

A time for forward thinking

October–December 2020

- Revenue from Property Management amounted to MSEK 570 (810). For comparable units the decrease was 35 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 478 (716). For comparable units the decrease was 26 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK -64 (159)
- EBITDA amounted to MSEK 378 (834)
- Cash earnings amounted to MSEK 129 (654)
- Cash earnings per share amounted to SEK 0.73 (3.72)
- Profit for the period amounted to MSEK -305 (1,291), including unrealised changes in value for Investment Properties of MSEK -533
- Earnings per share amounted to SEK -1.63 (7.30)
- Per 31 December 2020, cash and cash equivalents and unutilised credit facilities amounted to MSEK 5,221, compared with MSEK 5,348 per 30 September 2020

January–December 2020

- Revenue from Property Management amounted to MSEK 2,399 (3,129). For comparable units, the decrease was 32 percent, adjusted for currency effects
- Net operating income from Property Management amounted to MSEK 2,018 (2,764). For comparable units the decrease was 31 percent, adjusted for currency effects
- Net operating income from Operator Activities amounted to MSEK -168 (625)
- EBITDA amounted to MSEK 1,699 (3,231)
- Cash earnings amounted to MSEK 660 (2,177)
- Cash earnings per share amounted to SEK 3.64 (12.84)
- Profit for the period amounted to MSEK -1,408 (2,700), including unrealised changes in value for Investment Properties of MSEK -1,779
- Earnings per share amounted to SEK -7.61 (15.91)
- The board of directors proposes no dividend to be paid for the 2020 financial year

Financial summary

Figures in MSEK	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Revenue Property Management	570	810	-30	2,399	3,129	-23
Net operating income Property Management	478	716	-33	2,018	2,764	-27
Net operating income Operator Activities	-64	159	n.a.	-168	625	n.a.
EBITDA	378	834	-55	1,699	3,231	-47
Profit for the period	-305	1,291	n.a.	-1,408	2,700	n.a.
Earnings per share, SEK ¹⁾	-1.63	7.30	n.a.	-7.61	15.91	n.a.
Cash earnings	129	654	-80	660	2,177	-70
Cash earnings per share, SEK ¹⁾	0.73	3.72	-80	3.64	12.84	-72
Key data						
Market value properties, MSEK	—	—	—	59,542	63,469	-6
Net interest-bearing debt, MSEK	—	—	—	29,007	29,191	-1
Loan to value net, %	—	—	—	48.7	46.0	n.a.
Interest cover ratio, times	1.6	3.9	n.a.	1.9	4.0	n.a.
EPRA NAV per share, SEK ¹⁾	—	—	—	167.60	186.40	-10
WAULT (Investment Properties), years	—	—	—	14.6	15.6	n.a.
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	100	889	-89	222	904	-75

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 17. See note 3 on page 25 for a summary of reclassifications, acquisitions and divestments. For complete definitions see page 27.

CEO comment

We are preparing for a brighter future

Stable earnings despite new restrictions in Q4

The hotel market weakened again in the fourth quarter due to increased virus transmission and new restrictions. Overall, Pandox's total revenue and net operating income both decreased in the quarter by 53 percent respectively compared with the corresponding period the previous year. Supported by recurring revenue from contractual minimum rent and fixed rent within Property Management, combined with good cost control in Operator Activities, EBITDA and profit before changes in value amounted to MSEK 378 and MSEK 62 respectively. Pandox's financial position is strong, with a loan-to-value ratio of 48.7 percent and cash and cash equivalents and unutilised credit facilities of MSEK 5,221 as of 31 December 2020.

A clear game plan in a difficult situation

Pandox works in a structured way in three areas in response to the difficult situation created by COVID-19:

Respond – Steps to help alleviate the acute crisis

Restart – Plan for recovery

Reinvent – Create insights into how the hotel market will change

Respond is a constant theme in Pandox's daily operations, but the Company has now intensified its focus on *Restart*. Vaccination is under way around the world, bringing with it hope that we can finally get COVID-19 under control and gradually lift restrictions. Pandox is therefore working intensely on building knowledge and insights into what the recovery of the hotel market in Europe could look like. It is particularly important to study markets in other parts of the world that are further along in their progress.

Phased recovery with different levels of development

Pandox continues to expect the recovery of the hotel market – provided that restrictions are eased and economic activity increases – to take place in phases at six development levels, where different market segments gradually build up demand in the hotel market:

1. Cities and countries open up and restrictions are gradually lifted
2. Hotels open
3. Domestic leisure travel with a growing high-paying segment
4. Domestic business travel
5. Conferences and international travel
6. Group travel

Each phase will help to raise occupancy and increase revenue, which in turn will lay the foundation for higher average prices and increased revenue per room.

At the beginning of the fourth quarter the hotel markets in Europe were entering "Level 4" with good underlying demand from domestic leisure travel and some initial demand from domestic business travel. But from mid-October restrictions increased again and demand weakened as the fourth quarter progressed.

Once restrictions are eased again the hotel market should be able to return to the autumn levels relatively quickly and, supported by increased domestic business travel, be able to enter "Level 4" again.

Support from trends outside Europe

The recovery has been relatively fast in hotel markets outside Europe (China, India, Australia and New Zealand) with lower virus transmission and eased restrictions, supported by strong domestic demand where certain submarkets reached occupancy rates almost on a par with the previous year. There is a clear pattern, for example in China, where a large portion of previous domestic international demand (outbound) has been converted into pure domestic demand (inbound) and the domestic segment is now larger than before. The recovery for international destinations has, however, been slow.

Overall, this trend supports Pandox's theory that the underlying drivers of and the potential in the hotel market's recovery post-COVID-19 are relevant in Europe as well. It is mainly the restrictions that are keeping demand in the hotel market at a low level, not behavioural changes. When restrictions are eased, demand increases and vice versa. The demand is domestic and it is economy, mid-scale, resort and apartment hotels in regional hubs and attractive leisure destinations – easy to reach by car or train – that are the winners. Premium hotels and large meeting hotels with an international profile are mainly those losing out.

Room prices are also stable by segment, but average prices are decreasing due to mix effects explained by a lower percentage of international travel, fewer meetings and fewer compression nights*.

Attractive position in the recovery phase

The hotel market is complex and demand is driven by a combination of factors. What may at first seem simple becomes significantly more complicated upon further analysis. The reason is that there are multiple subsegments and destination-specific factors at play.

For Pandox, motels and hotels in domestic cities and hotels close to cities have consistently done the best throughout the pandemic, while hotels in international cities have fared the worst, explained by the domination of domestic demand.

Pandox is in an attractive position as 84 percent of the total number of rooms are in regional and domestic cities, and therefore have high exposure to domestic demand – the area that will lead the recovery of the hotel market.

Brighter times ahead, but timing depends on restrictions

Although we are starting to see the light at the end of the tunnel, the hotel market's recovery is entirely dependent on when, and at what pace, restrictions are lifted.

There is basically good underlying demand in the hotel market as well as significant pent-up demand for travel among both companies and individuals. Based on the positive market trend we saw during the summer and early autumn of 2020 in Europe, combined with the clear improvement we are seeing now in many large hotel markets outside Europe, we believe there is good potential for strong recovery in Pandox's markets once restrictions are eased.

In the short term, however, demand in the hotel market is expected to remain low, which means that contractual minimum rent and fixed rent are still expected to make up the majority of Pandox's total revenue in the first quarter of 2021.

Due to the extraordinary circumstances that COVID-19 has caused, the Board of Directors is proposing no dividend payment for 2020.

Anders Nissen, CEO

* When occupancy rate in a market is above 90 percent

Summary of COVID-19 effects for Pandox

Business segment Property Management

Pandox is monitoring and evaluating the business climate on an ongoing basis and is in close dialogue with business partners in the Property Management business segment regarding the respective parties' business situation.

Tougher restrictions that negatively impact the hotel market were introduced gradually in all of Pandox's markets in the fourth quarter. In December 2020 around 90 percent of the hotel properties in the business segment were open, measured in number of rooms.

Contractual minimum rent combined with fixed rent amount to the equivalent of almost MSEK 2,000 on an annualised basis and this is also expected to constitute the majority of Pandox's revenue in the first quarter of 2021.

Agreements on temporary changes to payment terms are made where this is possible and appropriate. During the fourth quarter, rent collection has progressed in line with original and new and temporary payment terms. No reductions in hotel rents have been granted. As of 31 December 2020 accounts receivable relating to deferred rent under new temporary payment terms amounted to the equivalent of MSEK 439, compared with MSEK 421 per 30 September 2020.

Pandox received transition relief in government programmes in Norway and Sweden totalling an amount equivalent to MSEK 19 in the fourth quarter 2020 (MSEK 35 for the full-year 2020), which was recognised in Other property revenue.

For more information, see pages 6, 7, 8, 23 and 24.

Business segment Operator Activities

Pandox took advantage of relief programmes within Operator Activities in Belgium, Germany, the Netherlands, Canada, and Finland equivalent to around MSEK 41 in the fourth quarter (MSEK 97 for the full year 2020). This is recognised as a decrease in costs under "Costs" in Operator Activities.

In addition, around MSEK 31 was transferred during the quarter (MSEK 117 for the full year) directly from the authorities to Pandox's employees in the form of salary support for furloughed personnel. These amounts are therefore not included in Pandox's numbers.

The combined government grants received by Operator Activities totalled around MSEK 72 for the fourth quarter and MSEK 214 for the full year 2020.

For more information, see pages 6, 7, 8, 23 and 24.

Current earnings level

At the end of the fourth quarter Pandox's total costs were on a par with revenues from contractual minimum rent and fixed rent.

For more information, see pages 6, 7 and 8.

Investments

Planned investments in 2021 amount to the equivalent of around MSEK 790, added to which is MSEK 45 for maintenance. Possible practical restrictions due to COVID-19 constitute a risk that planned investment volumes will not be fully reached in 2021.

For more information, see page 9.

Hotel property valuations

Pandox performs internal valuations of its hotel property portfolio and 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 that the hotel properties are expected to generate are discounted with the market's yield requirements. 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, development of the underlying operator activities, market developments, 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 normally 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 are an important reference point for Pandox's internal valuations.

At the end of the fourth quarter of 2020, Pandox valued the hotel properties based on the same method and model used since the IPO in 2015.

Uncertainty about the pandemic's impact on future cash flows remains high. Partly due to uncertainty about vaccination programs, the spread of infection and related governmental restrictions. Partly due to uncertainty about the possible lasting effects of COVID-19 on the economy in general and on the hotel market in the longer term. The pandemic's effects on yield requirements cannot yet be determined with reasonable certainty due to the evidence in the transaction market and for valuation of hotel properties being insufficient.

Parameters that affect the valuations are closely monitored and as the effects of COVID-19 clear, Pandox will be able to estimate yield requirements and future cash flows with greater precision.

Due to COVID-19, only about 60 external valuations, as a reference point for Pandox's internal valuations, were carried out during the year.

The external valuations exhibit a large variation both within and between markets, which reflects continued elevated uncertainty. Completed external valuations are in total about 6 percent below Pandox's internal valuations – within a range of about 0 to about -10 percent per country. Hotel properties in the Nordic region consistently exhibit a lower difference and dispersion between Pandox's and the external appraisers' values, while hotel properties outside the Nordic region exhibit a larger difference.

The valuation difference for hotel properties outside the Nordic region is mainly explained by the fact that external appraisers have increased the yield requirements on hotel properties based on the assumption of continued negative effects from COVID-19. See page 21 for information on the properties' market value per country.

In the fourth quarter, the unrealised changes in value for Investment Properties amounted to MSEK -533 and MSEK -101 for Operating Properties, mainly explained by lower expected cash flows due to COVID-19.

For more information, see pages 9, 21 and 23.

Financing

Pandox has a strong financial position. As of 31 December 2020 the net loan-to-value ratio was 48.7 percent and cash and cash equivalents plus unutilised credit facilities amounted to MSEK 5,221.

Pandox's debt financing consists exclusively of credit facilities from 11 Nordic and international banks secured mainly by mortgage collateral. Credit facilities maturing in less than one year amount to MSEK 5,544, of which MSEK 3,802 will mature in December 2021. Constructive refinancing discussions are under way.

At the group level, Pandox's financial covenants are:

1. Loan-to-value ratio at a level where Pandox's financial target for loan-to-value provides comfortable headroom.
2. Interest cover ratio at a level where only revenue from contracted minimum rents and fixed rents provide satisfactory headroom

Pandox has a positive and close dialogue with its lenders on new financing, refinancing and adjustment of terms and covenants in existing credit facilities, taking COVID-19 into account. In the fourth quarter lenders provided waivers in individual credit agreements.

For more information, see pages 10 and 11.

Government relief programmes for tenants and employees

In certain countries there are programmes that cover a specific percentage of companies' fixed costs. There is in general no rent support for property owners. Tenants in Germany and the UK were able to postpone rent payments during some parts of the year, and to capitalise and pay their rents subsequently over an extended period. This possibility has been extended to 31 March 2021 in the UK but has expired in Germany which has instead introduced revenue support for companies affected by restrictions in November and December 2020.

In the fourth quarter, other than the above-mentioned revenue support in Germany, the main form of relief that was still available and that could be used was lay-off/furlough support in Pandox's various markets.

In 2021 Pandox intends to apply for additional government relief to cover costs in 2020. This will be recognised in the accounts once the amounts are known.

Tax actions

To address the financial impact of COVID-19 for Padox, certain tax actions have been implemented, for example correction of preliminary tax payments, and deferral of VAT and property tax payments. Tax payments for 2020 amounting to the equivalent of around MSEK 93 and that are mainly VAT-related have, for example, been deferred until 2021.

Padox has taken a cautious approach with respect to certain relief programmes that involve additional cost – for example interest and deferral of tax payments – to lower the one-time effect when the COVID-19 crisis is over and the relief packages expire. Padox is continually monitoring all new tax incentives that are presented in the jurisdictions where the Company operates and will act when it is deemed appropriate to do so.

Hotel market development October–December 2020

COVID-19 had a significant impact on the hotel markets in 2020

In 2020 the hotel market was significantly impacted by COVID-19 and the restrictions put in place by governments and authorities on everything from domestic and international travel, guidelines for businesses and conferences, to social distancing.

Regardless of the extent of the restrictions, all hotel markets have been significantly impacted. Europe's hotel market bottomed out in mid-April and then gradually recovered in the second quarter. In connection with the start of the European holiday season and the gradual easing of travel restrictions, a significant increase in demand was noted. The positive trend from the summer continued all the way to October when a new wave of infections and government restrictions once again decreased demand. In the fourth quarter, occupancy decreased significantly in the hotel markets as a direct effect of new restrictions.

Lower demand in the fourth quarter

In the fourth quarter the positive trend from the third quarter was broken due to new restrictions in all of Pandox's markets. However, the quarter started well with improved demand in the business segment during the week and a stable demand at weekends in the leisure segment, albeit from low levels. Also, some initial demand in the conference segment was apparent, mainly in local markets. The pattern from before remained the same, with good occupancy in many local and regional cities, and lower occupancy in big cities.

But as country after country in Europe introduced new restrictions the business climate gradually worsened. For Europe as a whole, occupancy was around 25 percent* in the fourth quarter, compared with around 39 percent in the third quarter. The trend was similar in the Nordics where occupancy in the fourth and third quarters was 31 percent** and 47 percent respectively.

A common denominator in Europe, regardless of country, was that hotel markets with predominantly domestic demand without exception showed greater resilience and higher occupancy numbers compared with destinations with a more international profile. In London, for example, occupancy was around 24 percent in the fourth quarter, compared with around 34 percent in Regional UK. Substantial differences were noted between markets within the same country. The reasons for this include dependence on international demand, the effects of government restrictions, the business mix and the attractiveness of a destination for leisure travel.

Other parts of the world are showing the way

While here in Europe we are in a situation of continuing restrictions, there are some bright spots in other parts of the world, most notably in Asia and Oceania.

In China the hotel market has essentially recovered after the closures of last spring. There is still no activity in the international segment, but due to strong domestic demand – in part because the Chinese people have switched from international to domestic travel – occupancy has almost recovered to 2019 levels. Regional markets have seen stronger development than international markets and at the same time average prices have largely remained stable. In Australia and New Zealand the hotel markets are driven by domestic demand with a leisure segment that has recovered to a great extent to previous levels at weekends. Business and conference demand does, however, have a way to go to recover, and international segment activity is still conspicuous by its absence, primarily due to travel between Australia and New Zealand being banned.

Another interesting example is Dubai, one of the few countries that permit international tourism under certain conditions. Occupancy trends in the autumn and winter were strong and occupancy in December was good at 70 percent. These examples show that there is good potential for recovery in both domestic and international travel once virus transmission decreases and restrictions are eased in society.

Pandox's trendspotting

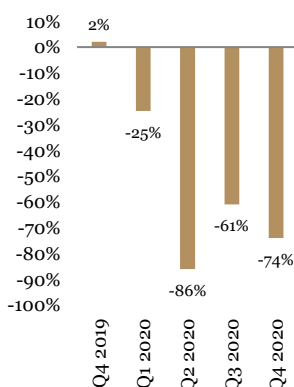
- Markets with dominant local and/or regional demand recover the fastest
- Significant potential for increased domestic tourism, e.g. in counties like the UK and Germany
- Hotels that are easy to reach by car and train have recovered faster
- Destinations with a strong leisure offering, such as coastal towns in the Nordics, Germany and the Netherlands, are most attractive in earlier phases
- Hotels in the economy and mid-scale segments have shown greater resilience and are also the first out of the gate in the reopening phase
- Premium hotels and hotels with significant meeting activity that are dependent on international demand will have a longer recovery period
- Markets with significant new capacity are especially vulnerable in the recovery phase
- Household savings have increased significantly during the year, which will further increase demand for hotel services once restrictions are reduced
- People who have been under various types of lockdown will be keen to travel extensively when they are given the chance to do so

* Benchmarking Alliance based on open hotels

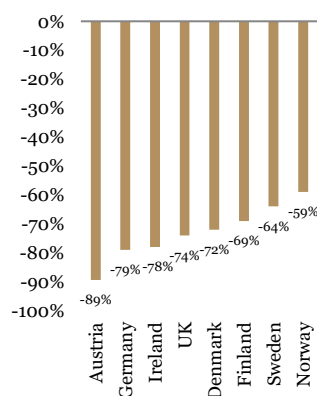
** STR based on open hotels

October–December 2020

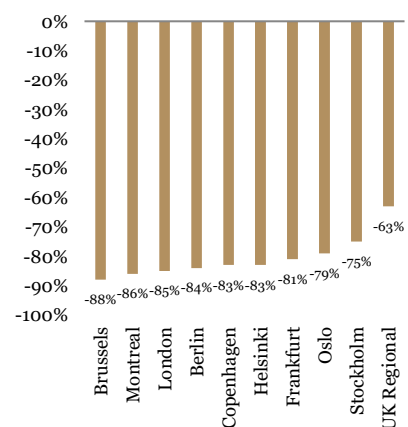
Europe
RevPAR growth y/y



Countries
RevPAR growth y/y



Key markets
RevPAR growth y/y



Source: STR, Benchmarking Alliance. Rounded numbers.

Financial development October–December 2020

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2019 for balance sheet items, unless otherwise stated.

Net sales

Revenue from Property Management amounted to MSEK 570 (810), a decrease of 30 percent. The decrease was offset by contractual minimum rent and fixed rent. Revenue includes one-time revenue equivalent to MSEK 19 for transition relief. For comparable units, revenue decreased by 35 percent, adjusted for currency effects. The decrease compared to the equivalent period the previous year is explained by effects related to COVID-19. Increased virus transmission and the reintroduction of restrictions in all of Pandox's submarkets led to a decrease in revenue compared to the third quarter.

However, the quarter started with relatively good business-driven demand during the week and leisure-driven demand at weekends. But since new restrictions were introduced the business climate gradually worsened.

Revenue from Operator Activities amounted to MSEK 117 (645), a decrease of 82 percent. For comparable units revenue decreased by 84 percent and RevPAR by 89 percent, adjusted for currency effects.

This decrease was also explained by effects related to COVID-19. The relatively large decrease in revenue compared with Property Management is partly explained by the fact that Pandox as an operator of hotels has full exposure to the hotels' sales, and partly by the higher percentage of large meeting hotels in international markets, in particular Brussels.

The Group's net sales amounted to MSEK 687 (1,455). For comparable units net sales decreased by 58 percent, adjusted for currency effects.

Net operating income

Net operating income from Property Management amounted to MSEK 478 (716), a decrease of 33 percent. For comparable units net operating income decreased by 26 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK -64 (159). Pandox benefitted during the quarter from government relief programmes totalling around MSEK 72 within Operator Activities. Read more on page 3.

Total net operating income amounted to MSEK 414 (875), a decrease of 53 percent.

Administration costs

Central administration costs amounted to MSEK -41 (-44).

EBITDA

EBITDA amounted to MSEK 378 (834), a decrease of 55 percent.

Financial income and expense

Financial expense amounted to MSEK -228 (-232), of which MSEK -22 (-14) consists of depreciation of capitalised loan arrangement fees.

Financial income amounted to MSEK 1 (-2).

Financial expense associated with right-of-use assets amounted to MSEK -21 (-21).

Profit before changes in value

Profit before changes in value amounted to MSEK 62 (526), a decrease of 88 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK -533 (396).

Unrealised changes in value of derivatives amounted to MSEK 109 (444).

Current and deferred tax

Current tax amounted to MSEK -2 (59), mainly explained by intra-Group eliminations. That current tax is charged despite a negative result is explained by full intra-Group eliminations, for example between countries, not being possible. Deferred tax amounted to MSEK 59 (-93). See also page 11 and the section "Deferred tax".

Profit for the period

Profit for the period amounted to MSEK -305 (1,291) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK -300 (1,297), which is equivalent to SEK -1.63 (7.30) per share.

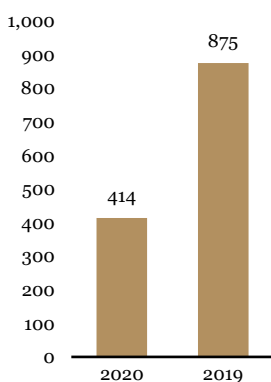
Cash earnings

Total cash earnings amounted to MSEK 129 (654), a decrease of 80 percent.

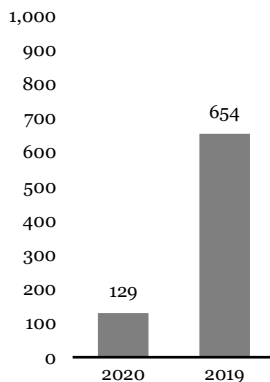
See page 25 for summary of reclassifications, acquisitions and divestments.

October–December 2020

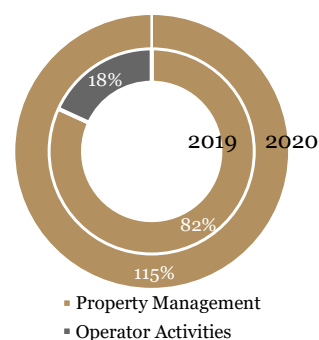
Total net operating income, MSEK



Total cash earnings, MSEK



Net operating income by business segment, %



Financial development January–December 2020

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2019 for balance sheet items, unless otherwise stated.

Net sales

Revenue from Property Management amounted to MSEK 2,399 (3,129), a decrease of 23 percent. Revenue includes one-time revenue equivalent to MSEK 28* and transition relief equivalent to MSEK 35.

For comparable units revenue decreased by 32 percent, adjusted for currency effects. The decrease is explained by low demand due to extensive government restrictions in response to COVID-19, which significantly limited the ability to operate hotels from the beginning of March. The negative effects of COVID-19 were offset to some extent by revenue from contractual minimum rent and fixed rent, and clear improvement in demand during the holiday period in the third quarter and beginning of autumn. However, the year ended with the reintroduction of restrictions and this had a significantly negative impact on demand in essentially all of Pandox's submarkets.

Revenue from Operator Activities amounted to MSEK 779 (2,424), a decrease of 68 percent. For comparable units, revenue and RevPAR decreased by 72 and 75 percent respectively, adjusted for currency effects.

This decrease was also explained by effects related to COVID-19. The relatively large decrease in revenue compared with Property Management is partly explained by the fact that Pandox as an operator of hotels has full exposure to the hotels' revenue, and partly by the higher percentage of large meeting hotels in international markets, in particular Brussels.

The Group's net sales amounted to MSEK 3,178 (5,553). For comparable units net sales decreased by 50 percent, adjusted for currency effects.

Net operating income

Net operating income from Property Management amounted to MSEK 2,018 (2,764), a decrease of 27 percent. For comparable units net operating income decreased by 31 percent, adjusted for currency effects.

Net operating income from Operator Activities amounted to MSEK -168 (625). The decrease is explained in its entirety by low demand as a result of COVID-19. Pandox benefitted during the period from government relief programmes equivalent to around MSEK 214 within Operator Activities. Read more on page 3.

Total net operating income amounted to MSEK 1,850 (3,389), a decrease of 45 percent.

Administration costs

Central administration costs amounted to MSEK -171 (-175).

EBITDA

EBITDA amounted to MSEK 1,699 (3,231), a decrease of 47 percent.

Financial income and expense

Financial expense amounted to MSEK -902 (-866), of which MSEK -72 (-56) consists of depreciation of capitalised loan arrangement fees.

Financial income amounted to MSEK 2 (1).

Financial expense associated with right-of-use assets amounted to MSEK -86 (-81).

Profit before changes in value

Profit before changes in value amounted to MSEK 458 (2,074), a decrease of 78 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK -1,779 (1,389).

Unrealised changes in value of derivatives amounted to MSEK -221 (-39).

Current and deferred tax

Current tax amounted to MSEK -57 (-122), mainly explained by intra-Group eliminations. That current tax is charged despite a negative result is explained by full intra-Group eliminations, for example between countries, not being possible. Deferred tax amounted to MSEK 191 (-672). See also page 11 and the section "Deferred tax".

Profit for the period

Profit for the period amounted to MSEK -1,408 (2,700) and profit for the period attributable to the Parent Company's shareholders amounted to MSEK -1,399 (2,706), which is equivalent to SEK -7.61 (15.91) per share.

Cash earnings

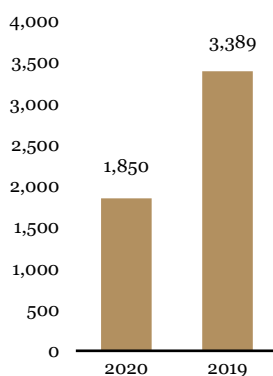
Total cash earnings amounted to MSEK 660 (2,177), a decrease of 70 percent.

See page 25 for summary of reclassifications, acquisitions and divestments.

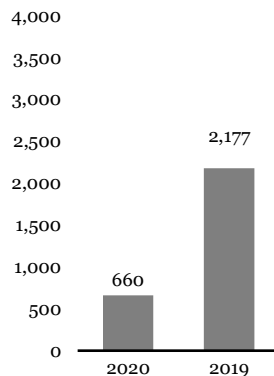
*Relating to mediation with Tribe Invest AS (in bankruptcy) relating to a long-term lease where the tenant declared bankruptcy in 2013. In 2015 Pandox received around MSEK 60 from the bankruptcy estate in the same case.

January–December 2020

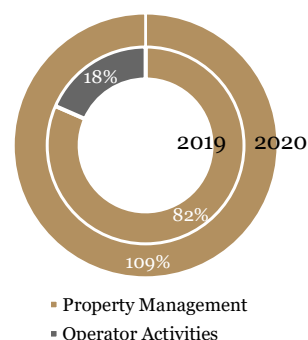
Total net operating income, MSEK



Total cash earnings, MSEK



Net operating income by business segment, %



Segment reporting October–December 2020

Figures in brackets are from the corresponding period the previous year for profit/loss items and year-end 2019 for balance sheet items, unless otherwise stated.

Property Management

Figures in MSEK	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Rental income	523	784	2,228	3,017
Other property income	47	26	171	112
Costs, excluding prop admin	-35	-65	-215	-247
Net operating income, before property admin	535	745	2,184	2,882
Property administration	-57	-29	-166	-118
Gross profit	478	716	2,018	2,764
Net operating income, after property admin	478	716	2,018	2,764

October–December 2020

Rental income and other property income amounted to MSEK 570 (810), of which MSEK 19 consists of transition relief, which is recognised under Other property revenue. The underlying decrease in revenue is a consequence of low demand due to COVID-19.

The quarter started with relatively good business-driven demand during the week and leisure-driven demand at weekends, but as new restrictions were introduced the business climate gradually declined to a low level, although not to the same extent as in March–May.

The decrease in rental income was limited to some extent by the fact that a significant portion of Pandox's leases contain provisions on contractual minimum rent and fixed rent. Overall, occupancy in Pandox's key markets has been low but with significant variations between markets and segments. The markets that did relatively better during the quarter are destinations with clear domestic demand, motels and hotels in markets with an attractive offering for leisure travel.

Individual markets with a relatively higher occupancy were small domestic destinations such as Aachen, Oxford, Inverness, Kuopio, Bodo, Brighton, Kolding and Norrköping.

Net operating income amounted to MSEK 478 (716), a decrease of 33 percent.

For comparable units, revenue decreased by 35 percent while net operating income decreased by 26 percent, adjusted for currency effects.

Operator Activities

Figures in MSEK	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Revenues	117	645	779	2,424
Costs	-244	-536	-1,182	-1,993
Gross profit	-127	109	-403	431
Add: Depreciation included in costs	63	50	235	194
Net operating income	-64	159	-168	625

October–December 2020

Revenue from Operator Activities amounted to MSEK 117 (645), a decrease of 82 percent. The decrease is a consequence of low demand and some hotel closures due to COVID-19 as well as ongoing renovation projects. The relatively large decrease in revenue compared with Property Management is partly explained by the fact that in Operator Activities, Pandox has full exposure to the hotels' revenue, and partly by the higher percentage of large meeting hotels in international markets, in particular Brussels. The decrease was offset to some extent by framework agreements with government agencies and long-term contracts with companies in need of COVID-19-safe stopover rooms, e.g. within the offshore industry.

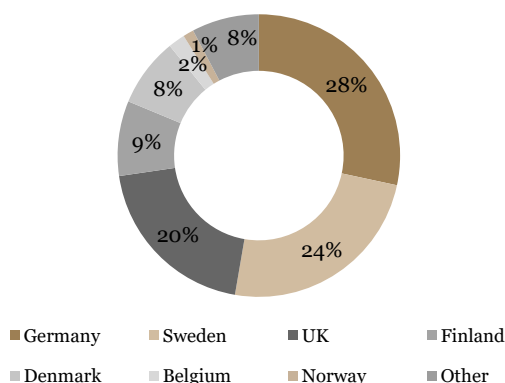
For comparable units, revenue and RevPAR decreased by 84 and 89 percent respectively, adjusted for currency effects.

Net operating income amounted to MSEK -64 (159).

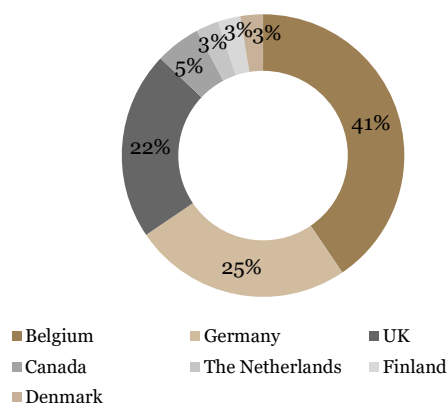
Pandox benefitted from government relief programmes equivalent to around MSEK 72 in the fourth quarter. Read more on page 3.

October–December 2020

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 2019 for balance sheet items, unless otherwise stated.

Change in property value

At the end of the period, Pandox's property portfolio had a total market value of MSEK 59,542 (63,469), of which Investment Properties accounted for MSEK 50,181 (53,697) and Operating Properties for MSEK 9,361 (9,772). As of the same date the carrying amount of the Operating Properties portfolio was MSEK 7,363 (6,857).

At the end of the period, Investment Properties had a weighted average unexpired lease term (WAULT) of 14.6 (15.6) years.

Change in value Investment Properties

	Figures in MSEK
Investment Properties, opening balance (1 January, 2020)	53,697
+ Acquisitions ¹⁾	693
+ Investments in current portfolio	492
- Divestments	—
+/- Reclassifications ²⁾	-739
+/- Revaluation of fixed assets to total comprehensive income for the period	—
+/- Unrealised changes in value	-1,779
+/- Realised changes in value	—
+/- Change in currency exchange rates	-2,183
Investment Properties, closing balance (31 December, 2020)	50,181

Change in value Operating Properties, reported for information purposes only

	Figures in MSEK
Operating Properties, market value (1 January, 2020)	9,772
+ Acquisitions ³⁾	-4
+ Investments in current portfolio	406
- Divestments	—
+/- Reclassifications ²⁾	739
+/- Unrealised changes in value	-1,014
+/- Realised changes in value	—
+/- Change in currency exchange rates	-538
Operating Properties, market value (31 December, 2020)	9,361

¹⁾ Refers to acquisition of a hotel property in Germany of MSEK 639, of complementing premises to Jurys Inn Cardiff and adjustments of previously completed acquisitions.

²⁾ Refers to reclassification of two hotel properties in Denmark from Property Management to Operator Activities.

³⁾ Refers to adjustment of Novotel Hannover (MSEK -2) and Novotel Den Haag World Forum (MSEK -2).

Investments

During the January-December 2020 period, investments in properties and fixed assets, excluding acquisitions, amounted to MSEK 907 (674), of which MSEK 492 (412) was for Investment Properties, MSEK 406 (257) was for Operating Properties and MSEK 9 (5) was for the head office.

At the end of the fourth quarter of 2020, approved investments for ongoing and future projects amounted to approximately MSEK 1,125, whereof approximately MSEK 790 is expected to be completed during 2021. In addition, approximately MSEK 45 will be maintenance.

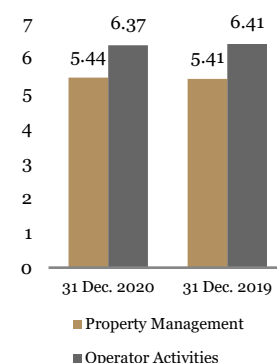
Larger projects are Crowne Plaza Brussels Le Palace, NH Brussels Bloom, Hilton Brussels Grand Place, Doubletree by Hilton Montreal, Holiday Inn Brussels Airport, Hotel Berlin Berlin, Hotel Pullman Stuttgart Fontana, Dorint Parkhotel Bad Neuenahr, Holiday Inn Lübeck, NH Frankfurt Airport, NH München Airport, The Midland Manchester, Scandic Luleå, Quality Park Södertälje, Hotel Twentyseven, and the investment programme for green investments.

Financial effects of changes in certain key valuation parameters as of 31 December, 2020

Investment properties, effect on fair value	Change	Effect on value
Yield	+/- 0.5pp	-4,222 / +5,076
Change in currency exchange rates	+/- 1%	+/- 356
Net operating income*	+/- 1%	+/- 391 (538)
Investment properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)*	+/- 1%	+/- 3 (25)
Operating properties, effect on revenues	Change	Effect on revenues
RevPAR (assuming 50/50 split between occupancy and rate)*	+/- 1%	+/- 7 (23)
Financial sensitivity analysis, effect on earnings	Change	Profit before changes in value
Interest expenses with current fixed interest hedging, change in interest rates	+/- 1%	-/+ 118
Interest expenses with a change in the average interest rate level	+/- 1%	-/+ 316
Remeasurement of interest-rate derivatives following shift in yield-curves	+/- 1%	-/+ 868

* The lower value refers to outcome in 2020 and the higher value in parentheses refers to normal years, "pre-corona".

Average valuation yield, % (31 December 2020)



Property valuation

Pandox performs internal valuations of its hotel property portfolio and 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 that the hotel properties are expected to generate are discounted with the market's yield requirements. 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, development of the underlying operator activities, market developments, contract situation, operating and maintenance issues and investments aimed at maximising the hotel property's cash flow and return in the long-term.

External valuations of all properties are normally 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 are an important reference point for Pandox's internal valuations.

At the end of the fourth quarter of 2020, Pandox valued the hotel properties based on the same method and model used since the IPO in 2015.

Uncertainty about the pandemic's impact on future cash flows remains high. Partly due to uncertainty about vaccination programs, the spread of infection and related governmental restrictions. Partly due to uncertainty about the possible lasting effects of COVID-19 on the economy in general and on the hotel market in the longer term. The pandemic's effects on yield requirements cannot yet be determined with reasonable certainty due to the evidence in the transaction market and for valuation of hotel properties being insufficient.

Parameters that affect the valuations are closely monitored and as the effects of COVID-19 clear, Pandox will be able to estimate yield requirements and future cash flows with greater precision.

Due to COVID-19, only about 60 external valuations, as a reference point for Pandox's internal valuations, were carried out during the year.

The external valuations exhibit a large variation both within and between markets, which reflects continued elevated uncertainty. Completed external valuations are in total about 6 percent below Pandox's internal valuations – within a range of about 0 to about -10 percent per country. Hotel properties in the Nordic region consistently exhibit a lower difference and dispersion between Pandox's and the external appraisers' values, while hotel properties outside the Nordic region exhibit a larger difference.

The valuation difference for hotel properties outside the Nordic region is mainly explained by the fact that external appraisers have increased the yield requirements on hotel properties based on the assumption of continued negative effects from COVID-19. See page 21 for information on the properties' market value per country.

Financing

Figures in brackets refer to the corresponding period the previous year for profit/loss items and year-end 2019 for balance sheet items, unless otherwise stated.

Financial position and net asset value

At the end of the period the loan-to-value net was 48.7 (46.0) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 23,880 (26,350). EPRA NAV (net asset value) amounted to MSEK 30,813 (34,270), equivalent to SEK 167.60 (186.40) per share. Cash and cash equivalents plus unutilised credit facilities amounted to MSEK 5,221 (4,215). In addition, there are additional credit facilities that, at any given time, fully cover the issued volume under the Pandox commercial paper programme.

Interest-bearing liabilities

At the end of the period the loan portfolio amounted to MSEK 31,629 (29,823), excluding loan arrangement fees. Unutilised credit facilities amounted to MSEK 2,599 (3,583) and the volume issued under the commercial paper programme amounted to MSEK 0 (1,688).

Pandox has a continued positive and close dialogue with its lenders on new financing, refinancing as well as necessary adjustment of terms and covenants in existing credit agreements with consideration to COVID-19.

Short-term credit facilities with a term of less than one year amount to MSEK 5,544, of which MSEK 3,802 matures in December 2021. Pandox has all short-term credit facilities with Nordic relationship banks and constructive discussions on refinancing are ongoing.

The average fixed rate period was 2.8 (3.8) years and the average interest rate, corresponding to the interest rate level at the end of the period, was 2.6 (2.6) percent, including effects from interest-rate derivatives, but excluding accrued arrangement fees. The average repayment period was 2.8 (3.3) years. The loans are secured by a combination of mortgage collateral and pledged shares.

Maturity structure credit facilities 31 December 2020

Year due (MSEK)	Credit facilities ¹⁾
<1 year	5,544
1-2 years	3,750
2-3 years	11,277
3-4 years	11,585
4-5 years	568
<5 years	1,504
Total	34,228

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 2020

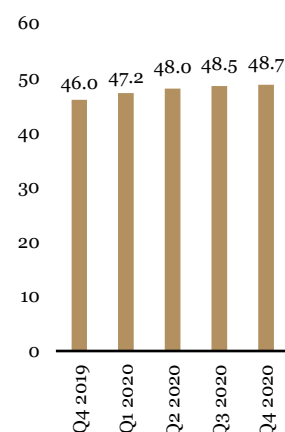
	SEK	DKK	EUR ³⁾	CHF	CAD	NOK	GBP	Total
Sum credit facilities ¹⁾	9,900	1,908	15,279	450	484	1,154	5,052	34,228
Sum interest bearing debt, MSEK ¹⁾	7,330	1,908	15,259	450	476	1,154	5,052	31,629
Share of debt in currency, %	23.2	6.0	48.2	1.4	1.5	3.6	16.0	100
Average interest rate, % ²⁾	3.1	1.9	2.3	0.8	2.7	2.6	3.0	2.6
Average interest rate period, years	2.9	0.5	3.1	0.2	0.1	2.3	3.3	2.8
Market value Properties ¹⁾	14,573	3,385	27,377	728	1,146	3,036	9,300	59,542

¹⁾ Converted to MSEK.

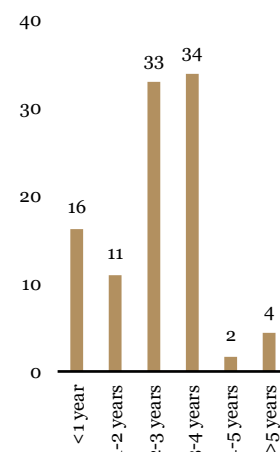
²⁾ Average interest rate including bank margin.

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, %



Financial covenants

On group level, Pandox's financial covenants are:

- Loan to value, at a level where Pandox's financial target for loan to value offers comfortable headroom
- Interest cover ratio, at a level, where also revenues from contractual minimum guaranteed rent and fixed rent only, offers satisfactory headroom

In order to manage interest rate risk and increase the predictability of Padox'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 22,395 gross and MSEK 17,441 net, which is also the portion of Padox's loan portfolio for which interest rates are hedged. Approximately 51 percent net of Padox's loan portfolio was thereby hedged against interest rate movements for periods longer than one year.

Interest maturity profile 31 December, 2020

Tenor (MSEK)	Total interest maturity		Interest maturity derivatives		
	Amount ¹⁾	Share, %	Volume	Share, %	Average interest rate, %
< 1 year	16,894	53	2,705	16	1.4
1-2 year	2,466	8	2,466	14	1.0
2-3 year	1,383	4	1,383	8	3.1
3-4 year	150	0	150	1	-
4-5 year	275	1	275	2	-0.2
> 5 year	10,461	33	10,461	60	0.6
Sum	31,629	100	17,441	100	1.0

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 Padox's financial derivatives amounted to MSEK -798 (-577).

Deferred tax

At the end of the period, the deferred tax assets amounted to MSEK 631 (383). 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 4,307 (4,552) and relate mainly to temporary differences between fair value and the taxable value of Investment Properties, as well as temporary differences between the book value and the taxable value of Operating Properties.

Other information

Important events during and after the period

17 November 2020 Pandex Hotel Market Day 2020
23 October Interim report January-September 2020

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

Changes in Group management

As of 11 February 2021, Director of Sustainable Business, Caroline Tivéus, is part of Pandex's group management team.

Ongoing disputes

The tenant at Park Centraal Amsterdam has filed a lawsuit against a Pandex subsidiary demanding certain temporary adjustments in existing leases, mainly with respect to minimum rent levels. Court proceedings are expected to commence in the second quarter of 2021.

A Pandex subsidiary has filed a lawsuit against Köln Bonn Airport which has not granted an extension of a heritage building right for the Leonardo Hotel Köln Bonn Airport property. The hotel has 177 rooms. An initial oral hearing in court was held end of January 2021. Pandex believes that there is a good possibility of a favourable resolution, or compensation, for the Company.

As Pandex previously communicated, it has received a decision from the Swedish Tax Agency on the Group's transfer pricing. Pandex has now appealed the decision with the Supreme Administrative Court and is waiting for a decision, which is expected to be handed down in 2021. Pandex is maintaining its position that the Company has followed the law. Pandex's transfer pricing does not differ from industry practice. The Swedish Tax Agency is, however, of the opinion that no allocation of profits is to be made to the country where the properties are located and operations are conducted, but only to the country of the parent company, i.e. Sweden. Pandex is maintaining that the Group's companies are following and have followed applicable laws on transfer pricing and taxation in the countries where the Group's companies operate. Pandex has been granted a payment extension by the Swedish Tax Agency due to uncertainty about the outcome of the case. Pandex believes that there is a good possibility of a favourable resolution, or compensation, for the Company.

Employees

At the end of the period, Pandex had the equivalent of 634 (1,460) full-time employees, based on number of worked hours translated to full-time employees. Of the total number of employees, 587 (1,419) are employed in the Operator Activities segment and 47 (41) in the Property Management segment and in central administration.

Green investments

Pandex's green investment programme of MEUR 8 remains in place but the time frame for completion has been extended from 2023 to 2024 due to practical conditions relating to COVID-19. The investment programme focuses on projects to reduce energy and water consumption and on technical installations. The programme is expected to generate an average return of around 20 percent.

Parent company

Administration for activities within Pandex's property owning companies is provided by staff employed by the Parent Company, Pandex AB (publ). Pandex's subsidiaries are invoiced for these services. Amounts invoiced during the January-December 2020 period totalled MSEK 150 (122), and profit for the period amounted to MSEK -486 (2,313).

At the end of the period the Parent Company's equity amounted to MSEK 8,603 (9,089) and the interest-bearing debt was MSEK 4,804 (6,305), of which MSEK 3,294 (3,427) 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 Pandex in 2015, 2016 and 2019.

Pandex has a management agreement regarding Pelican Bay Lucaya Resort in the Bahamas owned by affiliates of Helene Sundt AS and CGS

Holding AS. During January-December 2020, revenue from Pelican Bay Lucaya amounted to MSEK 0,5 (1,0).

Financial risk management

Pandex seeks to achieve the lowest possible financing cost while simultaneously limiting the Company's interest rate, currency and liquidity risks. Pandex'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, Pandex 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 Pandex's operations are in countries outside Sweden and the Company is therefore exposed to exchange rate fluctuations. Pandex 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.

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

Pandex's financial risks and risk management are described on pages 130–133 of the 2019 Annual Report.

Risk and uncertainty factors

Pandex 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 Pandex is able to identify and assess these factors of uncertainty.

Pandex'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, Pandex has classified risk in five categories: strategy risk, operational risk, financial risk, external risk and sustainability risk.

Pandex's risk management work is described on pages 84–88 in the section "Risk and risk management" in the 2019 Annual Report.

Considering the extraordinary situation created by COVID-19, a situation cannot be excluded where for example representations and covenants in the Company's credit agreements may not be met. In such cases, there are several actions that can be taken to, should there be a need, to cure non-compliance, such as payment of interest to an escrow account, adjustment of covenants, covenant holidays or certain repayments.

Besides the effects of COVID-19 described on page 3 there has been no significant change to Pandex's risk assessment after the publication of the 2019 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 Pandex 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 Pandex.

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, 11 February 2021

Anders Nissen, CEO



New interior at The Midland Manchester, 312 rooms

Annual shareholders' meeting 2021

Pandox AB (publ) Annual shareholders' meeting 2021 will be held on 12 April 2021. Information about the annual shareholders' meeting and the forms for its implementation will be provided in the notice to the annual shareholders' meeting.

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 17–18.

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 2020 the weighted number of shares before and after dilution amounted to 75,000,000 A shares and 108,849,999 B shares.

Presentation of the year-end report 2020

Pandox will present the year-end report for investors, analysts and media via a webcasted telephone conference, 11 February at 08:30 CET. The presentation also includes an external update of the hotel market.

- Year-end report and business update
Anders Nissen CEO, Liia Nõu CFO
- The hotel market
Robin Rossmann, Managing Director International STR

The presentation material will be available at www.pandox.se at approximately 08:00 CET.

To follow the webcast, go to <https://edge.media-server.com/mmc/p/hfak4wvp>. Here you can also ask written questions.

To participate in the conference via telephone, please register via this link to access telephone numbers:

<http://emea.directeventreg.com/registration/7799702>

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

Contact persons

For further information, please contact:

Anders Nissen, CEO
+46 (0) 708 46 02 02

Liia Nõu, CFO
+46 (0) 702 37 44 04

Anders Berg, SVP Head of Communications and IR
+46 (0) 760 95 19 40

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 11 February 2021, 07:00 CET.

Financial calendar

Publication of Annual Report (SWE)	17 March 2021
Annual General Meeting 2021	12 April 2021
Interim report Jan-Mar 2021	27 April 2021
Interim report Jan-Jun 2021	16 July 2021
Interim report Jan-Sep 2021	27 October 2021
Year-end report 2021	10 February 2022

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	
		2020	2019	2020	2019
Revenues Property Management					
Rental income	2	523	784	2,228	3,017
Other property income		47	26	171	112
Revenue Operator Activities	2	117	645	779	2,424
Total revenues		687	1,455	3,178	5,553
Costs Property Management	2	-92	-94	-381	-365
Costs Operator Activities	2	-244	-536	-1,182	-1,993
Gross profit		351	825	1,615	3,195
- whereof gross profit Property Management	2	478	716	2,018	2,764
- whereof gross profit Operator Activities	2	-127	109	-403	431
Central administration		-41	-44	-171	-175
Financial income		1	-2	2	1
Financial expenses		-228	-232	-902	-866
Financial cost right of use assets		-21	-21	-86	-81
Profit before changes in value		62	526	458	2,074
<i>Changes in value</i>					
Properties, unrealised	2	-533	396	-1,779	1,389
Properties, realised	2	0	-41	0	70
Derivatives, unrealised		109	444	-221	-39
Profit before tax		-362	1,325	-1,542	3,494
Current tax		-2	59	-57	-122
Deferred tax		59	-93	191	-672
Profit for the period		-305	1,291	-1,408	2,700
<i>Items that may be classified to profit or loss</i>					
Net investment hedge of foreign operations		-100	206	-659	520
Translation differences realisation of foreign operations		-696	-405	-351	-474
		-796	-199	-1,010	46
Other comprehensive income for the period		-796	-199	-1,010	46
Total comprehensive income for the period		-1,101	1,092	-2,418	2,746
Profit for the period attributable to the shareholders of the parent company		-300	1,297	-1,399	2,706
Profit for the period attributable to non-controlling interests		-5	-6	-9	-6
Total comprehensive income for the period attributable to the shareholders of the parent company		-1,064	1,102	-2,379	2,749
Total comprehensive income for the period attributable to non-controlling interests		-37	-10	-39	-3
Earnings per share, before and after dilution, SEK		-1.63	7.30	-7.61	15.91

Condensed consolidated statement of financial position

Figures in MSEK	Note	2020	2019
		31 Dec	31 Dec
ASSETS			
Non-current assets			
Operating properties		6,872	6,307
Equipment and interiors		502	554
Investment properties		50,181	53,697
Deferred non-current rent attributable to new temporary payment terms		189	—
Right-of-use assets		2,926	3,064
Deferred tax assets		631	383
Derivatives ¹⁾		43	117
Other non-current receivables		36	34
Total non-current assets		61,380	64,156
Current assets			
Inventories		9	14
Current tax assets		95	106
Trade account receivables		180	367
Deferred current rent attributable to new temporary payment terms		250	—
Prepaid expenses and accrued income		110	288
Other current receivables		169	250
Cash and cash equivalents		2,622	632
Total current assets		3,435	1,657
Total assets		64,815	65,813
EQUITY AND LIABILITIES			
Equity			
Share capital		460	460
Other paid-in capital		7,525	7,525
Reserves		-714	258
Retained earnings, including profit for the period		16,609	18,107
Equity attributable to the owners of the Parent Company		23,880	26,350
Non-controlling interests		208	156
Sum equity		24,088	26,506
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities ²⁾³⁾		26,034	23,587
Other non-current liabilities		5	18
Long-term lease liability		2,901	3,034
Derivatives ¹⁾		841	694
Provisions		32	41
Deferred tax liability		4,307	4,552
Total non-current liabilities		34,120	31,926
Current liabilities			
Provisions		139	97
Interest-bearing liabilities ²⁾³⁾		5,418	6,034
Short-term lease liability		27	30
Tax liabilities		118	109
Trade accounts payable		179	304
Other current liabilities		265	226
Accrued expenses and prepaid income		461	581
Total current liabilities		6,607	7,381
Total liabilities		40,727	39,307
Total equity and liabilities		64,815	65,813

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 177 have reduced interest-bearing liabilities in the period, compared to MSEK 202 same period 2019.

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, 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
Opening balance equity January 1, 2020	460	7,525	89	169	18,107	26,350	156	26,506
Profit for the period	—	—	—	—	-1,399	-1,399	-9	-1,408
Other comprehensive income	—	—	-980	—	—	-980	-30	-1,010
Transfer holding with non-controlling interest ²⁾	—	—	8	—	-99	-91	91	—
Closing balance equity 31 December, 2020	460	7,525	-883	169	16,609	23,880	208	24,088

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

²⁾ Transfer from the Parent Company's shareholders to non-controlling interests.

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	
	2020	2019	2020	2019
OPERATING ACTIVITIES				
Profit before tax	-362	1,325	-1,542	3,494
Reversal of depreciation	64	51	238	195
Changes in value, Investment properties, realised	—	0	—	-96
Changes in value, Investment properties, unrealised	533	-396	1,779	-1,389
Changes in value, derivatives, unrealised	-109	-444	221	39
Other items not included in the cash flow	56	70	-38	84
Taxes paid	-3	-80	-45	-208
Cash flow from operating activities before changes in working capital	179	526	613	2,119
Increase/decrease in operating assets	224	-152	-36	-23
Increase/decrease in operating liabilities	-125	-78	-117	-162
Change in working capital	99	-230	-153	-185
Cash flow from operating activities	278	296	460	1,934
INVESTING ACTIVITIES				
Investments in properties and fixed assets	-213	-251	-907	-674
Divestment of hotel properties, net effect on liquidity	—	-3	—	390
Acquisitions of hotel properties, net effect on liquidity	4	-3,830	-689	-4,901
Acquisitions of financial assets	1	-1	-2	-3
Cash flow from investing activities	-208	-4,085	-1,598	-5,188
FINANCING ACTIVITIES				
New share issue	—	3,049	—	3,049
Transaction cost	—	-39	—	-39
New loans	1,075	4,014	9,755	12,565
Amortisation of debt	-757	-3,116	-6,664	-11,584
Guaranteed minority dividend	-20	-11	-20	-11
Paid dividends	—	—	—	-787
Cash flow from financing	298	3,897	3,071	3,193
Cash flow for the period	368	108	1,933	-61
Cash and cash equivalents at beginning of period	2,309	530	632	674
Exchange differences in cash and cash equivalents	-55	-6	57	19
Liquid funds end of period	2,622	632	2,622	632
Information regarding interest payments				
Interest received amounted to	1	0	2	1
Interest paid amounted to	-191	-201	-819	-782
Financial costs related to rights of use	-21	-21	-86	-81
Information regarding cash and cash equivalents end of period	2,622	632	2,622	632
Cash and cash equivalents consists of bank deposits.				

Condensed income statement for the parent company

Figures in MSEK	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net sales	34	30	150	122
Administration cost	-53	-65	-219	-226
Operating profit	-19	-35	-69	-104
Profit from participations in Group companies	—	0	—	2,337
Other interest income and similar profit/loss items	-120	174	-383	376
Derivates, unrealised	44	318	-188	-58
Profit after financial items	-95	457	-640	2,551
Year-end appropriations	1	-252	1	-252
Profit before tax	-94	205	-639	2,299
Current tax	0	4	0	0
Deferred tax	67	-39	153	14
Profit for the period	-27	170	-486	2,313

Condensed balance sheet for the parent company

Figures in MSEK	2020	2019
	31 Dec	31 Dec
ASSETS		
Non-current assets	19,443	21,702
Current assets	2,621	119
Total assets	22,064	21,821
EQUITY AND LIABILITIES		
Equity	8,603	9,089
Provisions	168	137
Non-current liabilities	5,866	3,945
Current liabilities	7,427	8,650
Total equity and liabilities	22,064	21,821

Reconciliation alternative performance measurements

Per share, figures in SEK ¹⁾	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Total comprehensive income per share, SEK				
Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK	-1,064	1,102	-2,379	2,749
Weighted average number of share, before and after dilution	183,849,999	177,629,890	183,849,999	170,053,287
Total comprehensive income per share, SEK	-5.79	6.20	-12.94	16.17
Cash earnings per share, SEK				
Cash earnings attr.to the shareholders of the parent company, MSEK	134	660	669	2,183
Weighted average number of share, before and after dilution	183,849,999	177,629,890	183,849,999	170,053,287
Cash earnings per share, SEK	0.73	3.72	3.64	12.84
Net asset value (EPRA NAV) per share, SEK				
EPRA NAV (net asset value), MSEK	—	—	30,813	34,270
Number of shares at the end of the period	—	—	183,849,999	183,849,999
Net asset value (EPRA NAV) per share, SEK	—	—	167.60	186.40
Dividend per share, SEK				
Dividend, MSEK	—	—	—	—
Number of shares at dividend	—	—	183,849,999	183,849,999
Dividend per share, SEK ³⁾	—	—	—	—
Weighted average number of shares outstanding, before and after dilution	183,849,999	177,629,890	183,849,999	170,053,287
Number of shares at end of period	183,849,999	183,849,999	183,849,999	183,849,999
PROPERTY RELATED KEY FIGURES				
Number of hotels, end of period ²⁾	—	—	156	155
Number of rooms, end of period ²⁾	—	—	35,060	34,685
WAULT, years	—	—	14.6	15.6
Market value properties, MSEK	—	—	59,542	63,469
Market value Investment properties, MSEK	—	—	50,181	53,697
Market value Operating properties, MSEK	—	—	9,361	9,772
RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK	100	889	222	904

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 2020 proposed dividend is indicated.

Reconciliation alt. performance measurements

Figures in MSEK	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net interest-bearing debt				
Non-current interest-bearing liabilities	—	—	26,034	23,587
Current interest-bearing liabilities	—	—	5,418	6,034
Arrangement fee for loans	—	—	177	202
Cash and cash equivalents	—	—	-2,622	-632
Net interest-bearing debt	—	—	29,007	29,191
Loan to value net, %				
Net interest-bearing debt	—	—	29,007	29,191
Market value properties	—	—	59,542	63,469
Loan to value net, %	—	—	48.7	46.0
Interest cover ratio, times				
Profit before changes in value	62	526	458	2,074
Interest expenses	200	197	795	765
Depreciation	63	50	235	194
Interest cover ratio, times	1.6	3.9	1.9	4.0
Average interest on debt end of period, %				
Average interest expenses	—	—	811	782
Non-current interest-bearing liabilities	—	—	26,034	23,587
Arrangement fee for loans	—	—	177	202
Current interest-bearing liabilities	—	—	5,418	6,034
Average interest on debt, end of period, %	—	—	2.6	2.6
<i>See page 10-11 for a complete reconciliation.</i>				
Investments, incl. parent company excl. acquisitions	213	251	907	674
Net operating income, Property Management				
Rental income	523	784	2,228	3,017
Other property income	47	26	171	112
Costs, excl. property administration	-35	-65	-215	-247
Net operating income, before property administration	535	745	2,184	2,882
Property administration	-57	-29	-166	-118
Net operating income, Property Management	478	716	2,018	2,764
Net operating income, Operator Activities				
Revenues Operator Activities	117	645	779	2,424
Costs Operator Activities	-244	-536	-1,182	-1,993
Gross profit	-127	109	-403	431
Plus: Depreciation included in costs	63	50	235	194
Net operating income, Operator Activities	-64	159	-168	625
EBITDA				
Gross profit from respective operating segment	351	825	1,615	3,195
Plus: Depreciation included in costs Operator Activities	63	50	235	194
Less: Central administration, excluding depreciation	-36	-41	-151	-158
EBITDA	378	834	1,699	3,231
Cash earnings				
EBITDA	378	834	1,699	3,231
Plus: Financial income	1	-2	2	1
Less: Financial expense	-228	-232	-902	-866
Less: Financial cost for right-of-use assets	-21	-21	-86	-81
Plus/Less: Translation effect on bank deposits	1	16	4	14
Less: Current tax	-2	59	-57	-122
Cash earnings	129	654	660	2,177
EPRA NAV				
Equity attr. to the shareholders of the parent company	—	—	23,880	26,350
Plus: Revaluation of Operating Properties	—	—	1,998	2,915
Plus: Fair value of financial derivatives	—	—	798	577
Less: Deferred tax assets related to derivatives	—	—	-171	-123
Plus: Deferred tax liabilities	—	—	4,307	4,552
EPRA NAV	—	—	30,813	34,270
Growth in EPRA NAV, annual rate, %				
EPRA NAV attr. to the shareholders of the parent company, OB	—	—	34,270	27,476
EPRA NAV attr. to the shareholders of the parent company, CB	—	—	30,813	34,270
Dividend added back, current year	—	—	—	787
Excluding proceeds from new share issue	—	—	—	-3,010
Growth in EPRA NAV, annual rate, %	—	—	-10.1	16.6

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 tables on pages 17 and 18 presents measures, along with their reconciliation, which are not defined according to the IFRS. The definitions of these measures appear on page 27.

Financial risk

Pandox owns, manages and develops hotel properties and operates hotels. The level of risk-taking is expressed in a loan-to-value ratio of between 45 and 60 percent, depending on market development and the opportunities that exist. In addition to the loan-to-value ratio, 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. See also page 19.

Net asset value according to EPRA NRV, EPRA NTA and EPRA NDV

Net asset value is the aggregate capital the Company manages on behalf of its shareholders. Net asset value can be calculated in various ways, primarily affected by the time horizon and the portfolio's turnover. In general, Pandox has an industrial and long-term investment horizon.

As of 31 December 2020 Pandox is also recognising the performance measures EPRA NRV (net reinstatement value), EPRA NTA (net tangible assets) and EPRA NDV (net disposal value). See page 27 for definitions.

EPRA NRV is the long-term net asset value and is based on the balance sheet adjusted for items where there will be no payments made in the near future, such as goodwill, financial derivatives, deferred tax liability and surplus value of Operating Properties (see page 9, Property valuation, for more information). EPRA NTA is the same as long-term net asset value with the difference that goodwill not attributable to deferred tax is to be added back and that deferred tax can be assigned a market value taking into account how the entity has carried out real estate transactions in recent years. As Pandox has no goodwill and has a long-term investment horizon, the value of NRV and NTA in Pandox's case is the same. EPRA NDV is net asset value according to equity in the balance sheet adjusted for goodwill (Pandox has no goodwill) and surplus value of operating properties.

31 December 2020

Figures in MSEK	Current key figures according to EPRA						Key figures reported to date	
	EPRA NRV	SEK/share ²⁾	EPRA NTA	SEK/share ²⁾	EPRA NDV ¹⁾	SEK/share ²⁾	EPRA NAV	SEK/share ²⁾
Group equity attr. to the shareholders of the parent company	23,880	129.89	23,880	129.89	23,880	129.89	23,880	129.89
Plus: Revaluation of Operating Properties	1,998	10.87	1,998	10.87	1,998	10.87	1,998	10.87
Plus: Fair value of financial derivatives	798	4.34	798	4.34	N/A	N/A	798	4.34
Less: Deferred tax assets related to derivatives	-171	-0.93	-171	-0.93	N/A	N/A	-171	-0.93
Plus: Deferred tax liabilities	4,307	23.43	4,307	23.43	N/A	N/A	4,307	23.43
Sum	30,813	167.60	30,813	167.60	25,878	140.76	30,813	167.60

¹⁾ The key figure EPRA NDV does not reverse for financial derivatives and deferred tax liabilities. See page 27 for definitions.

²⁾ Number of shares at year-end.

31 December 2019

Figures in MSEK	Current key figures according to EPRA						Key figures reported to date	
	EPRA NRV	SEK/share ²⁾	EPRA NTA	SEK/share ²⁾	EPRA NDV ¹⁾	SEK/share ²⁾	EPRA NAV	SEK/share ²⁾
Group equity attr. to the shareholders of the parent company	26 350	143.32	26 350	143.32	26 350	143.32	26 350	143.32
Plus: Revaluation of Operating Properties	2 915	15.85	2 915	15.85	2 915	15.85	2 915	15.85
Plus: Fair value of financial derivatives	577	3.14	577	3.14	N/A	N/A	577	3.14
Less: Deferred tax assets related to derivatives	-123	-0.67	-123	-0.67	N/A	N/A	-123	-0.67
Plus: Deferred tax liabilities	4 552	24.76	4 552	24.76	N/A	N/A	4 552	24.76
Sum	34 270	186.40	34 270	186.40	29 265	159.18	34 270	186.40

¹⁾ The key figure EPRA NDV does not reverse for financial derivatives and deferred tax liabilities. See page 27 for definitions.

²⁾ Number of shares at year-end.

Quarterly data

Condensed consolidated statement of comprehensive income

Figures in MSEK	2020				2019			
	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Revenue Property Management								
Rental income	523	563	502	640	784	820	772	641
Other property income	47	67	25	32	26	31	11	44
Revenue Operator Activities	117	169	74	419	645	600	673	506
Total revenues	687	799	601	1,091	1,455	1,451	1,456	1,191
Costs Property Management	-92	-99	-79	-111	-94	-90	-79	-102
Costs Operator Activities	-244	-266	-216	-456	-536	-491	-508	-458
Gross profit	351	434	306	524	825	870	869	631
Central administration	-41	-41	-42	-47	-44	-40	-48	-43
Financial net	-227	-227	-220	-226	-234	-224	-202	-205
Financial cost for right-of-use assets	-21	-21	-22	-22	-21	-20	-21	-19
Profit before value changes	62	145	22	229	526	586	598	364
Changes in value								
Properties, unrealised	-533	-315	-320	-611	396	353	509	131
Properties, realised	0	0	—	—	-41	110	1	—
Derivatives, unrealised	109	51	-22	-359	444	-211	-133	-139
Profit before tax	-362	-119	-320	-741	1,325	838	975	356
Current tax	-2	-17	-11	-27	59	-60	-75	-46
Deferred tax	59	33	-1	100	-93	-536	-140	97
Profit for the period	-305	-103	-332	-668	1,291	242	760	407
Other comprehensive income	-796	46	-920	660	-199	-250	135	360
Total comprehensive income for the period	-1,101	-57	-1,252	-8	1,092	-8	895	767

Condensed consolidated statement of financial position

Figures in MSEK	2020				2019			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
ASSETS								
Properties incl equipment and interiors	57,555	59,859	59,877	62,570	60,558	56,759	54,543	54,371
Right of use assets	2,926	3,071	3,051	3,176	3,064	2,940	2,957	2,908
Other non-current receivables	268	84	85	108	151	78	75	50
Deferred tax assets	631	559	570	546	383	765	540	539
Current assets	813	1,261	1,008	893	1,025	832	1,192	657
Cash and cash equivalents	2,622	2,309	2,298	1,220	632	530	450	923
Total assets	64,815	67,143	66,889	68,513	65,813	61,904	59,757	59,448
EQUITY AND LIABILITIES								
Equity	24,088	25,189	25,246	26,498	26,506	22,405	22,413	22,305
Deferred tax liability	4,307	4,407	4,458	4,623	4,552	4,879	3,633	3,544
Interest-bearing liabilities	31,452	32,173	31,981	31,882	29,621	29,158	28,541	28,266
Leasing liabilities	2,928	3,073	3,052	3,177	3,064	2,941	2,957	2,908
Non interest-bearing liabilities	2,040	2,301	2,152	2,333	2,070	2,521	2,213	2,425
Total equity and liabilities	64,815	67,143	66,889	68,513	65,813	61,904	59,757	59,448

Key ratios

Figures in MSEK	2020				2019			
	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar
NOI, Property Management	478	531	448	561	716	761	704	583
NOI, Operator Activities	-64	-39	-85	20	159	160	212	95
EBITDA	378	456	327	538	834	886	872	639
Earnings per share before and after dilution, SEK	-1.63	-0.56	-1.79	-3.63	7.30	1.45	4.53	2.43
Cash earnings	129	194	75	262	654	586	570	367
Cash earnings per share before and after dilution, SEK	0.73	1.06	0.42	1.43	3.72	3.51	3.39	2.18
RevPAR growth (Operator Activities) for comparable units and constant currency, %	-89	-81	-92	-30	-4	4	12	9

	2020				2019			
	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Net interest-bearing debt, MSEK	29,007	30,056	29,878	30,862	29,191	28,806	28,248	27,513
Loan to value, %	48.7	48.5	48.0	47.2	46.0	48.3	49.0	48.5
Interest coverage ratio, times	1.9	2.0	1.9	2.4	3.9	4.2	4.4	3.3
Market value properties, MSEK	59,542	62,022	62,259	65,345	63,469	59,661	57,618	56,713
EPRA NAV per share, SEK	167.60	175.33	177.32	186.97	186.40	184.03	173.83	170.52
WAULT (Property Management), yrs	14.6	14.9	15.2	15.3	15.6	15.5	15.5	15.8

Portfolio overview

At the end of the period Pandox's property portfolio consisted of 156 (155) hotel properties with 35,060 (34,685) hotel rooms in fifteen countries, including the sub-markets England, Scotland, Wales and Northern Ireland.

Pandox's main geographical focus is Northern Europe. Germany (25 percent) is Pandox's single largest geographical market, measured as a percentage of the property portfolio's total market value, followed by Sweden (24 percent), UK (15 percent), Belgium (6 percent) and Finland (6 percent).

136 of the hotel properties are leased to third parties, which means that approximately 84 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 2020 Investment Properties had a weighted average unexpired lease term (WAULT) of 14.6 years (15.6).

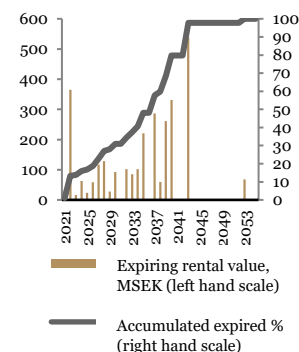
Portfolio overview by segment and geography

Property Management	Number		Market value (MSEK)		
	Hotels	Rooms	Per country	In % of total	Per room
Sweden	42	8,788	14,573	24	1.7
Germany	33	6,876	11,962	20	1.7
UK	19	4,675	8,512	14	1.8
Finland	13	2,921	3,851	6	1.3
Norway	14	2,573	3,036	5	1.2
Denmark	6	1,442	2,669	4	1.9
Austria	2	639	1,441	2	2.3
Belgium	2	519	870	1	1.7
Ireland	3	445	1,366	2	3.1
Switzerland	1	206	728	1	3.5
The Netherlands	1	189	1,173	2	6.2
Sum Property Management	136	29,273	50,181	84	1.7
Operator Activities					
Belgium	7	1,955	3,266	5	1.7
Germany	5	1,490	3,085	5	2.1
Canada	2	952	1,146	2	1.2
The Netherlands	1	216	340	1	1.6
UK	2	611	788	1	1.3
Denmark	2	403	713	1	1.8
Finland	1	160	23	0	0.1
Sum Operator Activities	20	5,787	9,361	16	1.6
Sum total	156	35,060	59,542	100	1.7

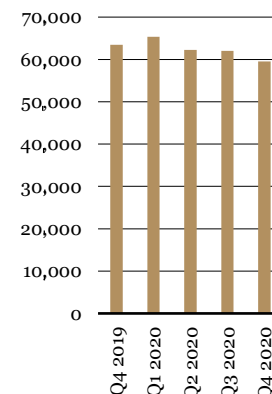
Portfolio overview by brand

Brand	Number		
	Hotels	Rooms	In % of total
Scandic	50	10,908	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	1,837	5
NH	7	1,681	5
Dorint	5	1,085	3
Mercure	4	760	2
Crowne Plaza	2	616	2
Elite Hotels	2	493	1
Holiday Inn	2	469	1
Novotel	2	421	1
InterContinental	1	357	1
Maritim	1	316	1
Indigo	1	284	1
Pullman	1	252	1
Meininger	1	228	1
Best Western	1	103	0
Independent brands	12	2,962	8
Total	156	35,060	100

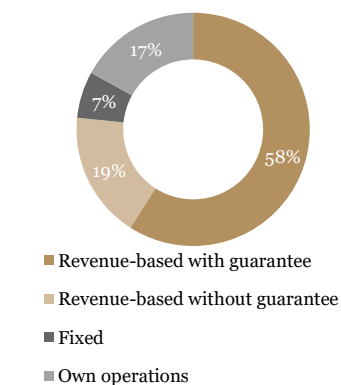
Lease maturity profile (31 December 2020)



Market value properties per quarter, MSEK



Distribution of lease and operating models, number of rooms % (31 December 2020)



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.

Rights of use and long-term leasing debt have adjusted the comparative figures retroactively regarding two site-leasehold rights.

The interim financial statements are included on pages 1–25 and pages 26–28 are thus an integrated part of this financial report.

The accounting principles applied are consistent with those described in Pandox's 2019 Annual Report.

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

Note 2 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 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.

For the full year 2020, revenue-based rent in Property Management amounted to MSEK 249, of which MSEK 48 in the fourth quarter.

Operating segments	Property Management		Operator Activities		Group and non-allocated items		Total	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Figures in MSEK								
Revenue Property Management	570	810	—	—	—	—	570	810
Rental and other property income	—	—	117	645	—	—	117	645
Revenue Operator Activities	570	810	117	645	—	—	687	1,455
Total revenues								
Costs Property Management	-92	-94	—	—	—	—	-92	-94
Costs Operator Activities	—	—	-244	-536	—	—	-244	-536
Gross profit	478	716	-127	109	—	—	351	825
Central administration	—	—	—	—	-41	-44	-41	-44
Financial income	—	—	—	—	1	-2	1	-2
Financial expenses	—	—	—	—	-228	-232	-228	-232
Financial cost right-of-use assets	—	—	—	—	-21	-21	-21	-21
Profit before changes in value	478	716	-127	109	-289	-299	62	526
<i>Changes in value</i>								
Properties, unrealised	-533	396	—	—	—	—	-533	396
Properties, realised	0	-41	—	—	—	—	0	-41
Derivatives, unrealised	—	—	—	—	109	444	109	444
Profit before tax	-55	1,071	-127	109	-180	145	-362	1,325
Current tax	—	—	—	—	-2	59	-2	59
Deferred tax	—	—	—	—	59	-93	59	-93
Profit for the period	-55	1,071	-127	109	-123	111	-305	1,291

October-December 2020

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	139	44	7	49	162	11	114	44	570
- Operator Activities	0	3	0	3	29	47	26	9	117
Market value properties	14,573	3,383	3,036	3,873	15,047	4,136	10,666	4,828	59,542
Investments in properties	59	16	6	10	20	81	18	0	210
Acquisitions of properties	—	—	—	—	-4	—	2	-2	-4
Book value Operating Properties	—	724	—	26	1,914	2,535	878	1,286	7,363
Total non-current assets at book value, less deferred tax assets	15,182	3,406	3,038	4,552	14,455	3,579	11,514	4,834	60,560

October-December 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

Operating segments	Property Management		Operator Activities		Group and non-allocated items		Total	
	Q1-Q4 2020	Q1-Q4 2019	Q1-Q4 2020	Q1-Q4 2019	Q1-Q4 2020	Q1-Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Figures in MSEK								
Revenue Property Management	2,399	3,129	—	—	—	—	2,399	3,129
Rental and other property income	—	—	779	2,424	—	—	779	2,424
Revenue Operator Activities	—	—	—	—	—	—	—	—
Total revenues	2,399	3,129	779	2,424	—	—	3,178	5,553
Costs Property Management	-381	-365	—	—	—	—	-381	-365
Costs Operator Activities	—	—	-1,182	-1,993	—	—	-1,182	-1,993
Gross profit	2,018	2,764	-403	431	—	—	1,615	3,195
Central administration	—	—	—	—	-171	-175	-171	-175
Financial income	—	—	—	—	2	1	2	1
Financial expenses	—	—	—	—	-902	-866	-902	-866
Financial expenses right-of-use assets	—	—	—	—	-86	-81	-86	-81
Profit before changes in value	2,018	2,764	-403	431	-1,157	-1,121	458	2,074
<i>Changes in value</i>								
Properties, unrealised	-1,779	1,389	—	—	—	—	-1,779	1,389
Properties, realised	0	70	—	—	—	—	0	70
Derivatives, unrealised	—	—	—	—	-221	-39	-221	-39
Profit before tax	239	4,223	-403	431	-1,378	-1,160	-1,542	3,494
Current tax	—	—	—	—	-57	-122	-57	-122
Deferred tax	—	—	—	—	191	-672	191	-672
Profit for the period	239	4,223	-403	431	-1,244	-1,954	-1,408	2,700

January-December 2020

Figures in MSEK	Sweden	Denmark	Norway	Finland	Germany	Belgium	UK Ireland	Other	Total
Total revenues									
- Property Management	559	123	145	204	664	46	480	178	2,399
- Operator Activities	0	9	0	17	214	278	131	130	779
Market value properties	14,573	3,383	3,036	3,873	15,047	4,136	10,666	4,828	59,542
Investments in properties	192	43	36	117	92	240	108	70	898
Acquisitions of properties	—	—	—	—	643	—	48	-2	689
Book value Operating Properties	—	724	—	26	1,914	2,535	878	1,286	7,363
Total non-current assets at book value, less deferred tax assets	15,182	3,406	3,038	4,552	14,455	3,579	11,514	4,834	60,560

January-December 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

Note 3 Reclassifications, acquisitions and divestments with date of consolidation or deconsolidation

Reclassifications, acquisitions and divestments

Date	Hotel property	Event
1 April 2020	Hotel Twentyseven	Reclassification to Operator Activities
1 April 2020	Hotel Mayfair	Reclassification to Operator Activities
31 March 2020	Office property belonging to Jurys Inn Cardiff	Acquisition Property Management
31 January 2020	Maritim Hotel Nürnberg	Acquisition Property Management
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

Note 4 Currency exchange rates

Currency exchange rates January-December

1 foreign currency = X SEK	Average rate			Rate at end-of-period		
	2020	2019	Δ%	2020	2019	Δ%
Euro (EUR)	10.487	10.589	-1%	10.038	10.434	-4%
British pound (GBP)	11.798	12.066	-2%	11.087	12.215	-10%
Danish krone (DKK)	1.407	1.418	-1%	1.349	1.397	-4%
Norwegian krone (NOK)	0.979	1.075	-10%	0.955	1.058	-11%
Canadian dollar (CAD)	6.860	7.131	-4%	6.400	7.128	-10%
Swiss franc (CHF)	9.798	9.519	3%	9.254	9.573	-2%

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. 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.



Head office

Pandox AB (publ)
Box 15
101 20 Stockholm
Sweden

Visiting address

Vasagatan 11, 9th floor
Stockholm, Sweden

Tel: +46 8 506 205 50
www.pandox.se
Corp. reg. no. 556030-7885

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).

EPRA NAV, MSEK

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.

EPRA NRV, MSEK

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.

EPRA NTA, MSEK

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.

EPRA NDV, MSEK

Recognised equity, attributable to the Parent Company's shareholders, including revaluation Operating Properties.

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.

EPRA NAV, NRV, NTA, NDV per share, SEK

EPRA NAV, NRV, NTA, NDV 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

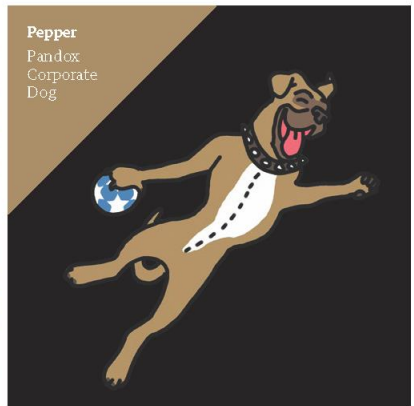
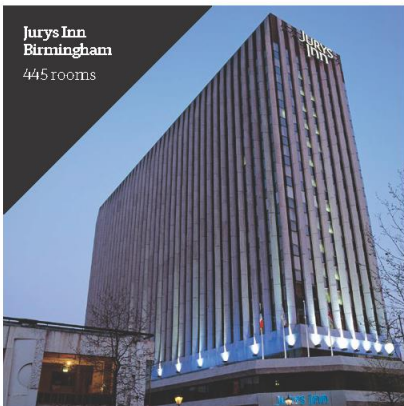
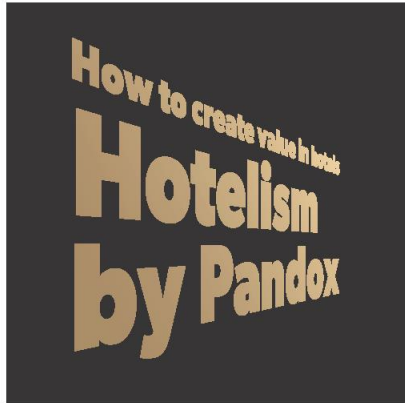
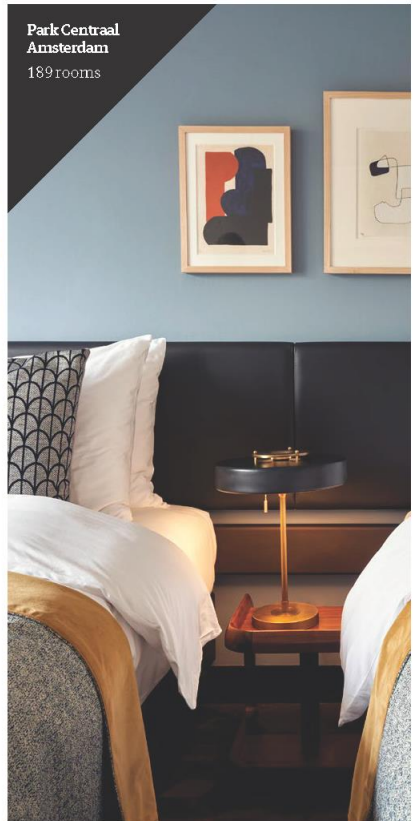
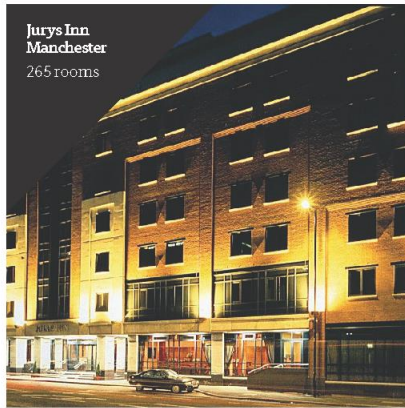
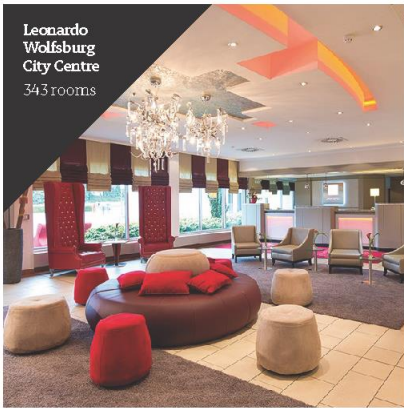
Number of rooms in owned hotel properties at the end of the period.

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.



A selection from Pandox's hotel properties