

Strengthened pan-European position

October-December 2019

- Revenue from Property Management amounted to MSEK 810 (749). For comparable units the increase was 4.4 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 716 (627), MSEK 700 excluding the effect of IFRS 16. For comparable units the increase was 3.7 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 159 (165), MSEK 150 excluding the effects of IFRS 16. For comparable units the decrease was 18.5 percent, adjusted for currency effects
- EBITDA amounted to MSEK 831 (749), MSEK 805 excluding the effects of IFRS 16
- Cash earnings amounted to MSEK 651 (485)
- Cash earnings per share amounted to SEK 3.70 (2.90)
- Profit for the period amounted to MSEK 1,291 (775)
- Earnings per share amounted to SEK 7.30 (4.63)
- Pandox completed a directed cash-based share issue and raised approximately MSEK 3,000

January-December 2019

- Revenue from Property Management amounted to MSEK 3,129 (2,971). For comparable units, the increase was 2.3 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 2,764 (2,517), MSEK 2,706 excluding the effects of IFRS 16. For comparable units the increase was 1.9 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK 625 (540), MSEK 599 excluding the effects of IFRS 16. For comparable units the increase was 1.5 percent, adjusted for currency effects
- EBITDA amounted to MSEK 3,215 (2,909), MSEK 3,128 excluding the effects of IFRS 16
- Cash earnings amounted to MSEK 2,161 (1,893)
- Cash earnings per share amounted to SEK 12.74 (11.28)
- Profit for the period amounted to MSEK 2,700 (2,823)
- Earnings per share amounted to SEK 15.91 (16.83)
- The Board of Directors is proposing a dividend of SEK 3.60 (4.70) per share, a total of MSEK 662 (787)

Financial summary

Figures in MSEK

	Oct-Dec			Jan-Dec		
	2019	2018	Δ%	2019	2018	Δ%
Revenue Property Management	810	749	8	3,129	2,971	5
Net operating income Property Management	716	627	14	2,764	2,517	10
Net operating income Operator Activities	159	165	-4	625	540	16
EBITDA	831	749	11	3,215	2,909	11
Profit for the period	1,291	775	67	2,700	2,823	-4
Earnings per share, SEK ¹⁾	7.30	4.63	58	15.91	16.83	-5
Cash earnings	651	485	34	2,161	1,893	14
Cash earnings per share, SEK ¹⁾	3.70	2.90	28	12.74	11.28	13
Key data						
Market value properties, MSEK	—	—	—	63,469	55,197	15
Net interest-bearing debt, MSEK	—	—	—	29,191	27,421	6
Loan to value net, %	—	—	—	46.0	49.7	n.a.
Interest cover ratio, times	3.9	3.8	n.a.	4.0	3.8	n.a.
EPRA NAV per share, SEK ¹⁾	—	—	—	186.40	164.04	14
WAULT (Investment Properties), years	—	—	—	15.6	15.7	n.a.
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	901	935	-4	916	873	5

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 15. See note 4 on page 23 for a summary of reclassifications, acquisitions and divestments. For complete definitions see page 25. For introduction effects of IFRS 16, see *Note 2 Transition to IFRS Leasing (p19-20)*, Reconciliation alternative performance measurements (p15-16) and Definitions (p25).

CEO comment

Robust business platform creates results

Yet another year with strong earnings

2019 was another successful year for Pandox with good and profitable growth. Supported by a focused and consistent strategy and strong teamwork, Pandox cemented its position in 2019 as a leading pan-European hotel property company. Today Pandox has a robust business platform and a broad geographical presence in some of the biggest and most dynamic hotel markets in Europe. We also have one of the strongest networks of leading hotel operators and hotel brands. Altogether this helps ensure a high-quality flow of new business opportunities in the form of value-generating investments and acquisitions.

The outcome of Pandox's strategy is positive and for 2019 can be summarised as bringing profitable growth, numerous growth-driving investments in the existing portfolio and a significant deal flow that resulted in the acquisition of 13 hotels with good potential.

For 2019 our total net operating income increased by approximately 11 percent at the same time as our net asset value EPRA NAV, on an annualised basis, increased by approximately 17 percent. This is in line with Pandox's average since the company was formed 24 years ago, despite the business today is more than 100 times the size it was back then, measured in market value of the property portfolio.

Good fourth quarter overall

2019 ended with a stable fourth quarter supported by a well-diversified portfolio and a strong business platform, with Property Management development performing relatively better than Operator Activities.

In Property Management, growth was higher than earlier in the year, supported by positive underlying demand in all of Pandox's markets. Rental income and net operating income for comparable units increased by 4.4 and 3.7 percent respectively, adjusted for currency effects. Demand, combined with a well-diversified portfolio, more than compensated for negative effects from ongoing increases in supply in Copenhagen, London Heathrow Airport and Oslo.

Within Operator Activities revenue and net operating income for comparable units decreased by 5.2 and 18.5 percent respectively, adjusted for currency effects. This is explained by the ongoing renovation of Hotel Indigo Brussels City, a slightly weaker meeting segment in Brussels in October, ongoing repositioning of DoubleTree by Hilton Montreal and around MSEK 10 in restructuring costs for the operating platform in Brussels. Adjusted for these effects, net operating income decreased by around 2 percent.

Continued expansion in large hotel markets

In 2019 Pandox entered into acquisition agreements for a total of 13 hotel properties, 11 of which are in the Property Management business segment and two in Operator Activities, with a total of 2,834 rooms in strong regional hubs in Germany and the Netherlands. The total acquisition value was around MEUR 537 with an initial valuation yield in the range of around 5.4–6.5 percent. The acquisitions varied in nature and dynamics and encompassed two portfolios with leases in Germany (HR Group), one portfolio of management agreements (Grape Hospitality) in Germany and the Netherlands and an individual hotel property (Maritim Hotel Nürnberg) in Germany. The agreements are in line with Pandox's integrated business model where we move freely throughout the hotel value chain and maximise value-generation.

Through the acquisitions Pandox has expanded its hotel property portfolio to include seven new cities, five new brands and three new partners, which is in line with the company's active diversification strategy. Including the acquisition of Maritim Hotel Nürnberg, the hotel property portfolio now consists of 156 hotels with around 35,001 rooms in 15 countries. 38 of the hotels and 8,400 rooms are in Germany, which is the biggest hotel market in Europe.

Pandox has strong cash flows and good potential to create new revenue through its own investments in existing portfolios. However, in order for Pandox to grow even faster the company needs to secure access to new capital on an ongoing basis. Therefore, in the fourth quarter, based on authorisation from the 2019 AGM, Pandox implemented a cash-based directed share issue which raised proceeds of around MSEK 3,000. Interest in the issue, which was the biggest ever of its kind in Sweden, was significant with around 130 selected Swedish and international institutional investors subscribing for shares. We are exceedingly grateful for the support that our shareholders have shown us. Your support allows us to maintain our strong business momentum.

Growth conditions 2020

Conditions for the hotel market are generally sound. Forward-looking economic indicators for the world economy have gradually improved and the positive long-term drivers for the hotel market remain intact. Underlying hotel demand remains positive, but RevPAR growth is constrained by increased hotel supply. Based on a well-diversified portfolio with balanced demand from many different guest segments and a positive contribution from recently completed acquisitions, Pandox sees conditions for growth in 2020. Opportunities for acquisitions and investments remain positive. Taking the external environment and planned investments, mainly in Operator Activities, into consideration, the earnings development between quarters may, however, be somewhat uneven.

Based on available data, the Corona virus outbreak is expected to have a slight dampening effect on demand, particularly in international destinations. No considerable calendar effects from the timing of Easter are expected in the first quarter.

The Board of Directors is proposing a dividend of SEK 3.60 (4.70) per share for 2019, corresponding to approximately 30 percent of cash earnings per share and approximately MSEK 662 (787) in total amount. The dividend is an adjustment to Pandox's current dividend policy while at the same time increasing our capacity for future acquisitions and investments.



"Pandox is reporting growth in total net operating income of 10 percent and growth in net asset value, annualised, of 17 percent for the fourth quarter."

Anders Nissen, CEO

October-December 2019 (change compared with the corresponding period previous year)

10%

Growth in total NOI

Growth in total NOI adjusted for IFRS 16 was 7 percent. See definitions on p25.

17%

Growth in net asset value

At annual rate. See definitions on p25.

34%

Growth in total cash earnings

See definitions on p25.

Hotel market development October-December 2019

Growth in international tourism continues

According to the UNWTO there were 1.5 billion international arrivals globally in 2019, an increase of around 4 percent compared to 2018. The growth rate was slower than the previous year partly due to slowing of the global economy as well as geopolitical and trade policy tensions. Despite a drawn-out Brexit process and the bankruptcy of travel company Thomas Cook, international arrivals in Europe increased a good 4 percent.

In general, positive demand in the European hotel market was sustained in the fourth quarter as well but, similar to earlier in the year, RevPAR development was uneven among countries, cities and submarkets. RevPAR was affected in varying degrees by new hotel capacity, the trade fair and congress calendar as well as other local circumstances and events. Altogether RevPAR in Europe increased by just over 2 percent, both in the fourth quarter and for 2019 as a whole, mainly supported by higher average prices.

Positive RevPAR growth in the Nordics

Demand in the Nordic countries was good during the quarter, increasing by around 8 percent in Norway, around 4 percent in Finland and around 3 percent in both Sweden and Denmark. However, growth was limited by an increased supply of hotel rooms, particularly in Norway and Denmark and to a certain extent in Sweden. RevPAR increased by around 4 percent in Norway, around 1 percent in Sweden and was unchanged in Denmark. In Finland RevPAR increased by around 8 percent with strong support from the country's EU Presidency.

RevPAR in Stockholm increased by around 2 percent with better development for the high price segment compared with the medium price segment. Demand in Stockholm remained good, increasing by around 4 percent. Gothenburg faced strong comparative figures in October and RevPAR fell by around 2 percent. In Malmö RevPAR fell by around 1 percent, mainly due to an increased supply of hotel rooms in the city. However, underlying demand increased by around 5 percent.

Demand for hotel rooms increased in Oslo by around 8 percent during the quarter. At the same time an increase in the supply of hotel rooms of around 10 percent caused a decline in RevPAR of around 2 percent. Overall the significant inflow of new hotel capacity in recent quarters was well absorbed.

Development in Copenhagen was the same, with supply increasing slightly faster than demand, which resulted in an unchanged RevPAR compared to the previous year.

In Helsinki RevPAR increased by 6 percent, mainly supported by the EU Presidency which caused a clear increase in average prices.

Strong trade fair and congress market in Germany

The German hotel market developed well with RevPAR growth of around 3 percent. Trade fair and congress demand was strong in Frankfurt, Cologne and Düsseldorf – three important markets for Pandox, and this also had a positive effect on nearby cities such as Aachen, Bonn and Mönchengladbach.

Underlying demand in the hotel market remained positive, but an increase in hotel supply put pressure on RevPAR in some cities, including Hamburg and Munich.

For the full year 2019, RevPAR in Germany increased by 1.2 percent, despite a relatively large inflow of new hotel capacity.

Increased supply affected RevPAR in UK Regional

The UK consists of two hotel markets: one is London and the other is the regional market (UK Regional) with a high share of domestic demand, a focus area for Pandox. Both markets are attractive and expansive with good underlying demand.

Demand in UK Regional increased steadily by around 2 percent. The supply of hotel rooms increased at the same time by just over 2 percent, which put pressure on both occupancy and average prices. Altogether RevPAR decreased by around 3 percent in the quarter and by around 2 percent for 2019 as a whole. Pandox's regional portfolio developed better than the market, increasing its market share both in the quarter and for 2019 as a whole.

Hotel markets that were negatively affected by new hotel capacity included the submarkets London Heathrow Airport and Belfast. Glasgow saw both an increase in the supply of hotel rooms and strong comparison figures. Leeds, Sheffield and Bradford were markets with particularly good development.

Slower growth rate in Brussels

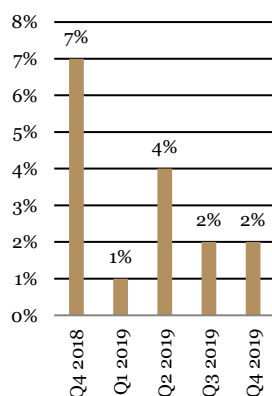
The good growth in Brussels continued – albeit at a slower pace – and RevPAR increased by around 3 percent. The conference segment had weaker growth and also faced stronger comparison figures. Demand from the leisure segment has improved gradually over the past few quarters and now is making a substantial contribution alongside the traditionally strong business and conference segment. The hotel market in Brussels continued to benefit from a limited inflow of new hotel rooms, which is supporting both occupancy and average prices.

Average price growth in Montreal

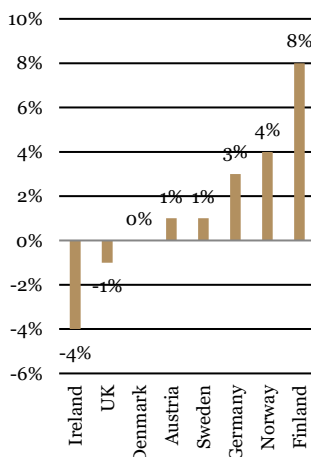
Montreal saw unchanged RevPAR in the fourth quarter. For the full year 2019 RevPAR increased by around 4 percent, mainly driven by improved average prices.

October-December 2019

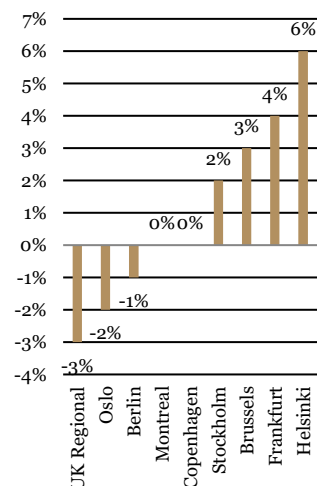
Europe
RevPAR growth y/y



Countries
RevPAR growth y/y



Key markets
RevPAR growth y/y



Source: STR Global, Benchmarking Alliance. Rounded numbers.

Financial development October-December 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 810 (749), an increase of 8 percent, explained by positive market growth, acquisitions and good effects from completed renovations. The growth was partly offset by negative currency effects during the quarter.

The previously communicated change in property tax accounting in the UK and Ireland reduced other property revenue by around MSEK 19 in the quarter compared with 2018.

For comparable units, revenue increased by 4.4 percent adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 645 (626), an increase of 3 percent, explained by acquisitions. Growth was negatively affected to some extent by currency effects.

Revenue and RevPAR for comparable units decreased by 5.2 and 3.7 percent respectively, adjusted for currency effects. The decrease is mainly a consequence of renovation disruptions at Hotel Indigo Brussels City (formerly Hilton Brussels City) and Hilton Garden Inn Heathrow Airport, as well as transition effects relating to the rebranding to DoubleTree by Hilton Montreal.

The Group's net sales amounted to MSEK 1,455 (1,375). For comparable units, net sales decreased by 0.2 percent, adjusted for currency effects.

Net operating income

Net operating income from Property Management amounted to MSEK 716 (627), an increase of 14 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 700. For comparable units, net operating income increased by 3.7 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 159 (165), a decrease of 4 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 150. For comparable units, net operating income decreased by 18.5 percent adjusted for currency effects, mainly due to renovation disruptions at Hotel Indigo Brussels City and Hilton Garden Inn Heathrow Airport, as well as the ongoing repositioning of DoubleTree by Hilton Montreal. There were also one-off costs of around MSEK 10 to improve the efficiency of the operating platform in Brussels. Adjusted for these costs, net operating income decreased by around 2 percent, mainly explained by a weaker meeting segment in Brussels in October.

Total net operating income amounted to MSEK 875 (792), an increase of 10 percent. Excluding effects from the introduction of IFRS 16, total net operating income was MSEK 850.

Administration costs

Central administration costs amounted to MSEK -44 (-43).

EBITDA

EBITDA amounted to MSEK 831 (749), an increase of 11 percent. Excluding effects from the introduction of IFRS 16, EBITDA was MSEK 805.

Financial income and expense

Financial expense amounted to MSEK -232 (-214), of which MSEK -14 (-13) consists of depreciation of capitalised loan arrangement fees.

Financial income amounted to MSEK -2 (0) and is explained by exchange rate differences.

Financial expense associated with right-of-use assets relating to the introduction of IFRS 16 amounted to MSEK -21.

Profit before changes in value

Profit before changes in value amounted to MSEK 526 (489), an increase of 8 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 396 (607). This is mainly explained by lower valuation yields.

Realised changes in value amounted to MSEK -41 (27), mainly explained by disposals relating to Hotel Indigo Brussels City within the Operator Activities operations.

Unrealised changes in the value of derivatives amounted to MSEK 444 (-147).

Current and deferred tax

Current tax amounted to MSEK 59 (-55), which is mainly a result of year-end appropriations, intra-group equalization and other adjustments. Pandox has also received positive advanced notice in Finland of a possibility of using tax loss carryforwards from previous years through Group contributions. Deferred tax amounted to MSEK -93 (-146). See also page 9 and the sections under the headings "Deferred tax" and "Swedish Tax Agency decision".

Profit for the period

Profit for the period amounted to MSEK 1,291 (775) and profit for the period attributable to Parent Company shareholders amounted to MSEK 1,297 (776), which is equivalent to SEK 7.30 (4.63) per share.

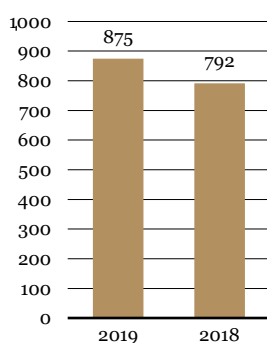
Cash earnings

Total cash earnings amounted to MSEK 651 (485), an increase of 34 percent.

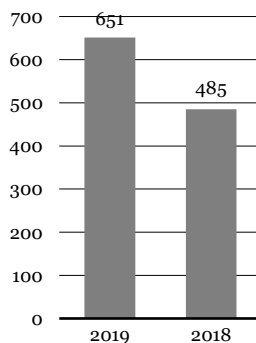
See page 23 for summary of reclassifications, acquisitions and divestment

October-December 2019

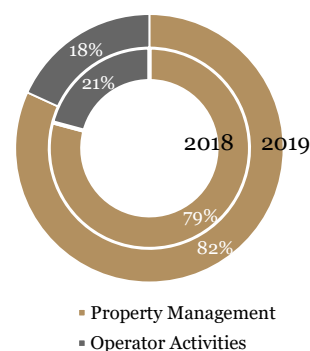
Total net operating income, MSEK



Total cash earnings, MSEK



Net operating income by business segment, %



Financial development January-December 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 3,129 (2,971), an increase of 5 percent, supported by a positive hotel market, acquisitions, good effects of completed renovations and positive currency effects.

The previously communicated change in property tax accounting in the UK and Ireland reduced other property revenue by MSEK 64 for the period compared with 2018.

For comparable units, revenue increased by 2.3 percent adjusted for currency effects.

Revenue from Operator Activities amounted to MSEK 2,424 (2,153), an increase of 13 percent mainly driven by positive currency effects, acquisitions and good overall development in Brussels and Germany. For comparable units, revenue and RevPAR increased by 2.9 and 4.9 percent respectively, adjusted for currency effects.

The Group's net sales amounted to MSEK 5,553 (5,124). For comparable units, net sales increased by 2.5 percent, adjusted for currency effects.

Net operating income

Net operating income from Property Management amounted to MSEK 2,764 (2,517), an increase of 10 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 2,706. For comparable units, net operating income increased by 1.9 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK 625 (540), an increase of 16 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 599. For comparable units, net operating income increased by 1.5 percent, adjusted for currency effects. Net operating income was negatively affected by renovation disruptions at Hotel Indigo Brussels City (formerly Hilton Brussels City) and Hilton Garden Inn Heathrow Airport in the fourth quarter, as well as the repositioning of DoubleTree by Hilton Montreal throughout the year. There were also one-off costs of around MSEK 10 to improve efficiency of the operating platform in Brussels in the fourth quarter. Adjusted for these costs, net operating income increased by around 9 percent.

Total net operating income amounted to MSEK 3,389 (3,057), an increase of 11 percent. Excluding effects from the introduction of IFRS 16, total net operating income was MSEK 3,305.

Administration costs

Central administration costs amounted to MSEK -175 (-148). The increase is explained by a new incentive programme, the company's growth, geographical expansion and increased complexity.

EBITDA

EBITDA amounted to MSEK 3,215 (2,909), an increase of 10 percent. Excluding effects from the introduction of IFRS 16, EBITDA was MSEK 3,128.

Financial income and expense

Financial expense amounted to MSEK -866 (-804), of which MSEK -56 (-40) consists of depreciation of capitalised loan arrangement fees.

Financial income amounted to MSEK 1 (1).

Financial expense associated with right-of-use assets relating to the introduction of IFRS 16 amounted to MSEK -81.

Profit before changes in value

Profit before changes in value amounted to MSEK 2,074 (1,943), an increase of 7 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 1,389 (1,428) and are explained by a combination of a lower valuation yield and higher cash flows in the comparable portfolio.

Realised changes in value amounted to MSEK 70 (67) and consisted of divestment of Hotell Hasselbacken and disposals in connection with the rebranding to Hotel Indigo Brussels City within Operator Activities.

Unrealised changes in value of derivatives amounted to MSEK -39 (25).

Current and deferred tax

Current tax amounted to MSEK -122 (-216).

Deferred tax amounted to MSEK -672 (-424). A large part of the increase is explained by the use of tax loss carryforwards from previous years in Sweden. In addition, several countries in which Pandox has operations have made changes to their corporate tax systems in recent years, which prompted a review of reported deferred tax in the respective jurisdictions. See also page 9 and the sections under the headings "Deferred tax" and "Swedish Tax Agency decision".

Profit for the period

Profit for the period amounted to MSEK 2,700 (2,823) and profit for the period attributable to Parent Company shareholders amounted to MSEK 2,706 (2,820) which is equivalent to SEK 15.91 (16.83) per share.

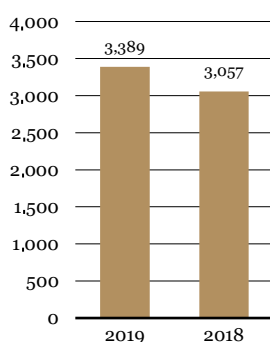
Cash earnings

Total cash earnings amounted to MSEK 2,161 (1,893), an increase of 14 percent.

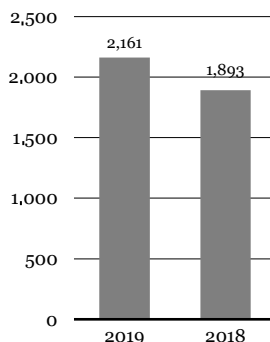
See page 23 for summary of reclassifications, acquisitions and divestments.

January-December 2019

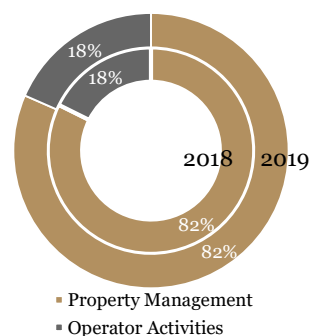
Total net operating income, MSEK



Total cash earnings, MSEK



Net operating income by business segment, %



Segment reporting 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	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Rental income	784	704	3,017	2,809
Other property income	26	45	112	162
Costs, excluding prop admin	-65	-89	-247	-338
Net operating income, before property admin	745	660	2,882	2,633
Property administration	-29	-33	-118	-116
Gross profit	716	627	2,764	2,517
Net operating income, after property admin	716	627	2,764	2,517

October-December 2019

Rental income and other property revenue amounted to MSEK 810 (749).

Adjusted for the change in property tax accounting in the UK and Ireland (see "Financial development October–December" on page 4), revenue was 11 percent higher than the corresponding period the previous year, explained by positive market growth, acquisitions and good effects from completed renovations. The growth was partially offset by negative currency effects.

Net operating income amounted to MSEK 716 (627), an increase of 14 percent. Excluding effects from the introduction of IFRS 16, net operating income was MSEK 700.

Revenue for comparable units increased by 4.4 percent, while net operating income increased by 3.7 percent, adjusted for currency effects.

Rental growth in the comparable portfolio was positive in Germany, Switzerland, Finland, Norway and Sweden and negative in Ireland, Denmark and the UK.

Individual cities with particularly good rental income growth were Wolfsburg, Frankfurt, Cologne, Düsseldorf, Leeds, Belfast, Helsinki, Tammerfors and most domestic regional cities in Sweden, Norway and Finland.

In Stockholm rental income increased by around 3 percent during the quarter. In Oslo and Copenhagen, the decrease was 11 and 2 percent respectively, which reflected an increased supply of hotel rooms, albeit in an environment with sustained positive demand.

Operator Activities

Figures in MSEK	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Revenues	645	626	2,424	2,153
Costs	-536	-507	-1,993	-1,776
Gross profit	109	119	431	377
Add: Depreciation included in costs	50	46	194	163
Net operating income	159	165	625	540

October-December 2019

Revenue from Operator Activities amounted to MSEK 645 (626), an increase of 3 percent, supported by acquisitions. Growth was negatively affected to some extent by currency effects.

Net operating income amounted to MSEK 159 (165), a decrease of 4 percent.

Excluding effects from the introduction of IFRS 16, net operating income was MSEK 150.

The net operating margin was 24.7 percent (26.4).

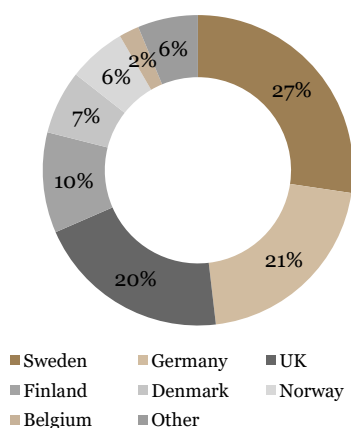
Revenue for comparable units decreased by 5.2 percent and net operating income decreased by 18.5 percent, adjusted for currency effects.

Net operating income was negatively affected in the quarter by renovation disruptions at Hotel Indigo Brussels City and Hilton Garden Inn Heathrow Airport, as well as ongoing repositioning of DoubleTree by Hilton Montreal. There were also structure costs of around MSEK 10 to improve efficiency of the operating platform in Brussels. Adjusted for these costs, net operating income decreased by around 2 percent, mainly explained by a weaker meeting month in Brussels in October.

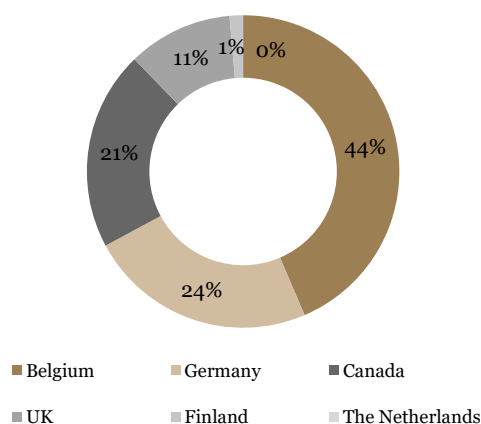
For comparable units, RevPAR decreased by 3.7 percent, adjusted for currency effects.

October-December 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 63,469 (55,197), of which Investment Properties accounted for MSEK 53,697 (47,139) and Operating Properties for MSEK 9,772 (8,058). As of the same date the carrying amount of the Operating Properties portfolio was MSEK 6,861 (5,810).

At the end of the period, Investment Properties had a weighted average unexpired lease term (WAULT) of 15.6 years (15.7).

During the year, Pandox took over one Operating Property in Germany and one Operating Property in the Netherlands, as well as ten Investment Properties in Germany.

Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (January 1, 2019)	47,139
+ Acquisitions ¹⁾	4,020
+ Investments in current portfolio	412
- Divestments ²⁾	-480
+/- Reclassifications	—
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	1,389
+/- Realised changes in value ²⁾	96
+/- Change in currency exchange rates	1,121
Investment Properties, closing balance (December 31, 2019)	53,697

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (January 1, 2019)	8,058
+ Acquisitions ³⁾	881
+ Investments in current portfolio	257
- Divestments	—
+/- Reclassifications	—
+/- Unrealised changes in value	313
+/- Realised changes in value	—
+/- Change in currency exchange rates	263
Operating Properties, market value (December 31, 2019)	9,772

¹⁾ Refers to acquisition of ten hotel properties in Germany for MSEK 4,088, adjustment of previous acquisitions of the Midland Manchester (MSEK 10) and the Jurys Inn portfolio (MSEK -78).

²⁾ Refers to divestment of Hotell Hasselbacken.

³⁾ Refers to acquisition of Novotel Hannover (MSEK 530) and Novotel Haag Forum (MSEK 376) and adjustment Radisson Blu Glasgow (MSEK 4), Hilton Grand Place (MSEK 7) and Hilton Garden Inn (MSEK -36).

Investments

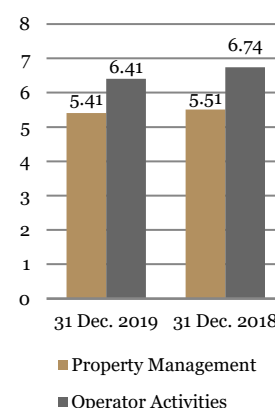
During the January-December 2019 period investments in properties and fixed assets, excluding acquisitions, amounted to MSEK 674 (720), of which MSEK 412 (434) was for Investment Properties, MSEK 257 (286) was for Operating Properties and MSEK 5 (1) was for the head office.

At the end of the period investments had been approved for future projects in an amount equivalent to around MSEK 1,410, of which the larger projects are Crowne Plaza Brussels Le Palace, Scandic Luleå, Hotel Berlin Berlin, Airport Bonus Inn Vantaa, Hotel Pullman Stuttgart Fontana, Dorint Parkhotel Bad Neuenahr, Jurys Inn Oxford, Jurys Inn Inverness, The Midland Manchester, Quality Park Södertälje, Hilton Garden Inn Heathrow Airport, NH Brussels Bloom, and the investment program for green investments.

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

Investment properties, effect on fair value	Change	Effect on value
Yield	+/- 0.5pp	-4,544 / +5,470
Change in currency exchange rates	+/- 1%	+/- 388
Net operating income	+/- 1%	+/- 535
Investment properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)	+/- 1%	+/- 26
Operating properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)	+/- 1%	+/- 22
Financial sensitivity analysis, effect on earnings	Change	Profit before changes in value
Interest expenses with current fixed interest hedging, change in interest rates	+/- 1%	-/+ 83
Interest expenses with a change in the average interest rate level	+/- 1%	-/+ 298
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	-/+ 1,092

Average valuation yield, % (31 December 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.

In the fourth quarter Pandox had external valuations performed on approximately 34 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 18.

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 46.0 (49.7) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 26,350 (21,378). EPRA NAV (net asset value) amounted to MSEK 34,270 (27,476), equivalent to SEK 186.40 (164.04) per share. Liquid funds plus unutilised credit facilities amounted to MSEK 4,215 (2,500).

Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 29,824 (28,095), excluding loan arrangement fees. Unutilised credit facilities amounted to MSEK 3,583 (1,826).

At the end of the period the volume issued under the commercial paper programme amounted to MSEK 1,688 (1,250) in various tenors ranging from 3 to 12 months.

During the fourth quarter Pandox refinanced loans for a total amount of MSEK 8,650 with tenors of around 4 years.

The average fixed rate period was 3.8 (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 derivatives, but excluding accrued arrangement fees. The average repayment period was 3.3 (3.1) years. The loans are secured by a combination of mortgage collateral and pledged shares.

Maturity structure credit facilities 31 December 2019

Year due (MSEK)	Credit facilities ¹⁾
<1 year	5,679
1-2 years	1,048
2-3 years	2,843
3-4 years	19,748
4-5 years	1,888
<5 years	2,201
Total	33,407

¹⁾ Excluding contractual amortisation.

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.

Loans by currency 31 December 2019

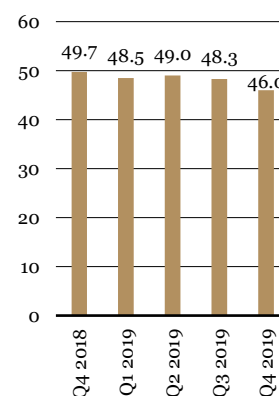
	SEK	DKK	EUR ³⁾	CHF	CAD	NOK	GBP	Total
Sum credit facilities ¹⁾	9,393	1,983	14,048	475	549	1,308	5,651	33,407
Sum interest bearing debt, MSEK ¹⁾	4,788	1,983	15,091	475	527	1,308	5,651	29,824
Share of debt in currency, %	16.1	6.6	50.6	1.6	1.8	4.4	18.9	100
Average interest rate, % ²⁾	3.7	2.1	2.1	0.8	4.2	3.5	3.2	2.6
Average interest rate period, years	5.3	1.0	3.9	0.2	0.1	2.2	3.9	3.8
Market value Properties ¹⁾	14,940	3,591	28,687	799	1,404	3,455	10,593	63,469

¹⁾ Converted to MSEK.

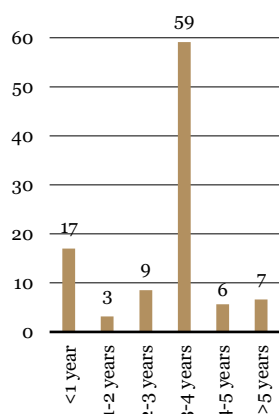
²⁾ Average interest rate including bank margin.

³⁾ Part of the interest bearing debt is part of credit facilities in SEK, which can be drawn in multiple currencies, including EUR.

Loan to value per quarter, %



Maturity of credit facilities 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 rate swaps. At the end of the period interest rate derivatives amounted to MSEK 26,148 gross and MSEK 21,091 net, which is also the portion of Pandox's loan portfolio for which interest rates are hedged. Around 61 percent of Pandox's loan portfolio was thereby hedged against interest rate movements for periods longer than one year.

Interest maturity profile 31 December 2019

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount ¹⁾	Share, %	Volume	Share, %	Average interest rate, %
< 1 year	11,598	39	2,865	14	2.1
1-2 year	2,763	9	2,763	13	1.4
2-3 year	2,551	9	2,551	12	1.0
3-4 year	1,586	5	1,586	8	2.8
4-5 year	150	1	150	1	0.0
> 5 year	11,176	37	11,176	53	0.6
Sum	29,824	100	21,091	100	1.1

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 -577 (-538).

Deferred tax

At the end of the period, the deferred tax assets amounted to MSEK 383 (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 4,552 (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.

Several countries in which Pandox has operations have made changes to their corporate tax systems in recent years. For this reason, Pandox has implemented an extensive review of reported deferred tax in each jurisdiction. The review has resulted in effects on both deferred tax liabilities and tax assets.

Decision from the Swedish Tax Agency

Pandox has received a decision from the Swedish Tax Agency regarding the Group's transfer pricing, which refers to a changed profit allocation of approximately MSEK 1,900 to the Parent Company in Sweden. This would imply an increased current tax of approximately MSEK 366 in Sweden and a tax surcharges of MSEK 53 plus interest.

Pandox's transfer pricing does not differ from industry practice. The Swedish Tax Agency is however of the opinion that allocation of profits shall not be made to the country where the properties are located and operations are conducted, but to the country of the parent company, i.e., Sweden. Pandox insists that the Group's companies are following and have followed applicable laws for taxation in the countries where the Group's companies are operating and will appeal the decision. Pandox would like to stress that the Group's companies are paying and have paid taxes in each jurisdiction at a tax rate which is comparable with the one in Sweden.

Pandox has been granted an extension of payment by the Swedish Tax Agency due to the uncertainty of the outcome of the case. Pandox believes that the possibilities for a court ruling in favour of the Company are good.

Should the Swedish Tax Agency be successful with its position in court, Pandox estimates that the effect on the Company is limited since Sweden has double taxation agreements in place with all countries for which the increase refers to, which should eliminate the double taxation for Pandox. Assuming that elimination of double taxation will be made, the maximum exposure is estimated to be tax surcharges of some MSEK 53, plus interest.

Other information

Important press releases during the period

19 December 2019	Pandox has received a decision from the Swedish Tax Agency regarding the Group's transfer pricing
11 December 2019	Pandox has completed acquisition of seven hotel properties in Germany
3 December 2019	Pandox has completed acquisition of two hotels in Germany and the Netherlands
22 November 2019	Pandox acquires seven hotel properties in Germany for MEUR 290
12 November 2019	Pandox acquires seven hotel properties in Germany for MEUR 61
5 November 2019	Pandox completes a directed share issue raising proceeds of around MSEK 3,000
24 October 2019	Interim Report January–September 2019
18 October 2019	Pandox enters into agreement to acquire two hotels in the Netherlands and Germany for MEUR 83

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

Significant events after the end of the period

31 January 2020	Pandox has completed acquisition of Maritim Hotel Nürnberg for MEUR 61
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Employees

At the end of the period, Pandox had the equivalent of 1,460 (1,161) fulltime employees. Of the total number of employees, 1,419 (1,120) are employed in the Operator Activities segment and 41 (41) 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–December 2019 period totalled MSEK 122 (106), and profit for the period amounted to MSEK 2,313 (734).

At the end of the period the Parent Company's equity amounted to MSEK 9,089 (4,553) and the interest-bearing debt was MSEK 6,325 (7,098), of which MSEK 3,447 (5,555) 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 22 hotel properties in Germany and 9.9 percent of another hotel property in Germany. The acquisitions were made by Pandox in 2015, 2016 and 2019.

The management agreements that Pandox has had with Eiendomsspar AS regarding nine hotels in Oslo that are owned by Eiendomsspar AS or subsidiaries of Eiendomsspar AS ended on 31 December 2019. The management agreement regarding Pelican Bay Lucaya Resort in the Bahamas owned by affiliates of Helene Sundt AS and CGS Holding AS is still in place. During the fourth quarter revenue from the nine management agreements amounted to MSEK 1.0 (1.0), and revenue from Pelican Bay Lucaya to MSEK 0.4 (0.1).

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 15–16.

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 108,849,999 B shares. For the fourth quarter 2019 the weighted number of shares before and after dilution amounted to 75,000,000 A shares and 102,629,890 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 12 February 2020

Anders Nissen, CEO

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



Lobby, Hotel Indigo Brussels City, 284 rooms

Presentation of the year-end report

Pandox will present the interim report for institutional investors, analysts and media via a webcasted telephone conference, 12 February at 09:00 CET.

To follow the presentation online go to <https://edge.media-server.com/mmc/p/ywvqb6up>. 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 CET.

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: 3836305

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

Contact persons

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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 12 February 2020, 07:00 CET.

Financial calendar

AGM 2020	3 April 2020
Interim report Q1 2020	29 April 2020
Capital Markets Day	6 May 2020
Interim report Q2 2020	15 July 2020
Interim report Q3 2020	23 October 2020
Year-end report 2020	11 February 2021

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

Summary of financial reports

Condensed consolidated statement of comprehensive income

Figures in MSEK	Note	Oct-Dec		Jan-Dec	
		2019	2018	2019	2018
Revenues Property Management					
Rental income	3	784	704	3,017	2,809
Other property income		26	45	112	162
Revenue Operator Activities	3	645	626	2,424	2,153
Total revenues		1,455	1,375	5,553	5,124
Costs Property Management	3	-94	-122	-365	-454
Costs Operator Activities	3	-536	-507	-1,993	-1,776
Gross profit		825	746	3,195	2,894
- whereof gross profit Property Management	3	716	627	2,764	2,517
- whereof gross profit Operator Activities	3	109	119	431	377
Central administration		-44	-43	-175	-148
Financial income		-2	0	1	1
Financial expenses		-232	-214	-866	-804
Financial cost right of use assets	2	-21	—	-81	—
Profit before changes in value		526	489	2,074	1,943
<i>Changes in value</i>					
Properties, unrealised	3	396	607	1,389	1,428
Properties, realised	3	-41	27	70	67
Derivatives, unrealised		444	-147	-39	25
Profit before tax		1,325	976	3,494	3,463
Current tax		59	-55	-122	-216
Deferred tax		-93	-146	-672	-424
Profit for the period		1,291	775	2,700	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
Tax attributable to items that may not be classified to profit or loss		—	—	—	-35
		—	—	—	82
<i>Items that may be classified to profit or loss</i>					
Net investment hedge of foreign operations		206	-76	520	67
Translation differences realisation of foreign operations		-405	-101	-474	316
		-199	-177	46	383
Other comprehensive income for the period		-199	-177	46	465
Total comprehensive income for the period		1,092	598	2,746	3,288
Profit for the period attributable to the shareholders of the parent company		1,297	776	2,706	2,820
Profit for the period attributable to non-controlling interests		-6	-2	-6	3
Total comprehensive income for the period attributable to the shareholders of the parent company		1,102	600	2,749	3,278
Total comprehensive income for the period attributable to non-controlling interests		-10	-2	-3	10
Earnings per share, before and after dilution, SEK		7.30	4.63	15.91	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	2018
		31 Dec	31 Dec
ASSETS			
Non-current assets			
Operating properties		6,307	5,326
Equipment and interiors		554	484
Investment properties		53,697	47,139
Right-of-use assets	2	2,894	—
Deferred tax assets		383	465
Derivatives ¹⁾		117	12
Other non-current receivables		34	31
Total non-current assets		63,986	53,457
Current assets			
Inventories		14	10
Current tax assets		106	29
Trade account receivables		367	326
Prepaid expenses and accrued income		288	305
Other current receivables		250	215
Cash and cash equivalents		632	674
Total current assets		1,657	1,559
Total assets		65,643	55,016
EQUITY AND LIABILITIES			
Equity			
Share capital		460	419
Other paid-in capital		7,525	4,556
Reserves		258	215
Retained earnings, including profit for the period		18,107	16,188
Equity attributable to the owners of the Parent Company		26,350	21,378
Non-controlling interests		156	160
Sum equity		26,506	21,538
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities ²⁾³⁾		23,587	20,719
Other non-current liabilities		18	18
Long-term lease liability	2	2,864	—
Derivatives ¹⁾		694	550
Provisions		41	100
Deferred tax liability		4,552	3,430
Total non-current liabilities		31,756	24,817
Current liabilities			
Provisions		97	1
Interest-bearing liabilities ²⁾³⁾		6,034	7,198
Short-term lease liability	2	30	—
Tax liabilities		109	109
Trade accounts payable		304	286
Other current liabilities		226	411
Accrued expenses and prepaid income		581	656
Total current liabilities		7,381	8,661
Total liabilities		39,137	33,478
Total equity and liabilities		65,643	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 MSEK 202 (178) have reduced interest-bearing liabilities.

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 2018	—	—	—	—	-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	—	—	—	—	2,706	2,706	-6	2,700
Other comprehensive income	—	—	43	—	—	43	3	46
New share issue ¹⁾	41	2,969	—	—	—	3,010	—	3,010
Transactions regarding non-controlling interest	—	—	—	—	—	—	-1	-1
Dividend	—	—	—	—	-787	-787	—	-787
Closing balance equity December 31, 2019	460	7,525	89	169	18,107	26,350	156	26,506

¹⁾ The new issue amount is reported net after deduction of transaction costs of MSEK -39 (-1).

²⁾ Acquisition 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	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
OPERATING ACTIVITIES				
Profit before tax	1,325	975	3,494	3,463
Reversal of depreciation	51	46	195	163
Changes in value, Investment properties, realised	0	-26	-96	-66
Changes in value, Investment properties, unrealised	-396	-607	-1,389	-1,429
Changes in value, derivatives, unrealised	-444	149	39	-24
Other items not included in the cash flow	70	58	84	46
Taxes paid	-80	-183	-208	-178
Cash flow from operating activities before changes in working capital	526	412	2,119	1,975
Increase/decrease in operating assets	-152	-16	-23	-243
Increase/decrease in operating liabilities	-78	314	-162	-22
Change in working capital	-230	298	-185	-265
Cash flow from operating activities	296	710	1,934	1,710
INVESTING ACTIVITIES				
Acquisition of non-controlling interest	—	—	—	-29
Investments in properties and fixed assets	-251	-260	-674	-720
Divestment of hotel properties, net effect on liquidity	-3	286	390	286
Acquisitions of hotel properties, net effect on liquidity	-3,830	-1,717	-4,901	-1,725
Acquisitions of financial assets	-1	0	-3	-11
Divestment of financial assets	—	5	—	9
Cash flow from investing activities	-4,085	-1,686	-5,188	-2,190
FINANCING ACTIVITIES				
New share issue	3,049	—	3,049	—
Transaction cost	-39	—	-39	-1
New loans	4,014	4,350	12,565	7,164
Amortisation of debt	-3,116	-3,608	-11,584	-6,258
Guaranteed minority dividend	-11	-10	-11	-10
Paid dividends	—	—	-787	-737
Cash flow from financing	3,897	732	3,193	158
Cash flow for the period	108	-244	-61	-322
Cash and cash equivalents at beginning of period	530	923	674	999
Exchange differences in cash and cash equivalents	-6	-5	19	-3
Liquid funds end of period	632	674	632	674
Information regarding interest payments				
Interest received amounted to	0	0	1	1
Interest paid amounted to	-201	-151	-782	-723
Information regarding cash and cash equivalents end of period	632	674	632	674
Cash and cash equivalents consist of bank deposits.				

Condensed income statement for the parent company

	Oct-Dec		Jan-Dec	
Figures in MSEK	2019	2018	2019	2018
Net sales	30	52	122	106
Administration cost	-65	-52	-226	-190
Operating profit	-35	0	-104	-84
Profit from participations in Group companies	0	2	2,337	760
Other interest income and similar profit/loss items ¹⁾	492	-191	318	-93
Profit after financial items	457	-189	2,551	583
Year-end appropriations	-252	145	-252	145
Profit before tax	205	-44	2,299	728
Current tax	4	0	—	—
Deferred tax	-39	40	14	6
Profit for the period	170	-4	2,313	734

¹⁾ Of which MSEK 318 (-147) refers to unrealised value changes on interest derivatives in the fourth quarter.

Condensed balance sheet for the parent company

	2019	2018
Figures in MSEK	31 Dec	31 Dec
ASSETS		
Non-current assets	21,702	17,266
Current assets	119	130
Total assets	21,821	17,396
EQUITY AND LIABILITIES		
Equity	9,089	4,553
Provisions	137	100
Non-current liabilities	3,945	5,977
Current liabilities	8,650	6,766
Total equity and liabilities	21,821	17,396

Reconciliation alternative performance measurements

	Oct-Dec		Jan-Dec	
Per share, figures in SEK ¹⁾	2019	2018	2019	2018
Total comprehensive income per share, SEK				
Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK	1,102	600	2,749	3,278
Weighted average number of share, before and after dilution	177,629,890	167,499,999	170,053,287	167,499,999
Total comprehensive income per share, SEK	6.20	3.58	16.17	19.57
Cash earnings per share, SEK				
Cash earnings attr.to the shareholders of the parent company, MSEK	657	487	2,167	1,890
Weighted average number of share, before and after dilution	177,629,890	167,499,999	170,053,287	167,499,999
Cash earnings per share, SEK	3.70	2.90	12.74	11.28
Net asset value (EPRA NAV) per share, SEK				
EPRA NAV (net asset value), MSEK	—	—	34,270	27,476
Number of shares at the end of the period	—	—	183,849,999	167,499,999
Net asset value (EPRA NAV) per share, SEK	—	—	186.40	164.04
Dividend per share, SEK				
Dividend, MSEK	—	—	662	787
Number of shares at dividend	—	—	183,849,999	167,499,999
Dividend per share, SEK ³⁾	—	—	3.60	4.70
Weighted average number of shares outstanding, before and after dilution	177,629,890	167,499,999	170,053,287	167,499,999
Number of shares at end of period	183,849,999	167,499,999	183,849,999	167,499,999
PROPERTY RELATED KEY FIGURES				
Number of hotels, end of period ²⁾	—	—	155	144
Number of rooms, end of period ²⁾	—	—	34,685	32,268
WAULT, years	—	—	15.6	15.7
Market value properties, MSEK	—	—	63,469	55,197
Market value Investment properties	—	—	53,697	47,139
Market value Operating properties	—	—	9,772	8,058
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	901	935	916	873

¹⁾ Total number of outstanding shares after dilution amounts to 183,849,999, of which 75,000,000 A shares and 108,849,999 B shares. Based on total number of shares for balance sheet items and weighted number for shares for profit and loss items. ²⁾ Pandox's owned hotel properties. ³⁾ For 2019 proposed dividend is indicated.

Reconciliation alt. performance measurements

Figures in MSEK	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Net interest-bearing debt				
Non-current interest-bearing liabilities	—	—	23,587	20,719
Current interest-bearing liabilities	—	—	6,034	7,198
Arrangement fee for loans	—	—	202	178
Cash and cash equivalents	—	—	-632	-674
Net interest-bearing debt	—	—	29,191	27,421
Loan to value net, %				
Net interest-bearing debt	—	—	29,191	27,421
Market value properties	—	—	63,469	55,197
Loan to value net, %	—	—	46.0	49.7
Interest cover ratio, times				
Profit before changes in value	526	489	2,074	1,943
Interest expenses	197	194	765	746
Depreciation	50	46	194	163
Interest cover ratio, times	3.9	3.8	4.0	3.8
Average interest on debt end of period, %				
Average interest expenses	—	—	782	725
Non-current interest-bearing liabilities	—	—	23,587	20,719
Arrangement fee for loans	—	—	202	178
Current interest-bearing liabilities	—	—	6,034	7,198
Average interest on debt, end of period, %	—	—	2.6	2.6
<i>See page 7-8 for a complete reconciliation</i>				
Investments, incl. parent company excl. acquisitions	251	260	674	720
Net operating income, Property Management				
Rental income	784	704	3,017	2,809
Other property income	26	45	112	162
Costs, excl. property administration	-65	-89	-247	-338
Net operating income, before property administration	745	660	2,882	2,633
Property administration	-29	-33	-118	-116
Net operating income, Property Management	716	627	2,764	2,517
Net operating income, Operator Activities				
Revenues Operator Activities	645	626	2,424	2,153
Costs Operator Activities	-536	-507	-1,993	-1,776
Gross profit	109	119	431	377
Plus: Depreciation included in costs	50	46	194	163
Net operating income, Operator Activities	159	165	625	540
EBITDA				
Gross profit from respective operating segment	825	746	3,195	2,894
Plus: Depreciation included in costs Operator Activities	50	46	194	163
Less: Central administration, excluding depreciation	-44	-43	-174	-148
EBITDA	831	749	3,215	2,909
Cash earnings				
EBITDA	831	749	3,215	2,909
Plus: Financial income	-2	0	1	1
Less: Financial expense	-232	-214	-866	-804
Less: Financial cost for right-of-use assets	-21	—	-81	—
Plus/Less: Translation gain on bank deposits	16	5	14	3
Less: Current tax	59	-55	-122	-216
Cash earnings	651	485	2,161	1,893
EPRA NAV				
Equity attr. to the shareholders of the parent company	—	—	26,350	21,378
Plus: Revaluation of Operating Properties	—	—	2,915	2,249
Plus: Fair value of financial derivatives	—	—	577	538
Less: Deferred tax assets related to derivatives	—	—	-123	-118
Plus: Deferred tax liabilities	—	—	4,552	3,430
EPRA NAV	—	—	34,270	27,476
Growth in EPRA NAV, annual rate, %				
EPRA NAV attributable to the shareholders of the parent company, OB	—	—	27,476	24,211
EPRA NAV attributable to the shareholders of the parent company, CB	—	—	34,270	27,476
Dividend added back, current year	—	—	787	737
Excluding proceeds from new share issue	—	—	-3,010	0
Growth in EPRA NAV, annual rate, %	—	—	16.6	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 25.

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. 30-50 percent of cash earnings with an average payout ratio of approximately 40 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

	2019				2018			
Figures in MSEK	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Revenue Property Management								
Rental income	784	820	772	641	704	766	739	600
Other property income	26	31	11	44	45	44	52	21
Revenue Operator Activities	645	600	673	506	626	531	565	431
Total revenues	1,455	1,451	1,456	1,191	1,375	1,341	1,356	1,052
Costs Property Management	-94	-90	-79	-102	-122	-112	-127	-93
Costs Operator Activities	-536	-491	-508	-458	-507	-429	-436	-404
Gross profit	825	870	869	631	746	800	793	555
Central administration	-44	-40	-48	-43	-43	-34	-37	-34
Financial net	-234	-224	-202	-205	-214	-205	-198	-186
Financial cost for right-of-use assets	-21	-20	-21	-19	—	—	—	—
Profit before value changes	526	586	598	364	489	561	558	335
Changes in value								
Properties, unrealised	396	353	509	131	607	376	297	148
Properties, realised	-41	110	1	—	27	13	13	14
Derivatives, unrealised	444	-211	-133	-139	-147	113	-24	83
Profit before tax	1,325	838	975	356	976	1,063	844	580
Current tax	59	-60	-75	-46	-55	-64	-60	-37
Deferred tax	-93	-536	-140	97	-146	-166	-21	-91
Profit for the period	1,291	242	760	407	775	833	763	452
Other comprehensive income	-199	-250	135	360	-177	-220	134	728
Total comprehensive income for the period	1,092	-8	895	767	598	613	897	1,180

Condensed consolidated statement of financial position

	2019				2018			
Figures in MSEK	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
ASSETS								
Properties incl equipment and interiors	60,558	56,759	54,543	54,371	52,949	50,855	50,789	49,944
Right of use assets	2,894	2,765	2,784	2,738	—	—	—	—
Other non-current receivables	151	78	75	50	43	91	36	59
Deferred tax assets	383	765	540	539	465	520	561	469
Current assets	1,025	832	1,192	657	885	1,105	2,542	2,262
Cash and cash equivalents	632	530	450	923	674	923	678	708
Total assets	65,643	61,729	59,584	59,278	55,016	53,494	54,606	53,442
EQUITY AND LIABILITIES								
Equity	26,506	22,405	22,413	22,305	21,538	20,950	20,347	20,206
Deferred tax liability	4,552	4,879	3,633	3,544	3,430	3,316	3,237	3,153
Interest-bearing liabilities	29,621	29,158	28,541	28,266	27,917	27,461	27,451	26,792
Leasing liabilities	2,894	2,766	2,784	2,738	—	—	—	—
Non interest-bearing liabilities	2,070	2,521	2,213	2,425	2,131	1,767	3,571	3,292
Total equity and liabilities	65,643	61,729	59,584	59,278	55,016	53,494	54,606	53,442

Key ratios

	2019				2018			
Figures in MSEK	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
NOI, Property Management	716	761	704	583	627	698	664	528
NOI, Operator Activities	159	160	212	95	165	142	167	66
EBITDA	831	881	868	634	749	806	794	560
Earnings per share before and after dilution, SEK	7.30	1.45	4.53	2.43	4.63	4.98	4.53	2.69
Cash earnings	651	581	565	362	480	537	536	336
Cash earnings per share before and after dilution, SEK	3.70	3.47	3.37	2.16	2.88	3.20	3.18	2.00
RevPAR growth (Operator Activities) for comparable units and constant currency, %	-4	4	12	9	12	6	4	4

	2019				2018			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net interest-bearing debt, MSEK	29,191	28,806	28,248	27,513	27,421	26,590	26,844	26,151
Loan to value, %	46.0	48.3	49.0	48.5	49.7	49.9	50.6	50.2
Interest coverage ratio, times	3.9	4.2	4.4	3.3	3.8	4.1	4.2	3.1
Market value properties, MSEK	63,469	59,661	57,618	56,713	55,197	53,281	53,064	52,120
EPRA NAV per share, SEK	186.40	184.03	173.83	170.52	164.04	158.44	153.97	151.81
WAULT (Property Management), yrs	15.6	15.5	15.5	15.8	15.7	15.3	15.3	15.6

Portfolio overview

At the end of the period Pandox's property portfolio consisted of 155 (144) hotel properties with 34,685 (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 (24 percent) is Pandox's single largest geographical market, measured as a percentage of the property portfolio's total market value, followed by Germany (24 percent), UK (16 percent), Belgium (7 percent) and Finland (6 percent).

137 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 December 2019 Investment Properties had a weighted average unexpired lease term (WAULT) of 15.6 years (15.7).

Portfolio overview by segment and geography

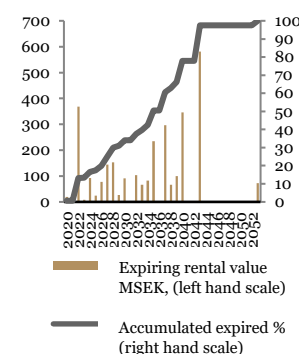
	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Property Management					
Sweden	42	8,771	14,940	24	1.7
Germany	32	6,560	12,104	19	1.8
UK	19	4,675	9,666	15	2.1
Finland	13	2,921	4,034	6	1.4
Norway	14	2,535	3,455	5	1.4
Denmark	8	1,845	3,591	6	1.9
Austria	2	639	1,491	2	2.3
Belgium	2	519	920	1	1.8
Ireland	3	445	1,461	2	3.3
Switzerland	1	206	799	1	3.9
Netherlands	1	189	1,236	2	6.5
Sum Property Management	137	29,305	53,697	85	1.8
Operator Activities					
Belgium	7	1,955	3,705	6	1.9
Germany	5	1,490	3,336	5	2.2
Canada	2	952	1,404	2	1.5
The Netherlands	1	216	377	1	1.7
UK	2	611	927	1	1.5
Finland	1	156	23	0	0.1
Sum Operator Activities	18	5,380	9,772	15	1.8
Sum total	155	34,685	63,469	100	1.8

Note: Including the acquisition of Maritim Hotel Nürnberg in Germany, which was completed 31 January 2020, Pandox owns 156 hotel properties with a total of 35,001 rooms.

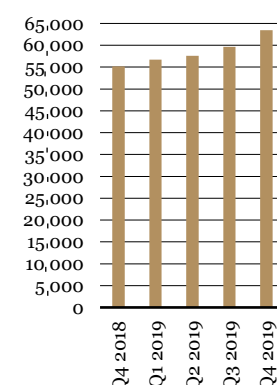
Portfolio overview by brand

Brand	Number		In % of total
	Hotels	Rooms	
Scandic	50	10,890	31
Jurys Inn	20	4,410	13
Leonardo	18	3,547	10
Hilton	7	2,298	7
Radisson Blu	8	2,033	6
Nordic Choice Hotels	11	1,800	5
NH	7	1,681	5
Mercure	4	760	2
Crowne Plaza	2	616	2
Dorint	5	1,085	3
Elite Hotels	2	493	1
Novotel	2	421	1
Holiday Inn	2	469	1
First Hotels	2	403	1
InterContinental	1	357	1
Indigo	1	284	1
Pullman	1	252	1
Meininger	1	228	1
Best Western	1	103	0
Independent brands	10	2,555	7
Total	155	34,685	100

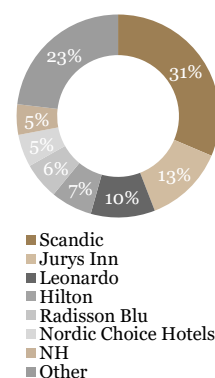
Lease maturity profile (31 December 2019)



Market value properties per quarter, MSEK



Rooms per operator/brand (31 December 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 1–23 and pages 24–26 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 2,894 based on agreements currently in effect. MSEK 2,747 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 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	Jan-Dec 2019		Effect IFRS 16
	IFRS 16	Ex IFRS 16	
Revenues	5,553	5,553	—
Costs	-2,358	-2,436	78
Gross profit	3,195	3,117	78
Central administration	-175	-178	3
Financial income / expenses	-946	-865	-81
Profit before changes in value	2,074	2,074	0
Changes in value	1,420	1,420	0
Profit before tax	3,494	3,494	0
Current tax	-794	-794	0
Profit for the period	2,700	2,700	0
Other comprehensive income for the period	46	46	—
Total comprehensive income for the period	2,746	2,746	0

Condensed consolidated statement of financial position Figures in MSEK	31 Dec 2019		Effect IFRS 16
	IFRS 16	Ex IFRS 16	
ASSETS			
Non-current assets	63,986	61,092	2,894
Current assets	1,657	1,657	—
Total assets	65,643	62,749	2,894
EQUITY			
Equity	26,506	26,506	0
LIABILITIES			
Long-term liabilities	31,756	28,892	2,864
Short-term liabilities	7,381	7,351	30
Total equity and liabilities	65,643	62,749	2,894

Reconciliation alternative performance measurements Figures in MSEK	Jan-Dec 2019		Effect IFRS 16
	IFRS 16	Ex IFRS 16	
Net operating income			
Property Management	2,764	2,706	58
Operator Activities	625	599	26
EBITDA ¹⁾	3,215	3,128	87

¹⁾ Includes central administration

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 nine asset management contracts for externally owned hotel properties, which have been terminated per 31 December 2019. The Operator Activities segment owns hotel properties and operates hotels in such owned properties. The Operator Activities segment also includes 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	
Figures in MSEK	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018
Revenue Property Management	810	749	—	—	—	—	810	749
Rental and other property income	—	—	645	626	—	—	645	626
Revenue Operator Activities	—	—	—	—	—	—	—	—
Total revenues	810	749	645	626	—	—	1,455	1,375
Costs Property Management	-94	-122	—	—	—	—	-94	-122
Costs Operator Activities	—	—	-536	-507	—	—	-536	-507
Gross profit	716	627	109	119	—	—	825	746
Central administration	—	—	—	—	-44	-43	-44	-43
Financial income	—	—	—	—	-2	0	-2	0
Financial expenses	—	—	—	—	-232	-214	-232	-214
Financial expenses right-of-use assets	—	—	—	—	-21	—	-21	—
Profit before changes in value	716	627	109	119	-299	-257	526	489
Changes in value	—	—	—	—	—	—	—	—
Properties, unrealised	396	607	—	—	—	—	396	607
Properties, realised	-41	27	—	—	—	—	-41	27
Derivatives, unrealised	—	—	—	—	444	-147	444	-147
Profit before tax	1,071	1,261	109	119	145	-404	1,325	976
Current tax	—	—	—	—	59	-55	59	-55
Deferred tax	—	—	—	—	-93	-146	-93	-146
Profit for the period	1,071	1,261	109	119	111	-605	1,291	775

Q4 2019

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	222	54	49	85	169	17	163	51	810
- Operator Activities	—	—	—	9	152	281	70	133	645
Market value properties	14,940	3,591	3,455	4,057	15,440	4,625	12,054	5,307	63,469
Investments in properties	57	8	35	41	38	99	29	48	355
Acquisitions of properties	—	—	—	—	3,567	—	-5	—	3,562
Realised value change properties	96	—	—	—	—	—	—	—	96
Book value Operating Properties	—	—	—	26	1,973	2,521	934	1,403	6,857
Total non-current assets at book value, less deferred tax assets	15,604	3,604	3,459	4,763	14,708	3,463	12,871	5,131	63,603

Q4 2018

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	224	53	49	74	121	15	166	47	749
- Operator Activities	—	—	—	8	139	294	58	127	626
Market value properties	14,940	3,495	3,223	3,943	9,872	4,225	11,028	4,471	55,197
Investments in properties	59	4	13	11	9	56	66	42	260
Acquisitions of properties	—	—	—	—	1	—	1,716	—	1,717
Realised value change properties	14	—	—	—	—	—	—	—	14
Book value Operating Properties	—	—	—	26	1,492	2,444	888	959	5,809
Total non-current assets at book value, less deferred tax assets	20,407	2,090	2,100	3,039	7,443	3,132	10,840	3,941	52,992

Operating segments

	Property Management		Operator Activities		Group and non-allocated items		Total	
Figures in MSEK	Q1-4 2019	Q1-4 2018	Q1-4 2019	Q1-4 2018	Q1-4 2019	Q1-4 2018	Q1-4 2019	Q1-4 2018
Revenue Property Management	3,129	2,971	—	—	—	—	3,129	2,971
Rental and other property income	—	—	2,424	2,153	—	—	2,424	2,153
Revenue Operator Activities	—	—	—	—	—	—	—	—
Total revenues	3,129	2,971	2,424	2,153	—	—	5,553	5,124
Costs Property Management	-365	-454	—	—	—	—	-365	-454
Costs Operator Activities	—	—	-1,993	-1,776	—	—	-1,993	-1,776
Gross profit	2,764	2,517	431	377	—	—	3,195	2,894
Central administration	—	—	—	—	-175	-148	-175	-148
Financial income	—	—	—	—	1	1	1	1
Financial expenses	—	—	—	—	-866	-804	-866	-804
Financial cost right-of-use assets	—	—	—	—	-81	—	-81	—
Profit before changes in value	2,764	2,517	431	377	-1,121	-951	2,074	1,943
<i>Changes in value</i>								
Properties, unrealised	1,389	1,428	—	—	—	—	1,389	1,428
Properties, realised	70	67	—	—	—	—	70	67
Derivatives, unrealised	—	—	—	—	-39	25	-39	25
Profit before tax	4,223	4,012	431	377	-1,160	-926	3,494	3,463
Current tax	—	—	—	—	-122	-216	-122	-216
Deferred tax	—	—	—	—	-672	-424	-672	-424
Profit for the period	4,223	4,012	431	377	-1,954	-1,566	2,700	2,823

Q1-4 2019

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	915	235	219	312	550	56	652	190	3,129
- Operator Activities	—	—	—	43	544	1,050	274	513	2,424
Market value properties	14,940	3,591	3,455	4,057	15,440	4,625	12,054	5,307	63,469
Investments in properties	155	25	59	79	49	161	50	91	669
Acquisitions of properties	—	—	—	—	4,618	7	-101	377	4,901
Realised value change properties	96	—	—	—	—	—	—	—	96
Book value Operating Properties	—	—	—	26	1,973	2,521	934	1,403	6,857
Total non-current assets at book value, less deferred tax assets	15,604	3,604	3,459	4,763	14,708	3,463	12,871	5,131	63,603

Q1-4 2018

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	910	229	212	294	469	46	627	184	2,971
- Operator Activities	—	—	—	37	501	985	160	470	2,153
Market value properties	14,940	3,495	3,223	3,943	9,872	4,225	11,028	4,471	55,197
Investments in properties	199	29	53	31	69	141	66	132	720
Acquisitions of properties	—	—	—	—	7	—	1,718	—	1,725
Realised value change properties	14	—	—	—	—	—	—	—	14
Book value Operating Properties	—	—	—	26	1,492	2,444	888	959	5,809
Total non-current assets at book value, less deferred tax assets	20,407	2,090	2,100	3,039	7,443	3,132	10,840	3,941	52,992

Note 4 Reclassifications, acquisitions and divestments with date of consolidation or deconsolidation

Reclassifications, acquisitions and divestments

Date	Hotel property	Event
11 December 2019	Seven hotel properties in Germany	Acquisition Property Management
3 December 2019	Two hotels in Germany and the Netherlands	Acquisition Operator Activities
2 September 2019	Hotell Hasselbacken	Divestment Property Management
1 July 2019	Three hotel properties in Germany	Acquisition Property Management
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 5 Currency exchange rates

Currency exchange rates January-December

1 foreign currency = X SEK	Average rate			Rate at end-of-period		
	2019	2018	Δ%	2019	2018	Δ%
Euro (EUR)	10.589	10.257	3%	10.434	10.275	2%
British pound (GBP)	12.066	11.593	4%	12.215	11.348	7%
Danish krone (DKK)	1.418	1.376	3%	1.397	1.376	1%
Norwegian krone (NOK)	1.075	1.069	1%	1.058	1.024	3%
Canadian dollar (CAD)	7.131	6.710	6%	7.128	6.592	9%
Swiss franc (CHF)	9.519	8.883	7%	9.573	9.099	6%

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 156 hotels with approximately 35,000 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 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 which 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.



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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, adjusted any unrealised translation effect 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 adjusted any unrealised translation effect 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.

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

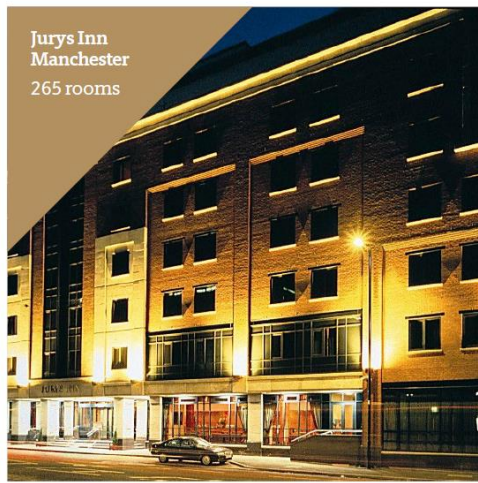
Number of rooms in owned hotel properties at the end of the period.

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.



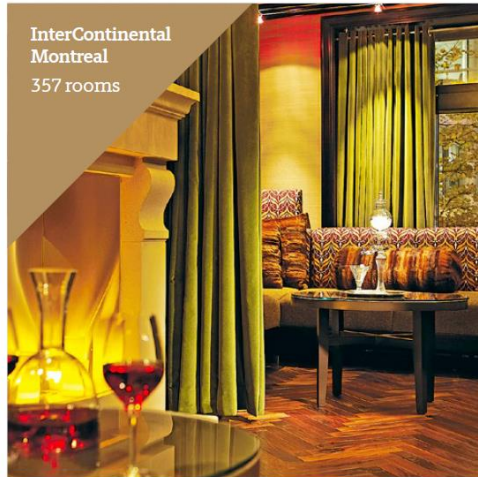
Jurys Inn
Manchester
265 rooms



Scandic
Copenhagen
486 rooms



Leonardo
Wolfsburg
City Centre
343 rooms



InterContinental
Montreal
357 rooms



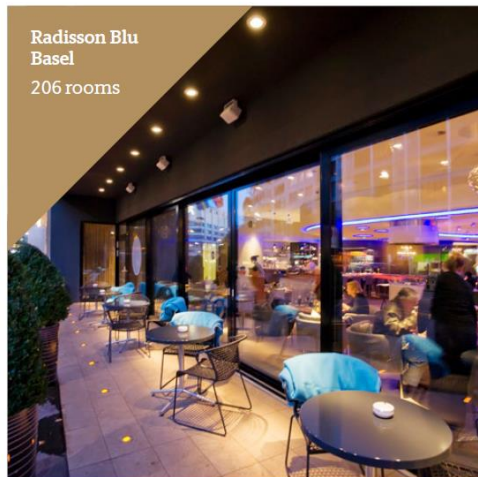
Park Hotel
Amsterdam
189 rooms



Comfort
Børsparken,
Oslo
248 rooms



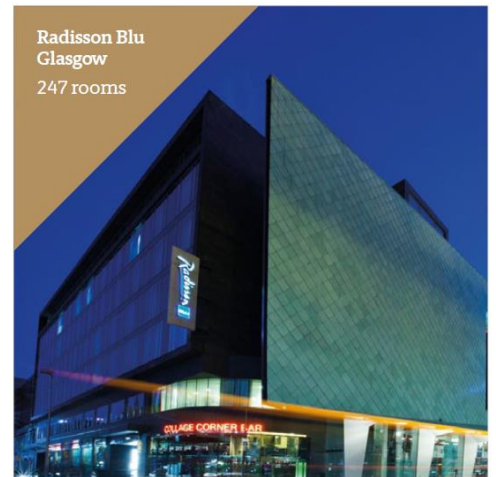
Check in ... some of Pandox's hotel properties



Radisson Blu
Basel
206 rooms



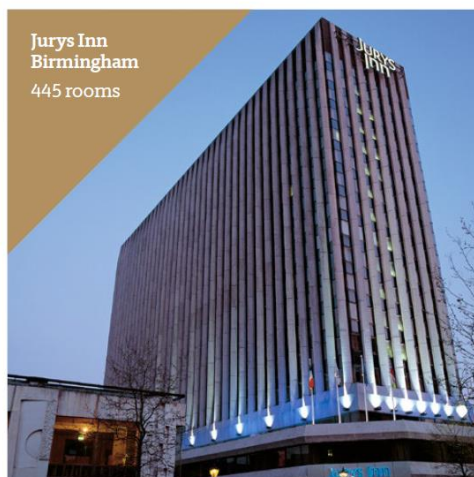
NH Vienna
Airport
499 rooms



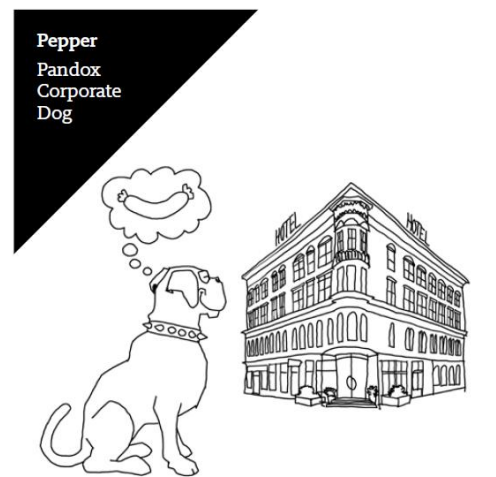
Radisson Blu
Glasgow
247 rooms



Hotel Hubert Grand
Place Brussels
100 rooms



Jurys Inn
Birmingham
445 rooms



Pepper
Pandox
Corporate
Dog