been examined by the Company's auditor.

Summary of financial reports

Condensed consolidated statement of comprehensive income

	Note	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
MSEK						
Revenues Property Management						
Rental income	2	547	451	1,003	825	1,717
Other property income		21	13	39	25	70
Revenue Operator Activities	2	555	536	1,076	978	2,158
Total revenues		1,123	1,000	2,118	1,828	3,945
Costs Property Management	2	-83	-66	-161	-132	-292
Costs Operator Activities	2	-462	-448	-941	-872	-1,866
Gross profit		578	486	1,016	824	1,787
- whereof gross profit Property Management	2	485	398	881	718	1,495
- whereof gross profit Operator Activities	2	93	88	135	106	292
Central administration		-30	-32	-58	-56	-117
Financial income		0	1	1	1	1
Financial expenses		-131	-113	-262	-227	-457
Profit before changes in value		417	342	697	542	1,214
<i>Changes in value</i>						
Properties, unrealised	2	634	319	942	519	1,301
Properties, realised	2	—	—	—	159	159
Derivatives, unrealised		71	-55	148	-179	-39
Profit before tax		1,122	606	1,787	1,041	2,635
Current tax		-38	-25	-68	-26	-72
Deferred tax		-197	-107	-305	-165	-349
Profit for the period		887	474	1,414	850	2,214
Other comprehensive income						
<i>Items that may not be classified to profit or loss</i>						
This year's revaluation of fixed assets		-64	—	112	—	—
Tax attributable to items that may not be classified to profit or loss		14	—	-25	—	—
		-50	—	87	—	—
<i>Items that may be classified to profit or loss</i>						
Translation differences realisation of foreign operations		-32	103	-75	233	359
		-32	103	-75	233	359
Other comprehensive income for the period		-82	103	12	233	359
Total comprehensive income for the period		805	577	1,426	1,083	2,573
Profit for the period attributable to the shareholders of the parent company		883	471	1,405	845	2,201
Profit for the period attributable to non-controlling interests		4	3	9	5	13
Total comprehensive income for the period attributable to the shareholders of the parent company		798	571	1,414	1,075	2,556
Total comprehensive income for the period attributable to non-controlling interests		7	6	12	8	17
Earnings per share, before and after dilution, SEK		5.61	3.14	8.92	5.63	14.65

Condensed consolidated statement of financial position

MSEK	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Non-current assets			
Operating properties	4,826	5,212	5,984
Equipment and interiors	335	339	431
Investment properties	33,055	25,159	30,163
Deferred tax assets	685	802	748
Derivatives ²	10	—	1
Other non-current receivables	44	20	22
Total non-current assets	38,955	31,532	37,349
Current assets			
Inventories	15	16	16
Current tax assets	14	25	11
Trade account receivables	192	199	249
Prepaid expenses and accrued income	284	184	262
Other current receivables	198	4	25
Cash and cash equivalents	344	365	517
Total current assets	1,047	793	1,080
Total assets	40,002	32,325	38,429
EQUITY AND LIABILITIES			
Equity			
Share capital	394	375	394
Other paid-in capital	3,120	2,138	3,122
Reserves	-44	-178	-53
Retained earnings, including profit for the period	12,377	10,262	11,618
Equity attributable to the owners of the Parent Company	15,847	12,597	15,081
Non-controlling interests	189	131	177
Sum equity	16,036	12,728	15,258
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities ¹	14,830	14,311	18,294
Other non-current liabilities	11	1	10
Derivatives ²	599	875	736
Provisions	102	72	100
Deferred tax liability	2,924	2,421	2,582
Total non-current liabilities	18,466	17,680	21,722
Current liabilities			
Provisions	14	8	3
Interest-bearing liabilities ¹	4,529	1,076	537
Tax liabilities	80	0	44
Current liabilities	245	150	202
Other current liabilities	155	171	209
Accrued expenses and prepaid income	477	512	454
Total current liabilities	5,500	1,917	1,449
Total liabilities	23,966	19,597	23,171
Total equity and liabilities	40,002	32,325	38,429

¹The carrying amounts of interest-bearing liabilities and other financial instruments constitute a reasonable approximation of their fair values. ²The fair value measurement belongs to level 2 in the fair value hierarchy in IFRS, i.e., it is based on inputs that are observable, either directly or indirectly.

Condensed consolidated statement of changes in equity

MSEK	Attributable to the owners of the parent company							Total equity
	Share capital	Other paid in capital	Translation reserves	Revaluation reserve	Retained earnings, incl profit for the period	Total	Non-controlling interests	
Opening balance equity January 1, 2016	375	2,138	-408	—	9,987	12,092	123	12,215
Profit for the period Q1-2 2016	—	—	—	—	845	845	5	850
Other comprehensive income Q1-2 2016	—	—	230	—	—	230	3	233
Dividend May 2016	—	—	—	—	-570	-570	—	-570
Closing balance equity	375	2,138	-178	—	10,262	12,597	131	12,728
Profit for the period Q3-4 2016	—	—	—	—	1,356	1,356	8	1,364
Other comprehensive income Q3-4 2016	—	—	125	—	—	125	1	126
New share issue 2016 ¹	19	984	—	—	—	1,003	—	1,003
Dividend Q3-4 2016	—	—	—	—	—	—	-8	-8
Change in non-controlling interests pertaining to acquisitions	—	—	—	—	—	—	45	45
Closing balance equity December 31, 2016	394	3,122	-53	—	11,618	15,081	177	15,258
Opening balance equity January 1, 2017	394	3,122	-53	—	11,618	15,081	177	15,258
Profit for the period Q1-2 2017	—	—	—	—	1,405	1,405	9	1,414
Other comprehensive income Q1-2 2017	—	—	-78	87	—	9	3	12
New share issue 2016 ¹	—	-2	—	—	—	-2	—	-2
Dividend March 2017	—	—	—	—	-646	-646	—	-646
Closing balance equity 30 June 2017	394	3,120	-131	87	12,377	15,847	189	16,036

¹ Proceeds from directed share issue reported net of transaction costs of MSEK 2 (MSEK 9, 2016).

Condensed consolidated statement of cash flow

MSEK	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
OPERATING ACTIVITIES					
Profit before tax	1,124	606	1,787	1,041	2,635
Reversal of depreciation	46	37	86	73	147
Changes in value, Investment properties, realised	—	—	—	-159	-159
Changes in value, Investment properties, unrealised	-634	-319	-942	-519	-1,301
Changes in value, derivatives, unrealised	-71	55	-148	179	39
Other items not included in the cash flow	5	12	11	12	35
Taxes paid	-38	-8	-68	-9	-72
Cash flow from operating activities before changes in working capital	432	383	726	618	1,324
Increase/decrease in operating assets	-105	-85	-126	-47	-179
Increase/decrease in operating liabilities	-55	-70	61	-1	50
Change in working capital	-160	-155	-65	-48	-129
Cash flow from operating activities	272	228	661	570	1,195
INVESTING ACTIVITIES					
Investments in properties and fixed assets	-163	-73	-320	-157	-433
Divestment of subsidiaries, net effect on liquidity	16	—	16	843	843
Acquisitions of subsidiaries, net effect on liquidity	-324	—	-324	—	-4,477
Acquisitions of financial assets	-4	-1	-22	-7	-9
Divestment of financial assets	0	0	1	12	12
Cash flow from investing activities	-475	-74	-649	691	-4,064
FINANCING ACTIVITIES					
New share issue	—	—	—	—	1,012
Transaction cost	—	—	-2	—	-9
New loans	696	284	696	1,469	4,850
Amortization of debt	-129	-330	-225	-1,975	-2,128
Acquisition of non-controlling interest	—	—	—	—	45
Approved/Paid dividends	-646	-570	-654	-570	-570
Cash flow from financing activities	-79	-616	-185	-1,076	3,200
Cash flow for the period	-282	-462	-173	185	331
Cash and cash equivalents at beginning of period	625	820	517	170	170
Exchange differences in cash and cash equivalents	1	7	0	10	16
Cash and cash equivalents at end of period	344	365	344	365	517
Information regarding interest payments					
Interest received	0	1	1	1	1
Interest paid	-128	-108	-252	-220	-440
Information regarding cash and cash equivalents end of period	344	365	344	365	517
Cash and cash equivalents consist of bank deposits.					

Condensed income statement for the Parent Company

MSEK	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
Net sales	26	22	43	37	65
Administration cost	-39	-42	-77	-75	-158
Operating profit	-13	-20	-34	-38	-93
Profit from participations in Group companies	200	361	200	361	300
Other interest income and similar profit/loss items	22	20	45	31	112
Other interest expense and similar profit/loss items	-68	-51	-117	-98	-185
Profit after financial items	141	310	94	256	134
Year-end appropriations	—	—	—	—	304
Profit before tax	141	310	94	256	438
Current tax	—	—	—	—	—
Profit for the period	141	310	94	256	438

Condensed balance sheet for the Parent Company

MSEK	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Non-current assets	12,772	11,459	12,717
Financial assets	38	119	217
Total assets	12,810	11,578	12,934
EQUITY AND LIABILITIES			
Equity	3,159	2,528	3,712
Provisions	68	39	57
Non-current liabilities	2,075	4,234	4,997
Current liabilities	7,508	4,777	4,168
Total equity and liabilities	12,810	11,578	12,934

Key figures

RECONCILIATION ALTERNATIVE PERFORMANCE MEASUREMENTS (MSEK)	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
Equity to assets ratio, %					
Sum equity	—	—	16,036	12,728	15,258
Total assets	—	—	40,002	32,325	38,429
Equity to assets ratio, %	—	—	40.1	39.4	39.7
Net interest-bearing debt					
Non-current interest bearing liabilities	—	—	14,830	14,311	18,294
Current interest bearing liabilities	—	—	4,529	1,076	537
Cash and cash equivalents	—	—	-344	-365	-517
Net interest-bearing debt	—	—	19,015	15,022	18,314
Loan to value net, %					
Net interest-bearing debt	—	—	19,015	15,022	18,314
Market value properties	—	—	39,868	32,124	38,233
Loan to value net, %	—	—	47.7	46.8	47.9
Interest cover ratio, times					
Profit before changes in value	417	342	697	542	1,214
Financial expenses	131	113	262	227	457
Depreciation	46	37	86	73	147
Interest cover ratio, times	4.5	4.3	4.0	3.7	4.0
Average interest on debt end of period, %					
Average interest expenses	—	—	497	432	489
Non-current interest bearing liabilities	—	—	14,830	14,311	18,294
Current interest bearing liabilities	—	—	4,529	1,076	537
Average interest on debt, end of period, %	—	—	2.6	2.8	2.6
<i>See page 10-11 for a complete reconciliation</i>					
Investments, excl. acquisitions	163	73	320	157	433
Net operating income, Property Management					
Rental income	547	451	1,003	825	1,717
Other property income	21	13	39	25	70
Costs, excl. property administration	-64	-46	-119	-94	-212
Net operating income, before property administration	504	418	923	756	1,575
Property administration	-19	-20	-42	-38	-80
Net operating profit, Property Management	485	398	881	718	1,495
Net operating profit, Operator Activities					
Revenues Operator Activities	555	536	1,076	978	2,158
Costs Operator Activities	-462	-448	-941	-872	-1,866
Gross profit	93	88	135	106	292
Add: Depreciation included in costs	46	37	86	73	147
Net operating profit, Operator Activities	139	125	221	179	439
EBITDA					
Gross profit from respective operating segment	578	486	1,016	824	1,787
Add: Depreciation included in costs Operator Activities	46	37	86	73	147
Less: Central administration, excluding depreciation	-30	-32	-58	-56	-117
EBITDA	594	491	1,044	841	1,817
Cash earnings					
EBITDA	594	491	1,044	841	1,817
Add: Financial income	0	1	1	1	1
Less: Financial cost	-131	-113	-262	-227	-457
Less: Current tax	-38	-25	-68	-26	-72
Cash earnings	425	354	715	589	1,289
EPRA NAV					
Equity attributable to the shareholders of the parent company	—	—	15,847	12,597	15,081
Add: Revaluation of Operating Properties	—	—	1,653	1,414	1,655
Add: Fair value of financial derivatives	—	—	588	875	736
Less: Deferred tax assets related to derivatives	—	—	-135	-203	-171
Add: Deferred tax liabilities related to properties	—	—	2,924	2,421	2,582
EPRA NAV	—	—	20,877	17,104	19,883
Growth in EPRA NAV, annual rate, %					
EPRA NAV attributable to the shareholders of the parent company, opening balance	—	—	17,104	14,884	16,156
EPRA NAV attributable to the shareholders of the parent company, opening balance	—	—	20,877	17,104	19,883
Dividend added back, current year	—	—	646	570	570
Excluding proceeds from new share issue	—	—	-1,001	—	-1,003
Growth in EPRA NAV, annual rate, %	—	—	20.0	18.7	20.4

Key figures not defined according to IFRS

A number of the financial descriptions and measures in this interim report provide information about development and status of financial and per share measurements that are not defined in accordance with the IFRS (International Financial Reporting Standards). Adjoining alternative financial measurements provides useful supplementary information to investors and management, as they facilitate evaluation of company performance. Since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Hence, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the table to the left presents measures, along with their reconciliation, which are not defined according to the IFRS. The definitions of these measures appear on page 27.

Financial risk

Pandox owns, manages and develops hotel properties and operates hotels. The level of risk-taking is expressed in a loan-to-value ratio of between 45 and 60 percent, depending on market development and the opportunities that exist. In addition to the loan-to-value ratio, equity/assets ratio, interest cover ratio, average cost of debt and interest-bearing net debt are other relevant measurements of Pandox's financial risk.

Growth and profitability

Pandox's overall goal is to increase cash flow and property value and thereby enable Pandox to have the resources for investments to support the Group's continued expansion. Since Pandox both owns and operates hotel properties, multiple indicators are needed to measure the Company's performance in relation to goals in this regard. Growth in cash earnings is Pandox's primary focus and this is also the basis for the dividend paid annually to the shareholders, i.e. 40-60 percent of cash earnings with an average dividend share of 50 percent over time. Measuring net operating income creates transparency and comparability between the Company's two operating segments and with other property companies. EBITDA measures Pandox's total operational profitability in a uniform way.

EPRA NAV (net asset value) and equity

Net asset value (EPRA NAV) is the collective capital Pandox manages on behalf of its shareholders. Pandox measures long-term net asset value based on the balance sheet adjusted for items that will not yield any payments in the near future, such as derivatives and deferred tax liabilities. The market value of Operating Properties is included in the calculation.

Key figures continued

CONTINUED RECONCILIATION ALTERNATIVE PERFORMANCE MEASUREMENTS PER SHARE ¹	Q2 2017	Q2 2016	6m 2017	6m 2016	FY 2016
Total comprehensive income per share, SEK					
Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK	798	571	1,414	1,075	2,556
Weighted average number of share, before and after dilution	157,499,999	150,000,000	157,499,999	150,000,000	150,266,393
Total comprehensive income per share, SEK	5.07	3.81	8.98	7.17	17.01
Cash earnings per share, SEK					
Cash earnings attributable to the shareholders of the parent company, MSEK	421	351	706	584	1,276
Weighted average number of share, before and after dilution	157,499,999	150,000,000	157,499,999	150,000,000	150,266,393
Cash earnings per share, SEK	2.67	2.34	4.48	3.89	8.49
Net asset value (EPRA NAV) per share, SEK					
EPRA NAV with dividend deducted, MSEK	—	—	20,877	17,104	19,883
Number of shares at the end of the period	—	—	157,499,999	150,000,000	157,499,999
Net asset value (EPRA NAV) per share, SEK	—	—	132.55	114.03	126.24
Dividend per share, SEK					
Dividend, MSEK	—	—	—	—	646
Number of shares at dividend	—	—	—	—	157,499,999
Dividend per share, SEK	—	—	—	—	4.10
Weighted average number of shares outstanding, before and after dilution	157,499,999	150,000,000	157,499,999	150,000,000	150,266,393
Number of shares at end of period	157,499,999	150,000,000	157,499,999	150,000,000	157,499,999
PROPERTY RELATED KEY FIGURES					
Number of hotels, end of period ²	—	—	121	112	120
Number of rooms, end of period ²	—	—	26,450	24,222	26,240
WAULT, years	—	—	13.9	13.3	13.9
Market value properties, MSEK	—	—	39,868	32,124	38,233
Market value Investment properties	—	—	33,055	25,159	30,163
Market value Operating properties	—	—	6,813	6,965	8,070
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	815	698	700	641	662

¹ Total number of outstanding shares after split amount to 157,499,999, of which 75,000,000 A shares and 82,499,999 B shares.

For a fair comparison this number of shares is used for the calculation of key ratios.

² Pandox's owned hotel properties.

Quarterly data

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MSEK)

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenue Property Management								
Rental income	547	456	433	459	451	374	351	389
Other property income	21	18	25	20	13	12	14	69
Revenue Operator Activities	555	521	619	561	536	442	536	534
Total revenues	1,123	995	1,077	1,040	1,000	828	901	992
Costs Property Management	-83	-78	-90	-70	-66	-66	-59	-55
Costs Operator Activities	-462	-479	-528	-466	-448	-424	-471	-454
Gross profit	578	438	459	504	486	338	371	483
Central administration	-30	-28	-34	-27	-32	-24	-30	-23
Financial net	-131	-130	-116	-114	-112	-114	-105	-105
Profit before value changes	417	280	309	363	342	200	236	355
Changes in value								
Properties, unrealised	634	308	413	369	319	200	484	232
Properties, realised	—	—	—	—	—	159	4	—
Derivatives, unrealised	71	77	116	24	-55	-124	93	-73
Profit before tax	1,122	665	838	756	606	435	817	514
Current tax	-38	-30	-34	-12	-25	-1	-42	17
Deferred tax	-197	-108	-32	-152	-107	-58	-94	-106
Profit for the period	887	527	772	592	474	376	681	425
Other comprehensive income	-82	94	18	108	103	131	-135	37
Total comprehensive income for the period	805	621	790	700	577	507	546	462

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MSEK)

	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Sep 2015
ASSETS								
Properties incl equipment and interiors	38,216	37,098	36,578	31,623	30,710	29,998	29,463	26,287
Other non-current receivables	54	41	23	21	20	20	25	25
Deferred tax assets	685	722	748	772	802	829	800	865
Current assets	703	582	563	531	428	345	1,162	587
Cash and cash equivalents	344	625	517	500	365	820	170	636
Total assets	40,002	39,068	38,429	33,447	32,325	32,012	31,620	28,400
EQUITY AND LIABILITIES								
Equity	16,036	15,231	15,258	13,428	12,728	12,722	12,215	11,546
Deferred tax liability	2,924	2,705	2,582	2,660	2,421	2,274	2,281	2,310
Interest-bearing liabilities	19,359	18,709	18,841	15,547	15,387	15,219	15,546	12,861
Non interest-bearing liabilities	1,683	2,423	1,748	1,812	1,789	1,797	1,578	1,683
Total equity and liabilities	40,002	39,068	38,429	33,447	32,325	32,012	31,620	28,400

KEY RATIOS

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
NOI, Property Management, MSEK	485	396	368	409	398	320	306	403
NOI, Operator Activities, MSEK	139	82	130	130	125	54	104	115
EBITDA, MSEK	594	450	464	512	491	350	381	495
Earnings per share before and after dilution, SEK	5.61	3.31	5.08	3.93	3.14	2.49	4.54	2.83
Cash earnings, MSEK	425	290	314	386	354	235	234	407
Cash earnings per share before and after dilution, SEK	2.67	1.81	2.05	2.55	2.34	1.57	1.56	2.71
RevPAR growth (Operator Activities) for comparable units and constant currency.	17	4	-4	-2	-12	1	0	7
	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Sep 2015
Net interest-bearing debt, MSEK	19,015	18,084	18,314	15,047	15,022	14,399	15,376	12,225
Equity to assets ratio, %	40.1	39.0	39.7	40.1	39.4	39.7	38.6	40.7
Loan to value, %	47.7	46.8	47.9	45.5	46.8	46.0	48.9	44.1
Interest coverage ratio, times	4.5	3.4	4.0	4.0	3.7	3.1	3.6	3.7
Market value properties, MSEK	39,868	38,630	38,233	33,098	32,124	31,322	31,437	27,712
EPRA NAV per share, SEK	132.55	125.67	126.24	120.53	114.03	112.16	107.71	104.45
WAULT (Property Management), yrs	13.9	13.6	13.9	13.4	13.3	11.3	11.2	8.7

Portfolio overview

At the end of the period, Pandox's property portfolio comprised 121 (31 December 2016: 120) hotel properties with 26,450 (31 December 2016: 26,240) hotel rooms in ten countries. Pandox's main geographical focus is in the Nordic, which represents approximately 58 percent of the portfolio by market value. Of the owned hotel properties, 106 are leased to third parties, which mean that approximately 83 percent of the portfolio market value is covered by external leases.

Portfolio overview by segment and country

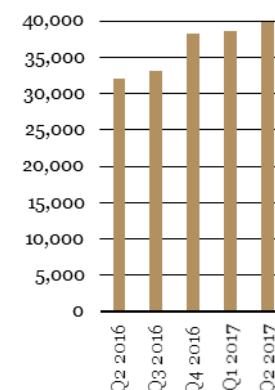
Property Management <i>Investment Properties</i>	No. of hotels	No. of rooms	Market value (MSEK)	Market value in % of total	Value per room (MSEK)
Sweden	44	8,953	14,058	35	1.6
Norway	14	2,503	2,988	7	1.2
Finland	13	2,919	3,334	8	1.1
Denmark	8	1,835	3,315	8	1.8
Belgium	1	100	102	0	1.0
The Netherlands	1	189	973	2	5.1
Germany	22	4,331	6,229	16	1.4
Austria	2	639	1,299	3	2.0
Switzerland	1	206	757	2	3.7
Total Investment Properties	106	21,675	33,055	83	1.5
Operator Activities					
<i>Operating Properties</i>					
Sweden	—	—	—	—	—
Norway	—	—	—	—	—
Finland	1	155	44	0	0.3
Denmark	—	—	—	—	—
Belgium	8	2,371	3,583	9	1.5
Germany	4	1,285	2,118	5	1.6
Canada	2	964	1,068	3	1.1
Total Operating Properties	15	4,775	6,813	17	1.4
Total owned properties	121	26,450	39,868	100	1.5

The majority of Pandox's tenant base consists of well-known hotel operators with strong hotel brands in their respective markets. The tenants are both Nordic-oriented hotel operators, such as Scandic Hotels Group, Nordic Choice Hotels, and operators focused on other regions and global markets such as Fattal (Leonardo), Rezidor (Radisson Blu), Hilton and NH Hotels.

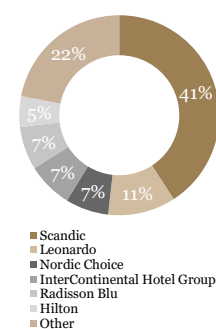
Pandox's portfolio by operator/brand

Brand	No. of hotels	No. of rooms	Countries
Scandic	51	10,892	SE, NO, FI, DK, BE
Leonardo	16	2,921	DE
Nordic Choice	12	1,955	SE, NO
Radisson Blu	7	1,783	SE, NO, CH, DE
Hilton	5	1,225	SE, FI, BE
NH	5	1,162	DE, AU
Holiday Inn	4	963	BE, DE
First Hotels	2	403	DK
Crowne Plaza	2	616	BE
Hyatt	1	607	CAN
Best Western	1	103	SE
Elite	2	452	SE
InterContinental	1	357	CAN
Meininger	1	218	DK
Cumulus	1	135	FI
Independent brands	10	2,658	SE, FI, BE, DE, NL
Total	121	26,450	10

Market value properties per quarter, MSEK



Rooms per operator/brand 30 June, 2017



Notes

Note 1 Accounting principles

Pandox follows the International Financial Reporting Standards (IFRS) - and interpretations (IFRIC) - as they have been adopted by the EU. This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR2 "Accounting principles for legal entities". RFR2 implies that the Parent Company of the legal entity applies all EU approved IFRS principles and interpretations, within the framework defined by the Swedish Annual Accounts Act, and taking into consideration the connection between accounting and taxation. Disclosures according to IAS 34.16A are, apart from in the financial reports and their corresponding notes, available also in other parts of the interim report. The accounting principles applied correspond to those described in Pandox's annual report for 2016.

Note 2 Operating segments

Operating segments	Property Management		Operator Activities		Group and non-allocated items		Total	
	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
Revenue Property Management								
Rental and other property income	568	464	—	—	—	—	568	464
Revenue Operator Activities	—	—	555	536	—	—	555	536
Total revenues	568	464	555	536	—	—	1,123	1,000
Costs Property Management	-83	-66	—	—	—	—	-83	-66
Costs Operator Activities	—	—	-462	-448	—	—	-462	-448
Gross profit	485	398	93	88	—	—	578	486
Central administration	—	—	—	—	-30	-32	-30	-32
Financial income	—	—	—	—	0	1	0	1
Financial expenses	—	—	—	—	-131	-113	-131	-113
Profit before changes in value	485	398	93	88	-161	-144	417	342
Changes in value								
Properties, unrealised	634	319	—	—	—	—	634	319
Properties, realised	—	—	—	—	—	—	—	—
Derivatives, unrealised	—	—	—	—	71	-55	71	-55
Profit before tax	1,119	717	93	88	-90	-199	1,122	606
Current tax	—	—	—	—	-38	-25	-38	-25
Deferred tax	—	—	—	—	-197	-107	-197	-107
Profit for the period	1,119	717	93	88	-325	-331	887	474

Q2 2017

Geographical area	Swe	Den	Nor	Fin	Ger	Bel	Other	Tot
Total revenues								
- Property Management	266	21	49	70	108	2	52	568
- Operator Activities	8	6	18	9	120	215	179	555
Market value properties	14,058	3,315	2,988	3,378	8,347	3,685	4,097	39,868
Investments in properties	61	5	38	6	21	8	24	163
Acquisitions of properties	—	—	—	—	—	324	—	324
Realised value change properties	—	—	—	—	—	—	—	—

Q2 2016

Geographical area	Swe	Den	Nor	Fin	Ger	Bel	Other	Tot
Total revenues								
- Property Management	230	47	36	60	78	2	11	464
- Operator Activities	18	44	68	7	109	161	129	536
Market value properties	13,056	2,808	2,862	3,160	5,766	2,846	1,626	32,124
Investments in properties	33	2	11	1	6	6	14	73
Acquisitions of properties	—	—	—	—	—	—	—	—
Realised value change properties	—	—	—	—	—	—	—	—

Explanation to note 2

Pandox's operating segments consist of the Property Management and Operator Activities business streams. The Property Management segment owns, improves and manages hotel properties and provides external customers with premises for hotel operations, as well as other types of premises adjacent to hotel properties. The Property Management segment also includes eight asset management contracts for externally owned hotel properties. The Operator Activities segment owns hotel properties and operates hotels in such owned properties. The Operator Activities segment also includes one hotel operated under a long-term lease agreement and one hotel property under an asset management agreement. Non-allocated items are any items that are not attributable to a specific segment or are common to both segments. The segments have been established based on the reporting that takes place internally to executive management on financial outcomes and position. Segment reporting applies the same accounting principles as those used in the annual report in general, and the amounts reported for the segments are the same as those for the Group. Scandic Hotels Group and Leonardo Hotels are tenants who account for more than 10 percent of revenues each.

Note 2 operating segments continued

Operating segments	Property Management		Operator Activities		Group and non-allocated items		Total	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Revenue Property Management								
Rental and other property income	1,042	850	—	—	—	—	1,042	850
Revenue Operator Activities	—	—	1,076	978	—	—	1,076	978
Total revenues	1,042	850	1,076	978	—	—	2,118	1,828
Costs Property Management	-161	-132	—	—	—	—	-161	-132
Costs Operator Activities	—	—	-941	-872	—	—	-941	-872
Gross profit	881	718	135	106	—	—	1,016	824
Central administration	—	—	—	—	-58	-56	-58	-56
Financial income	—	—	—	—	1	1	1	1
Financial expenses	—	—	—	—	-262	-227	-262	-227
Profit before changes in value	881	718	135	106	-319	-282	697	542
<i>Changes in value</i>								
Properties, unrealised	942	519	—	—	—	—	942	519
Properties, realised	—	159	—	—	—	—	—	159
Derivatives, unrealised	—	—	—	—	148	-179	148	-179
Profit before tax	1,823	1,396	135	106	-171	-461	1,787	1,041
Current tax	—	—	—	—	-68	-26	-68	-26
Deferred tax	—	—	—	—	-305	-165	-305	-165
Profit for the period	1,823	1,396	135	106	-544	-652	1,414	850

Q1-Q2 2017

Geographical area	Swe	Den	Nor	Fin	Ger	Bel	Other	Tot
Total revenues								
- Property Management	464	55	81	130	207	3	102	1,042
- Operator Activities	22	22	121	15	213	400	283	1,076
Market value properties	14,058	3,315	2,988	3,378	8,347	3,685	4,097	39,868
Investments in properties	110	15	68	9	60	12	46	320
Acquisitions of properties	—	—	—	—	—	324	—	324
Realised value change properties	—	—	—	—	—	—	—	—

Q1-Q2 2016

Geographical area	Swe	Den	Nor	Fin	Ger	Bel	Other	Tot
Total revenues								
- Property Management	420	78	71	110	146	3	22	850
- Operator Activities	27	69	128	13	202	341	198	978
Market value properties	13,056	2,808	2,862	3,160	5,766	2,846	1,626	32,124
Investments in properties	63	23	17	1	20	11	22	157
Acquisitions of properties	—	—	—	—	—	—	—	—
Realised value change properties	159	—	—	—	—	—	—	159

Definitions

FINANCIAL INFORMATION

Average interest on debt, %

Average interest expenses based on interest rate maturity in respective currency as a percentage of interest-bearing debt.

Cash earnings, MSEK

EBITDA plus financial income less financial cost less current tax.

EBITDA, MSEK

Total net operating income less central administration (excluding depreciation).

Equity/assets ratio, %

Recognised equity as a percentage of total assets.

Gross profit, Property Management, MSEK

Revenue less directly related costs for Property Management.

Gross profit, Operator Activities, MSEK

Revenue less directly related costs for Operator Activities including depreciation of Operator Activities.

Growth adjusted for currency effects and comparable units

Growth measure that excludes effects of acquisitions, sales and reclassifications as well as exchange rate changes.

Growth in EPRA NAV (net asset value growth), annual rate, %

Accumulated percentage change in EPRA NAV, with dividends added back and proceeds from new share issue deducted, for the immediately preceding 12-month period.

Interest coverage ratio, times%

Profit before changes in value plus financial expense and depreciation, divided by financial expense.

Investments, excl. acquisitions, MSEK

Investments in non-current assets excluding acquisitions.

Loan-to-value ratio, %

Interest-bearing liabilities minus liquid funds as a percentage of the properties' market value at the end of the period.

Net interest-bearing debt, MSEK

Interest-bearing liabilities less cash and cash equivalents and short-term investments that are equivalent to cash and cash equivalents.

Net operating income, Property Management, MSEK

Net operating income corresponds to gross profit for Property Management.

Net operating income, Operator Activities, MSEK

Gross profit for Operator Activities plus depreciation included in costs for Operator Activities.

Net operating margin, Operator Activities, %

Net operating income for Operator Activities in relation to total revenue from Operator Activities.

Rounding off

Since amounts have been rounded off in MSEK, the tables do not always add up.

PER SHARE

Cash earnings per share, SEK

EBITDA plus financial income less financial expense less current tax, after non-controlling interest, divided by the weighted average number of shares outstanding.

Dividend per share, SEK

Proposed/approved dividend for the year divided by the weighted average number of outstanding shares after dilution at the end of the period.

Earnings per share, SEK

Profit for the period attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding.

Equity per share, SEK

Equity attributable to the Parent Company's shareholders, divided by the number of shares outstanding at the end of the period.

Net asset value (EPRA NAV) per share, SEK

Recognised equity, attributable to the Parent Company's shareholders, including reversal of derivatives, deferred tax asset derivatives, deferred tax liabilities related to the properties and revaluation of Operating Properties, divided by the total number of shares outstanding after dilution at the end of the period.

Total comprehensive income per share, SEK

Total comprehensive income attributable to the Parent Company's shareholders divided by the weighted average number of share outstanding after dilution at the end of the period.

Weighted average number of shares before dilution, thousands

The weighted average number of outstanding shares taking into account changes in the number of shares outstanding, before dilution, during the period.

Weighted average number of shares after dilution, thousands

The weighted average number of outstanding shares taking into account changes in the number of shares outstanding, after dilution, during the period.

PROPERTY INFORMATION

Market value properties, MSEK

Market value of Investment Properties plus market value of Operating Properties.

Number of hotels

Number of owned hotel properties at the end of the period.

Number of rooms

Number of rooms in owned hotel properties at the end of the period.

RevPAR for Operating Properties (comparable units at constant exchange rates), SEK

Revenue per available room, i.e. total revenue from sold rooms divided by the number of available rooms. Comparable units are defined as hotel properties that have been owned and operated during the entire current period and the comparative period. Constant exchange rate is defined as the exchange rate for the current period, and the comparative period is recalculated based on that rate.

WAULT (Investment Properties)

Average lease term remaining to expiry, across the property portfolio, weighted by contracted rental income.



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