

Interim Report January - March 1999

Pandox Hotellfastigheter AB (publ)

- *Income after tax for the period January - March 1999 amounted to SEK 21.9 M (13.4), corresponding to earnings per share of SEK 1.46 (0.89)*
- *Cash flow per share, including nonrecurring revenues amounted to SEK 2.10 (1.47)*
- *The operating net rose by SEK 8.3 M to SEK 51.0 M (42.7)*

REVENUE AND OPERATING NET
- PROPERTY OPERATIONS
Total property revenue for the first quarter of 1999 amounted to SEK 64.2 M (53.8). Property expenses excluding depreciation totalled SEK 13.2 M (11.1).

The operating net increased by SEK 8.3 M to SEK 51.0 M (42.7). Compared with the corresponding period of 1998, the change is primarily attributable to surplus from properties acquired during 1998 and 1999. Furthermore, the strong hotel market has generated higher earnings from revenue- and income-based lease agreements. Adjusted for properties acquired and sold, the operating net was SEK 51.0 M (47.4). The adjusted direct yield before administrative expenses was 9.4 % (9.2). The adjusted direct yield including property-related administrative expenses was 9.0% (8.8).

REVENUE AND INCOME - HOTEL OPERATIONS

As of 1 January 1999 Pandox conducts no hotel operations under its own management. In the corresponding period of 1998, Pandox conducted hotel operations in Hotell Park Astoria in Enköping.

INCOME

Consolidated income after tax improved by SEK 8.5 M compared with the preceding year and net income for the period totalled SEK 21.9 M (13.4). The rise in income is primarily explained by an improved operating net from property operations, mainly pertaining to acquisitions. In addition, income was affected by a capital gain of SEK 4.1 M on the sale of the Hotell Boheme hotel property.

FINANCING AND CASH FLOW

Net financial items for the period amounted to SEK -19.0 M (-16.4). The Group's interest-bearing liabilities as per 31 March 1999 totalled SEK 1,340.3 M. The loan portfolio has a distributed maturity structure with an average fixed interest period of 2.1 years. During the period, short-term loans of more than SEK 400 M were converted to lower interest rates, decreasing the average interest rate on loans from 5.85 % at year-end 1998 to 5.64% on 31 March. The mortgaging ratio for the properties was 61.7%.

Disposable liquid assets including unutilized overdraft facilities of SEK 25 M amounted to SEK 101.3 M.

The cash flow before changes in working capital and investments and including nonrecurring revenues for the period totalled SEK 31.6 M (22.0), corresponding to SEK 2.10 per share (1.47).

PROPERTY PORTFOLIO

Pandox has acquired two hotel properties during the first 3 months of the year. In January Pandox assumed ownership of the Provobis Star Hotel property in Lund in accordance with an agreement signed in 1998. The purchase price including acquisition costs amounted to SEK 101 M. Since financial settlement took place on 1 January 1999, the property is consolidated in income for the entire period. In February an agreement was signed for the acquisition of the Scandic Hallandia hotel property in Halmstad for a price of SEK 49 M. The property is consolidated in Pandox's income statement and balance sheet as of 1 April 1999.

The non-strategic hotel property Hotell Boheme in Gothenburg was divested during the period. The hotel property with related equipment was sold for a price of SEK 15 M, providing a consolidated capital gain of SEK 4.1 M.

Pandox's property holdings as per 31 March 1999 including Scandic Hallandia include a total of 29 hotel properties with a combined 4,600 hotel rooms and floor space of om 271,646 sq. m. The book value of the properties including hotel equipment, but excluding

Scandic Hallandia, as per
31 March 1999 amounted to
SEK 2,172.6 M.

The Group's
investments during the
period amounted to SEK
7.1 M, which mainly
pertained to hotel
product improvements in a
number of properties.

FORECAST

With the current
portfolio of hotel
properties, net income
for 1999, including
nonrecurring revenues, is
expected to reach at
least SEK 75 M.

Stockholm, 27 April 1999

Anders Nissen
Managing Director

CONDENSED CONSOLIDATED INCOME STATEMENTS

SEK M	Jan-Mar 1999	Jan-Mar 1998	Full-year 1998
Property operations			
Rental revenue	59,9	49,8	218,5
Other property revenue	4,3	4,0	16,1
Total property revenue	64,2	53,8	234,6
Operating and maintenance costs ¹	-13,2	-11,1	-47,8
Operating net	51,0	42,7	186,8
Depreciation	-9,5	-8,5	-36,0
Income, property operations	41,5	34,2	150,8
Hotel operations			
Operating revenue	0,0	3,9	18,5
Operating expenses ²	0,0	-3,8	-18,7
Income, hotel operations	0,0	0,1	-0,2
Gross income	41,5	34,3	150,6
Administrative expenses ²	-4,7	-4,5	-19,2
Nonrecurring income/expenses	4,1	0,0	1,4
Operating income	40,9	29,8	132,8
Net financial items	-19,0	-16,4	-71,3
Income after financial items	21,9	13,4	61,5
Paid tax ³	-	-	-
Net income for the period	21,9	13,4	61,5

1. Operating and maintenance costs have been accrued over the year in accordance with the most recent forecast.

2. Planned depreciation is carried out at 1.5 % and amounts to a total of SEK 7.5 M for the period. Total depreciation for the period amounts to SEK 9,634,000, of which property operations account for SEK 9,460,000 and administrative expenses for SEK 174,000. (Jan-March 1998 a total of 8,635,000)

3. For an account of the Group's tax situation, see the description in the 1998 annual report.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	31 Mar. 1999	31 Mar. 1998	31 Dec. 1998
Assets			
Properties including hotel equipment ²	172,62	068,02	085,2
Other fixed assets	16,6	18,0	16,5
Current assets	18,5	22,0	14,6
Liquid assets	76,3	35,7	82,9
Total assets	2 284,0	2 143,7	2 199,2
Equity and liabilities			
Equity	852,1	801,0	830,1
Interest-bearing liabilities	1 340,3	1 253,9	1 281,8
Noninterest-bearing current liabilities	87,3	91,6	88,8
Total equity and liabilities	2 284,0	2 143,7	2 199,2

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

SEK M	Jan-March 1999	Jan-March 1998	Full-year 1998
Income after financial items	21,9	13,4	61,5
Depreciation	9,7	8,6	36,7
Cash flow before change in working capital and investments	31,6	22,0	98,2
Total change in working capital	0,4	-177,9	-172,0
Cash flow before investments	32,0	-155,9	-73,8
Total investments, net	-97,1	-202,4	-247,8
Cash flow after investments	-65,1	-358,3	-321,6
Change in financial fixed assets	-	-0,7	1,0
Change in interest-bearing loans	58,4	175,6	203,5
New share issue	-	204,7	204,5
Dividend	-	-	18,8
Total external financing	58,4	379,6	390,2
Change in liquid assets	-6,7	21,3	68,6

KEY RATIOS

Jan-March 1999 Jan-March 1998 Full-year

1998

Property-related key ratios

Book value of properties

incl. equipment, SEK M	2 172,6	2 068,0	2 085,2
Total property revenue, SEK M	64,2	53,8	234,6
Operating net, SEK M	51,0	42,7	186,8
Adjusted operating net, SEK M	51,0	47,4	194,6
Direct yield 1, %	9,4%	9,2%	9,3%
Direct yield 2, %	9,0%	8,8%	8,9%

Financial key ratios

Interest coverage ratio, times	2,11	1,76	1,82
Return on total capital, %	7,4%	6,3%	6,6%
Return on equity, %	10,4%	6,7%	7,6%
Equity/assets ratio, %	37,3%	37,4%	37,7%
Cash flow before change in Working capital and investments, SEK M	98,2	31,6	22,0
Investments, SEK M	7,1	3,9	22,6
Property acquisitions, SEK M	101	187	260

Data per share (SEK)

Net income for the period	1,46	0,89	4,10
Cash flow including nonrecurring revenues/expenses	2,10	1,47	6,55
Shareholders' equity	56,8	53,40	55,34

The number of shares after the new issue in 1998 amounts to 15,000,000.

The interim report has not been subject to special examination by the company's auditors.

LARGEST SHAREHOLDERS IN PANDOX

Name	No. of shares	As per 31 March 1999	%
Zenit, Brummer & Partners	2 356 000		15,7%
Skanska AB	1 500 000		10,0%
Ratos Förvaltnings AB	1 499 500		10,0%
SPP	719 000		4,8%
Hagströmer & Qviberg mutual funds	663 000		4,4%
Nordbanken mutual funds	589 700		3,9%
Sixth National Pension Fund	551 450		3,7%
Wasa mutual funds	419 700		2,8%
Livförsäkringsaktiebolaget Skandia	400 000		2,7%
Handelsbankens small companies fund	340 000		2,3%
Pictet & Cie	290 000		1,9%
Svolder AB	283 000		1,9%
Sabis Invest	258 500		1,7%
Banco fonder	255 000		1,7%
Union Bank of Norway	251 800		1,7%
Other foreign owners	836 776		5,6%
Others	3 786 574		25,2%
Total	15 000 000		100,0%

The number of shareholders as per 31 March 1999 amounted to till 2,466.

Definitions:

Property-related

Total management revenue The sum of rental revenue and other property revenue.

Operating net Management revenue minus operating and maintenance costs, tax, ground rent and other property expenses.

Adjusted operating net

Operating net adjusted to reflect sales and acquisitions of properties during the year.

Direct yield 1 Adjusted operating net in relation to the book value of properties and hotel equipment at the end of the period. The book value of hotel equipment is included in the denominator, since equipment rent is included in the numerator.

Direct yield 2 Adjusted operating net including property-related administration in relation to the book value of the properties.

Property-related administration The portion of total administration expenses that is directly related to management and development of the properties. Other administration expenses pertain to central administration and costs for maintaining the company's stock exchange listing.

Financial

Interest coverage ratio Income after net financial items plus financial expenses, in relation to financial expenses.

Return on shareholders' equity Income after net financial items and paid tax in relation to average shareholders' equity. Average shareholders' equity has been adjusted for the new issue of shares.

Return on total capital Income after net financial items plus financial expenses, in relation to average total assets.

Equity ratio Shareholders' equity at
the end of the period in relation to
total assets.

Property holdings as per 31 March 1999

Facility	No. of rooms	Floor space - sq. m.	
Scandic Hotel Slussen, Stockholm	292	18 416	
Provobis Star Hotel, Sollentuna	269	18 573	
Radisson SAS Arlandia Hotel, Arlanda 260		343	15
Scandic Hotel, Upplands-Väsby	150	6 955	
First Hotel Royal Star, Älvsjö	103	4 900	
Total Stockholm	1 157	64 104	
Radisson SAS Park Avenue, Gothenburg 998		318	21
Total Gothenburg	318	21 998	
Scandic Hotel St. Jörgen, Malmö	265	21 485	
First Express, Malmö	101	8 195	
Provobis Hotel Kramer, Malmö	110	6 913	
Total Malmö	476	36 593	
Provobis Star Hotel, Lund	196	15 711	
Radisson SAS Hotel, Luleå	209	12 166	
Provobis Stora Hotellet, Jönköping	114	11 378	
Scandic Hotel Winn, Karlstad	199	10 580	
Radisson SAS Hotel, Östersund	177	8 766	
Provobis Billingen Plaza, Skövde	106	7 743	
Scandic Hallandia, Halmstad ¹	133	7 617	
Quality Grand Hotel, Kristianstad	149	7 524	
Radisson SAS Grand Hotel, Helsingborg 832		117	6
First Hotel, Linköping	133	6 540	
First Hotel Plaza, Karlstad	121	5 907	
First Hotel Linné, Uppsala	116	5 831	
Scandic Hotel, Karlstad	143	5 694	
Scandic Hotel, Kalmar	148	5 485	
Total regional centers	2 061	117 774	
First Resort Mora, Mora	140	9 161	
Stadshotellet Princess, Sandviken	84	7 003	
Hotell Sten Stensson Sten, Eslöv	80	5 833	
First Hotel Park Astoria, Enköping	134	4 600	
Scandic Hotel, Karlshamn	99	3 335	
Good Morning Hotell, Boden	51	1 245	
Total other locations	588	31 177	
Summa Pandox total	4 600	271 646	

1) Consolidated in Pandox's income statement and balance sheet with effect from 1 April.

Financial calendar

Interim report January-June	24 August 1999
Interim report January-September	22 October 1999
Year-end report 1999	February 2000

Pandox Hotellfastigheter AB (publ), Box 5364, SE-102 49 Stockholm
 Tel: +46-8-506 205 50 Fax: +46-8-506 205 70
 Internet: www.pandox.se e-mail: pandox@pandox.se