

Sustained profitable growth

January-March 2019

- Revenue from Property Management amounted to MSEK 685 (621). The increase for comparable units was 1.3 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 583 (528), MSEK 568 excluding the effects of IFRS 16. The increase for comparable units was 1.3 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 95 (66), MSEK 90 excluding the effects of IFRS 16. The increase for comparable units was 17.1 percent, adjusted for currency effects
- Calendar effects are estimated to have had a positive effect on revenue growth of 2-3 percent in the comparable portfolio
- EBITDA amounted to MSEK 634 (560), MSEK 615 excluding the effects of IFRS 16
- Cash earnings amounted to MSEK 362 (336)
- Cash earnings per share amounted to SEK 2.16 (2.00)
- Profit for the period amounted to MSEK 407 (452)
- Earnings per share amounted to SEK 2.43 (2.69)

Financial summary

Figures in MSEK	Quarter 1			FY
	2019	2018	Δ%	2018
Revenue Property Management	685	621	10	2,971
Net operating income Property Management	583	528	10	2,517
Net operating income Operator Activities	95	66	44	540
EBITDA	634	560	13	2,909
Profit for the period	407	452	-10	2,823
Earnings per share, SEK ¹⁾	2.43	2.69	-10	16.83
Cash earnings	362	336	8	1,890
Cash earnings per share, SEK ¹⁾	2.16	2.00	8	11.26
Key data				
Market value properties, MSEK	56,713	52,120	—	55,197
Net interest-bearing debt, MSEK	27,513	26,151	—	27,421
Loan to value net, %	48.5	50.2	—	49.7
Interest cover ratio, times	3.3	3.1	n.a.	3.8
EPRA NAV per share, SEK ¹⁾	170.52	151.81	—	164.04
WAULT (Investment Properties), years	15.8	15.6	—	15.7
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	738	676	9	856

¹⁾ Based on total number of shares for balance sheet items and weighted number for shares for profit and loss items. For information about number of shares see page 14. See page 21 for a summary of reclassifications, acquisitions and divestments. For complete definitions see page 23.

For introduction effects of IFRS 16, see Note 2 Transition to IFRS Leasing (p18-19), Reconciliation alternative performance measurements (p14-15) and Definitions (p23)

CEO comment

Sustained profitable growth

Stable and profitable growth

For the first quarter of 2019 Pandox reported growth in total net operating income of 11 percent and growth in net asset value, on an annualised basis, of 15 percent. The growth drivers were add-on acquisitions, sustained good development in Brussels, positive currency effects and a positive calendar effect from the dates of the Easter holiday.

For comparable units, total revenue and total net operating income increased by 3.8 and 3.2 percent respectively, adjusted for currency effects,

A calendar effect relating to the Easter dates is estimated to have had a positive effect of 2-3 percent in the comparable portfolio in the first quarter. This effect is expected to be neutralised in the second quarter.

For comparable units, rental income and net operating income in Property Management increased by 1.3 percent each, adjusted for currency effects. Similar to the fourth quarter of 2018, growth was limited by renovation effects in Pandox's portfolio. Moreover, challenging comparative figures in certain key markets had a negative effect.

The underlying demand was positive across the board in the first quarter, but increases in supply led to negative RevPAR growth at London Heathrow Airport and in some regional hotel markets in Germany, such as Frankfurt.

In Copenhagen and Oslo, the effects of an increased hotel supply were offset by good demand and a positive Easter effect.

For comparable units, the rental portfolio in the UK grew by close to 2 percent, adjusted for currency effects. Excluding London Heathrow, growth was almost 4 percent.

In Operator Activities, revenue and net operating income increased for comparable units by 7.5 and 17.1 percent respectively, adjusted for currency effects. The growth is again explained by positive development for the hotels in Brussels where there is good demand, productivity and profitability. Montreal and Berlin also experienced positive development.

Larger portfolio, greater opportunities

At the end of the first quarter, committed, commenced and future investments in the existing portfolio amounted to approximately MSEK 1,130, most of them relating to revenue-driving measures and development projects.

Pandox's hotel property portfolio today offers greater opportunities than ever before for growth-driving investment. This is because the portfolio is larger, includes more destinations and has a more diversified demand profile than before. A higher number of larger cities in the portfolio and demand from more segments are factors that increase the potential for various types of investment. It is not just about improving existing spaces, but also rebuilding and extending, and creating new hotel concepts for future hotel guests.

Examples of interesting ongoing Property Management projects are Park Hotel Amsterdam, NH Vienna Airport and Radisson Blu Hotel, Basel. We are convinced that the market positions of these hotels will be significantly strengthened once they are reintroduced in the market and that they will contribute to Pandox's continued growth. Within Operator Activities, DoubleTree by Hilton Montreal is an example of repositioning that is expected to lead to good growth over time.

Potential for some growth in 2019

Pandox is still of the opinion that, although the hotel market has growth potential, it is in a mature phase and growth is slowing. In some submarkets new hotel capacity will put pressure on RevPAR in the short and medium term.

Based on positive economic growth, Pandox's well-diversified portfolio with balanced demand as well as positive contributions from the acquisitions that Pandox made in 2018, there is potential for some growth in 2019.

"For the first quarter Pandox is reporting growth in total net operating income of 11 percent and growth in net asset value, on an annualised basis, of 15 percent."

Anders Nissen, CEO



January-March 2019 (change compared with the corresponding period previous year)

11%

Growth in total NOI

Adjusted for IFRS 16. Reported growth in total NOI was 14 percent. See definitions on p23.

15%

Growth in net asset value

At annual rate. See definitions on p23.

8%

Growth in total cash earnings

See definitions on p23.

Hotel market development January-March 2019

A stable quarter

The trend from the last quarter of 2018 of lower growth in both international arrivals and economic activity continued into the first quarter of 2019. Slowing in the European industrial sector negatively affected countries like Germany, while the service sector continued to show positive development.

The United Nations World Tourism Organization (UNWTO) is predicting an increase in international arrivals in the range of 3–4 percent for 2019.

A calendar effect due to the dates of the Easter holiday (in April instead of mainly in March as in the previous year) is believed to have had a positive effect on market growth in Pandox's portfolio of around 2–3 percent in the first quarter. This effect is expected to be neutralised in the second quarter.

Calendar effects in the Nordic region

RevPAR developed well in the Nordic region in the quarter, helped by the dates of the Easter holiday compared with the previous year. RevPAR increased by around 1 percent each in Sweden and Denmark. In Norway and Finland the increase was around 6 and 3 percent respectively. Pandox's assessment is that, adjusted for the dates of the Easter holiday, RevPAR in the Nordic region has declined marginally. Demand in the hotel market remained good but could not fully absorb an increased supply of new hotel rooms.

RevPAR in Stockholm increased by almost 4 percent, mainly due to increased demand which more than compensated for an increased supply of around 2 percent. In Gothenburg RevPAR fell by almost 5 percent, explained mainly by a strong comparison quarter the previous year. In Malmö RevPAR increased by close to 1 percent, while the supply increased by around 2 percent.

In Oslo the supply of hotel rooms increased by 9 percent in the quarter, but a positive Easter effect supported RevPAR, which remained unchanged.

In Copenhagen more hotel rooms were added to the market, but here too, demand was good and RevPAR increased by 1 percent.

In Helsinki RevPAR increased by approximately 3 percent.

Good overall development in Germany

In Germany RevPAR increased by a total of approximately 4 percent during the quarter, supported by for example Berlin where RevPAR increased by almost 9 percent. Growth was, however, unevenly dispersed and RevPAR fell in several cities where new hotel capacity was added, including Hamburg, Düsseldorf and Frankfurt, all of which saw falling occupancy and therefore lower RevPAR compared with the corresponding period the previous year.

Cautious start to the year in the UK

The hotel market in the UK consists of two parts: one market is London which has a high share of international demand and the other is the regional market (UK Regional), with a high share of domestic demand where Pandox has its focus.

RevPAR in UK Regional decreased by approximately 3 percent during the quarter. However, Pandox's regional hotel portfolio increased RevPAR and gained additional market shares after the previously completed of renovation and repositioning.

Hotel markets that were negatively affected by new capacity included Glasgow and Belfast where RevPAR declined during the quarter. In London RevPAR increased by almost 4 percent, confirming that the city is still attractive in both the leisure and business segments. However, demand for, inter alia, larger meetings was lower during the quarter due to the uncertainty surrounding Brexit.

The hotel market at and around Heathrow Airport was negatively impacted by new hotel capacity, resulting in a decline in RevPAR mainly due to lower occupancy.

The Irish hotel market, which has grown significantly in recent years, saw slower growth in the quarter and RevPAR increased by just over 2 percent. In Dublin RevPAR decreased marginally, mainly due to an increase in the number of new hotel rooms.

Sustained strong development in Brussels

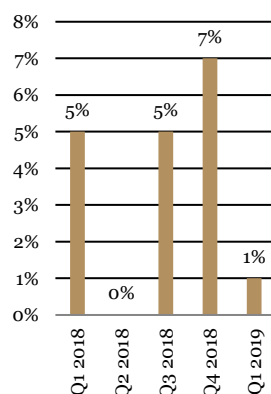
The positive growth in Brussels continued and RevPAR increased by almost 10 percent during the quarter, which was the ninth consecutive quarter with a rising RevPAR. The hotel market in Brussels benefitted from a combination of good demand and a limited inflow of new hotel rooms, which contributed to improved occupancy and helped to increase average prices.

Stable in Montreal

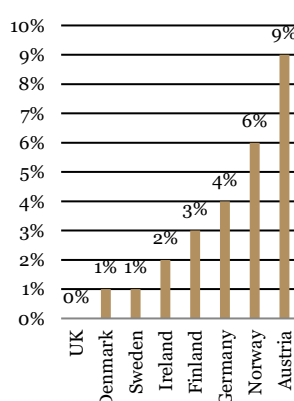
Montreal showed a marginal RevPAR increase of 0.4 percent.

January-March 2019

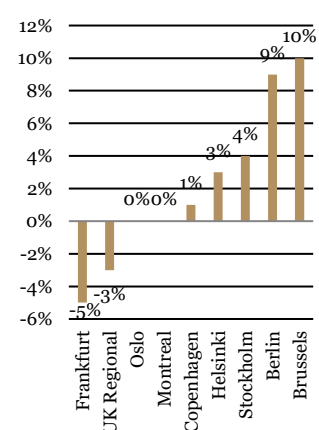
Europe
RevPAR growth y/y



Countries
RevPAR growth y/y



Key markets
RevPAR growth y/y



Source: STR Global, Benchmarking Alliance. Rounded numbers.

Financial development January-March 2019

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2018 for balance sheet items, unless otherwise stated. IFRS 16 is applied from 1 January 2019.

Net sales

Revenue from Property Management amounted to MSEK 685 (621), an increase of 10 percent, mainly explained by acquisitions, positive currency and calendar effects and some market growth. For comparable units, revenue increased by 1.3 percent, adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 506 (431). This was an increase of 17 percent driven by sustained good development in Brussels, positive currency and calendar effects as well as acquisitions. For comparable units, revenue and RevPAR increased by 7.5 and 9.1 percent respectively, adjusted for currency effects.

The Group's net sales amounted to MSEK 1,191 (1,052). For comparable units, revenue increased by 3.8 percent, adjusted for currency effects.

A calendar effect relating to the dates of the Easter holiday are estimated to have had a positive effect of 2–3 percent in the comparable portfolio in the first quarter. The effect is expected to be neutralised in the second quarter.

Net operating income

Net operating income from Property Management amounted to MSEK 583 (528), an increase of 10 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 568. For comparable units, revenue increased by 1.3 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 95 (66), an increase of 44 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 90. For comparable units, net operating income increased by 17.1 percent, adjusted for currency effects.

Total net operating income amounted to MSEK 678 (594), an increase of 14 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 658.

Administration costs

Central administration costs amounted to MSEK -43 (-34). The increase is explained mainly by the company's geographical expansion.

EBITDA

EBITDA amounted to MSEK 634 (560), an increase of 13 percent. Excluding effects from the introduction of IFRS 16, EBITDA was MSEK 615.

Financial income and expense

Financial expense amounted to MSEK -207 (-187), of which -14 (-7) consists of capitalised arrangement fees for loans. The change is mainly explained by increased interest-bearing liabilities following acquisitions that increased the level of debt in foreign currencies.

Financial expense associated with right-of-use assets relating to the introduction of IFRS 16 amounted to MSEK -19.

Financial income amounted to MSEK 2 (1).

Profit before changes in value

Profit before changes in value amounted to MSEK 364 (335), an increase of 9 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 131 (148) and are explained by a combination of a lower valuation yield and increased cash flows in the comparable portfolio.

Unrealised changes in value of derivatives amounted to MSEK -139 (83).

Current and deferred tax

Current tax amounted to MSEK -46 (-37).

Deferred tax amounted to MSEK 97 (-91). The change is explained mainly by lower tax rates in certain countries outside Sweden.

Profit for the period

Profit for the period amounted to MSEK 407 (452) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK 407 (450), which is equivalent to SEK 2.43 (2.69) per share.

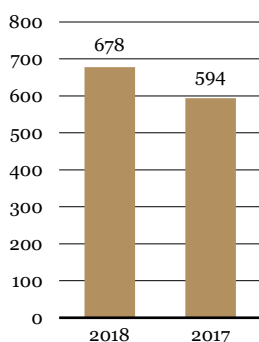
Cash earnings

Total cash earnings amounted to MSEK 362 (336), an increase of 8 percent.

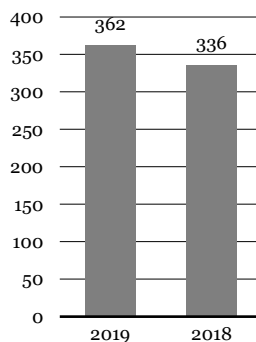
See page 21 for summary of reclassifications, acquisitions and divestments.

January-March 2019

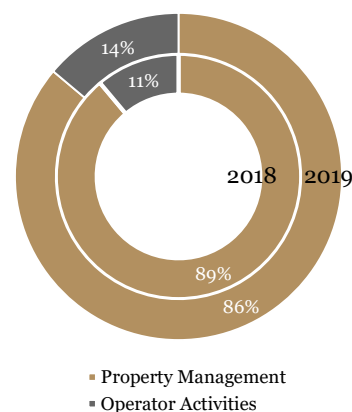
Total net operating income, MSEK



Total cash earnings, MSEK



Net operating income by business segment, %



Segment reporting January-March 2019

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2018 for balance sheet items, unless otherwise stated. IFRS 16 is applied from 1 January 2019.

Property Management

Figures in MSEK	Quarter 1		FY
	2019	2018	2018
Rental income	641	600	2,809
Other property income	44	21	162
Costs, excluding prop admin	-73	-66	-328
Net operating income, before property admin	612	555	2,643
Property administration	-29	-27	-126
Gross profit	583	528	2,517
Net operating income, after property admin	583	528	2,517

Rental income and other property income amounted to MSEK 685 (621) and net operating income to MSEK 583 (528), an increase of 10 percent each, driven by acquisitions, positive currency and calendar effects and some market growth. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 568.

For comparable units total rental income and net operating income, adjusted for currency effects, increased by 1.3 percent each.

Growth in the comparable portfolio of revenue-based leases was positive in Norway, Germany, Denmark, the UK and Austria and negative in Finland.

Individual cities with particularly good rental income growth were Wolfsburg, Munich, Belfast, Brussels, Leeds, Lillehammer, Luleå and Copenhagen.

In the UK growth in the comparable portfolio was 1.5 percent. New hotel capacity at London Heathrow had a negative impact on growth.

In Stockholm rental income increased marginally during the quarter.

Rental income was negatively impacted by some 1,000 hotel rooms net being subject to various forms of renovations during the quarter, including at Park Hotel Amsterdam, Radisson Blu Basel, Scandic Rosendahl and NH Vienna Airport.

Operator Activities

Figures in MSEK	Quarter 1		FY
	2019	2018	2018
Revenues	506	431	2,153
Costs	-458	-404	-1,776
Gross profit	48	27	377
Add: Depreciation included in costs	47	39	163
Net operating income	95	66	540

Revenue from Operator Activities amounted to MSEK 506 (431), an increase of 17 percent driven by sustained good development in Brussels, acquisitions and positive currency and calendar effects.

Net operating income from Operator Activities amounted to MSEK 95 (66), an increase of 44 percent. The increase is mainly explained by good market growth in Brussels and growth contributed by the acquisition of Radisson Blu Glasgow.

Excluding effects from the introduction of IFRS 16, net operating income was MSEK 90.

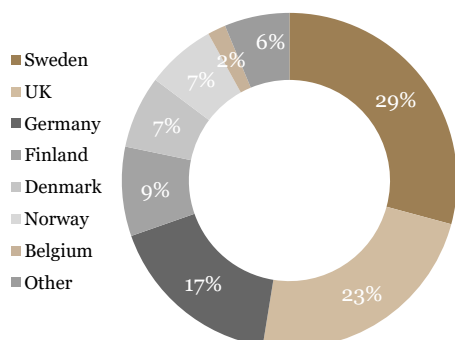
The operating margin was 18.8 percent (15.3).

For comparable units, revenue and net operating income, adjusted for currency effects, increased by 7.5 and 17.1 percent respectively, mainly driven by strong development in Brussels where demand was good, and productivity and profitability were high.

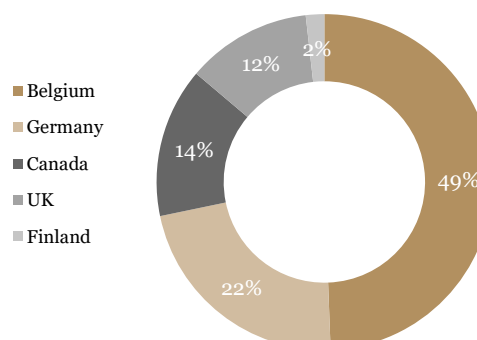
For comparable units, RevPAR increased by 9.1 percent, adjusted for currency effects.

January-March 2019

Revenue by country, Property Management



Revenue by country, Operator Activities



Property portfolio

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2018 for balance sheet items, unless otherwise stated. IFRS 16 is applied from 1 January 2019.

Change in property value

At the end of the period, Pandox's property portfolio had a total market value of MSEK 56,713 (55,197), of which Investment Properties accounted for MSEK 48,386 (47,139) and Operating properties for MSEK 8,327 (8,058). At the same point in time, the carrying amount of the Operating Properties portfolio was MSEK 5,985 (5,809).

At the end of the period, Investment Properties had a weighted average unexpired lease term (WAULT) of 15.8 years (15.7).

Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (January 1, 2019)	47,139
+ Acquisitions	0
+ Investments in current portfolio	99
- Divestments	—
+/- Reclassifications	—
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	131
+/- Realised changes in value	—
+/- Change in currency exchange rates	1,017
Investment Properties, closing balance (March 31, 2019)	48,386

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (January 1, 2018)	8,058
+ Acquisitions ¹⁾	16
+ Investments in current portfolio	44
- Divestments	—
+/- Reclassifications	—
+/- Unrealised changes in value	5
+/- Realised changes in value	—
+/- Change in currency exchange rates	204
Operating Properties, market value (March 31, 2019)	8,327

¹⁾ Refers to adjustment Radisson Blu Glasgow and Hilton Grand Place.

Investments

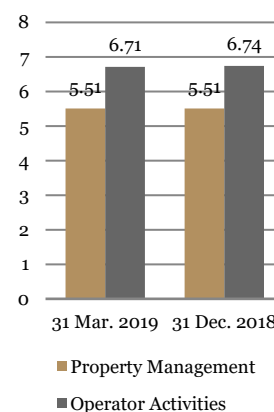
During the period January-March 2019, investments in the existing portfolio, excluding acquisitions, amounted to MSEK 143 (171), of which MSEK 99 (90) for Investment Properties and MSEK 44 (80) for Operating Properties and MSEK 0 (1) for the head office.

At the end of the period, committed investments for future projects equivalent to around MSEK 1,130 had been approved. Larger projects included are Crowne Plaza Brussels, Hilton Brussels City, Hotel Berlin Berlin, The Midland Manchester, Vildmarkshotellet, NH Brussels Bloom, Clarion Collection Arcticus Harstad, DoubleTree by Hilton Montreal, Radisson Blu Basel, NH Vienna Airport, Park Amsterdam, as well as the joint investment programme with Scandic Hotels Group for 19 hotel properties in the Nordic region.

Financial effects of changes in certain key valuation parameters as of March 31, 2019

Investment properties, effect on fair value	Change	Effect on value
Yield	+/- 0.5pp	-4,022 / +4,825
Change in currency exchange rates	+/- 1%	+/- 334
Net operating income	+/- 1%	+/- 454
Investment properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)	+/- 1%	+/- 24
Operating properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)	+/- 1%	+/- 19
Financial sensitivity analysis, effect on earnings	Change	Profit before changes in value
Interest expenses with current fixed interest hedging, change in interest rates	+/- 1%	-/+ 104
Interest expenses with a change in the average interest rate level	+/- 1%	-/+ 284
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	-/+ 783

Average valuation yield, % (31 March 2019)



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. For Operating Properties internal valuations are reported for information purposes only which are 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.

Following a change of external independent property appraisers for certain properties in the portfolio during the second half of 2018, the valuation methods have changed for these properties, whereby both cash-flow and yield assumptions have mainly been adjusted downwards.

In the first quarter Pandox had external valuations performed on approximately 7 percent 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 17.

Financing

Figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2018 for balance sheet items, unless otherwise stated. IFRS 16 is applied from 1 January 2019.

Financial position and net asset value

At the end of the period the loan-to-value net was 48.5 (49.7) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 22,143 (21,378). EPRA NAV (net asset value) per share amounted to SEK 28,561 (27,476), corresponding to SEK 170.52 (164.04) per share. Liquid funds plus unutilised long-term credit facilities amounted to MSEK 3,612 (2,500).

Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 28,436 (28,095), including arrangement fees for loans. Unutilised credit facilities amounted to MSEK 2,689 (1,826).

At the end of the period issued commercial papers under the previously established commercial paper program amounted to MSEK 1,250 (1,250) in various tenors ranging from 3 to 12 months. The purpose of the program is to decrease the financing costs and diversify the financing structure. Issued commercial papers are backed in full by existing unutilised credit facilities.

During the quarter Padox has mortgaged Radisson Blu Glasgow and the Midland Manchester with a total loan amount corresponding the equivalent of MSEK 1,022.

The average fixed rate period was 2.9 (3.0) 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 from interest-rate swaps, but excluding accrued arrangement fees. The average repayment period was 3.0 (3.1) years. The loans are secured by a combination of mortgage collateral and pledged shares.

Maturity structure interest-bearing debt 31 March 2019

Year due (MSEK)	Loans ¹⁾
2019	6,859
2020	5,562
2021	1,539
2022	2,843
2023	10,308
2024 and later	1,325
Total	28,436

¹⁾ Excluding contractual amortisation.

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

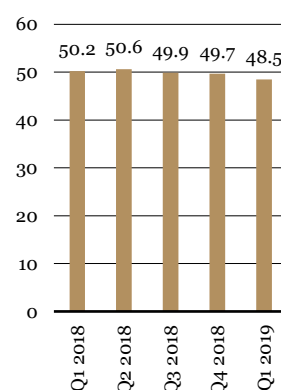
Loans by currency 31 March 2019

	SEK	DKK	EUR	CHF	CAD	NOK	GBP	Total
Sum interest bearing debt, MSEK ¹⁾	7,182	1,846	11,425	470	521	1,344	5,648	28,436
Share of debt in currency, %	25.3	6.5	40.2	1.7	1.8	4.7	19.9	100
Average interest rate, % ²⁾	2.9	2.1	2.3	0.8	3.0	2.8	3.2	2.6
Average interest rate period, years	2.9	1.5	2.8	0.2	0.1	2.3	4.4	2.9
Market value Properties ¹⁾	15,007	3,603	22,470	718	1,360	3,391	10,164	56,713

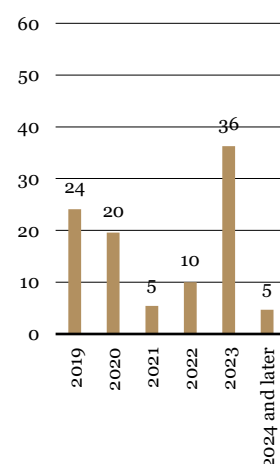
¹⁾ Converted to MSEK.

²⁾ Average interest rate including bank margin.

Loan to value per quarter, %



Debt maturity per year, %



In order to manage interest rate risk and increase the predictability of Pandox's earnings, interest rate derivatives are used, mainly in the form of interest swaps. At the end of the period interest derivatives amounted to a gross amount of MSEK 22,452 and a net amount of MSEK 17,377, which is also the portion of Pandox's loan portfolio for which interest rates are hedged. Around 56 percent of Pandox's loan portfolio was thereby hedged against interest rate movements for periods longer than one year.

Interest maturity profile 31 March 2019

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount ¹⁾	Share, %	Volume	Share, %	Average interest rate, % ¹⁾
< 1 year	12,579	44	1,520	9	1.3
1-2 year	2,738	10	2,738	16	1.9
2-3 year	3,272	12	3,272	19	1.5
3-4 year	5,259	18	5,259	30	1.0
4-5 year	-1,637	-6	-1,637	-9	-0.2
> 5 year	6,226	22	6,226	36	1.2
Sum	28,436	100	17,377	100	1.5

¹⁾Share of loans with an interest rate reset during the period.

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.

At the end of the period, the net market value of Pandox's financial derivatives amounted to MSEK -676 (-538).

Deferred tax

At the end of the period deferred tax assets amounted to MSEK 539 (465). These represent mainly the book value of tax loss carry forwards 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 3,544 (3,430) and relate mainly 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

10 April 2019	Press release on the 2019 Annual General Meeting
15 March 2019	Publication of 2018 Annual Report (Swedish)
8 March 2019	Notice of the 2019 Annual General Meeting
14 February 2019	Year-End Report 2018

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

Significant events after the period

Pandox Annual General Meeting 2019 was held 10 April 2019.

Employees

At the end of the period, Pandox had the equivalent of 1,325 (1,037) fulltime employees. Of the total number of employees, 1,286 (1,000) are employed in the Operator Activities segment and 39 (37) in the Property Management segment and in central administration.

Parent company

Administration for activities within Pandox's property owning companies is provided by staff employed by the Parent Company, Pandox AB (publ). Pandox's subsidiaries are invoiced for these services. Amounts invoiced during the January-March 2019 period totalled MSEK 27 (12), and profit for the period amounted to MSEK 95 (379).

At the end of the period the Parent Company's equity amounted to MSEK 4,649 (4,553) and the interest-bearing debt was MSEK 7,082 (7,069), of which MSEK 3,926 (4,305) was 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.

Pandox has 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 or subsidiaries of Eiendomsspar AS and affiliates of Helene Sundt AS and CGS Holding AS respectively. During the first quarter revenue from the nine asset management agreements amounted to MSEK 1.0 (0.9), and revenue from Pelican Bay Lucaya amounted to MSEK 0.4 (0.5).

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. Reconciliations of Alternative Performance Measurements are available on pages 14-15.

Number of shares

At the end of the period, the total number of shares before and after dilution amounted to 75,000,000 A shares and 92,499,999 B shares. For the first quarter 2019 the weighted number of shares before and after dilution amounted to 75,000,000 A shares and 92,499,999 B shares.

Financial risk management

Pandox seeks to achieve the lowest possible financing cost while simultaneously limiting the Company's interest rate, currency and liquidity risks. Pandox's approach is that increased financing cost resulting from moderate changes in interest rates is often compensated for by higher operating income due to increased economic activity. Also, Pandox has a loan portfolio with staggered maturities and fixed interest periods where the Company enters into interest rate swaps to hedge interest rate levels for a certain portion of the debt portfolio.

A significant amount of Pandox's operations are in countries outside Sweden and the Company is therefore exposed to exchange rate fluctuations. Pandox reduces currency exposure in foreign investments primarily by taking out loans in local currencies. In general, foreign operations report both income and costs in the local currency, which limits currency exposure in current flows.

Pandox aims to have a diversified loan portfolio in terms of the number of lenders, concentration and maturities in order to manage liquidity risk.

Pandox's financial risks and risk management are described on pages 136-140 of the 2018 Annual Report.

Risk and uncertainty factors

Pandox defines risk as a factor of uncertainty that may affect the Company's ability to fulfil its objectives. It is therefore of utmost importance that Pandox is able to identify and assess these factors of uncertainty.

Pandox's strategy is to invest in hotel properties with revenue-based leases with the best hotel operators, and also to be able to operate hotels itself when necessary. Based on this strategy, Pandox has classified risk in five categories: strategy risk, operational risk, financial risk, external risk and sustainability risk.

Pandox's risk management work is described on pages 94-98 in the section "Risk and risk management" in the 2018 Annual Report.

There has been no significant change to Pandox's risk assessment after the publication of the 2018 Annual Report.

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 most 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.

Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risks and uncertainties. Actual developments may differ materially from the expectations expressed, due to various factors, many of which are beyond the control of Pandox

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.

Stockholm, 26 April 2019

Anders Nissen, CEO

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



"The Elephant Parade"
The Hotel Brussels, 420 rooms

Presentation of the interim report

Pandox will present the interim report for institutional investors, analysts and media via a webcasted telephone conference, 26 April at 09:00 CEST.

To follow the presentation online go to <https://edge.media-server.com/m6/p/4j7ohbg2>. 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.pandox.se at approximately 08:00 CEST.

Standard International: +44 (0) 2071 928000
SE LocalCall: +46 (0) 850 692 180
SE Tollfree: 0200125581
UK LocalCall: +44 (0) 8445 718892
UK Tollfree: 08003767922
US LocalCall: + 1 631-510-7495
Conference ID: 1086516

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

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This information is information that Pandox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above 26 April 2019, 07:00 CEST.

Financial calendar

Interim report Q1 2019	26 April 2019
CMD i Stockholm and London	9-10 May 2019
Interim report Q2 2019	12 July 2019
Interim report Q3 2019	24 October 2019

More information about Pandox is available at www.pandox.se.

Summary of financial reports

Condensed consolidated statement of comprehensive income

Figures in MSEK	Note	Quarter 1		FY
		2019	2018	2018
Revenues Property Management				
Rental income	3	641	600	2,809
Other property income		44	21	162
Revenue Operator Activities	3	506	431	2,153
Total revenues		1,191	1,052	5,124
Costs Property Management	3	-102	-93	-454
Costs Operator Activities	3	-458	-404	-1,776
Gross profit		631	555	2,894
- whereof gross profit Property Management	3	583	528	2,517
- whereof gross profit Operator Activities	3	48	27	377
Central administration		-43	-34	-148
Financial income		2	1	1
Financial expenses		-207	-187	-804
Financial cost right of use assets	2	-19	—	—
Profit before changes in value		364	335	1,943
<i>Changes in value</i>				
Properties, unrealised	3	131	148	1,428
Properties, realised	3	—	14	67
Derivatives, unrealised		-139	83	25
Profit before tax		356	580	3,463
Current tax		-46	-37	-216
Deferred tax		97	-91	-424
Profit for the period		407	452	2,823
Other comprehensive income				
<i>Items that may not be classified to profit or loss</i>				
This year's revaluation of fixed assets ¹⁾		—	117	117
Tax attributable to items that may not be classified to profit or loss		—	-35	-35
		—	82	82
<i>Items that may be classified to profit or loss</i>				
Net investment hedge of foreign operations		395	188	67
Translation differences realisation of foreign operations		-35	458	316
		360	646	383
Other comprehensive income for the period		360	728	465
Total comprehensive income for the period		767	1,180	3,288
Profit for the period attributable to the shareholders of the parent company		407	450	2,820
Profit for the period attributable to non-controlling interests		0	2	3
Total comprehensive income for the period attributable to the shareholders of the parent company		765	1,170	3,278
Total comprehensive income for the period attributable to non-controlling interests		2	10	10
Earnings per share, before and after dilution, SEK		2.43	2.69	16.83

¹⁾ Change of fair value due to reclassification of hotel properties from Operator Activities to Property Management.

Condensed consolidated statement of financial position

Figures in MSEK	Note	2019 31 Mar	2018 31 Mar	2018 31 Dec
ASSETS				
Non-current assets				
Operating properties		5,482	4,868	5,326
Equipment and interiors		503	363	484
Investment properties		48,386	44,713	47,139
Right-of-use assets	2	2,738	—	—
Deferred tax assets		539	469	465
Derivatives ¹⁾		18	39	12
Other non-current receivables		32	20	31
Total non-current assets		57,698	50,472	53,457
Current assets				
Inventories		11	10	10
Current tax assets		32	42	29
Trade account receivables		245	213	326
Prepaid expenses and accrued income		166	187	305
Other current receivables		203	76	215
Cash and cash equivalents		923	708	674
Assets held for sale	4	—	1,734	—
Total current assets		1,580	2,970	1,559
Total assets		59,278	53,442	55,016
EQUITY AND LIABILITIES				
Equity				
Share capital		419	419	419
Other paid-in capital		4,556	4,556	4,556
Reserves		573	477	215
Retained earnings, including profit for the period		16,595	14,562	16,188
Equity attributable to the owners of the Parent Company		22,143	20,014	21,378
Non-controlling interests		162	192	160
Sum equity		22,305	20,206	21,538
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities ²⁾		19,503	23,429	19,469
Other non-current liabilities		19	262	18
Long-term lease liability	2	2,719	—	—
Derivatives ¹⁾		694	519	550
Provisions		110	128	100
Deferred tax liability		3,544	3,153	3,430
Total non-current liabilities		26,589	27,491	23,567
Current liabilities				
Provisions		1	14	1
Interest-bearing liabilities ²⁾		8,763	3,363	8,448
Short-term lease liability	2	19	—	—
Tax liabilities		122	101	109
Trade accounts payable		275	196	286
Other current liabilities		565	150	411
Accrued expenses and prepaid income		639	473	656
Debt related to assets held for sale	4	—	1,448	—
Total current liabilities		10,384	5,745	9,911
Total liabilities		36,973	33,236	33,478
Total equity and liabilities		59,278	53,442	55,016

¹⁾ The 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.

²⁾ The carrying amounts of interest-bearing liabilities and other financial instruments constitute a reasonable approximation of their fair values.

³⁾ Arrangement fees of approximately MSEK 170 (67) have reduced interest-bearing liabilities for Q1.

Condensed consolidated statement of changes in equity

Figures in MSEK	Attributable to the owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Other paid in capital	Translation reserves	Revaluation reserve ³⁾	Retained earnings, incl profit for the period			
Opening balance equity January 1, 2018	419	4,557	-330	87	14,112	18,845	182	19,027
Profit for the period	—	—	—	—	2,820	2,820	3	2,823
Other comprehensive income	—	—	376	82	—	458	7	465
New share issue ¹⁾	—	-1	—	—	—	-1	—	-1
Transactions regarding non-controlling interest ²⁾	—	—	—	—	-7	-7	-32	-39
Dividend	—	—	—	—	-737	-737	—	-737
Closing balance equity December 31, 2018	419	4,556	46	169	16,188	21,378	160	21,538
Opening balance equity January 1, 2019	419	4,556	46	169	16,188	21,378	160	21,538
Profit for the period	—	—	—	—	407	407	0	407
Other comprehensive income	—	—	358	—	—	358	2	360
Closing balance equity March 31, 2019	419	4,556	404	169	16,595	22,143	162	22,305

¹⁾ Proceeds from directed share issue reported net of transaction costs of MSEK 1, 2017.

²⁾ Acquisition and dissolution of non-controlling interest regarding Austria and Germany and guaranteed minority dividend.

³⁾ Change of fair value due to reclassification of hotel properties from Operator Activities to Property Management.

Condensed consolidated statement of cash flow

Figures in MSEK	Quarter 1		FY
	2019	2018	2018
OPERATING ACTIVITIES			
Profit before tax	356	580	3,463
Reversal of depreciation	46	39	163
Changes in value, Investment properties, realised	—	14	-66
Changes in value, Investment properties, unrealised	-131	-148	-1,429
Changes in value, derivatives, unrealised	139	-83	-24
Other items not included in the cash flow	-2	32	46
Taxes paid	-43	-22	-178
Cash flow from operating activities before changes in working capital	365	412	1,975
Increase/decrease in operating assets	256	-1	-243
Increase/decrease in operating liabilities	118	-37	-22
Change in working capital	375	-38	-265
Cash flow from operating activities	739	374	1,710
INVESTING ACTIVITIES			
Acquisition of non-controlling interest	—	—	-29
Investments in properties and fixed assets	-143	-171	-720
Divestment of hotel properties, net effect on liquidity	—	—	286
Acquisitions of hotel properties, net effect on liquidity	-16	-3	-1,725
Acquisitions of financial assets	-1	—	-11
Divestment of financial assets	—	5	9
Cash flow from investing activities	-161	-169	-2,190
FINANCING ACTIVITIES			
Transaction cost	—	-1	-1
New loans	1,898	—	7,164
Amortisation of debt	-2,216	-496	-6,258
Guaranteed minority dividend	—	—	-10
Paid dividends	—	—	-737
Cash flow from financing	-318	-497	158
Cash flow for the period	261	-293	-322
Cash and cash equivalents at beginning of period	674	999	999
Exchange differences in cash and cash equivalents	-12	1	-3
Liquid funds end of period	923	708	674
Information regarding interest payments			
Interest received amounted to	0	0	1
Interest paid amounted to	-192	-145	-723
Information regarding cash and cash equivalents end of period			
Cash and cash equivalents consist of bank deposits.	923	708	674

Condensed income statement for the parent company

Figures in MSEK	Quarter 1		FY
	2019	2018	2018
Net sales	27	12	106
Administration cost	-54	-44	-190
Operating profit	-27	-32	-84
Profit from participations in Group companies	—	254	760
Other interest income and similar profit/loss items	398	67	462
Other interest expense and similar profit/loss items	-249	121	-555
Profit after financial items ¹⁾	122	410	583
Year-end appropriations	—	—	145
Profit before tax	122	410	728
Current tax	-34	-7	—
Deferred tax	7	-24	6
Profit for the period	95	379	734

¹⁾ Of which MSEK -155 (22) refers to unrealised value changes on interest derivatives in Q1.

Condensed balance sheet for the parent company

Figures in MSEK	2019	2018	2018
	31 Mar	31 Mar	31 Dec
ASSETS			
Non-current assets	17,684	17,439	17,266
Current assets	238	64	130
Total assets	17,922	17,503	17,396
EQUITY AND LIABILITIES			
Equity	4,649	4,904	4,553
Provisions	110	88	100
Non-current liabilities	4,532	6,192	4,727
Current liabilities	8,631	6,319	8,016
Total equity and liabilities	17,922	17,503	17,396

Reconciliation alternative performance measurements

Per share, figures in SEK ¹⁾	Quarter 1		FY
	2019	2018	2018
Total comprehensive income per share, SEK			
Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK	765	1,170	3,278
Weighted average number of share, before and after dilution	167,499,999	167,499,999	167,499,999
Total comprehensive income per share, SEK	4.57	6.98	19.57
Cash earnings per share, SEK			
Cash earnings attributable to the shareholders of the parent company, MSEK	362	335	1,887
Weighted average number of share, before and after dilution	167,499,999	167,499,999	167,499,999
Cash earnings per share, SEK	2.16	2.00	11.26
Net asset value (EPRA NAV) per share, SEK			
EPRA NAV (net asset value), MSEK	28,561	25,428	27,476
Number of shares at the end of the period	167,499,999	167,499,999	167,499,999
Net asset value (EPRA NAV) per share, SEK	170.52	151.81	164.04
Dividend per share, SEK			
Dividend, MSEK	—	—	787
Number of shares at dividend	167,499,999	167,499,999	167,499,999
Dividend per share, SEK ³⁾	—	—	4.70
Weighted average number of shares outstanding, before and after dilution	167,499,999	167,499,999	167,499,999
Number of shares at end of period	167,499,999	167,499,999	167,499,999
PROPERTY RELATED KEY FIGURES			
Number of hotels, end of period ²⁾	144	143	144
Number of rooms, end of period ²⁾	32,273	31,628	32,268
WAULT, years	15.8	15.6	15.7
Market value properties, MSEK	56,713	52,120	55,197
Market value Investment properties	48,386	44,999	47,139
Market value Operating properties	8,327	7,121	8,058
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	738	676	856

¹⁾ Total number of outstanding shares after dilution amounts to 167,499,999, of which 75,000,000 A shares and 92,499,999 B shares. For a fair comparison the total number of shares is used for the calculation of key ratios. ²⁾ Pandox's owned hotel properties. ³⁾ For 2018 actual dividend is indicated.

Reconciliation alt. performance measurements

Figures in MSEK	Quarter 1		FY
	2019	2018	2018
Net interest-bearing debt			
Non-current interest-bearing liabilities	19,503	23,429	19,469
Current interest-bearing liabilities	8,763	3,363	8,448
Arrangement fee for loans	170	67	178
Cash and cash equivalents	-923	-708	-674
Net interest-bearing debt	27,513	26,151	27,421
Loan to value net, %			
Net interest-bearing debt	27,513	26,151	27,421
Market value properties	56,713	52,120	55,197
Loan to value net, %	48.5	50.2	49.7
Interest cover ratio, times			
Profit before changes in value	364	335	1,943
Interest expenses	181	175	746
Depreciation	46	39	163
Interest cover ratio, times	3.3	3.1	3.8
Average interest on debt end of period, %			
Average interest expenses	735	714	725
Non-current interest-bearing liabilities	19,503	23,429	19,469
Arrangement fee for loans	170	67	178
Current interest-bearing liabilities	8,763	3,363	8,448
Average interest on debt, end of period, %	2.6	2.7	2.6
<i>See page 7-8 for a complete reconciliation</i>			
Investments, excl. acquisitions	143	171	720
Net operating income, Property Management			
Rental income	641	600	2,809
Other property income	44	21	162
Costs, excl. property administration	-73	-66	-328
Net operating income, before property administration	612	555	2,643
Property administration	-29	-27	-126
Net operating income, Property Management	583	528	2,517
Net operating income, Operator Activities			
Revenues Operator Activities	506	431	2,153
Costs Operator Activities	-458	-404	-1,776
Gross profit	48	27	377
Plus: Depreciation included in costs	47	39	163
Net operating income, Operator Activities	95	66	540
EBITDA			
Gross profit from respective operating segment	631	555	2,894
Plus: Depreciation included in costs Operator Activities	47	39	163
Less: Central administration, excluding depreciation	-44	-34	-148
EBITDA	634	560	2,909
Cash earnings			
EBITDA	634	560	2,909
Plus: Financial income	2	1	1
Less: Financial expense	-207	-187	-804
Less: Financial cost for right-of-use assets	-19	—	—
Less: Translation gain on bank deposits	-2	-1	—
Less: Current tax	-46	-37	-216
Cash earnings	362	336	1,890
EPRA NAV			
Equity attr. to the shareholders of the parent company	22,143	20,014	21,378
Plus: Revaluation of Operating Properties	2,343	1,891	2,249
Plus: Fair value of financial derivatives	676	480	538
Less: Deferred tax assets related to derivatives	-145	-110	-118
Plus: Deferred tax liabilities	3,544	3,153	3,430
EPRA NAV	28,561	25,428	27,476
Growth in EPRA NAV, annual rate, %			
EPRA NAV attributable to the shareholders of the parent company, OB	25,428	19,793	24,211
EPRA NAV attributable to the shareholders of the parent company, CB	28,561	25,428	27,476
Dividend added back, current year	737	—	737
Excluding proceeds from new share issue	—	-1,462	—
Growth in EPRA NAV, annual rate, %	15.2	21.1	16.5

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 23.

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, 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.

Quarterly data

Condensed consolidated statement of comprehensive income

Figures in MSEK	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue Property Management								
Rental income	641	704	766	739	600	549	569	547
Other property income	44	45	44	52	21	22	20	21
Revenue Operator Activities	506	626	531	565	431	528	463	555
Total revenues	1,191	1,375	1,341	1,356	1,052	1,099	1,052	1,123
Costs Property Management	-102	-122	-112	-127	-93	-82	-78	-83
Costs Operator Activities	-458	-507	-429	-436	-404	-429	-373	-462
Gross profit	631	746	800	793	555	589	601	578
Central administration	-43	-43	-34	-37	-34	-37	-30	-30
Financial net	-205	-214	-205	-198	-186	-126	-132	-131
Financial cost for right-of-use assets	-19	—	—	—	—	—	—	—
Profit before value changes	364	489	561	558	335	426	439	417
Changes in value								
Properties, unrealised	131	607	376	297	148	490	194	634
Properties, realised	—	27	13	13	14	289	—	—
Derivatives, unrealised	-139	-147	113	-24	83	7	18	71
Profit before tax	356	976	1,063	844	580	1,212	651	1,122
Current tax	-46	-55	-64	-60	-37	11	-16	-38
Deferred tax	97	-146	-166	-21	-91	-40	-84	-197
Profit for the period	407	775	833	763	452	1,183	551	887
Other comprehensive income	360	-177	-220	134	728	-196	-1	-82
Total comprehensive income for the period	767	598	613	897	1,180	986	550	805

Condensed consolidated statement of financial position

Figures in MSEK	2019	2018				2017		
	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
ASSETS								
Properties incl equipment and interiors	54,371	52,949	50,855	50,789	49,944	48,217	39,202	38,216
Right of use assets	2,738	—	—	—	—	—	—	—
Other non-current receivables	50	43	91	36	59	37	51	54
Deferred tax assets	539	465	520	561	469	613	665	685
Current assets	657	885	1,105	2,542	2,262	1,871	772	703
Cash and cash equivalents	923	674	923	678	708	999	484	344
Total assets	59,278	55,016	53,494	54,606	53,442	51,737	41,174	40,002
EQUITY AND LIABILITIES								
Equity	22,305	21,538	20,950	20,347	20,206	19,027	16,586	16,036
Deferred tax liability	3,544	3,430	3,316	3,237	3,153	3,026	2,911	2,924
Interest-bearing liabilities	28,266	27,917	27,461	27,451	26,792	26,298	20,034	19,359
Leasing liabilities	2,738	—	—	—	—	—	—	—
Non interest-bearing liabilities	2,425	2,131	1,767	3,571	3,292	3,386	1,643	1,683
Total equity and liabilities	59,278	55,016	53,494	54,606	53,442	51,737	41,174	40,002

Key ratios

Figures in MSEK	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
NOI, Property Management	583	627	698	664	528	490	511	485
NOI, Operator Activities	95	165	142	167	66	144	129	139
EBITDA	634	749	806	794	560	597	610	594
Earnings per share before and after dilution, SEK	2.43	4.63	4.98	4.53	2.69	7.47	3.47	5.61
Cash earnings	362	480	537	536	336	482	462	425
Cash earnings per share before and after dilution, SEK	2.16	2.88	3.20	3.18	2.00	3.06	2.91	2.67
RevPAR growth (Operator Activities) for comparable units and constant currency, %	9	12	6	4	4	11	12	17

	2019	2018				2017		
	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
Net interest-bearing debt, MSEK	27,513	27,421	26,590	26,844	26,151	25,474	19,550	19,015
Loan to value, %	48.5	49.7	49.9	50.6	50.2	50.8	47.7	47.7
Interest coverage ratio, times	3.3	3.8	4.1	4.2	3.1	4.5	4.9	4.6
Market value properties, MSEK	56,713	55,197	53,281	53,064	52,120	50,121	40,951	39,868
EPRA NAV per share, SEK	170.52	164.04	158.44	153.97	151.81	144.54	136.47	132.55
WAULT (Property Management), yrs	15.8	15.7	15.3	15.3	15.6	15.6	13.8	13.9

Portfolio overview

At the end of the period Pandox's property portfolio consisted of 144 (144) hotel properties with 32,273 (32,268) hotel rooms in fifteen countries, including the sub-markets England, Scotland, Wales and Northern Ireland.

Pandox's main geographical focus is Northern Europe. Sweden (26 percent) is Pandox's single largest geographical market, measured as a percentage of the property portfolio's total market value, followed by the UK (18 percent), Germany (17 percent), Belgium (8 percent) and Finland (7 percent).

128 of the hotel properties are leased to third parties, which means that approximately 85 percent of the portfolio market value is covered by external leases. Pandox's tenant base consists of highly reputable hotel operators with strong hotel brands.

On 31 March 2019 Investment Properties had a weighted average unexpired lease term (WAULT) of 15.8 years (15.7).

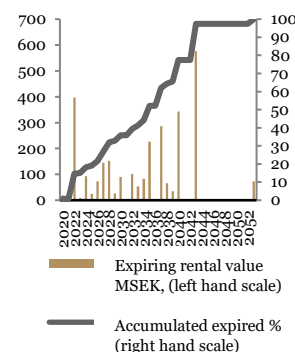
Portfolio overview by segment and geography

Property Management	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Sweden	43	8,877	15,007	26	1.7
Germany	22	4,463	7,537	13	1.7
UK	19	4,675	9,209	16	2.0
Finland	13	2,921	4,014	7	1.4
Norway	14	2,535	3,391	6	1.3
Denmark	8	1,845	3,603	6	2.0
Austria	2	639	1,433	3	2.2
Belgium	2	519	871	2	1.7
Ireland	3	445	1,510	3	3.4
Switzerland	1	206	718	1	3.5
Netherlands	1	189	1,094	2	5.8
Sum Property Management	128	27,314	48,386	85	1.8
Operator Activities					
Belgium	7	1,955	3,470	6	1.8
Germany	4	1,285	2,520	4	2.0
Canada	2	952	1,360	2	1.4
UK	2	611	956	2	1.6
Finland	1	156	21	0	0.1
Sum Operator Activities	16	4,959	8,327	15	1.7
Sum total	144	32,273	56,713	100	1.8

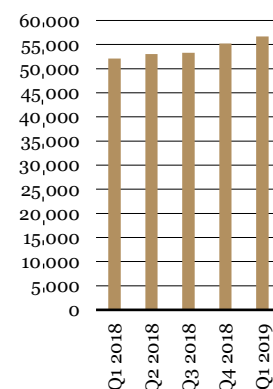
Portfolio overview by brand

Brand	Number		
	Hotels	Rooms	In % of total
Scandic	51	11,004	34
Jurys Inn	20	4,410	14
Leonardo	18	3,547	11
Hilton	8	2,582	8
Radisson Blu	8	2,033	6
Nordic Choice Hotels	11	1,800	6
NH	7	1,681	5
Crowne Plaza	2	616	2
Elite Hotels	2	485	2
Holiday Inn	2	469	1
First Hotels	2	403	1
InterContinental	1	357	1
Meininger	1	228	1
Best Western	1	103	0
Independent brands	10	2,555	8
Total	144	32,273	100

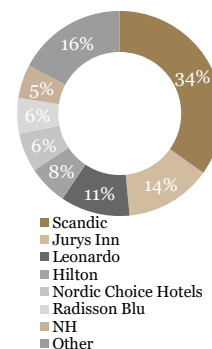
Lease maturity profile (31 March 2019)



Market value properties per quarter, MSEK



Rooms per operator/brand (31 March 2019)



Notes

Note 1 Accounting principles

Pandox AB follows the International Financial Reporting Standards (IFRS) and interpretations (IFRIC), as 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. Under RFR2 the parent company of a 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.

The interim financial statements are included on pages 1–21 and pages 22–24 are thus an integrated part of this financial report.

The accounting principles applied are consistent with those described in Pandox's 2018 Annual Report.

Pandox is applying IFRS 16 prospectively as of 1 January 2019.

Note 2 Transition to IFRS 16 Leases

Pandox is applying IFRS 16 prospectively as of 1 January 2019. The effects of the transition as of 1 January 2019 are presented in the 2018 Annual Report.

Pandox's lease commitments consist of site leaseholds or other leased land, premises and vehicles. In total these undiscounted commitments amount to MSEK 2,738 based on agreements currently in effect. MSEK 2,602 of these commitments relate to land (site leaseholds or other leased land).

In Sweden site leaseholds were introduced and are still used as a supplement to ownership of a property. Only the national and municipal authorities in Sweden have the right to grant site leaseholds. The holder of a site leasehold has the right to use the land for a very long time, which is sometimes described by municipalities as "essentially infinite". Accordingly, the discounted value of site leasehold rents in Sweden is to be recognised, according to IFRS 16, as an infinite right-of-use asset and a lease liability in the balance sheet. The site leasehold rent paid is recognised in full as a financial expense where in the past it was recognised as an operating cost.

Pandox has site leaseholds or other land leases in countries other than Sweden. These leases are structured differently, but are normally extended. Other clauses exist to ensure that the land can be used after the lease ends or that compensation is paid for the hotel property built on the land in question. In Pandox's experience these leases are normally extended and, accordingly, the leases are expected to be extended and treated in the same way as Swedish site leaseholds.

Premises (mainly Pandox's offices and a few floors rented in The Hotel Brussels) and vehicles (company cars) are recognised at a discounted value in the balance sheet as right-of-use assets and lease liabilities. In the income statement right-of-use assets are depreciated over the term of the lease and payments to the landlord/lessor are recognised as instalments on the lease liability and as interest expense in the income statement.

In connection with the transition to IFRS 16 Pandox has decided to include three new items in the balance sheet: right-of-use assets, long-term lease liabilities and short-term lease liabilities. In the income statement the financial component is recognised net as a financial item in a new line "Financial cost for right-of-use assets". To calculate right-of-use assets and lease liabilities Pandox uses an estimated financing expense in local currencies based on when the various leases mature.

In addition to the effects of the transition to IFRS 16 described above, its introduction also affects performance measures. The definitions of interest-bearing net debt and cash earnings have been adjusted for clarity as of 1 January 2019 for comparability with earlier periods.

On the following page, tables are presented which describe the difference in result and financial position when IFRS 16 is applied and when not applied.

Condensed consolidated statement of comprehensive income Figures in MSEK	Quarter 1 2019		
	IFRS 16	Ex IFRS 16	Effect IFRS 16
Revenues	1,191	1,191	—
Costs	-560	-578	18
Gross profit	631	613	18
Central administration	-43	-44	1
Financial income / expenses	-224	-205	-19
Profit before changes in value	364	364	0
Changes in value	-8	-8	0
Profit before tax	356	356	0
Current tax	51	51	0
Profit for the period	407	407	0
Other comprehensive income for the period	360	360	—
Total comprehensive income for the period	767	767	0

Condensed consolidated statement of financial position Figures in MSEK	31 March 2019		
	IFRS 16	Ex IFRS 16	Effect IFRS 16
ASSETS			
Non-current assets	57,698	54,960	2,738
Current assets	1,580	1,580	—
Total assets	59,278	56,540	2,738
EQUITY			
Equity	22,305	22,305	0
LIABILITIES			
Long-term liabilities	26,589	23,870	2,719
Short-term liabilities	10,384	10,365	19
Total equity and liabilities	59,278	56,540	2,738

Reconciliation alternative performance measurements Figures in MSEK	31 March 2019		
	IFRS 16	Ex IFRS 16	Effect IFRS 16
Net operating income			
Property Management	583	568	14
Operator Activities	95	90	5
EBITDA	634	615	19

Note 3 Operating segments

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, and financial cost for right-of-use assets according to IFRS 16. 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 Fattal Hotels Group are tenants who account for more than 10 percent of revenues each.

Operating segments	Property Management		Operator Activities		Group and non-allocated items		Total	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Figures in MSEK								
Revenue Property Management	685	621	—	—	—	—	685	621
Rental and other property income	—	—	506	431	—	—	506	431
Revenue Operator Activities	—	—	—	—	—	—	—	—
Total revenues	685	621	506	431	—	—	1,191	1,052
Costs Property Management	-102	-93	—	—	—	—	-102	-93
Costs Operator Activities	—	—	-458	-404	—	—	-458	-404
Gross profit	583	528	48	27	—	—	631	555
Central administration	—	—	—	—	-43	-34	-43	-34
Financial income	—	—	—	—	2	1	2	1
Financial expenses	—	—	—	—	-207	-187	-207	-187
Financial cost right-of-use assets	—	—	—	—	-19	—	-19	—
Profit before changes in value	583	528	48	27	-267	-220	364	335
<i>Changes in value</i>								
Properties, unrealised	131	148	—	—	—	—	131	148
Properties, realised	—	14	—	—	—	—	—	14
Derivatives, unrealised	—	—	—	—	-139	83	-139	83
Profit before tax	714	690	48	27	-406	-137	356	580
Current tax	—	—	—	—	-46	-37	-46	-37
Deferred tax	—	—	—	—	97	-91	97	-91
Profit for the period	714	690	48	27	-355	-265	407	452

Q1 2019

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK	Other	Total
Total revenues									
- Property Management	200	48	46	59	117	12	160	43	685
- Operator Activities	—	—	—	9	113	250	61	73	506
Market value properties	15,007	3,603	3,391	4,035	10,057	4,341	11,675	4,604	56,713
Investments in properties	39	13	14	19	6	32	5	15	143
Acquisitions of properties	—	—	—	—	—	7	9	—	16
Realised value change properties	—	—	—	—	—	—	—	—	—
Book value Operating Properties	—	—	—	27	1,510	2,487	959	1,002	5,985
Total non-current assets at book value, less deferred tax assets	21,393	2,117	2,204	3,792	8,006	3,181	12,212	4,254	57,159

Q1 2018

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK	Other	Total
Total revenues									
- Property Management	203	43	42	59	108	7	114	45	621
- Operator Activities	0	—	—	7	100	228	29	67	431
Market value properties	14,662	3,506	3,247	3,759	9,259	3,981	9,360	4,346	52,120
Investments in properties	39	15	23	10	16	25	0	43	171
Acquisitions of properties	—	—	—	—	1	—	2	—	3
Realised value change properties	—	—	—	—	—	—	—	—	—
Book value Operating Properties	—	—	—	26	1,479	2,395	409	922	5,231
Total non-current assets at book value, less deferred tax assets	18,871	2,106	2,172	3,051	7,476	3,076	9,346	3,906	50,004

Note 4 Assets and liabilities classified as held for sale

Assets and liabilities held for sale	2019	2018	2018
Figures in MSEK	31 Mar	31 Mar	31 Dec
ASSETS			
Investment properties ²⁾	—	286	—
Operating Activities Vesway ¹⁾	—	1,406	—
Other operating assets ¹⁾	—	42	—
Assets classified as held for sale	—	1,734	—
LIABILITIES			
Other short term liabilities ¹⁾	—	1,448	—
Liabilities classified as held for sale	—	1,448	—

¹⁾ Refers to MGBP 120 paid by acquiring company in connection with completion of acquisition of Vesway attributable to Jurys Inn. Resolved during Q3 2018.

²⁾ Refers to Scandic Ferrum. Resolved during Q4 2018.

Note 5 Reclassifications, acquisitions and divestments with date of consolidation or deconsolidation

Reclassifications, acquisitions and divestments

Date	Hotel property	Event
3 December 2018	Scandic Ferrum	Divestment Property Management
1 November 2018	The Midland Manchester	Acquisition Property Management
31 October 2018	Radisson Blu Glasgow	Acquisition Operator Activities
1 February 2018	NH Brussels Bloom	Reclassification to Property Management
1 February 2018	NH Brussels EU Berlaymont	Reclassification to Property Management

Note 6 Currency exchange rates

Currency exchange rates January-March

SEK 1 = X foreign currency	Average rate			Rate at end-of-period		
	2019	2018	Δ%	2019	2018	Δ%
Euro (EUR)	10.417	9.964	5%	10.422	10.293	1%
British pound (GBP)	11.942	11.279	6%	12.082	11.762	3%
Danish krone (DKK)	1.396	1.338	4%	1.396	1.381	1%
Norwegian krone (NOK)	1.069	1.034	3%	1.075	1.063	1%
Canadian dollar (CAD)	6.899	6.414	8%	6.912	6.473	7%
Swiss franc (CHF)	9.199	8.552	8%	9.320	8.737	7%

Pandox in short

Pandox is a leading owner of hotel properties in Northern Europe with a focus on sizeable hotels in key leisure and corporate destinations. Pandox's hotel property portfolio comprises 144 hotels with approximately 32,300 hotel rooms in 15 countries. Pandox's business is organised into Property management, which comprises hotel properties leased on a long-term basis to market leading regional hotel operators and leading international hotel operators, and Operator activities, which comprises hotel operations executed by Pandox in its owner-occupied hotel properties. Pandox was founded in 1995 and the company's B shares are listed on Nasdaq Stockholm.

Vision and business concept

Pandox's vision is to be a world-leading hotel property company with specialist expertise in active ownership, hotel property management and development, as well as hotel operation. Pandox's business concept is to own hotel properties and lease them to strong hotel operators under long-term revenue-based lease agreements. Pandox's ability to act throughout the complete hotel value-chain both reduces risk and creates business opportunities.

Strategy and business model

Pandox's strategy and business model is founded on:

- (1) Focus on hotel properties
- (2) Large hotel properties in strategic locations
- (3) Long-term revenue-based lease agreements with the best hotel operators
- (4) Property portfolio of high quality with a sustainable footprint
- (5) Geographical diversification with limits fluctuations
- (6) Own operations reduce risk

Overall goals

Pandox's overall goal is to make positive contribution to the Company's stakeholders through profitable and responsible growth:

- (1) To increase the value for Pandox's shareholders through higher cash flow and net asset value
- (2) To create attractive hotel products in cooperation with Pandox's business partners
- (3) To contribute to positive growth for Pandox employees

Organisation and execution

Pandox has two business segments. One is Property Management in which Pandox owns and leases out hotel properties to external operators under long-term revenue-based lease agreements. The other is Operator Activities in which Pandox owns hotel property and operates hotels under external brands or its own brands. Pandox also manages a small number of hotel properties on behalf of other owners.



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Definitions

FINANCIAL INFORMATION

Average interest on debt, %

Average interest expense based on interest maturity in respective currencies as a percentage of interest-bearing liabilities.

Cash earnings, MSEK

EBITDA plus financial income less financial expense less financial cost for right-of-use assets according to IFRS 16 less current tax less any unrealised translation gain on bank balances.

EBITDA, MSEK

Total gross profit less central administration (excluding depreciation).

Growth for comparable units adjusted for currency effects

Growth measure that excludes effects of acquisitions, divestments 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 issue proceeds deducted, for the immediately preceding 12-month period.

Gross profit, Operator Activities, MSEK

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

Gross profit, Property Management, MSEK

Revenue less directly related costs for Property Management.

Interest-bearing net debt, MSEK

Current and non-current interest-bearing liabilities plus arrangement fee for loans less cash and cash equivalents and short-term investments that are equivalent to cash and cash equivalents. Long-term and short-term lease liabilities according to IFRS 16 are not included.

Interest cover ratio, multiple

Profit before changes in value plus interest expense and depreciation, divided by interest expense. Financial cost for right-of-use assets according to IFRS 16 is not included.

Investments, excl. acquisitions, MSEK

Investments in non-current assets excluding acquisitions.

Loan-to-value ratio net, %

Interest-bearing liabilities, including arrangement fee for loans, less cash and cash equivalents as a percentage of the properties' market value at the end of the period.

Net operating income Operator Activities, MSEK

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

Net operating income, Property Management, MSEK

Net operating income corresponds to gross profit for Property Management.

Net operating margin, Operator Activities, %

Net operating income for Operator Activities as a percentage of 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 interests, less financial expense for right-of-use assets according to IFRS 16 less unrealised translation gain on bank balances divided by the weighted average number of shares outstanding.

Comprehensive income per share SEK

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

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 properties, and revaluation of Operating Properties, divided by the total number of shares outstanding after dilution at the end of 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.

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.

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

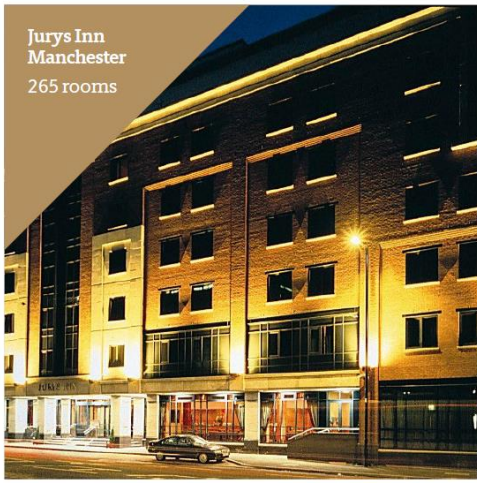
Number of rooms in owned hotel properties at the end of the period.

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.



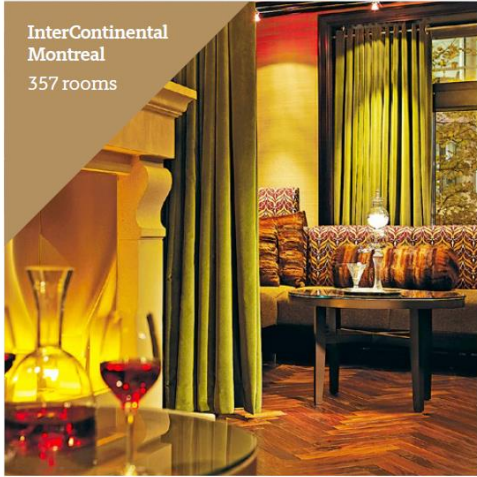
Jurys Inn
Manchester
265 rooms



Scandic
Copenhagen
486 rooms



Leonardo
Wolfsburg
City Centre
343 rooms



InterContinental
Montreal
357 rooms



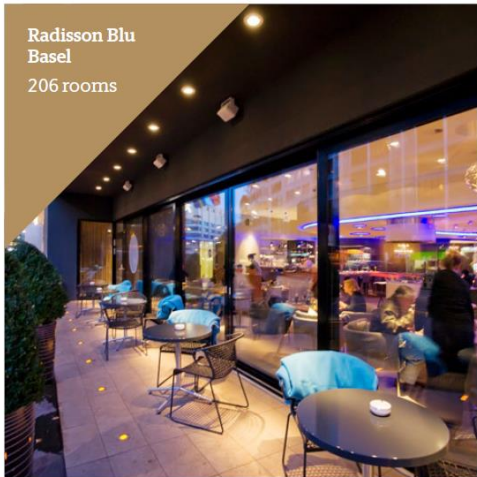
Park Hotel
Amsterdam
189 rooms



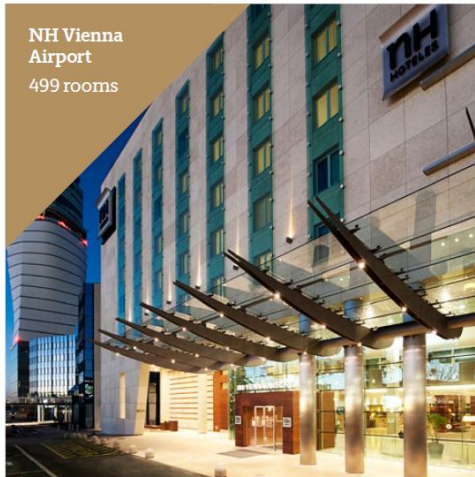
Comfort
Børsparken,
Oslo
248 rooms



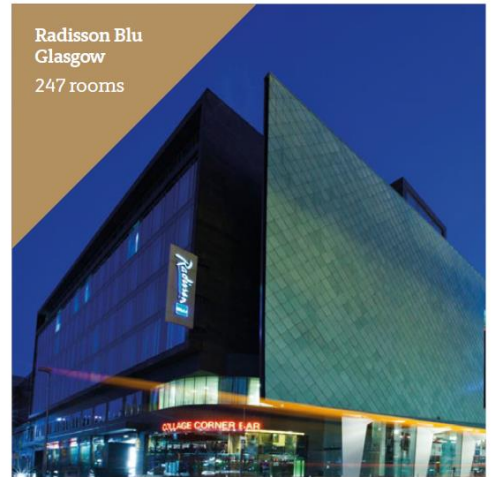
Check in ... some of Pandox's hotel properties



Radisson Blu
Basel
206 rooms



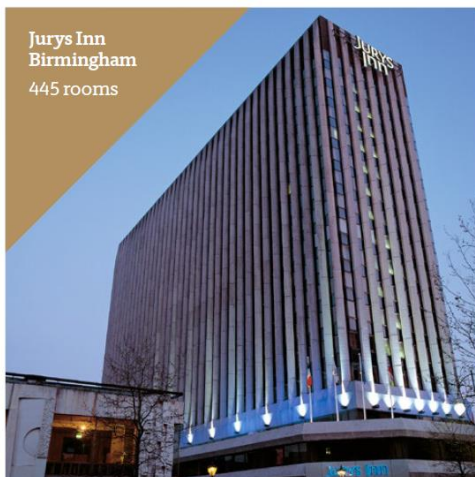
NH Vienna
Airport
499 rooms



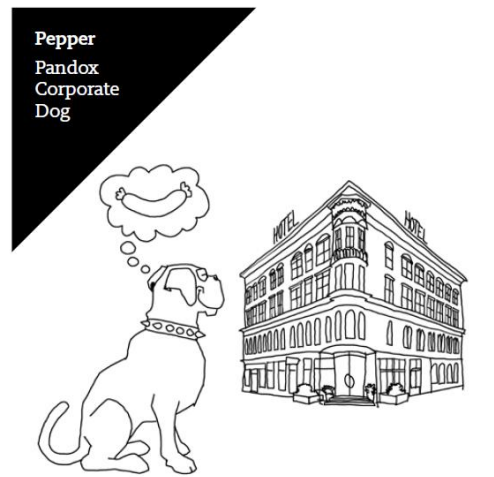
Radisson Blu
Glasgow
247 rooms



Hotel Hubert Grand
Place Brussels
100 rooms



Jurys Inn
Birmingham
445 rooms



Pepper
Pandox
Corporate
Dog