
Interim report

January–September 2017



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Good growth and high efficiency

Quarter July–September 2017

- Revenue from Property Management amounted to MSEK 589 (479). Adjusted for currency effects and comparable units, the increase was 4 percent.
- Net operating income from Property Management amounted to MSEK 511 (409). Adjusted for currency effects and comparable units, the increase was 3 percent.
- Net operating income from Operator Activities amounted to MSEK 129 (130). Adjusted for currency effects and comparable units, the increase was 44 percent.
- EBITDA amounted to MSEK 610 (512).
- Profit for the period amounted to MSEK 551 (592).
- Cash earnings amounted to MSEK 462 (386), incl. reversal of extra tax expense of MSEK 29 after positive outcome from appeal.
- Earnings per share amounted to SEK 3.47 (3.93).

Period January–September 2017

- Revenue from Property Management amounted to MSEK 1,631 (1,329). Adjusted for currency effects and comparable units, the increase was 5 percent.
- Net operating income from Property Management amounted to MSEK 1,392 (1,127). Adjusted for currency effects and comparable units, the increase was 4 percent.
- Net operating income from Operator Activities amounted to MSEK 350 (309). Adjusted for currency effects and comparable units, the increase was 30 percent.
- EBITDA amounted to MSEK 1,654 (1,353).
- Profit for the period amounted to MSEK 1,965 (1,442).
- Cash earnings amounted to MSEK 1,177 (975).
- Earnings per share amounted to SEK 12.39 (9.56).
- EPRA NAV per share amounted to SEK 136.47 (120.53).

Significant events during and after the period

- Pandox completes acquisition of Hilton London Heathrow Airport for MGBP 80.

| Key figures (MSEK)* | Q3 2017 | Q3 2016 | Chg in % | 9m 2017 | 9m 2016 | Chg in % | FY 2016 |
|---|------------|------------|-------------|------------|------------|-------------|------------|
| Revenue Property Management (Note 1) | 589 | 479 | 23 | 1,631 | 1,329 | 23 | 1,787 |
| Net operating income Property Management (Note 1) | 511 | 409 | 25 | 1,392 | 1,127 | 24 | 1,495 |
| Net operating income Operator Activities (Note 1) | 129 | 130 | -1 | 350 | 309 | 13 | 439 |
| EBITDA (Note 1) | 610 | 512 | 19 | 1,654 | 1,353 | 22 | 1,817 |
| Profit for the period (Note 1) | 551 | 592 | -7 | 1,965 | 1,442 | 36 | 2,214 |
| Earnings per share, SEK (Note 1,2,3) | 3.47 | 3.93 | -12 | 12.39 | 9.56 | 30 | 14.65 |
| Cash earnings, MSEK (Note 1) | 462 | 386 | 20 | 1,177 | 975 | 21 | 1,289 |
| Cash earnings per share, SEK (Note 1,2,3) | 2.91 | 2.55 | 14 | 7.39 | 6.45 | 15 | 8.49 |
| Key data | | | | | | | |
| Net interest bearing debt, MSEK | — | — | — | 19,550 | 15,047 | 30 | 18,314 |
| Equity asset ratio, % | — | — | — | 40.3 | 40.1 | n.m. | 39.7 |
| Loan to value net, % | — | — | — | 47.7 | 45.5 | n.m. | 47.9 |
| Interest cover ratio, times | 4.6 | 4.5 | n.m. | 4.2 | 4.0 | n.m. | 4.0 |
| Market value Properties, MSEK | — | — | — | 40,951 | 33,098 | 24 | 38,233 |
| EPRA NAV per share, SEK (Note 3) | — | — | — | 136.47 | 120.53 | 13 | 126.24 |
| WAULT (Investment Properties), years | — | — | — | 13.8 | 13.4 | n.m. | 13.9 |
| RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK | 777 | 692 | 12 | 724 | 657 | 10 | 660 |

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

(Note 2) Based on weighted number of shares 157,499,999 for Q3 2017. For information about previous years see page 23.

(Note 3) After non-controlling interest.

*For a complete set of definitions see page 28.

CEO comment

Good growth and high efficiency

Good markets, acquisitions and improvements lifted the result

Pandox is reporting an increase in total cash earnings and net asset value of 20 and 17 percent respectively for the third quarter. The drivers were a good hotel market, successful acquisitions and improved profitability in Operator Activities.

Adjusted for currency effects and comparable units, net operating income from Property Management increased by 3 percent, supported by an overall good development in the lease portfolio.

Adjusted for currency effects and comparable units, net operating income from Operator Activities increased by 44 percent, supported by a strong recovery in Brussels.

Growth and prosperity drive the hotel market

Economic growth and increased prosperity drive the hotel market forward. International travel has increased during the year and international demand was good in the quarter. Demand from the business, conference and leisure segments was evenly balanced.

Regional cities in most key markets continued to enjoy strong demand supported by broad based economic growth.

In the Nordics, the development was mainly good with high growth in Norway and Finland driven by Oslo and Helsinki. In Copenhagen the development was stable. In Stockholm the underlying demand remained strong, but RevPAR decreased due to the addition of new room capacity to the market.

In Brussels, the recovery continued with a considerable improvement in profitability as a result.

In Germany, growth was stable in the quarter.

A larger and more profitable business platform

Pandox's positive earnings development reflects partly strong markets, partly our work in creating a larger and more efficient business platform with higher profitability.

Business development, for example acquisitions, divestments, leasing and taking over of operations is a natural part of Pandox's business.

Pandox has, since it returned to the stock market in June 2015, acquired a total of 28 hotels in Germany, Austria, Belgium, the Netherlands and Great Britain. The hotels have attractive locations and are managed mainly under long-term revenue-based lease agreements with strong operators. In parallel, we have divested smaller hotels in less attractive locations.

Pandox has during the same period taken over, repositioned and signed new lease agreements for six hotels and leased out an additional two. In addition, the investment tempo has been high in the existing portfolio and we continue to maintain a substantial pipeline of committed investments with good expected returns in both Property Management and Operator Activities.

All in all, the quality of Pandox's hotel property portfolio has improved and the company has become more geographically diversified.

Acquisition on a new large hotel market

During the reporting period Pandox acquired Hilton London Heathrow Airport. It is a full-service hotel with a strong position and a strategic location at one of the world's largest airports with between 70-80 million arrivals annually.

The hotel has a direct access to Terminal 4 and excellent communications to London City, which is one of the world's largest and most dynamic destinations. Hilton London Heathrow Airport is positioned in a market segment with high occupancy and good average prices attracting both business and leisure travellers.

Via the acquisition Pandox again establishes itself on one of the largest hotel markets in Europe.

Good market prospects for the remainder of the year

The activity level in Pandox's key markets is good.

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

20%

Growth in total cash earnings¹

¹EBITDA plus financial income minus financial cost minus current tax, including reversal of extra tax expense of MSEK 29.

17%

Growth in net asset value²

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

"Pandox is reporting an increase in cash earnings and net asset value of 20 and 17 percent respectively for the third quarter. The drivers were a good hotel market, successful acquisitions and improved profitability in Operator Activities."



Anders Nissen, CEO

A property company specialised in hotels

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

A strategy that creates value

Pandox's vision

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

Overall objectives

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

Strategy and business model

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

Organisation and execution

Property Management

"We own and lease hotel properties"

107 hotels corresponding to 83 percent of portfolio market value.

Weighted unexpired lease term (WAULT) 13.8 years.

Operator Activities

"We own and operate hotel properties"

15 hotels corresponding to 17 percent of portfolio market value.

Asset management

"We manage hotel properties owned by others"

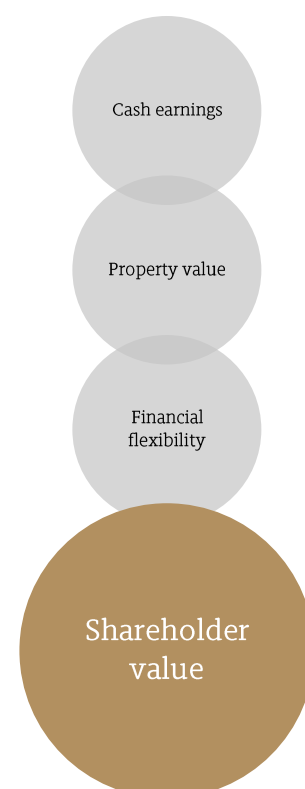
10 hotels.

Key facts

- 122 hotels
- 26,854 rooms
- 11 countries
- MSEK 40,951 in portfolio value

Value drivers

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



Financial targets

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

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

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

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

Hotel market development July-September 2017

Economic activity and a pick-up after previous terror events lifted the tourism market
The market pattern with synchronised global growth remained in the period, which strongly supported demand in the tourism and hotel market.

In Europe arrivals increased by almost 8 percent following a strong recovery for the tourism market where destinations previously affected negatively by security related events enjoyed very good growth.

International arrival statistics from the UNWTO for the first half of the year were the strongest since 2010.

Mainly good growth numbers in key markets

RevPAR development quarterly change (in local currency)

| | FY 2014 | FY 2015 | FY 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| USA ¹ | 8% | 6% | 3% | 3% | 3% | 3% | 3% | 2% |
| New York ¹ | 3% | -2% | -2% | -2% | 1% | -1% | 1% | -1% |
| Montreal | 10% | 7% | 9% | 16% | 10% | 14% | 14% | 6% |
| Europe | 6% | 7% | 2% | 2% | 3% | 7% | 7% | 7% |
| London | 3% | 2% | -1% | 1% | 2% | 11% | 10% | 2% |
| Brussels | 3% | 2% | -18% | -26% | -4% | 5% | 28% | 31% |
| Berlin | 5% | 8% | 4% | 6% | 3% | 6% | 3% | 1% |
| Frankfurt | -2% | 9% | -2% | -9% | -1% | 1% | -9% | 9% |
| Stockholm | 2% | 9% | 8% | 0% | 6% | 11% | -4% | -3% |
| Oslo | 1% | 8% | 3% | 9% | 0% | 15% | 10% | 11% |
| Helsinki | 2% | 2% | 7% | 11% | 0% | 5% | 3% | 7% |
| Copenhagen | 4% | 11% | 13% | 18% | 14% | 14% | 2% | 1% |

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

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

USA calm, Canada strong

In the USA the market has entered a calmer phase with stable occupancy where in particular higher average prices are driving growth, albeit at a slower pace than before.

Canada had a strong third quarter with record high occupancy. Growth in RevPAR amounted to almost 8 percent driven by a relatively weak exchange rate, limited new room capacity and increasingly stronger regional markets. Montreal extended its good trend, albeit at a lower level due to rooms having previously being closed for renovations being reintroduced in the market.

Strong growth in Europe

Improved economic growth and a strong increase in international arrivals lifted hotel markets in Europe as a whole. RevPAR increased by a healthy 7 percent supported by both increased demand and improved average prices.

In Germany RevPAR increased by 4 percent in the period mainly due to a strong corporate segment with congresses and trade fairs.

In Brussels the recovery continued with force primarily by good growth in the corporate and meeting segments. In London, the development was calmer, and RevPAR increased by 2 percent in the quarter, after a first half year with higher growth driven by among other things a weaker British pound.

Stable development in the Nordics

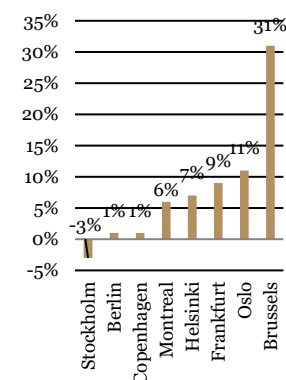
The Nordic countries continued to benefit from a good economic trend. The inflow of new hotel capacity in Stockholm had a dampening effect on RevPAR which decreased by 3 percent. As in the second quarter, the underlying demand remained good in the third quarter, but it was unable to compensate in full for the increase in capacity.

RevPAR growth in Oslo was 11 percent supported by a combination of capacity constraints in the market due to renovation activity and increased demand from international inbound markets.

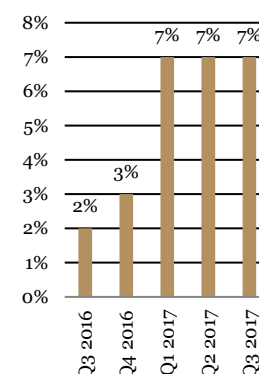
Copenhagen faced strong comparative figures in the period and RevPAR growth paused at 1 percent. The outlook for the Danish economy is good and the attraction of Copenhagen remains strong. The challenge in Copenhagen is several larger hotel openings in the coming years.

Helsinki continued to develop well, and RevPAR increased by 7 percent with higher average prices as the main driver. An improved economy with a stronger export sector and increased domestic consumption also contributed to a good development in most regional markets in Finland.

Good underlying demand
RevPAR growth Q3 2017



Stable and high growth in Europe
RevPAR growth per quarter



Financial development July-September 2017

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

Revenue and net sales

Revenue from Property Management amounted to MSEK 589 (479), an increase of 23 percent, driven by a combination of acquired and organic growth in the lease portfolio as well as reclassifications. Adjusted for currency effects and comparable units, revenue increased by 4 percent.

Revenue from Operator Activities amounted to MSEK 463 (561), a decrease of 17 percent, which reflects previously completed reclassifications (see page 9 for a list). Adjusted for currency effects and comparable units, revenue and RevPAR increased by 10 and 12 percent respectively.

The Group's net sales amounted to MSEK 1,052 (1,040). Adjusted for currency effects and comparable units, net sales increased by 7 percent.

Net operating income

Net operating income from Property Management amounted to MSEK 511 (409), an increase of 25 percent. Adjusted for currency effects and comparable units, net operating income increased by 3 percent.

Net operating income from Operator Activities amounted to MSEK 129 (130), a decrease of 1 percent despite previous considerable reclassifications. Adjusted for currency effects and comparable units, net operating income increased by 44 percent.

Total net operating income amounted to MSEK 640 (539), an increase of 19 percent.

Administration costs

Central administration costs amounted to MSEK -30 (-27).

EBITDA

EBITDA amounted to MSEK 610 (512), an increase of 19 percent.

Financial income and expenses

Financial expenses amounted to MSEK -132 (-114), which is mainly explained by increased interest-bearing liabilities after acquisitions carried out. Financial income amounted to MSEK 0 (0).

Profit before changes in value

Profit before changes in value amounted to MSEK 439 (363), an increase of 21 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 194 (369) and are explained by a combination of improved underlying cash flows in Pandox's property portfolio and lower valuation yield.

Realised changes in value for Investment Properties amounted to 0 (0).

Unrealised changes in value of derivatives amounted to MSEK 18 (24).

Current and deferred tax

Current tax amounted to MSEK -16 (-12) including reversal of extra tax expense of MSEK 29. The amount, which was provisioned for in the fourth quarter 2015, is attributable to a positive outcome after appeal of an assessment of arrears by the Swedish Tax Agency relating to past downward adjustment of acquisition expenses for shares in partnership and limited partnership companies.

The underlying increase in current tax is mainly explained by positive results after acquisitions in Germany, Austria and the Netherlands, as well as consumption of deferred tax assets in Denmark and Finland.

Deferred tax expense amounted to MSEK -84 (-152).

Profit for the period

Profit for the period amounted to MSEK 551 (592) and profit for the period attributable to Parent Company shareholders amounted to MSEK 547 (589), which is equivalent to SEK 3.47 (3.93) per share.

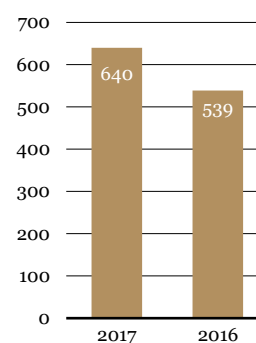
Cash earnings

Cash earnings amounted to MSEK 462 (386), an increase of 20 percent.

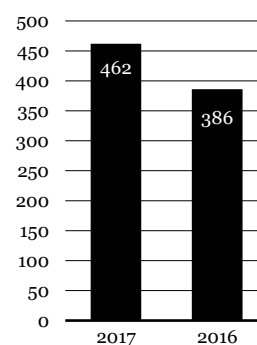
19%

Increase total NOI Q3

Total net operating income, MSEK (July-September)¹



Cash earnings, MSEK (July-September)^{1,2}



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

² Including reversal of extra tax expense of MSEK 29 which refers to a positive outcome after appeal.

Financial development January-September 2017

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

Revenue and net sales

Revenue from Property Management amounted to MSEK 1,631 (1,329), an increase of 23 percent, driven by a combination of acquired and organic growth in the lease portfolio, as well as reclassifications. Hilton London Heathrow Airport is included per 31 August 2017. Adjusted for currency effects and comparable units, revenue increased by 5 percent.

Revenue from Operator Activities were unchanged at MSEK 1,539 (1,539). A total of eight hotel properties were reclassified to Property Management during the first half of the year and one hotel was acquired (see page 9 for a list). Adjusted for currency effects and comparable units, revenue and RevPAR increased by 8 and 10 percent respectively.

The Group's net sales amounted to MSEK 3,170 (2,868). Adjusted for currency effects and comparable units, net sales increased by 7 percent.

Net operating income

Net operating income from Property Management amounted to MSEK 1,392 (1,127), an increase of 24 percent. Adjusted for currency effects and comparable units, net operating income increased by 4 percent.

Net operating income from Operator Activities amounted to MSEK 350 (309), an increase of 13 percent, despite reclassifications. Adjusted for currency effects and comparable units, net operating income increased by 30 percent.

Total net operating income amounted to MSEK 1,742 (1,436), an increase of 21 percent.

Administration costs

Central administration costs amounted to MSEK -88 (-83). The increase is explained by the Company's geographical expansion.

EBITDA

EBITDA amounted to MSEK 1,654 (1,353), an increase of 22 percent explained by improved net operating income for both Property Management and Operator Activities.

Financial income and expenses

Financial expenses amounted to MSEK -394 (-341), which is mainly explained by increased interest-bearing liabilities after acquisitions carried out. Financial income amounted to MSEK 1 (1).

Profit before changes in value

Profit before changes in value amounted to MSEK 1,136 (905), an increase of 26 percent.

Changes in value

Unrealised changes in value for Investment Properties amounted to MSEK 1,136 (888) and are explained by a combination of improved underlying cash flows in Pandox's property portfolio and lower valuation yield.

Realised changes in value for Investment Properties amounted to MSEK 0 (159).

Unrealised changes in the value of derivatives amounted to MSEK 166 (-155).

Current and deferred tax

Current tax amounted to MSEK -84 (-38) including reversal of extra tax expense of MSEK 29 in the third quarter. The amount, which was provisioned for in the fourth quarter 2015, is attributable to a positive outcome after appeal of an assessment of arrears by the Swedish Tax Agency relating to past downward adjustment of acquisition expenses for shares in partnership and limited partnership companies.

The underlying increase is mainly explained by positive results after acquisitions in Germany, Austria and the Netherlands, as well as consumption of deferred tax assets in Denmark and Finland.

Deferred tax expense amounted to MSEK -389 (-317).

Profit for the period

Profit for the period amounted to MSEK 1,965 (1,442) and profit for the period attributable to Parent Company shareholders amounted to MSEK 1,952 (1,434), which is equivalent to SEK 12.39 (9.56) per share.

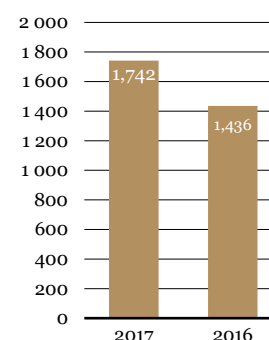
Cash earnings

Cash earnings amounted to MSEK 1,177 (975), an increase of 21 percent.

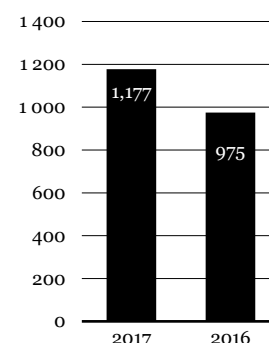
21%

Increase total NOI Q1-3

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



Cash earnings, MSEK (January-September)^{1,2}



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

² Including reversal of extra tax expense of MSEK 29 which refers to a positive outcome after appeal.

Segment reporting

Summary of segments

| MSEK | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|--|------------|------------|--------------|--------------|--------------|
| Total gross profit | 601 | 504 | 1,617 | 1,328 | 1,787 |
| – whereof gross profit Property Management | 511 | 409 | 1,392 | 1,127 | 1,495 |
| – whereof gross profit Operator Activities | 90 | 95 | 225 | 201 | 292 |
| Net operating income Property Management | | | | | |
| – Net operating income equals gross profit | 511 | 409 | 1,392 | 1,127 | 1,495 |
| Net operating income Operator Activities | | | | | |
| – Gross profit | 90 | 95 | 225 | 201 | 292 |
| – Add: Depreciation included in costs, Operator Activities | 39 | 35 | 125 | 108 | 147 |
| – Net operating income Operator Activities | 129 | 130 | 350 | 309 | 439 |
| Total net operating income | 640 | 539 | 1,742 | 1,436 | 1,934 |
| Central administration, excluding depreciation | -30 | -27 | -88 | -83 | -117 |
| EBITDA | 610 | 512 | 1,654 | 1,353 | 1,817 |

Property Management

The market value of Investment Properties amounted to MSEK 34,038, representing 83 percent of total property market value.

Net operating income Property Management

| MSEK | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|---|------------|------------|--------------|--------------|--------------|
| Rental income | 569 | 459 | 1,572 | 1,284 | 1,717 |
| Other property income | 20 | 20 | 59 | 45 | 70 |
| Costs, excluding property administration | -62 | -50 | -181 | -144 | -212 |
| Net operating income, before property administration | 527 | 429 | 1,450 | 1,185 | 1,575 |
| Property administration | -16 | -20 | -58 | -58 | -80 |
| Gross profit | 511 | 409 | 1,392 | 1,127 | 1,495 |
| Net operating income, after property administration | 511 | 409 | 1,392 | 1,127 | 1,495 |

Comments on the period July-September 2017

Rental income and other property income amounted to MSEK 589 (479) and net operating income to MSEK 511 (409), an increase of 23 and 25 percent respectively. Hilton London Heathrow Airport is included per 31 August 2017.

Adjusted for currency effects and comparable units, total rental income and net operating income increased by 4 and 3 percent respectively.

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

Individual cities with a particularly strong development were Oslo, Gothenburg, Helsinki, Hannover and Aachen. Copenhagen saw low single digit rental growth.

Regional cities in the lease portfolio continued to develop well, although growth was somewhat lower than in the previous quarter.

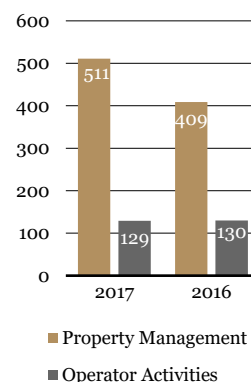
Stockholm enjoyed continued good underlying demand but RevPAR and rental growth were negatively affected by increased capacity.

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

On 30 September 2017, the weighted average unexpired lease term (WAULT) for Investment Properties was of 13.8 years (31 December 2016: 13.9).

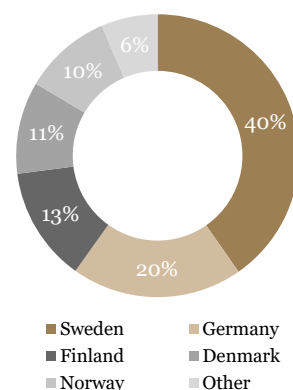
Revenue for the quarter from the nine external asset management agreements in Oslo amounted to MSEK 0.9 (1.0).

Net operating income by segment, MSEK (July-September)¹

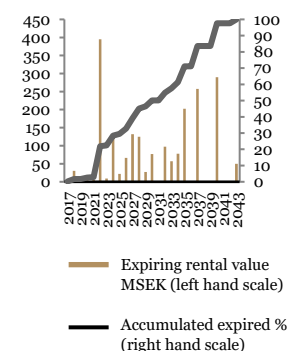


¹ See page 9 for a complete list of reclassifications, acquisitions and divestments.

Income by country Property Management (July-September)



Lease maturity profile (30 September 2017)



Operator Activities

The market value of Operating Properties amounted to MSEK 6,913, representing 17 percent of total property market value.

Net operating income Operator Activities

| MSEK | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|-------------------------------------|------------|------------|------------|------------|------------|
| Revenues | 463 | 561 | 1,539 | 1,539 | 2,158 |
| Costs | -373 | -466 | -1,314 | -1,338 | -1,866 |
| Gross profit | 90 | 95 | 225 | 201 | 292 |
| Add: Depreciation included in costs | 39 | 35 | 125 | 108 | 147 |
| Net operating income | 129 | 130 | 350 | 309 | 439 |

Comments on the period July-September 2017

Revenue from Operator Activities amounted to MSEK 463 (561), a decrease of 17 percent and is explained by previously completed reclassifications. Net operating income amounted to MSEK 129 (130), which was a marginal decrease despite the segment having seven hotels net fewer than in the corresponding period last year.

The net operating margin improved to 27.9 (23.2) percent due to improved profitability in Brussels and higher profitability in the remaining hotels after reclassifications.

Adjusted for currency effects and comparable units, revenue and net operating income increased by 10 percent and 44 percent respectively, primarily driven by higher demand and profitability in Brussels compared with the previous year.

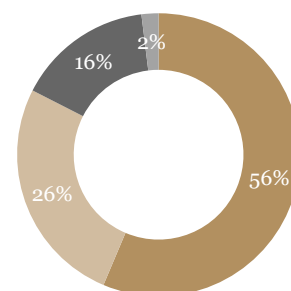
Adjusted for currency effects and comparable units, RevPAR increased by 12 percent.

Reclassifications, acquisitions and divestments 2017-2016

| Reclassifications | Date | From | To |
|----------------------------------|--------------|---------------------|---------------------|
| Scandic Prince Philip | Jun 1, 2017 | Operator Activities | Property Management |
| Scandic Hafjell | Jun 1, 2017 | Operator Activities | Property Management |
| Scandic Lillehammer | May 1, 2017 | Operator Activities | Property Management |
| Scandic Sluseholmen | May 1, 2017 | Operator Activities | Property Management |
| Scandic Kista Stockholm | Apr 11, 2017 | Operator Activities | Property Management |
| Scandic Valdres* | Apr 4, 2017 | Operator Activities | Property Management |
| Scandic Sørlandet | Apr 4, 2017 | Operator Activities | Property Management |
| Meininger Copenhagen | Jan 1, 2017 | Operator Activities | Property Management |
| Meetingpoint Hafjell | Sep 1, 2016 | Property Management | Operator Activities |
| Thon Hotel Sørlandet | May 28, 2016 | Property Management | Operator Activities |
| Thon Hotel Fagernes* | Jan 1, 2016 | Property Management | Operator Activities |
| Acquisitions | Date | Segment | |
| Hilton London Heathrow Airport | Aug 31, 2017 | Property Management | |
| Hotel Berlaymont Brussels | May 29, 2017 | Operator Activities | |
| Seven hotel properties in Europe | Dec 19, 2016 | Property Management | |
| Hilton Grand Place Brussels | Oct 10, 2016 | Operator Activities | |
| Divestments | Date | Segment | |
| Grand Hotel Oslo | Apr 25, 2017 | Property Management | Contract terminated |
| Eight hotel properties in Sweden | Mar 31, 2016 | Operator Activities | |

*The same hotel property

Revenue by country Operator Activities (July-September)



■ Belgium ■ Germany
■ Canada ■ Finland

Pandox's own brands (30 September 2017)

The Hotel.
BRUSSELS

Hotel Berlin, Berlin
Stay Individual.

hotelbloom!
Brussels

HOTELLI KORPILAMPI

Hotel Berlaymont

Property portfolio

Change in property values

At the end of the period, Pandox's property portfolio had a total market value of MSEK 40,951 (38,233), of which MSEK 34,038 (30,163) was for Investment Properties and MSEK 6,913 (8,070) for Operating Properties. The market value of Operating Properties is reported for disclosure purposes only and is included in EPRA NAV.

In Property Management Hilton London Heathrow Airport was acquired 31 August 2017.

In Operator Activities eight hotel properties were reclassified to Property Management and one hotel was acquired during the first half of the year.

Operating Properties are recognised at cost less depreciation and any impairment. At the end of the period, the carrying amount of the Operating Properties portfolio was MSEK 5,164 (6,415). The decrease is mainly the result of the reclassifications.

Change in value Investment Properties

| | MSEK |
|---|--------|
| Investment Properties, beginning of the period (January 1, 2017) | 30,163 |
| + Acquisitions ⁴ | 823 |
| + Investments in current portfolio | 298 |
| - Divestments | — |
| +/- Reclassifications ¹ | 1,600 |
| +/- Revaluation of fixed assets to the profit for the year ¹ | 112 |
| +/- Unrealised changes in value | 1,136 |
| +/- Realised changes in value | — |
| +/- Change in currency exchange rates | -94 |
| Investment Properties, end of period (September 30, 2017) | 34,038 |

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

| | MSEK |
|---|--------|
| Operating Properties, market value (January 1, 2017) | 8,070 |
| + Acquisitions ³ | 324 |
| + Investments in current portfolio | 203 |
| - Divestments ² | -16 |
| +/- Reclassifications ¹ | -1,712 |
| +/- Unrealised changes in value | 95 |
| +/- Realised changes in value | — |
| +/- Change in currency exchange rates | -51 |
| Operating Properties, market value (September 30, 2017) | 6,913 |

¹ Refers to reclassification of eight hotel properties to Operator Activities, of which one in Q1 and seven in Q2 2017.

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

³ Refers to acquisition of Silken Berlaymont 29 May 2017.

⁴ Refers to acquisition of Hilton London Heathrow Airport 31 August at closing rate.

Investments

During the period January-September 2017, investments in the existing portfolio, excluding acquisitions, amounted to MSEK 501 (246), of which MSEK 298 (106) in Investment Properties and MSEK 203 (140) in Operating Properties.

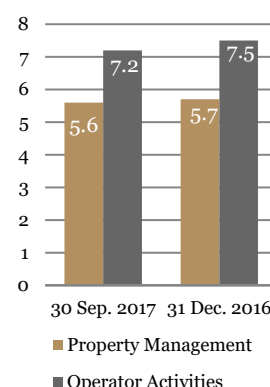
At the end of the period, committed investments for future projects equivalent to around MSEK 720 were approved, of which larger projects are Hyatt Regency Montreal, Hotel Berlin, Berlin, Leonardo Wolfsburg City, Hilton Grand Place Brussels, Elite Park Avenue Gothenburg, Elite Stora Hotellet in Jönköping and InterContinental Montreal as well as the new investment programme with Scandic Hotels Group for 19 hotel properties in the Nordic region.

Sensitivity analysis (MSEK)

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

| Investment properties, effect on fair value | Change | Effect on value |
|---|-----------|--------------------------------|
| Yield | +/- 0.5pp | -2,775 / +3,315 |
| Change in currency exchange rates | +/- 1% | +/- 198 |
| Net operating income | +/- 1% | +/- 338 |
| Investment properties, effect on revenues | Change | Effect on revenues |
| RevPAR (assuming 50/50 split between occupancy and rate) | +/- 1% | +/- 18 |
| Operating properties, effect on revenues | Change | Effect on revenue |
| RevPAR (assuming 50/50 split between occupancy and rate) | +/- 1% | +/- 15 |
| Financial sensitivity analysis, effect on earnings | Change | Profit before changes in value |
| Interest expenses with current fixed interest hedging, change in interest rates | +/- 1% | -/+ 84 |
| Interest expenses with a change in the average interest rate level | +/- 1% | -/+ 200 |
| Remeasurement of interest-rate derivatives following shift in yield-curves | +/- 1% | -/+ 443 |

Average valuation yield, % (30 September 2017)



Property valuation

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

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

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

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

For an overview of the property portfolio by segment, geography and brand, please see page 25.

Financing

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

Financial position and net asset value

At the end of the period loan-to-value net was 47.7 (47.9) percent. Equity attributable to the Parent Company's shareholders amounted to MSEK 16,395 (15,081). EPRA NAV (net asset value) was MSEK 21,494 (19,833), corresponding to SEK 136.47 (126.24) per share. Liquid funds plus unutilised long-term credit facilities amounted to MSEK 1,844 (2,232).

Interest-bearing liabilities

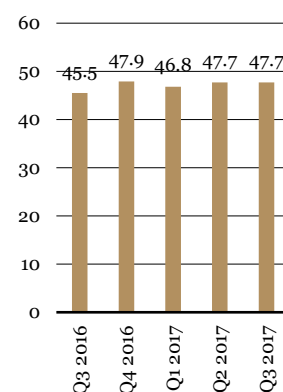
At the end of the period the loan portfolio amounted to MSEK 20,034 (18,831). Unutilised long-term credit facilities amounted to MSEK 1,360 (1,715).

During the third quarter Pandox has completed refinancing and new financing for a total of MSEK 1,583 for InterContinental Montreal, Radisson Blu Basel, Hilton Grand Place and Hilton London Heathrow Airport.

The average fixed rate period was 2.3 (2.8) years and the average interest rate, corresponding to the interest rate level at the end of the period, was 2.5 (2.6) percent including effects of interest-rate swaps. The average repayment period was 2.4 (3.0) years. The loans are secured by a combination of mortgage collateral and pledged shares.

To manage interest rate risk and increase the predictability of Pandox's earnings, interest rate derivatives, mainly interest rate swaps, are used. At the end of the period Pandox had interest rate swaps amounting to MSEK 11,195 and around 51 percent of Pandox's loan portfolio was hedged against interest rate movements for periods longer than one year.

Loan-to-value per quarter, %



Interest maturity profile

| (MSEK) | Interest maturity | | | | Interest rate swaps | | |
|-------------------|-------------------|----------------|--------|----------|---------------------|----------|--|
| | Loans | Interest swaps | Amount | Share, % | Volume | Share, % | Average interest swaps, % ¹ |
| < 1 year | 20,034 | -10,284 | 9,751 | 49 | 910 | 8 | 3.6 |
| 1-2 year | — | 245 | 245 | 1 | 245 | 2 | 2.5 |
| 2-3 year | — | 3,097 | 3,097 | 15 | 3,097 | 28 | 2.1 |
| 3-4 year | — | 1,150 | 1,150 | 6 | 1,150 | 10 | 2.2 |
| 4-5 year | — | 2,995 | 2,995 | 15 | 2,995 | 27 | 1.1 |
| > 5 year | — | 2,798 | 2,798 | 14 | 2,798 | 25 | 1.6 |
| Total/net/average | 20,034 | 0 | 20,034 | 100 | 11,195 | 100 | 1.8 |

¹ Excluding bank margin.

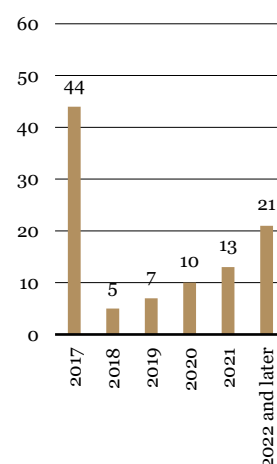
To reduce the currency exposure in foreign investment Pandox's aim is to finance the applicable portion of the investment in local currency. Equity is normally not hedged as Pandox's strategy is to have a long investment perspective. Currency exposures are largely in form of currency translation effects.

Interest maturity profile by currency

| Year due (MSEK) ¹ | SEK | DKK | EUR | CHF | CAD | NOK | GBP | Total | Share % | Interest % ² |
|-------------------------------------|--------|-------|--------|-----|-------|-------|-----|--------|---------|-------------------------|
| 2017 | 1,053 | 531 | 4,934 | 434 | 502 | 500 | 869 | 8,824 | 44 | 3.4 |
| 2018 | 250 | — | 473 | — | — | 204 | — | 927 | 5 | 2.9 |
| 2019 | 125 | — | 694 | — | — | 612 | — | 1,431 | 7 | 0.9 |
| 2020 | 1,050 | 154 | 856 | — | — | — | — | 2,061 | 10 | 2.5 |
| 2021 | 1,250 | — | 1,387 | — | — | — | — | 2,637 | 13 | 1.4 |
| 2022 and later | 1,450 | 514 | 2,191 | — | — | — | — | 4,155 | 21 | 1.6 |
| Total | 5,178 | 1,200 | 10,535 | 434 | 502 | 1,317 | 869 | 20,034 | 100 | 2.5 |
| Share maturity in currency, % | 25.8 | 6.0 | 52.6 | 2.2 | 2.5 | 6.6 | 4.3 | 100 | — | — |
| Average interest rate, % | 3.4 | 2.2 | 2.2 | 0.9 | 3.2 | 3.3 | 1.8 | 2.5 | — | — |
| Average interest rate period, years | 3.3 | 2.2 | 2.1 | 0.9 | 3.2 | 3.2 | 0.0 | 2.3 | — | — |
| Market value Properties | 14,195 | 3,281 | 17,759 | 678 | 1,097 | 3,072 | 869 | 40,951 | — | — |

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

Interest maturity per year, %



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

On 30 September 2017, the net market value of Pandox's financial derivatives amounted to MSEK -569 (-735). The change in the quarter is mainly explained by an increase in the market interest rate relative to the fixed interest rate in the interest swap contracts.

Maturity structure interest-bearing debt

| Year due (MSEK) | Loan maturity ² | Interest, loans ¹ | Net interest, interest swaps, negative value ¹ | Subtotal interest | Net interest, interest swaps, positive value ¹ | Total interest |
|-----------------|----------------------------|------------------------------|---|-------------------|---|----------------|
| 2017 | 0 | 0 | 8 | 8 | 0 | 8 |
| 2018 | 5,238 | 45 | 23 | 69 | 0 | 69 |
| 2019 | 5,985 | 82 | 10 | 92 | 0 | 91 |
| 2020 | 3,436 | 49 | 60 | 109 | 1 | 109 |
| 2021 | 5,102 | 82 | 44 | 126 | 4 | 130 |
| 2022 and later | 274 | 10 | 68 | 77 | 13 | 90 |
| Total | 20,034 | 268 | 213 | 481 | 17 | 497 |

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

² Excluding current amortisation.

Deferred tax

At the end of the period deferred tax assets amounted to MSEK 665 (748). These represent 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 2,911 (2,582) and relate to temporary differences between fair value and the taxable value of Investment Properties, as well as temporary differences between the book value and the taxable value of Operating Properties.

Other information

Important press releases during and after the period

| | |
|-----------------|---|
| 13 July 2017 | Half-year report January-June 2017 |
| 17 July 2017 | Pandox enters agreement to acquire Hilton London Heathrow Airport |
| 31 August 2017 | Pandox completes acquisition of Hilton London Heathrow Airport for MGBP 80 |
| 11 October 2017 | Positive verdict in civil case regarding claims against former lessee which gives Pandox the right to claim compensation through the bankruptcy proceedings |

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

Employees

As of 30 September 2017, Pandox had the equivalent of 1,154 (1,423) full-time employees. Of the total number of employees, 1,119 (1,455) are employed in the Operator Activities segment and 35 (32) in the Property Management segment and in central administration.

Parent Company

Activities in the Pandox's property owning companies are administered by staff employed by the Parent Company, Pandox AB (publ). The costs of these services are invoiced to Pandox's subsidiaries. Invoicing during the period January-September 2017 amounted to MSEK 52 (45), and the profit for the period amounted to MSEK 44 (188).

At the end of the period the Parent Company shareholders' equity amounted to MSEK 3,109 (3,712) and interest-bearing debt of MSEK 5,032 (5,085), of which MSEK 1,269 (4,997) in the form of long-term debt.

Transactions with related parties

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

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

Pandox has asset management agreements regarding nine hotels located in Oslo as well as for the Pelican Bay Lucaya Resort in the Grand Bahama Island, which are owned by Eiendomsspar AS, subsidiaries of Eiendomsspar AS and affiliates of Helene Sundt AS and CGS Holding AS respectively. During the third quarter revenue from the nine asset management agreements amounted to MSEK 0.9 (1.0), and revenue from Pelican Bay Lucaya amounted to MSEK 0.5 (0.1).

Alternative performance measurements

Pandox applies the European Securities and Market Authority's (ESMA) guidelines for Alternative Performance Measurements. The guidelines aim at making alternative Performance Measurements in financial reports more understandable, trustworthy and comparable and thereby enhance their usability. According to these guidelines, an Alternative Performance Measurement is a financial key ratio of past or future earnings development, financial position, financial result or cash flows which are not defined or mentioned in current legislation for financial reporting; IFRS and the Swedish Annual Accounts Act. The guidelines are mandatory for financial reports published after 3 July 2016. Reconciliations of Alternative Performance Measurements are available on pages 22-23.

Number of shares

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

Financial risk management

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

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

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

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

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

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

Risk factors

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

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

Seasonal variations

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

Company information

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

Forward-looking statements

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

Governing text

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

Stockholm 10 November 2017.

Anders Nissen, CEO

Auditor's report

Introduction

We have reviewed the condensed interim financial information (interim report) of Padox AB 556030-7885 as of 30th September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 10th November 2017

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Helena Ehrenborg
Authorised Public Accountant

Financial calendar

| | |
|-----------------------------|------------------|
| Interim report Q1-Q3 2017 | 10 November 2017 |
| Hotel Market Day | 21 November 2017 |
| Year-end report 2017 | 15 February 2018 |
| Annual general meeting 2018 | 9 April 2018 |

More information about Pandox and our financial calendar is available at www.pandox.se.

Presentation of interim report

Pandox will present the interim report for institutional investors, analysts and media via a webcasted telephone conference, 10 November 09:00 CET.

To follow the presentation online go to <http://media.fronto.com/cloud/pandox/171110>. To participate in the conference call and ask questions, please call one of the telephone numbers indicated below about 10 minutes before the start of the presentation. The presentation material will be available at www.pandox.se at approximately 08:00 CET.

SE: +46 (0)8 503 36 434
UK LocalCall: 08444933800
US LocalCall: 16315107498
Conference ID: 96465111

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

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This information is information that Pandox AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above 10 November 2017 at 07:00 CET.

Summary of financial reports

Condensed consolidated statement of comprehensive income

| | Note | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|---|------|--------------|--------------|--------------|--------------|--------------|
| MSEK | | | | | | |
| Revenues Property Management | | | | | | |
| Rental income | 2 | 569 | 459 | 1,572 | 1,284 | 1,717 |
| Other property income | | 20 | 20 | 59 | 45 | 70 |
| Revenue Operator Activities | 2 | 463 | 561 | 1,539 | 1,539 | 2,158 |
| Total revenues | | 1,052 | 1,040 | 3,170 | 2,868 | 3,945 |
| Costs Property Management | 2 | -78 | -70 | -239 | -202 | -292 |
| Costs Operator Activities | 2 | -373 | -466 | -1,314 | -1,338 | -1,866 |
| Gross profit | | 601 | 504 | 1,617 | 1,328 | 1,787 |
| - whereof gross profit Property Management | 2 | 511 | 409 | 1,392 | 1,127 | 1,495 |
| - whereof gross profit Operator Activities | 2 | 90 | 95 | 225 | 201 | 292 |
| Central administration | | -30 | -27 | -88 | -83 | -117 |
| Financial income | | 0 | 0 | 1 | 1 | 1 |
| Financial expenses | | -132 | -114 | -394 | -341 | -457 |
| Profit before changes in value | | 439 | 363 | 1,136 | 905 | 1,214 |
| <i>Changes in value</i> | | | | | | |
| Properties, unrealised | 2 | 194 | 369 | 1,136 | 888 | 1,301 |
| Properties, realised | 2 | — | — | — | 159 | 159 |
| Derivatives, unrealised | | 18 | 24 | 166 | -155 | -39 |
| Profit before tax | | 651 | 756 | 2,438 | 1,797 | 2,635 |
| Current tax | | -16 | -12 | -84 | -38 | -72 |
| Deferred tax | | -84 | -152 | -389 | -317 | -349 |
| Profit for the period | | 551 | 592 | 1,965 | 1,442 | 2,214 |
| Other comprehensive income | | | | | | |
| <i>Items that may not be classified to profit or loss</i> | | | | | | |
| This year's revaluation of fixed assets | | — | — | 112 | — | — |
| Tax attributable to items that may not be classified to profit or loss | | — | — | -25 | — | — |
| | | — | — | 87 | — | — |
| <i>Items that may be classified to profit or loss</i> | | | | | | |
| Translation differences realisation of foreign operations | | -1 | 108 | -76 | 341 | 359 |
| | | -1 | 108 | -76 | 341 | 359 |
| Other comprehensive income for the period | | -1 | 108 | 11 | 341 | 359 |
| Total comprehensive income for the period | | 550 | 700 | 1,976 | 1,783 | 2,573 |
| Profit for the period attributable to the shareholders of the parent company | | 547 | 589 | 1,952 | 1,434 | 2,201 |
| Profit for the period attributable to non-controlling interests | 4 | 3 | 13 | 8 | 13 | 13 |
| Total comprehensive income for the period attributable to the shareholders of the parent company | | 548 | 694 | 1,962 | 1,769 | 2,556 |
| Total comprehensive income for the period attributable to non-controlling interests | 2 | 6 | 14 | 14 | 14 | 17 |
| Earnings per share, before and after dilution, SEK | | 3.47 | 3.93 | 12.39 | 9.56 | 14.65 |

Condensed consolidated statement of financial position

| MSEK | 30 Sep 2017 | 30 Sep 2016 | 31 Dec 2016 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Operating properties | 4,817 | 5,490 | 5,984 |
| Equipment and interiors | 347 | 341 | 431 |
| Investment properties | 34,038 | 25,792 | 30,163 |
| Deferred tax assets | 665 | 772 | 748 |
| Derivatives ² | 6 | — | 1 |
| Other non-current receivables | 45 | 21 | 22 |
| Total non-current assets | 39,918 | 32,416 | 37,349 |
| Current assets | | | |
| Inventories | 14 | 17 | 16 |
| Current tax assets | 14 | 18 | 11 |
| Trade account receivables | 218 | 236 | 249 |
| Prepaid expenses and accrued income | 330 | 245 | 262 |
| Other current receivables | 196 | 15 | 25 |
| Cash and cash equivalents | 484 | 500 | 517 |
| Total current assets | 1,256 | 1,031 | 1,080 |
| Total assets | 41,174 | 33,447 | 38,429 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 394 | 375 | 394 |
| Other paid-in capital | 3,120 | 2,138 | 3,122 |
| Reserves | -43 | -73 | -53 |
| Retained earnings, including profit for the period | 12,924 | 10,851 | 11,618 |
| Equity attributable to the owners of the Parent Company | 16,395 | 13,291 | 15,081 |
| Non-controlling interests | 191 | 137 | 177 |
| Sum equity | 16,586 | 13,428 | 15,258 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest-bearing liabilities ¹ | 14,796 | 14,280 | 18,294 |
| Other non-current liabilities | 12 | 1 | 10 |
| Derivatives ² | 575 | 852 | 736 |
| Provisions | 109 | 88 | 100 |
| Deferred tax liability | 2,911 | 2,660 | 2,582 |
| Total non-current liabilities | 18,403 | 17,881 | 21,722 |
| Current liabilities | | | |
| Provisions | 14 | 4 | 3 |
| Interest-bearing liabilities ¹ | 5,238 | 1,266 | 537 |
| Tax liabilities | 96 | 10 | 44 |
| Current liabilities | 244 | 166 | 202 |
| Other current liabilities | 171 | 177 | 209 |
| Accrued expenses and prepaid income | 422 | 515 | 454 |
| Total current liabilities | 6,185 | 2,138 | 1,449 |
| Total liabilities | 24,588 | 20,019 | 23,171 |
| Total equity and liabilities | 41,174 | 33,447 | 38,429 |

¹ The carrying amounts of interest-bearing liabilities and other financial instruments constitute a reasonable approximation of their fair values. ² 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.

Condensed consolidated statement of changes in equity

Attributable to the owners of the parent company

| MSEK | Share capital | Other paid in capital | Translation reserves | Revaluation reserve | Retained earnings, incl profit for the period | Total | Non-controlling interests | Total equity |
|--|---------------|-----------------------|----------------------|---------------------|---|---------------|---------------------------|---------------|
| Opening balance equity January 1, 2016 | 375 | 2,138 | -408 | — | 9,987 | 12,092 | 123 | 12,215 |
| Profit for the period Q1-3 2016 | — | — | — | — | 1,434 | 1,434 | 8 | 1,442 |
| Other comprehensive income Q1-3 2016 | — | — | 335 | — | — | 335 | 6 | 341 |
| Dividend May 2016 | — | — | — | — | -570 | -570 | — | -570 |
| Closing balance equity | 375 | 2,138 | -73 | — | 10,851 | 13,291 | 137 | 13,428 |
| Profit for the period Q4 2016 | — | — | — | — | 767 | 767 | 5 | 772 |
| Other comprehensive income Q4 2016 | — | — | 20 | — | — | 20 | -2 | 18 |
| New share issue 2016 ¹ | 19 | 984 | — | — | — | 1,003 | — | 1,003 |
| Dividend Q4 2016 | — | — | — | — | — | — | -8 | -8 |
| Change in non-controlling interests pertaining to acquisitions | — | — | — | — | — | — | 45 | 45 |
| Closing balance equity December 31, 2016 | 394 | 3,122 | -53 | — | 11,618 | 15,081 | 177 | 15,258 |
| Opening balance equity January 1, 2017 | 394 | 3,122 | -53 | — | 11,618 | 15,081 | 177 | 15,258 |
| Profit for the period Q1-3 2017 | — | — | — | — | 1,952 | 1,952 | 13 | 1,965 |
| Other comprehensive income Q1-3 2017 | — | — | -77 | 87 | — | 10 | 1 | 11 |
| New share issue 2016 ¹ | — | -2 | — | — | — | -2 | — | -2 |
| Dividend March 2017 | — | — | — | — | -646 | -646 | — | -646 |
| Closing balance equity 30 September 2017 | 394 | 3,120 | -130 | 87 | 12,924 | 16,395 | 191 | 16,586 |

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

Condensed consolidated statement of cash flow

| MSEK | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|--|---------------|-------------|---------------|---------------|---------------|
| OPERATING ACTIVITIES | | | | | |
| Profit before tax | 651 | 756 | 2,438 | 1,797 | 2,635 |
| Reversal of depreciation | 39 | 35 | 125 | 108 | 147 |
| Changes in value, Investment properties, realised | — | — | — | -159 | -159 |
| Changes in value, Investment properties, unrealised | -194 | -369 | -1,136 | -888 | -1,301 |
| Changes in value, derivatives, unrealised | -18 | -24 | -166 | 155 | 39 |
| Other items not included in the cash flow | 9 | 7 | 20 | 19 | 35 |
| Taxes paid | -16 | -1 | -84 | -10 | -72 |
| Cash flow from operating activities before changes in working capital | 471 | 404 | 1,197 | 1,022 | 1,324 |
| Increase/decrease in operating assets | -88 | -103 | -214 | -150 | -179 |
| Increase/decrease in operating liabilities | -36 | 26 | 25 | 25 | 50 |
| Change in working capital | -124 | -77 | -189 | -125 | -129 |
| Cash flow from operating activities | 347 | 327 | 1,008 | 897 | 1,195 |
| INVESTING ACTIVITIES | | | | | |
| Investments in properties and fixed assets | -181 | -89 | -501 | -246 | -433 |
| Divestment of subsidiaries, net effect on liquidity | — | — | 16 | 843 | 843 |
| Acquisitions of subsidiaries, net effect on liquidity | -824 | — | -1,148 | — | -4,477 |
| Acquisitions of financial assets | -2 | -1 | -24 | -8 | -9 |
| Divestment of financial assets | 0 | — | 1 | 12 | 12 |
| Cash flow from investing activities | -1,007 | -90 | -1,656 | 601 | -4,064 |
| FINANCING ACTIVITIES | | | | | |
| New share issue | — | — | — | — | 1,012 |
| Transaction cost | — | — | -2 | — | -9 |
| New loans | 1,717 | 0 | 2,413 | 1,469 | 4,850 |
| Amortization of debt | -913 | -109 | -1,138 | -2,084 | -2,128 |
| Acquisition of non-controlling interest | — | — | — | — | 45 |
| Approved/Paid dividends | — | — | -654 | -570 | -570 |
| Cash flow from financing activities | 804 | -109 | 619 | -1,185 | 3,200 |
| Cash flow for the period | 144 | 128 | -29 | 313 | 331 |
| Cash and cash equivalents at beginning of period | 344 | 365 | 517 | 170 | 170 |
| Exchange differences in cash and cash equivalents | -4 | 7 | -4 | 17 | 16 |
| Cash and cash equivalents at end of period | 484 | 500 | 484 | 500 | 517 |
| Information regarding interest payments | | | | | |
| Interest received | 0 | 0 | 1 | 1 | 1 |
| Interest paid | -122 | -109 | -374 | -329 | -440 |
| Information regarding cash and cash equivalents end of period | 484 | 500 | 484 | 500 | 517 |

Cash and cash equivalents consist of bank deposits.

Condensed income statement for the Parent Company

| MSEK | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|--|------------|------------|------------|------------|------------|
| Net sales | 9 | 8 | 52 | 45 | 65 |
| Administration cost | -41 | -36 | -118 | -111 | -158 |
| Operating profit | -32 | -28 | -66 | -66 | -93 |
| Profit from participations in Group companies | 0 | 0 | 200 | 361 | 300 |
| Other interest income and similar profit/loss items | 19 | 22 | 65 | 53 | 112 |
| Other interest expense and similar profit/loss items | -38 | -62 | -155 | -160 | -185 |
| Profit after financial items | -51 | -68 | 44 | 188 | 134 |
| Year-end appropriations | — | — | — | — | 304 |
| Profit before tax | -51 | -68 | 44 | 188 | 438 |
| Current tax | — | — | — | — | — |
| Profit for the period | -51 | -68 | 44 | 188 | 438 |

Condensed balance sheet for the Parent Company

| MSEK | 30 Sep 2017 | 30 Sep 2016 | 31 Dec 2016 |
|-------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | 12,698 | 11,500 | 12,717 |
| Financial assets | 48 | 200 | 217 |
| Total assets | 12,746 | 11,700 | 12,934 |
| EQUITY AND LIABILITIES | | | |
| Equity | 3,109 | 2,459 | 3,712 |
| Provisions | 75 | 48 | 57 |
| Non-current liabilities | 1,269 | 4,250 | 4,997 |
| Current liabilities | 8,293 | 4,943 | 4,168 |
| Total equity and liabilities | 12,746 | 11,700 | 12,934 |

Key figures

| RECONCILIATION ALTERNATIVE PERFORMANCE MEASUREMENTS (MSEK) | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|--|---------|---------|---------|---------|---------|
| Equity to assets ratio, % | — | — | 16,586 | 13,428 | 15,258 |
| Sum equity | — | — | 41,174 | 33,447 | 38,429 |
| Total assets | — | — | 40.3 | 40.1 | 39.7 |
| Equity to assets ratio, % | — | — | 40.3 | 40.1 | 39.7 |
| Net interest-bearing debt | — | — | 14,796 | 14,281 | 18,294 |
| Non-current interest bearing liabilities | — | — | 5,238 | 1,266 | 537 |
| Current interest bearing liabilities | — | — | -484 | -500 | -517 |
| Cash and cash equivalents | — | — | 19,550 | 15,047 | 18,314 |
| Net interest-bearing debt | — | — | 19,550 | 15,047 | 18,314 |
| Loan to value net, % | — | — | 19,550 | 15,047 | 18,314 |
| Net interest-bearing debt | — | — | 40,951 | 33,098 | 38,233 |
| Market value properties | — | — | 47.7 | 45.5 | 47.9 |
| Loan to value net, % | — | — | 47.7 | 45.5 | 47.9 |
| Interest cover ratio, times | — | — | 439 | 363 | 1,136 |
| Profit before changes in value | 439 | 363 | 1,136 | 905 | 1,214 |
| Financial expenses | 132 | 114 | 394 | 341 | 457 |
| Depreciation | 39 | 35 | 125 | 108 | 147 |
| Interest cover ratio, times | 4.6 | 4.5 | 4.2 | 4.0 | 4.0 |
| Average interest on debt end of period, % | — | — | 497 | 418 | 489 |
| Average interest expenses | — | — | 14,796 | 14,281 | 18,294 |
| Non-current interest bearing liabilities | — | — | 5,238 | 1,266 | 537 |
| Current interest bearing liabilities | — | — | 2.5 | 2.7 | 2.6 |
| Average interest on debt, end of period, % | — | — | 2.5 | 2.7 | 2.6 |
| See page 11-12 for a complete reconciliation | — | — | 2.5 | 2.7 | 2.6 |
| Investments, excl. acquisitions | 181 | 89 | 501 | 246 | 433 |
| Net operating income, Property Management | — | — | 569 | 459 | 1,572 |
| Rental income | 569 | 459 | 1,572 | 1,284 | 1,717 |
| Other property income | 20 | 20 | 59 | 45 | 70 |
| Costs, excl. property administration | -62 | -50 | -181 | -144 | -212 |
| Net operating income, before property administration | 527 | 429 | 1,450 | 1,185 | 1,575 |
| Property administration | -16 | -20 | -58 | -58 | -80 |
| Net operating income, Property Management | 511 | 409 | 1,392 | 1,127 | 1,495 |
| Net operating income, Operator Activities | — | — | 463 | 561 | 1,539 |
| Revenues Operator Activities | 463 | 561 | 1,539 | 1,539 | 2,158 |
| Costs Operator Activities | -373 | -466 | -1,314 | -1,338 | -1,866 |
| Gross profit | 90 | 95 | 225 | 201 | 292 |
| Add: Depreciation included in costs | 39 | 35 | 125 | 108 | 147 |
| Net operating income, Operator Activities | 129 | 130 | 350 | 309 | 439 |
| EBITDA | — | — | 601 | 504 | 1,617 |
| Gross profit from respective operating segment | 601 | 504 | 1,617 | 1,328 | 1,787 |
| Add: Depreciation included in costs Operator Activities | 39 | 35 | 125 | 108 | 147 |
| Less: Central administration, excluding depreciation | -30 | -27 | -88 | -83 | -117 |
| EBITDA | 610 | 512 | 1,654 | 1,353 | 1,817 |
| Cash earnings | — | — | 610 | 512 | 1,654 |
| EBITDA | 610 | 512 | 1,654 | 1,353 | 1,817 |
| Add: Financial income | 0 | 0 | 1 | 1 | 1 |
| Less: Financial cost | -132 | -114 | -394 | -341 | -457 |
| Less: Current tax | -16 | -12 | -84 | -38 | -72 |
| Cash earnings | 462 | 386 | 1,177 | 975 | 1,289 |
| EPRA NAV | — | — | — | — | — |
| Equity attributable to the shareholders of the parent company | — | — | 16,395 | 13,291 | 15,081 |
| Add: Revaluation of Operating Properties | — | — | 1,750 | 1,474 | 1,655 |
| Add: Fair value of financial derivatives | — | — | 569 | 852 | 736 |
| Less: Deferred tax assets related to derivatives | — | — | -131 | -198 | -171 |
| Add: Deferred tax liabilities related to properties | — | — | 2,911 | 2,660 | 2,582 |
| EPRA NAV | — | — | 21,494 | 18,079 | 19,883 |
| Growth in EPRA NAV, annual rate, % | — | — | — | — | — |
| EPRA NAV attributable to the shareholders of the parent company, opening balance | — | — | 18,079 | 15,668 | 16,156 |
| EPRA NAV attributable to the shareholders of the parent company, opening balance | — | — | 21,494 | 18,079 | 19,883 |
| Dividend added back, current year | — | — | 646 | 570 | 570 |
| Excluding proceeds from new share issue | — | — | -1,001 | — | -1,003 |
| Growth in EPRA NAV, annual rate, % | — | — | 16.9 | 19.0 | 20.4 |

Key figures not defined according to IFRS

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

Financial risk

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

Growth and profitability

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

EPRA NAV (net asset value) and equity

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

Key figures continued

| CONTINUED RECONCILIATION ALTERNATIVE PERFORMANCE MEASUREMENTS PER SHARE ¹ | Q3 2017 | Q3 2016 | 9m 2017 | 9m 2016 | FY 2016 |
|--|-------------|-------------|---------------|---------------|---------------|
| Total comprehensive income per share, SEK | | | | | |
| Total comprehensive income for the period attributable to the shareholders of the parent company, MSEK | 548 | 694 | 1,962 | 1,769 | 2,556 |
| Weighted average number of share, before and after dilution | 157,499,999 | 150,000,000 | 157,499,999 | 150,000,000 | 150,266,393 |
| Total comprehensive income per share, SEK | 3.48 | 4.63 | 12.46 | 11.79 | 17.01 |
| Cash earnings per share, SEK | | | | | |
| Cash earnings attributable to the shareholders of the parent company, MSEK | 458 | 383 | 1,164 | 967 | 1,276 |
| Weighted average number of share, before and after dilution | 157,499,999 | 150,000,000 | 157,499,999 | 150,000,000 | 150,266,393 |
| Cash earnings per share, SEK | 2.91 | 2.55 | 7.39 | 6.45 | 8.49 |
| Net asset value (EPRA NAV) per share, SEK | | | | | |
| EPRA NAV with dividend deducted, MSEK | — | — | 21,494 | 18,079 | 19,883 |
| Number of shares at the end of the period | — | — | 157,499,999 | 150,000,000 | 157,499,999 |
| Net asset value (EPRA NAV) per share, SEK | — | — | 136.47 | 120.53 | 126.24 |
| Dividend per share, SEK | | | | | |
| Dividend, MSEK | — | — | — | — | 646 |
| Number of shares at dividend | — | — | — | — | 157,499,999 |
| Dividend per share, SEK | — | — | — | — | 4.10 |
| Weighted average number of shares outstanding, before and after dilution | 157,499,999 | 150,000,000 | 157,499,999 | 150,000,000 | 150,266,393 |
| Number of shares at end of period | 157,499,999 | 150,000,000 | 157,499,999 | 150,000,000 | 157,499,999 |
| PROPERTY RELATED KEY FIGURES | | | | | |
| Number of hotels, end of period ² | — | — | 122 | 112 | 120 |
| Number of rooms, end of period ² | — | — | 26,854 | 24,265 | 26,240 |
| WAULT, years | — | — | 13.8 | 13.4 | 13.9 |
| Market value properties, MSEK | — | — | 40,951 | 33,098 | 38,233 |
| Market value Investment properties | — | — | 34,038 | 25,792 | 30,163 |
| Market value Operating properties | — | — | 6,913 | 7,306 | 8,070 |
| RevPAR (Operator Activities) for comparable units at comparable exchange rates, SEK | 777 | 692 | 724 | 657 | 660 |

¹ Total number of outstanding shares after split amount to 157,499,999, of which 75,000,000 A shares and 82,499,999 B shares. For a fair comparison this number of shares is used for the calculation of key ratios.

² Pandox's owned hotel properties.

Quarterly data

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (MSEK)

| | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Q1 2016 | Q4 2015 |
|--|--------------|--------------|------------|--------------|--------------|--------------|------------|------------|
| Revenue Property Management | | | | | | | | |
| Rental income | 569 | 547 | 456 | 433 | 459 | 451 | 374 | 351 |
| Other property income | 20 | 21 | 18 | 25 | 20 | 13 | 12 | 14 |
| Revenue Operator Activities | 463 | 555 | 521 | 619 | 561 | 536 | 442 | 536 |
| Total revenues | 1,052 | 1,123 | 995 | 1,077 | 1,040 | 1,000 | 828 | 901 |
| Costs Property Management | -78 | -83 | -78 | -90 | -70 | -66 | -66 | -59 |
| Costs Operator Activities | -373 | -462 | -479 | -528 | -466 | -448 | -424 | -471 |
| Gross profit | 601 | 578 | 438 | 459 | 504 | 486 | 338 | 371 |
| Central administration | -30 | -30 | -28 | -34 | -27 | -32 | -24 | -30 |
| Financial net | -132 | -131 | -130 | -116 | -114 | -112 | -114 | -105 |
| Profit before value changes | 439 | 417 | 280 | 309 | 363 | 342 | 200 | 236 |
| Changes in value | | | | | | | | |
| Properties, unrealised | 194 | 634 | 308 | 413 | 369 | 319 | 200 | 484 |
| Properties, realised | — | — | — | — | — | — | 159 | 4 |
| Derivatives, unrealised | 18 | 71 | 77 | 116 | 24 | -55 | -124 | 93 |
| Profit before tax | 651 | 1,122 | 665 | 838 | 756 | 606 | 435 | 817 |
| Current tax | -16 | -38 | -30 | -34 | -12 | -25 | -1 | -42 |
| Deferred tax | -84 | -197 | -108 | -32 | -152 | -107 | -58 | -94 |
| Profit for the period | 551 | 887 | 527 | 772 | 592 | 474 | 376 | 681 |
| Other comprehensive income | -1 | -82 | 94 | 18 | 108 | 103 | 131 | -135 |
| Total comprehensive income for the period | 550 | 805 | 621 | 790 | 700 | 577 | 507 | 546 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (MSEK)

| | 30 Sep 2017 | 30 Jun 2017 | 31 Mar 2017 | 31 Dec 2016 | 30 Sep 2016 | 30 Jun 2016 | 31 Mar 2016 | 31 Dec 2015 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | | | | |
| Properties incl equipment and interiors | 39,202 | 38,216 | 37,098 | 36,578 | 31,623 | 30,710 | 29,998 | 29,463 |
| Other non-current receivables | 51 | 54 | 41 | 23 | 21 | 20 | 20 | 25 |
| Deferred tax assets | 665 | 685 | 722 | 748 | 772 | 802 | 829 | 800 |
| Current assets | 772 | 703 | 582 | 563 | 531 | 428 | 345 | 1,162 |
| Cash and cash equivalents | 484 | 344 | 625 | 517 | 500 | 365 | 820 | 170 |
| Total assets | 41,174 | 40,002 | 39,068 | 38,429 | 33,447 | 32,325 | 32,012 | 31,620 |
| EQUITY AND LIABILITIES | | | | | | | | |
| Equity | 16,586 | 16,036 | 15,231 | 15,258 | 13,428 | 12,728 | 12,722 | 12,215 |
| Deferred tax liability | 2,911 | 2,924 | 2,705 | 2,582 | 2,660 | 2,421 | 2,274 | 2,281 |
| Interest-bearing liabilities | 20,034 | 19,359 | 18,709 | 18,841 | 15,547 | 15,387 | 15,219 | 15,546 |
| Non interest-bearing liabilities | 1,643 | 1,683 | 2,423 | 1,748 | 1,812 | 1,789 | 1,797 | 1,578 |
| Total equity and liabilities | 41,174 | 40,002 | 39,068 | 38,429 | 33,447 | 32,325 | 32,012 | 31,620 |

KEY RATIOS

| | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Q1 2016 | Q4 2015 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| NOI, Property Management, MSEK | 510.8 | 485 | 396 | 368 | 409 | 398 | 320 | 306 |
| NOI, Operator Activities, MSEK | 129 | 139 | 82 | 130 | 130 | 125 | 54 | 104 |
| EBITDA, MSEK | 610 | 594 | 450 | 464 | 512 | 491 | 350 | 381 |
| Earnings per share before and after dilution, SEK | 3.47 | 5.61 | 3.31 | 5.08 | 3.93 | 3.14 | 2.49 | 4.54 |
| Cash earnings, MSEK | 462 | 425 | 290 | 314 | 386 | 354 | 235 | 234 |
| Cash earnings per share before and after dilution, SEK | 2.91 | 2.67 | 1.81 | 2.05 | 2.55 | 2.34 | 1.57 | 1.56 |
| RevPAR growth (Operator Activities) for comparable units and constant currency. | 12 | 17 | 4 | -4 | -2 | -12 | 1 | 0 |
| | 30 Sep 2017 | 30 Jun 2017 | 31 Mar 2017 | 31 Dec 2016 | 30 Sep 2016 | 30 Jun 2016 | 31 Mar 2016 | 31 Dec 2015 |
| Net interest-bearing debt, MSEK | 19,550 | 19,015 | 18,084 | 18,314 | 15,047 | 15,022 | 14,399 | 15,376 |
| Equity to assets ratio, % | 40.3 | 40.1 | 39.0 | 39.7 | 40.1 | 39.4 | 39.7 | 38.6 |
| Loan to value, % | 47.7 | 47.7 | 46.8 | 47.9 | 45.5 | 46.8 | 46.0 | 48.9 |
| Interest coverage ratio, times | 4.6 | 4.5 | 3.4 | 4.0 | 4.0 | 3.7 | 3.1 | 3.6 |
| Market value properties, MSEK | 40,951 | 39,868 | 38,630 | 38,233 | 33,098 | 32,124 | 31,322 | 31,437 |
| EPRA NAV per share, SEK | 136.47 | 132.55 | 125.67 | 126.24 | 120.53 | 114.03 | 112.16 | 107.71 |
| WAULT (Property Management), yrs | 13.8 | 13.9 | 13.6 | 13.9 | 13.4 | 13.3 | 11.3 | 11.2 |

Portfolio overview

At the end of the period, Pandox's property portfolio comprised 122 (31 December 2016: 120) hotel properties with 26,854 (31 December 2016: 26,240) hotel rooms in eleven countries. Pandox's main geographical focus is in the Nordic, which represents approximately 58 percent of the portfolio by market value. Of the owned hotel properties, 107 are leased to third parties, which mean that approximately 83 percent of the portfolio market value is covered by external leases.

Portfolio overview by segment and geography

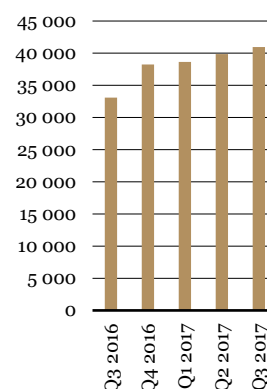
| Property Management | No. of hotels | No. of rooms | Market value (MSEK) | Market value in % of total | Value per room (MSEK) |
|------------------------------------|---------------|---------------|---------------------|----------------------------|-----------------------|
| <i>Investment properties</i> | | | | | |
| Sweden | 44 | 8,959 | 14,195 | 35 | 1.6 |
| Norway | 14 | 2,503 | 3,072 | 8 | 1.2 |
| Finland | 13 | 2,919 | 3,305 | 8 | 1.1 |
| Denmark | 8 | 1,835 | 3,281 | 8 | 1.8 |
| Belgium | 1 | 100 | 100 | 0 | 1.0 |
| The Netherlands | 1 | 189 | 923 | 2 | 4.9 |
| Germany | 22 | 4,331 | 6,326 | 15 | 1.5 |
| Austria | 2 | 639 | 1,288 | 3 | 2.0 |
| UK | 1 | 398 | 869 | 2 | 2.2 |
| Switzerland | 1 | 206 | 678 | 2 | 3.3 |
| Total Investment properties | 107 | 22,079 | 34,038 | 83 | 1.5 |
| <i>Operator Activities</i> | | | | | |
| <i>Operating properties</i> | | | | | |
| Sweden | — | — | — | — | — |
| Norway | — | — | — | — | — |
| Finland | 1 | 155 | 43 | 0 | 0.3 |
| Denmark | — | — | — | — | — |
| Belgium | 8 | 2,371 | 3,663 | 9 | 1.5 |
| Germany | 4 | 1,285 | 2,110 | 5 | 1.6 |
| Canada | 2 | 964 | 1,097 | 3 | 1.1 |
| Total Operating properties | 15 | 4,775 | 6,913 | 17 | 1.4 |
| Total owned properties | 122 | 26,854 | 40,951 | 100 | 1.5 |

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

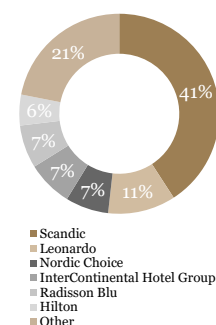
Pandox's portfolio by brand

| Brand | No. of hotels | No. of rooms | Countries |
|----------------------|---------------|---------------|--------------------|
| Scandic | 51 | 10,894 | SE, NO, FI, DK, BE |
| Leonardo | 16 | 2,921 | DE |
| Nordic Choice Hotels | 12 | 1,955 | SE, NO |
| Radisson Blu | 7 | 1,783 | SE, NO, CH, DE |
| Hilton | 6 | 1,623 | SE, FI, BE, UK |
| NH | 5 | 1,162 | DE, AU |
| Holiday Inn | 4 | 963 | BE, DE |
| First Hotels | 2 | 403 | DK |
| Crowne Plaza | 2 | 616 | BE |
| Hyatt | 1 | 607 | CAN |
| Best Western | 1 | 103 | SE |
| Elite | 2 | 461 | SE |
| InterContinental | 1 | 357 | CAN |
| Meininger | 1 | 218 | DK |
| Cumulus | 1 | 135 | FI |
| Independent brands | 10 | 2,653 | SE, FI, BE, DE, NL |
| Total | 122 | 26,854 | 11 |

Market value properties per quarter, MSEK



Rooms per operator/brand 30 September, 2017



Notes

Note 1 Accounting principles

Pandox follows the International Financial Reporting Standards (IFRS) - and interpretations (IFRIC) - as they have been adopted by the EU. This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report comprises pages 1–29 and pages 1–17 are thus an integrated part of this financial report. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR2 "Accounting principles for legal entities". RFR2 implies that the Parent Company of the legal entity applies all EU approved IFRS principles and interpretations, within the framework defined by the Swedish Annual Accounts Act, and taking into consideration the connection between accounting and taxation. Disclosures according to IAS 34.16A are, apart from in the financial reports and their corresponding notes, available also in other parts of the interim report. The accounting principles applied correspond to those described in Pandox's annual report for 2016.

Note 2 Operating segments

| Operating segments | Property Management | | Operator Activities | | Group and non-allocated items | | Total | |
|---------------------------------------|---------------------|------------|---------------------|-------------|-------------------------------|-------------|--------------|--------------|
| | Q3 2017 | Q3 2016 | Q3 2017 | Q3 2016 | Q3 2017 | Q3 2016 | Q3 2017 | Q3 2016 |
| Revenue Property Management | | | | | | | | |
| Rental and other property income | 589 | 479 | — | — | — | — | 589 | 479 |
| Revenue Operator Activities | — | — | 463 | 561 | — | — | 463 | 561 |
| Total revenues | 589 | 479 | 463 | 561 | — | — | 1,052 | 1,040 |
| Costs Property Management | -78 | -70 | — | — | — | — | -78 | -70 |
| Costs Operator Activities | — | — | -373 | -466 | — | — | -373 | -466 |
| Gross profit | 511 | 409 | 90 | 95 | — | — | 601 | 504 |
| Central administration | — | — | — | — | -30 | -27 | -30 | -27 |
| Financial income | — | — | — | — | 0 | 0 | 0 | 0 |
| Financial expenses | — | — | — | — | -132 | -114 | -132 | -114 |
| Profit before changes in value | 511 | 409 | 90 | 95 | -162 | -141 | 439 | 363 |
| <i>Changes in value</i> | | | | | | | | |
| Properties, unrealised | 194 | 369 | — | — | — | — | 194 | 369 |
| Properties, realised | — | — | — | — | — | — | — | — |
| Derivatives, unrealised | 18 | — | — | — | 18 | 24 | 18 | 24 |
| Profit before tax | 723 | 778 | 90 | 95 | -144 | -117 | 651 | 756 |
| Current tax | — | — | — | — | -16 | -12 | -16 | -12 |
| Deferred tax | — | — | — | — | -84 | -152 | -84 | -152 |
| Profit for the period | 723 | 778 | 90 | 95 | -244 | -281 | 551 | 592 |

Q3 2017

| Geographical area | Swe | Den | Nor | Fin | Ger | Bel | Other | Tot |
|----------------------------------|--------|-------|-------|-------|-------|-------|-------|--------|
| Total revenues | | | | | | | | |
| - Property Management | 237 | 62 | 59 | 77 | 115 | 1 | 38 | 589 |
| - Operator Activities | — | — | — | 9 | 121 | 261 | 72 | 463 |
| Market value properties | 14,195 | 3,281 | 3,072 | 3,348 | 8,437 | 3,763 | 4,855 | 40,951 |
| Investments in properties | 43 | 2 | 14 | 3 | 54 | 41 | 24 | 181 |
| Acquisitions of properties | — | — | — | — | — | — | 823 | 823 |
| Realised value change properties | — | — | — | — | — | — | — | — |
| Book value Operating Properties | — | — | — | 49 | 1,353 | 2,834 | 928 | 5,164 |

Q3 2016

| Geographical area | Swe | Den | Nor | Fin | Ger | Bel | Other | Tot |
|----------------------------------|--------|-------|-------|-------|-------|-------|-------|--------|
| Total revenues | | | | | | | | |
| - Property Management | 229 | 52 | 32 | 77 | 81 | 1 | 7 | 479 |
| - Operator Activities | 13 | 50 | 109 | 9 | 113 | 127 | 140 | 561 |
| Market value properties | 13,293 | 2,939 | 3,106 | 3,301 | 5,965 | 2,843 | 1,651 | 33,098 |
| Investments in properties | 40 | 4 | 15 | 4 | 3 | 15 | 8 | 89 |
| Acquisitions of properties | — | — | — | — | — | — | — | — |
| Realised value change properties | — | — | — | — | — | — | — | — |
| Book value Operating Properties | 353 | 563 | 667 | 49 | 1,331 | 2,021 | 847 | 5,831 |

Explanation to note 2

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

Note 2 operating segments continued

| Operating segments | Property Management | | Operator Activities | | Group and non-allocated items | | Total | |
|---------------------------------------|---------------------|--------------|---------------------|--------------|-------------------------------|-------------|--------------|--------------|
| | Q1-3 2017 | Q1-3 2016 | Q1-3 2017 | Q1-3 2016 | Q1-3 2017 | Q1-3 2016 | Q1-3 2017 | Q1-3 2016 |
| Revenue Property Management | | | | | | | | |
| Rental and other property income | 1,631 | 1,329 | — | — | — | — | 1,631 | 1,329 |
| Revenue Operator Activities | — | — | 1,539 | 1,539 | — | — | 1,539 | 1,539 |
| Total revenues | 1,631 | 1,329 | 1,539 | 1,539 | — | — | 3,170 | 2,868 |
| Costs Property Management | -239 | -202 | — | — | — | — | -239 | -202 |
| Costs Operator Activities | — | — | -1,314 | -1,338 | — | — | -1,314 | -1,338 |
| Gross profit | 1,392 | 1,127 | 225 | 201 | — | — | 1,617 | 1,328 |
| Central administration | — | — | — | — | -88 | -83 | -88 | -83 |
| Financial income | — | — | — | — | 1 | 1 | 1 | 1 |
| Financial expenses | — | — | — | — | -394 | -341 | -394 | -341 |
| Profit before changes in value | 1,392 | 1,127 | 225 | 201 | -482 | -423 | 1,136 | 905 |
| Changes in value | | | | | | | | |
| Properties, unrealised | 1,136 | 888 | — | — | — | — | 1,136 | 888 |
| Properties, realised | — | 159 | — | — | — | — | — | 159 |
| Derivatives, unrealised | — | — | — | — | 166 | -155 | 166 | -155 |
| Profit before tax | 2,528 | 2,174 | 225 | 201 | -316 | -578 | 2,438 | 1,797 |
| Current tax | — | — | — | — | -84 | -38 | -84 | -38 |
| Deferred tax | — | — | — | — | -389 | -317 | -389 | -317 |
| Profit for the period | 2,528 | 2,174 | 225 | 201 | -789 | -933 | 1,965 | 1,442 |

Q1-Q3 2017

| Geographical area | Swe | Den | Nor | Fin | Ger | Bel | Other | Tot |
|----------------------------------|--------|-------|-------|-------|-------|-------|-------|--------|
| Total revenues | | | | | | | | |
| - Property Management | 664 | 154 | 140 | 208 | 322 | 4 | 139 | 1,631 |
| - Operator Activities | 23 | 22 | 120 | 24 | 334 | 661 | 355 | 1,539 |
| Market value properties | 14,195 | 3,281 | 3,072 | 3,348 | 8,437 | 3,763 | 4,855 | 40,951 |
| Investments in properties | 153 | 17 | 82 | 12 | 113 | 53 | 71 | 501 |
| Acquisitions of properties | — | — | — | — | — | 324 | 823 | 1,147 |
| Realised value change properties | — | — | — | — | — | — | — | — |
| Book value Operating Properties | — | — | — | 49 | 1,353 | 2,834 | 928 | 5,164 |

Q1-Q3 2016

| Geographical area | Swe | Den | Nor | Fin | Ger | Bel | Other | Tot |
|----------------------------------|--------|-------|-------|-------|-------|-------|-------|--------|
| Total revenues | | | | | | | | |
| - Property Management | 649 | 130 | 103 | 187 | 227 | 4 | 29 | 1,329 |
| - Operator Activities | 40 | 119 | 237 | 22 | 315 | 468 | 338 | 1,539 |
| Market value properties | 13,293 | 2,939 | 3,106 | 3,301 | 5,965 | 2,843 | 1,651 | 33,098 |
| Investments in properties | 103 | 27 | 32 | 5 | 23 | 26 | 30 | 246 |
| Acquisitions of properties | — | — | — | — | — | — | — | — |
| Realised value change properties | 159 | — | — | — | — | — | — | 159 |
| Book value Operating Properties | 353 | 563 | 667 | 49 | 1,331 | 2,021 | 847 | 5,831 |

Definitions

FINANCIAL INFORMATION

Average interest on debt, %

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

Cash earnings, MSEK

EBITDA plus financial income less financial cost less current tax.

EBITDA, MSEK

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

Equity/assets ratio, %

Recognised equity as a percentage of total assets.

Gross profit, Property Management, MSEK

Revenue less directly related costs for Property Management.

Gross profit, Operator Activities, MSEK

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

Growth adjusted for currency effects and comparable units

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

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

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

Interest coverage ratio, times%

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

Investments, excl. acquisitions, MSEK

Investments in non-current assets excluding acquisitions.

Loan-to-value ratio, %

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

Net interest-bearing debt, MSEK

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

Net operating income, Property Management, MSEK

Net operating income corresponds to gross profit for Property Management.

Net operating income, Operator Activities, MSEK

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

Net operating margin, Operator Activities, %

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

Rounding off

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

PER SHARE

Cash earnings per share, SEK

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

Dividend per share, SEK

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

Earnings per share, SEK

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

Equity per share, SEK

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

Net asset value (EPRA NAV) per share, SEK

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

Total comprehensive income per share, SEK

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

Weighted average number of shares before dilution, thousands

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

Weighted average number of shares after dilution, thousands

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

PROPERTY INFORMATION

Market value properties, MSEK

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

Number of hotels

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

Number of rooms

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

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

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

WAULT (Investment Properties)

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



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