



Presentation of the second quarter 2015

Pandox – Excellence in Hotel Ownership and Operations

Stockholm, 20 August 2015

Anders Nissen, CEO
Liia Nõu, CFO

Today's agenda

Introduction

Financial review

Business model
and value
proposition

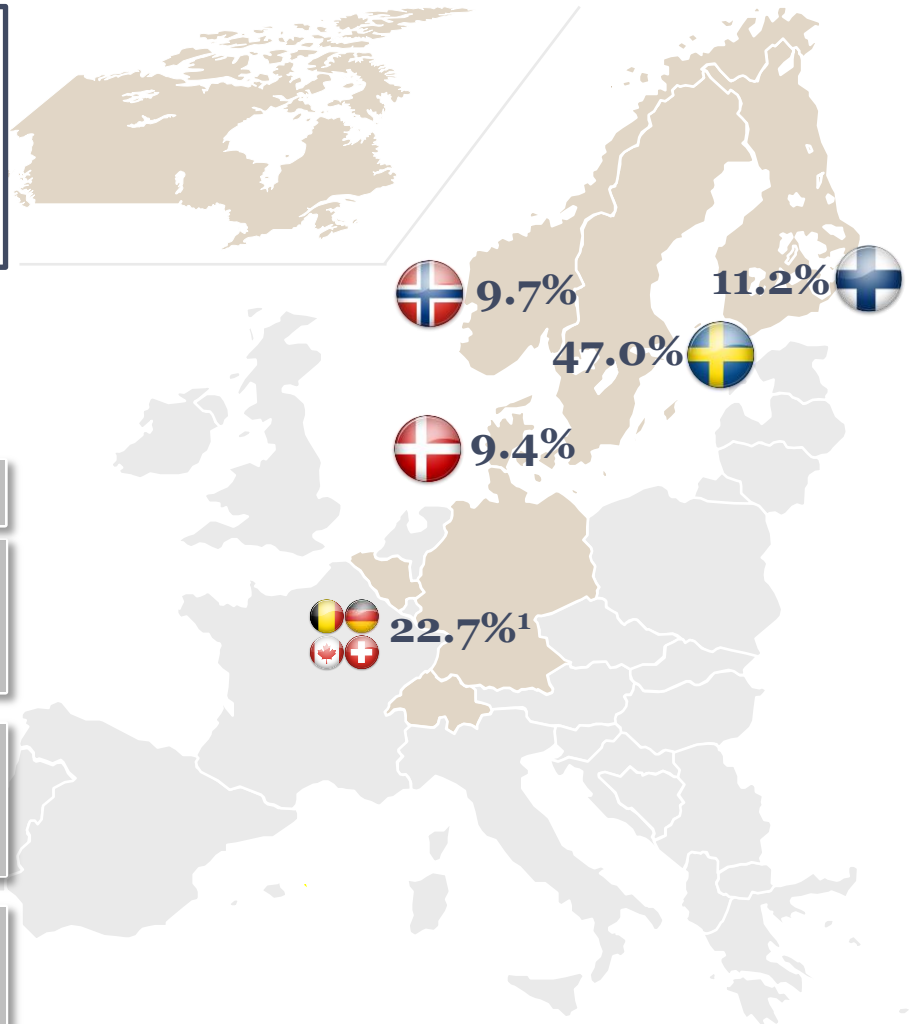
Q&A

A leading northern European hotel property company

- Focused strategy on large hotel properties in the upper-medium to high-end segments in strategic locations
- Active ownership model combining a large, attractive portfolio with excellent operational skills



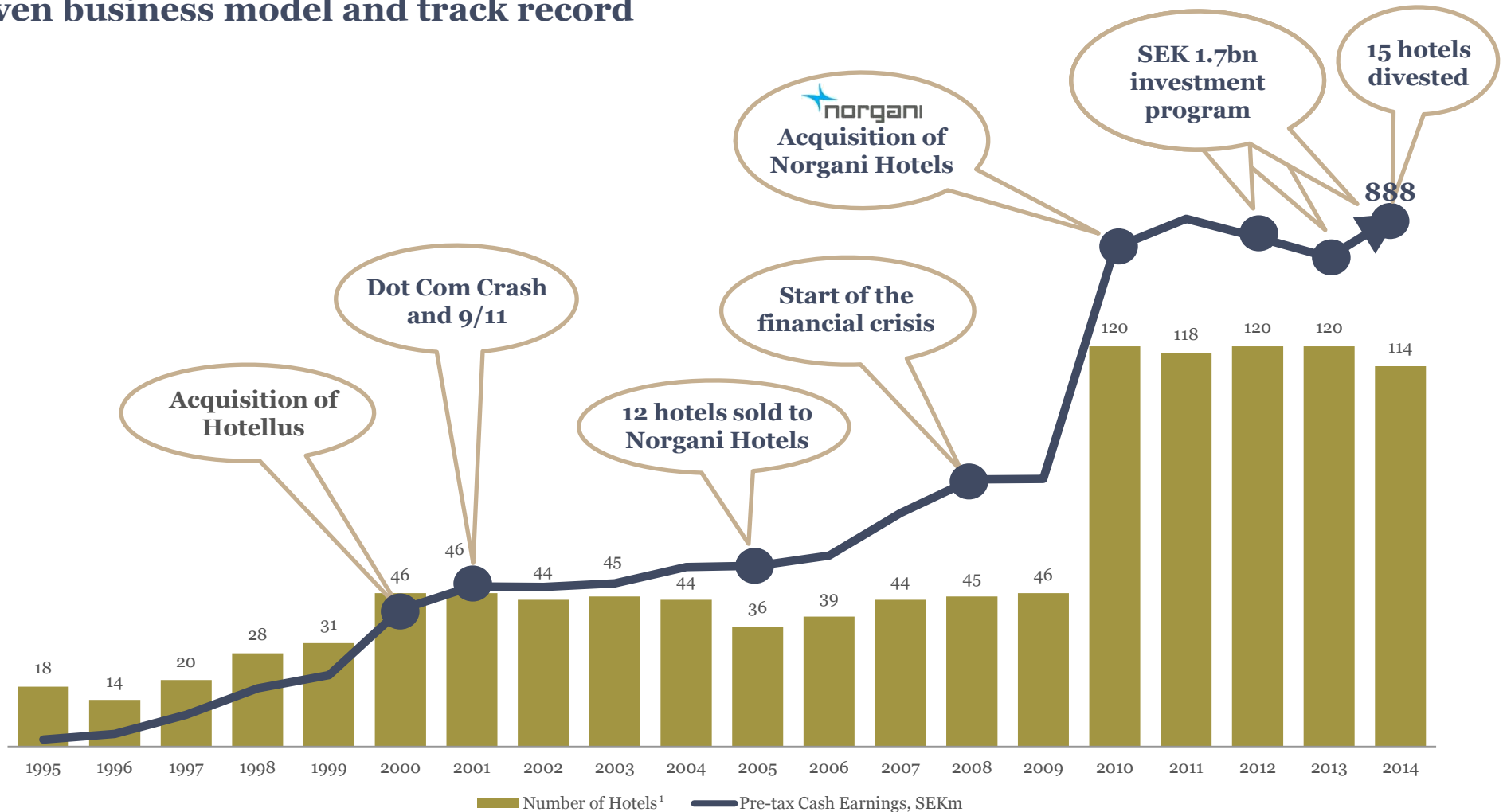
Pandex Group	Property Management	Operator Activities
104 Hotel Properties	87 Leased Out	17 Operated
SEK 27.3bn Portfolio Market Value	77% Portfolio Market Value	23% Portfolio Market Value
	5.9% Valuation Yield	7.5% Valuation Yield



Portfolio Market Value as of 30 June 2015

Pandox 20 years

Proven business model and track record



1) Number of hotels include owned hotels, hotels operated by Pandox on behalf of 3rd parties, and hotels covered by asset management agreement; 2) Pandox Operations formally established in 2014, but Pandox has been significantly engaged in operations since 2000.

Pandox business model

Active across the value chain



We own and manage properties

- Long term lease agreements with strong partners
- Stable revenues, shared capex and limited risk
- Managed and organised from Stockholm
- 77 percent of Pandox's business



We operate own properties

- If partners are missing - Pandox can operate the business (risk minimizer)
- Create business opportunities through acquisitions
- Long experience of transforming underperforming assets
- Organised from Stockholm and managed regionally (Brussels and Oslo)
- 23 percent of Pandox's business



We manage external properties

- Complementary business
- Valuable channel for business intelligence

Business highlights January – June 2015

- Continued good hotel market growth
- Market share gains in recently renovated hotels
- Market restructuring has led to Pandox taking over operations
- Pandox listed at Nasdaq Stockholm for the second time in 20 years
- Our outlook remains unchanged

Financial summary second quarter

Key highlights

- Solid quarter supported by increased economic activity, with growth in underlying rental income and cash earnings.
- Like-for-like growth¹ in revenue and net operating income from Property management of 6.7 percent and 6.3 percent, respectively.
- Like-for-like growth¹ in net operating income from Operator activities of 24.5 percent.
- Cash earnings grew by 17.5 percent, despite divestment of 15 hotel properties in April 2014
- During the interim period, Investment properties experienced an unrealised portfolio value increase of 3.2 percent. For Operating properties (information purposes only) the increase was 4.6 percent.
- At the end of the interim period, EPRA NAV per share amounted to SEK 99.23, an increase by SEK 7.12 compared with year-end 2014.

Financial summary table (MSEK)

	Q2 2015	Q2 2014	Chng %	6m 2015	6m 2014	Chng %
Revenue <i>Property management</i>	388,1	380,2	2,1	720,0	738,8	-2,5
Net operating income <i>Property management</i>	311,5	308,3	1,0	571,5	586,3	-2,5
Net operating income <i>Operator activities</i>	145,7	117,5	24,0	196,2	150,7	30,2
EBITDA	438,1	409,2	7,1	727,5	705,5	3,1
Profit for the period	651,2	537,1	21,2	1 025,2	888,4	15,4
Cash earnings	318,5	271,1	17,5	489,3	419,8	16,6
<i>Per share data (SEK)</i>						
Cash earnings	2,12	1,81	17,5	3,26	2,80	16,6
EPRA NAV				99,23	85,92	15,5

Income statement

Stable positive underlying development

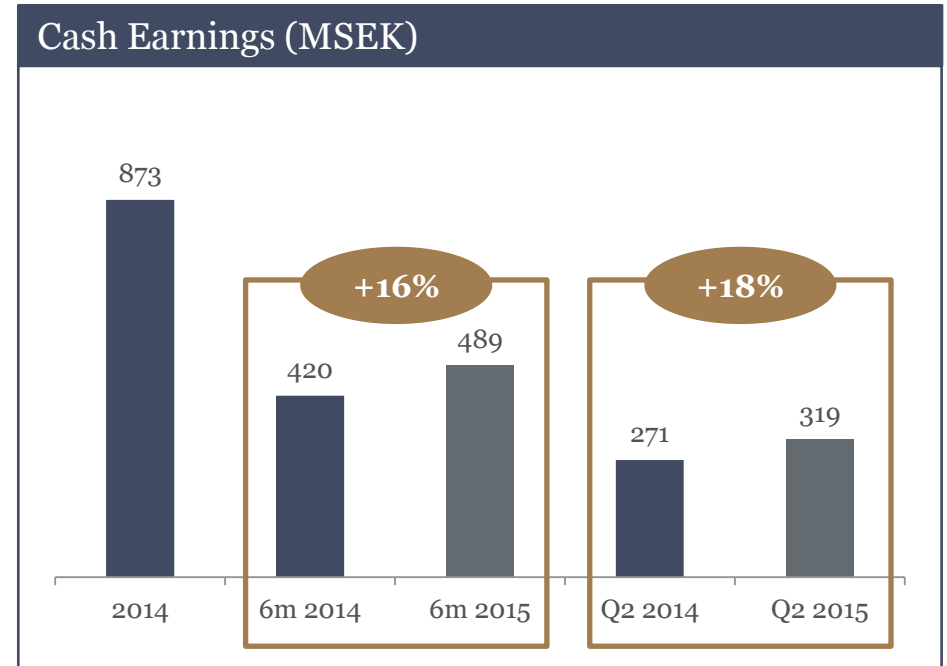
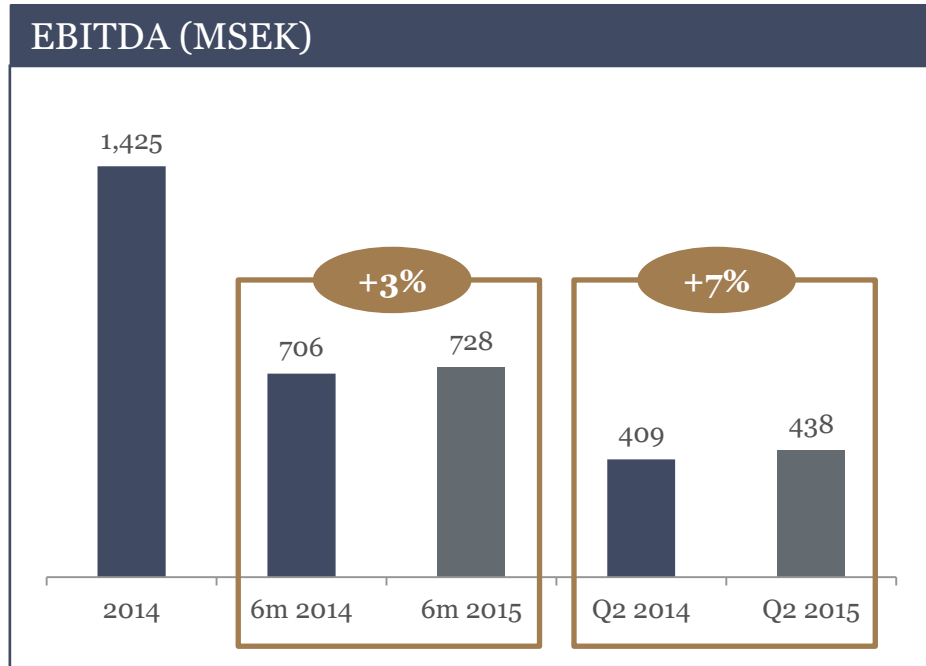
(MSEK)	Q2 2015	Q2 2014	6m 2015	6m 2014	FY 2014
Revenues Property management					
Rental income	371,9	366,5	690,8	710,9	1 417,8
Other property income	16,2	13,7	29,2	27,9	59,5
Revenue Operator activities	608,9	447,8	975,6	752,2	1 598,3
Total revenues	997,0	828,0	1 695,6	1 491,0	3 075,6
Costs Property management	-76,6	-71,9	-148,5	-152,5	-291,6
Costs Operator activities	-493,5	-357,6	-841,6	-653,3	-1 387,1
Gross profit	426,9	398,5	705,5	685,2	1 396,9
<i>- whereof gross profit Property management</i>	<i>311,5</i>	<i>308,3</i>	<i>571,5</i>	<i>586,3</i>	<i>1 185,7</i>
<i>- whereof gross profit Operator activities</i>	<i>115,4</i>	<i>90,2</i>	<i>134,0</i>	<i>98,9</i>	<i>211,2</i>
Central administration	-19,2	-16,7	-40,5	-31,8	-82,0
Financial income	0,5	1,4	1,2	2,6	4,8
Financial expenses	-114,9	-142,8	-229,5	-287,7	-540,9
Profit before changes in value	293,3	240,4	436,7	368,3	778,8
<i>Changes in value</i>					
Properties, unrealised	307,6	98,1	670,7	578,0	906,3
Properties, realised	7,7	290,7	7,7	290,7	290,7
Derivatives, unrealised	215,8	-180,6	182,7	-343,6	-622,0
Profit before tax	824,4	448,6	1 297,8	893,4	1 353,8
Current tax	-5,2	3,3	-9,9	-0,6	-15,9
Deferred tax	-168,0	85,2	-262,7	-4,4	-85,2
Profit for the period	651,2	537,1	1 025,2	888,4	1 252,7

Comments on the second quarter

- Broad based improvement in headline revenue and net operating income, despite the divestment of 15 hotel properties in April 2014.
- Higher activity in the majority of our markets, increased demand for hotel rooms, new lease agreements with better terms and recently renovated hotels increasing market shares.
- Property management reported like-for-like revenue growth of 6.7 percent.
- Operator activities reported like-for-like revenue growth of 8.6 per cent.
- Divestment of 15 hotel properties in April 2014 affect comparable figures, and reclassification of Mr Chip Hotel and Radisson Blu Lillehammer affect the current period.
- Revenues from Grand Hotel Oslo MSEK 87.6 (o) four months.
- Decrease in financial expenses reflects repayment of debt following the divestments of 15 hotels and gradually lower interest rates
- Changes in value includes final payment for Hilton London Docklands divestment.

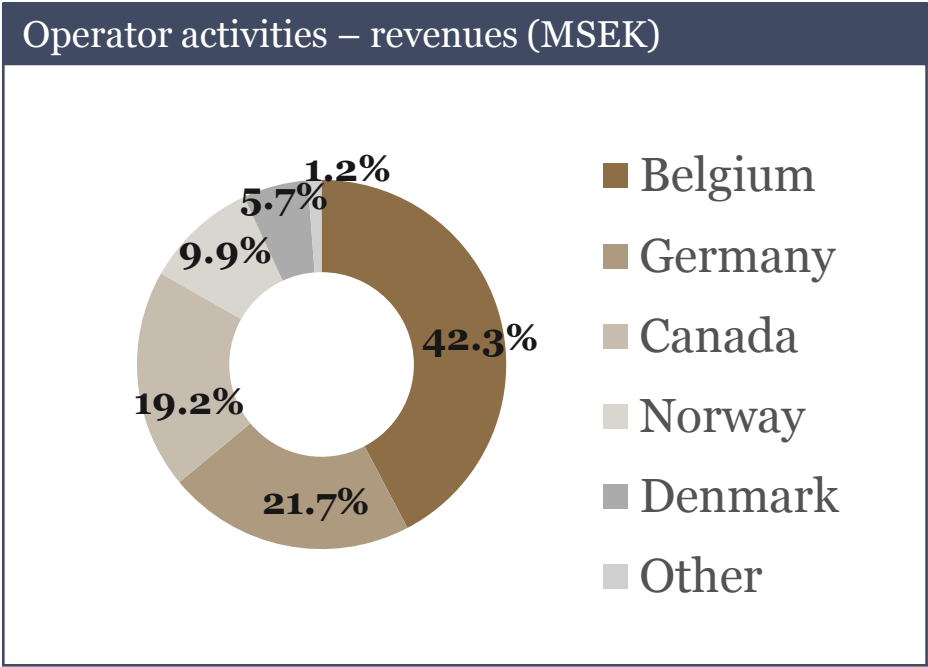
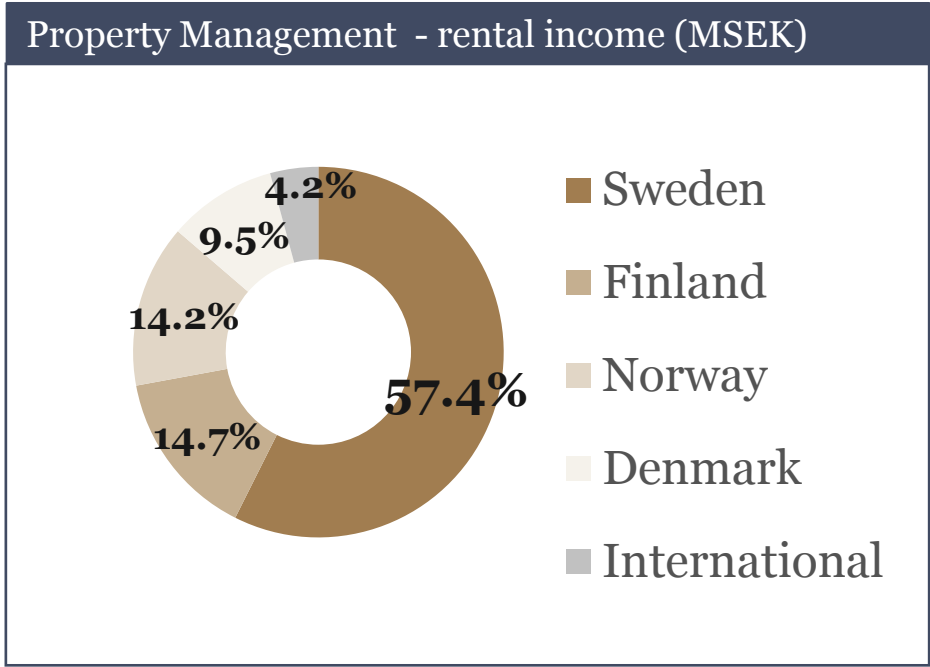
Income statement

Stable growth in EBITDA and cash earnings



Revenue by geography

Well diversified business portfolio



Property management

Good growth in underlying net operating income

(MSEK)	Q1 2015	Q1 2014	6m 2015	6m 2014	FY 2014
Net operating income – Property management					
Rental income	371,9	366,5	690,8	710,9	1,417.8
Other property income*	16,2	13,7	29,2	27,9	59.5
Costs, excluding property administration	-61,0	-56,7	-116,6	-120,9	-228.5
Net operating income, before property administration	327,1	323,5	603,3	618,0	1,248.8
Property administration	-15,6	-15,2	-31,8	-31,7	-63.1
Net operating income, after property administration, Property management	311,5	308,3	571,5	586,3	1,185.7

* Revenues from asset management agreements amounted to MSEK 0.7 (0) in the second quarter

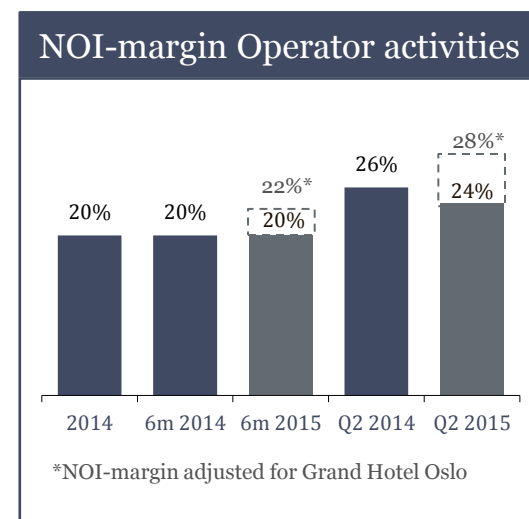
- › Q2 2015 like-for-like rental income and net operating income increased by 6.7 and 6.3 per cent, respectively.
- › Divestment of 15 hotel properties in April 2014.
- › Reclassification of Mr Chip Hotel and Radisson Blu Lillehammer Hotel in June 2015.
- › Solid underlying performance in the portfolio.

Operator activities

Sizeable growth in net operating income

(MSEK)	Q2 2015	Q2 2014	6m 2015	6m 2014	FY 2014
Net operating income - Operator activities					
Revenue	608,9	447,8	975,6	752,2	1,598.3
Costs	-493,5	-357,6	-841,6	-653,3	-1,387.1
Gross profit	115,4	90,2	134,0	98,9	211.2
Add: Depreciation included in costs	30,3	27,3	62,2	51,8	109.0
Net operating income	145,7	117,5	196,2	150,7	320.2

- Revenue and net operating income like-for-like increased by 8.6 per cent and 24.5 per cent, respectively.
- Like-for-like RevPAR increased by 9.6 per cent
- Revenues from Grand Hotel Oslo amounted to MSEK 87.6 (0).
- Reclassifications: Mr Chip (June 1) and Radisson Blu Lillehammer (June 1)



Property portfolio value change

Yield compression and strong underlying cash flows

Change in value Investment properties

	MSEK
Investment properties, beginning of the period (January 1, 2015)	20,843.3
+ Acquisitions	—
+ Investments	96.5
- Divestments ¹	-7.7
+/- Reclassifications	-401.1
+/- Unrealized changes in value	670.7
+/- Realized changes in value ¹	7.7
+/- Change in currency exchange rates	-109.7
Investment properties, end of period (June 30, 2015)	21,099.7

Change in value Operating properties, reported for information purposes only

	MSEK
Operating properties, beginning of the period (January 1, 2015)	5,660.5
+ Acquisitions	—
+ Investments	69.2
- Divestments	—
+/- Reclassifications	401.1
+/- Unrealized changes in value	260.6
+/- Realized changes in value	—
+/- Change in currency exchange rates	-164.4
Operating properties, end of period (June 30, 2015)	6,227.0

¹ Refers to final payment for Hilton London Docklands, which was divested in 2014

Comments

- External valuations performed on 25 per cent of the property portfolio in the second quarter
- External valuations in line and confirms Pandox's internal valuations
- Average valuation yield Investment properties 5.9 (6.1) percent
- Average valuation yield Operating properties 7.5 (7.9) percent
- Reclassification of Mr Chip Hotel and Radisson Blu Lillehammer Hotel from Investment properties to Operating properties
- Strong underlying cash flow in the portfolio

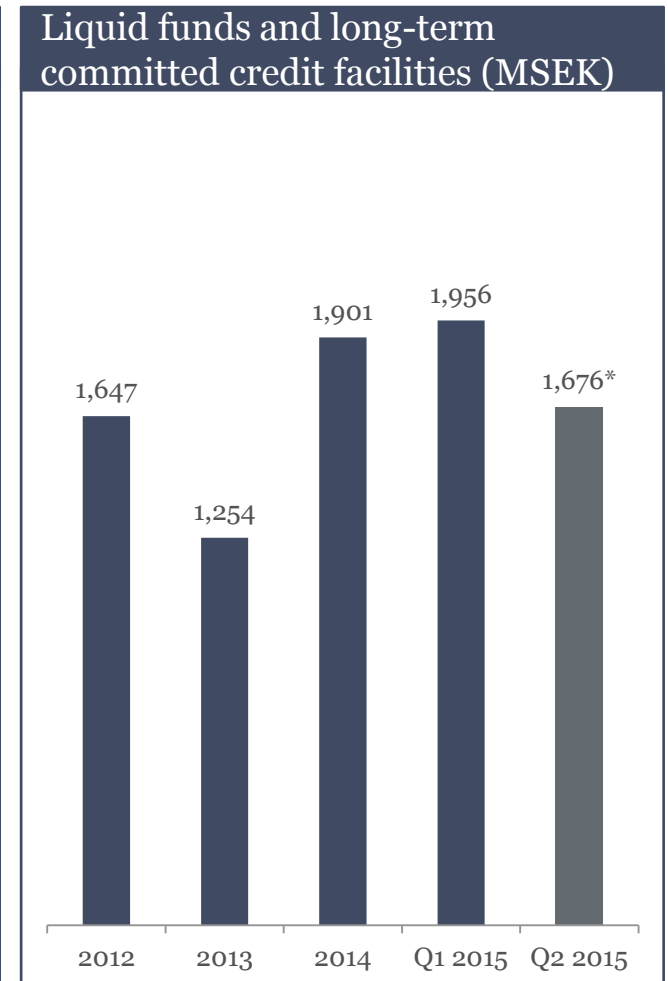
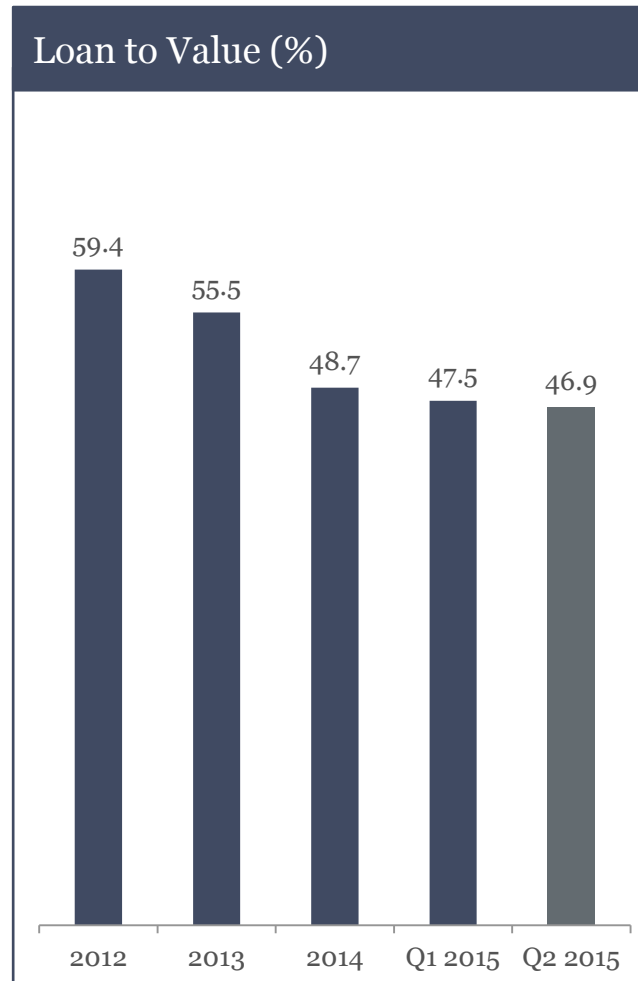
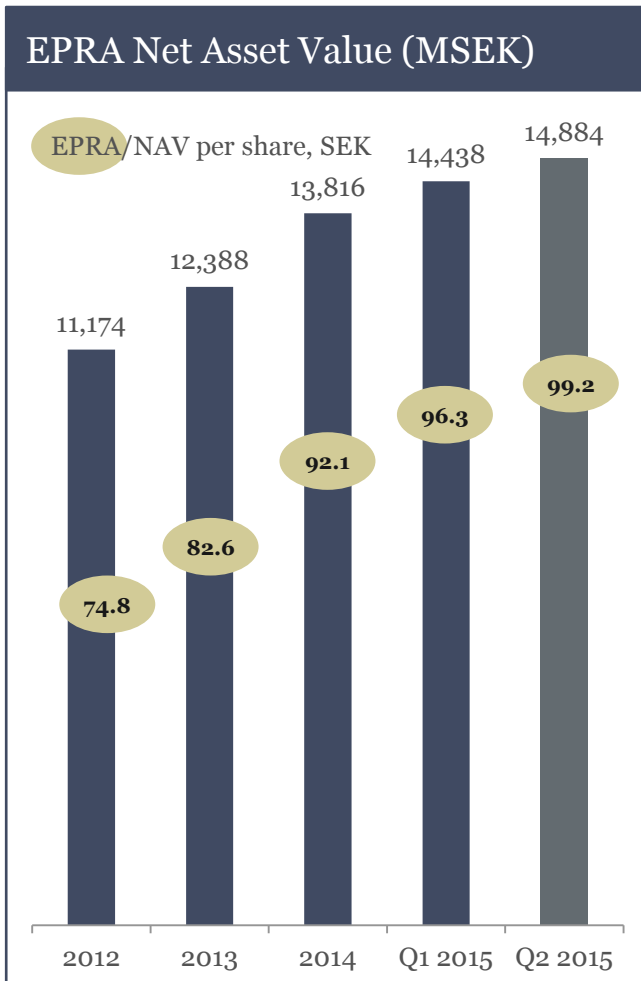
Portfolio composition

Investment properties account for 77 percent of total property market value

Segment and Geography	No. of hotels	No. of rooms	Property value (MSEK)	Property value as % of total	Value per room (MSEK)
Investment properties					
Sweden	51	9 714	12,684	46.4%	1.3
Norway	13	2,200	2,437	8.9%	1.1
Finland	13	2,913	3,011	11.0%	1.0
Denmark	7	1,405	1,985	7.3%	1.4
International	3	510	983	3.6%	1.9
Total	87	16,742	21,100	77.2%	1.3
Operating properties					
Sweden	1	150	169	0.6%	1.1
Norway	1	303	219	0.8%	0.7
Finland	1	151	43	0.2%	0.3
Denmark	2	440	586	2.1%	1.3
International	12	4,183	5,210	19.1%	1.2
Total	17	5,227	6,227	22.8%	1.2
Total owned properties	104	21,969	27,327	100.0%	1.2

Financing and capital structure

Solid growth in EPRA NAV and increased financial flexibility



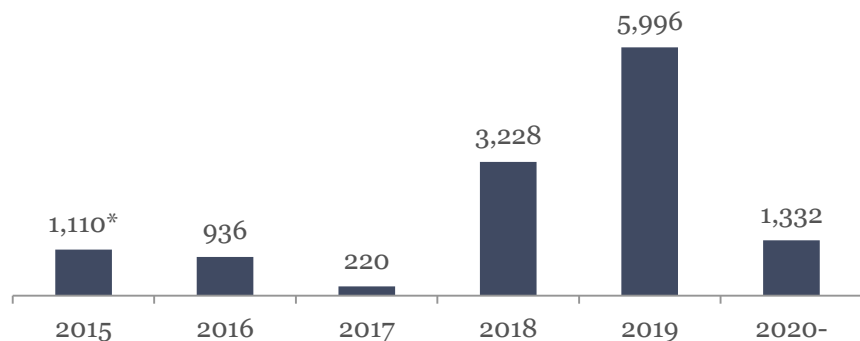
* After dividend payment and payment of group contribution in the amount MSEK 308.5

Interest-bearing liabilities as of 30 June 2015

Key debt metrics

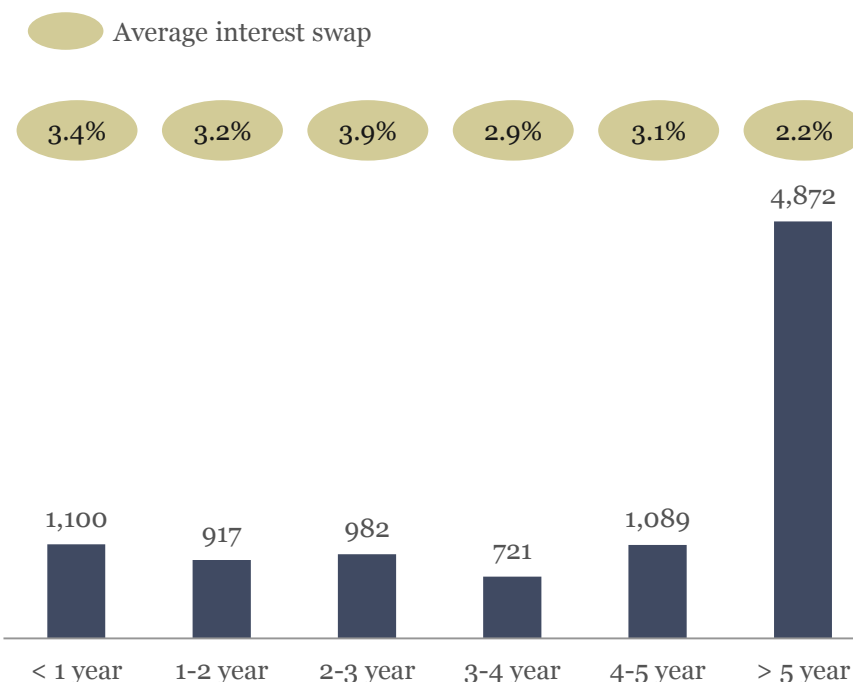
Gross interest-bearing debt (MSEK)	12,822
Net interest-bearing debt (MSEK)	12,558
Loan-to-Value ¹ (gross)	46.9%
Loan-to-Value ¹ (net)	46.0%
Average interest rate	3.3%
Average interest rate period	3.5 yrs
Average repayment period	3.5 yrs

Maturity profile of debt (MSEK)



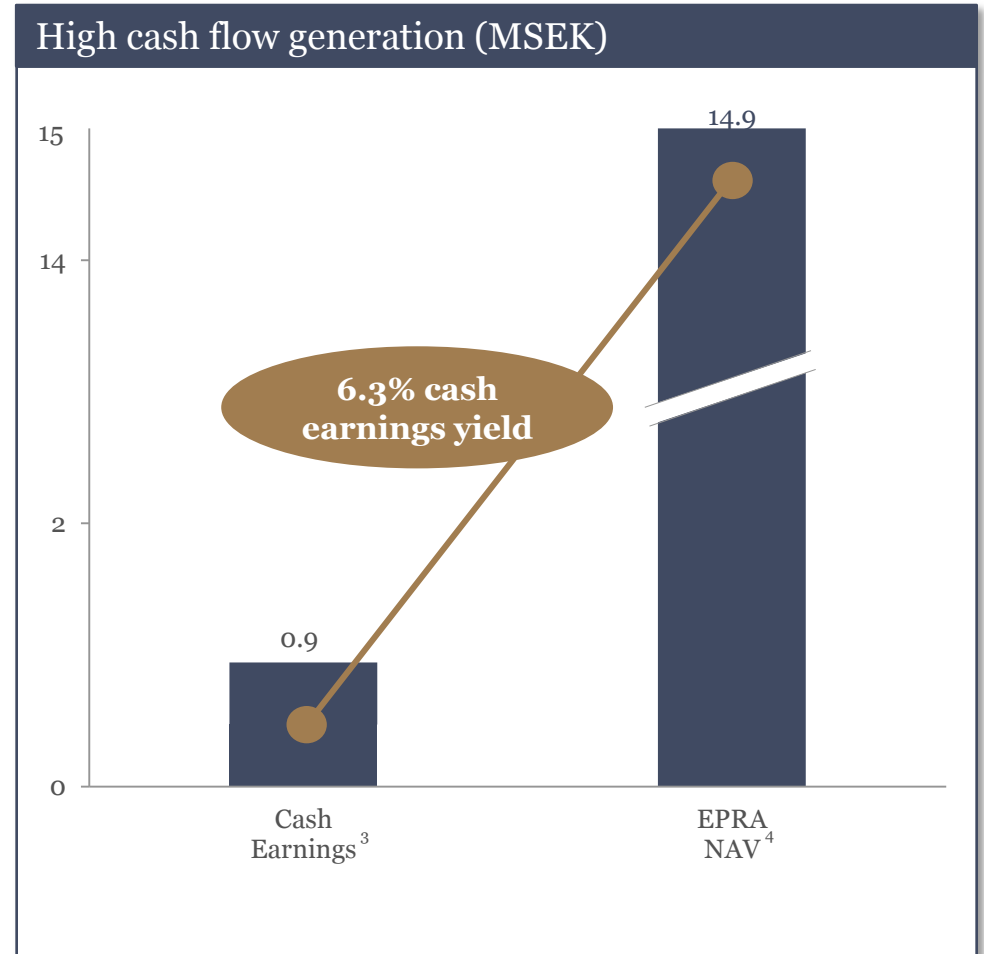
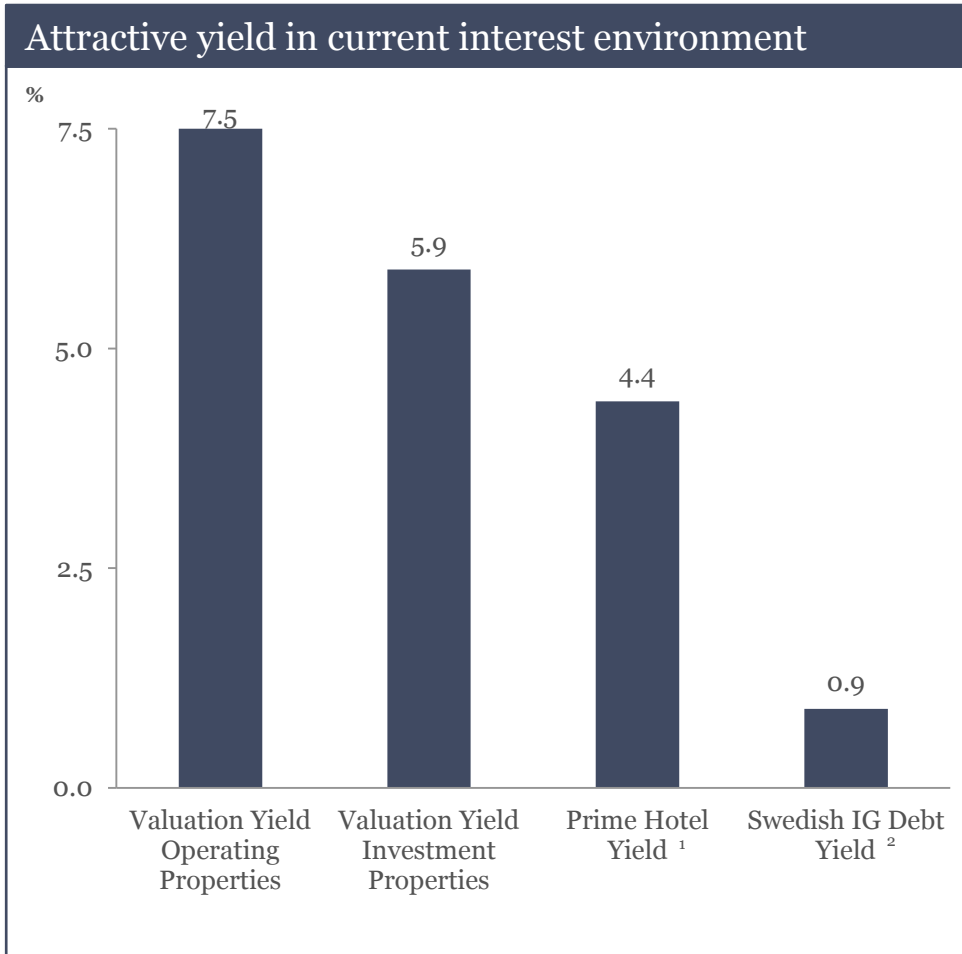
* MSEK 925.9 refinanced in July 2015.

Maturity profile fixed and hedged debt



Total MSEK 9,681 hedged (67% > 1 year)

Attractive yield profile



1) Stockholm Prime Hotel Yield, DTZ Q2 2015 2) Bloomberg as of August 18, 2015. 3) Cash earnings yield based on rolling 12 months actual cash earnings per June 30, 2015. 4) EPRA NAV June 30, 2015.

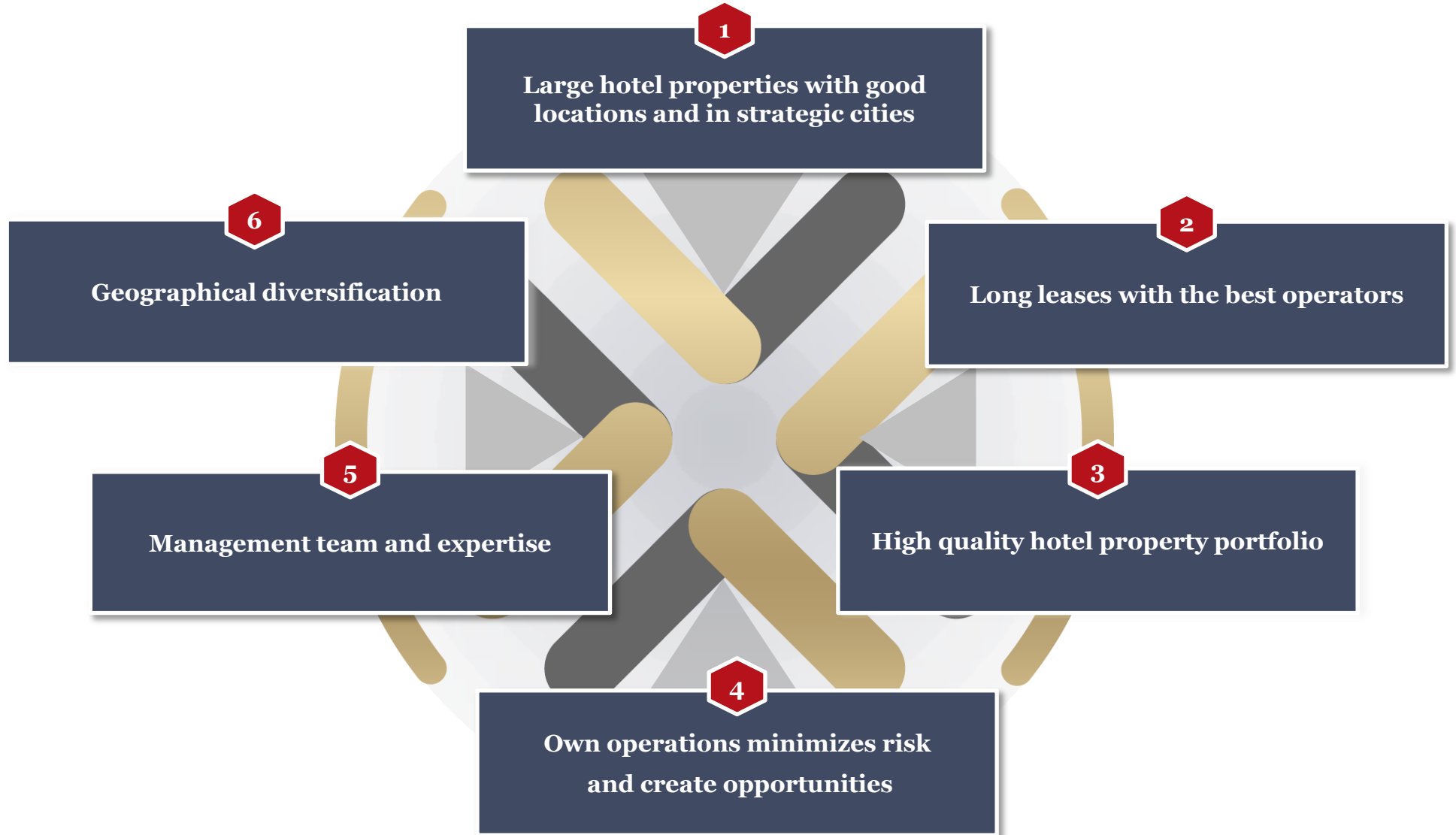
Summary and wrap-up of financial section

A good quarter with solid underlying portfolio performance

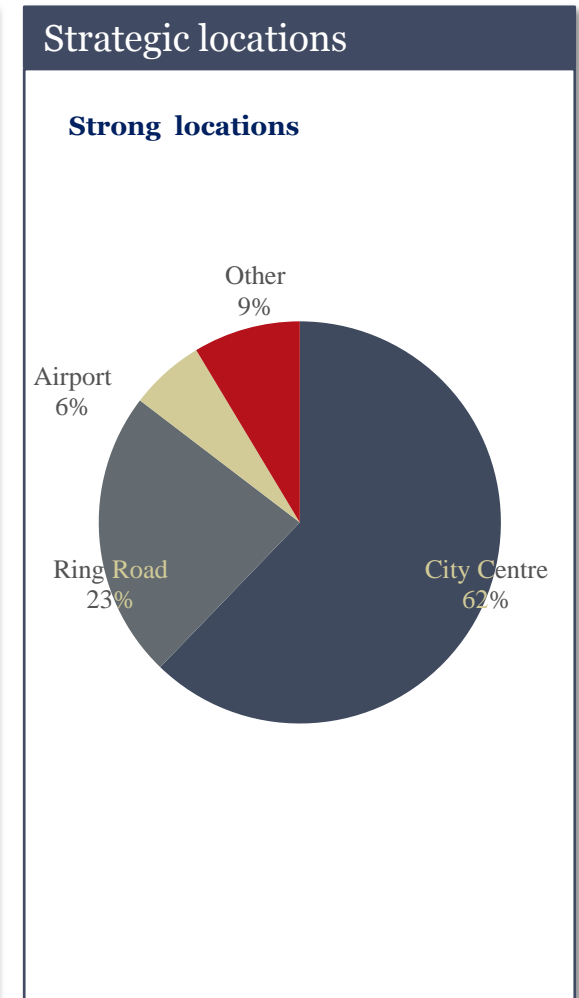
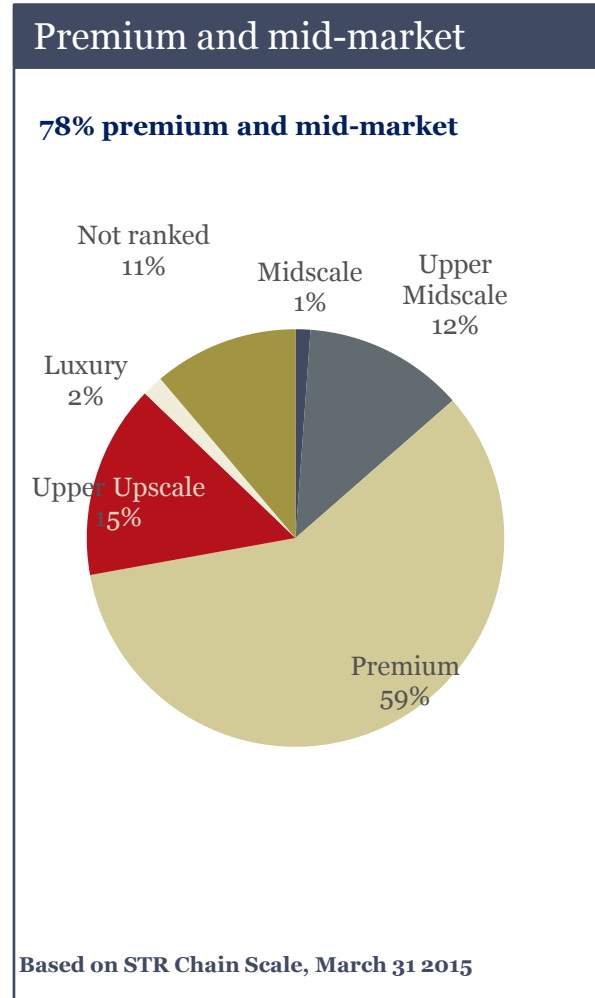
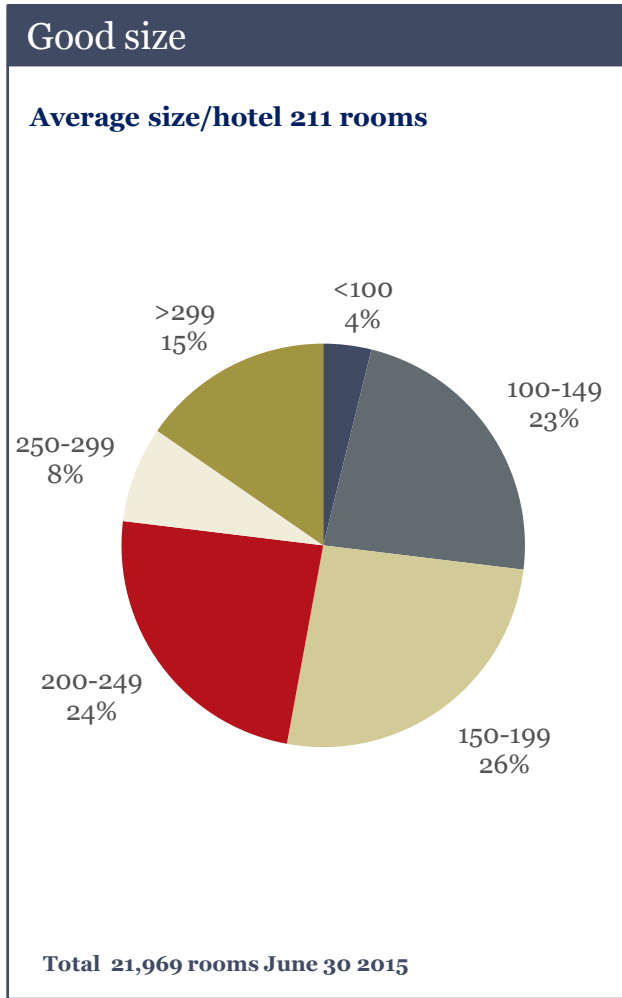
- A solid quarter supported by increased economic activity and market share gains from renovated hotels coming back to market.
- Positive like-for-like growth in revenue and net operating income in both segments.
- Cash earnings growth of 17.5 percent, despite divestment of 15 hotel properties in April 2014.
- Total property market value of MSEK 27,327 (26,504) from yield compression and solid underlying cash flow generation.
- Net asset value (EPRA NAV) per share of SEK 99.23, an increase of SEK 7.12 (approximately 8 percent) since 31 December 2014.
- Financial flexibility with cash earnings to EPRA NAV of 6.3 percent, and Loan to Value at 46.9 percent at lower end of target range (45-60 percent).

Pandox's business model and value proposition

Since 1997, Pandox has delivered an equity return of over 18% p.a.¹



Focus on large premium hotels with good locations in strategic cities



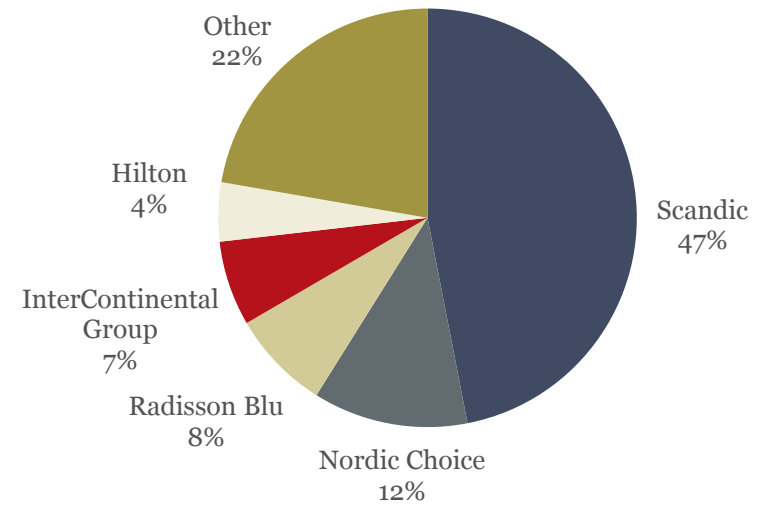
Long-term lease agreements with strong partners

Pandox's tenants are leading hotel operators and brands



Brands	No. of Rooms	No. of Hotels	Countries ¹
Scandic	10,311	50	
 NORDIC CHOICE HOTELS	2,630	16	
Radisson BLU	1,693	7	
 INTERCONTINENTAL	1,442	5	
	1,001	4	
	985	7	
HYATT	605	1	
	452	2	
	252	2	
	137	1	
Independent Brands	2,461	9	
Total	21,969	104	

Rooms by brand as of June 30 2015



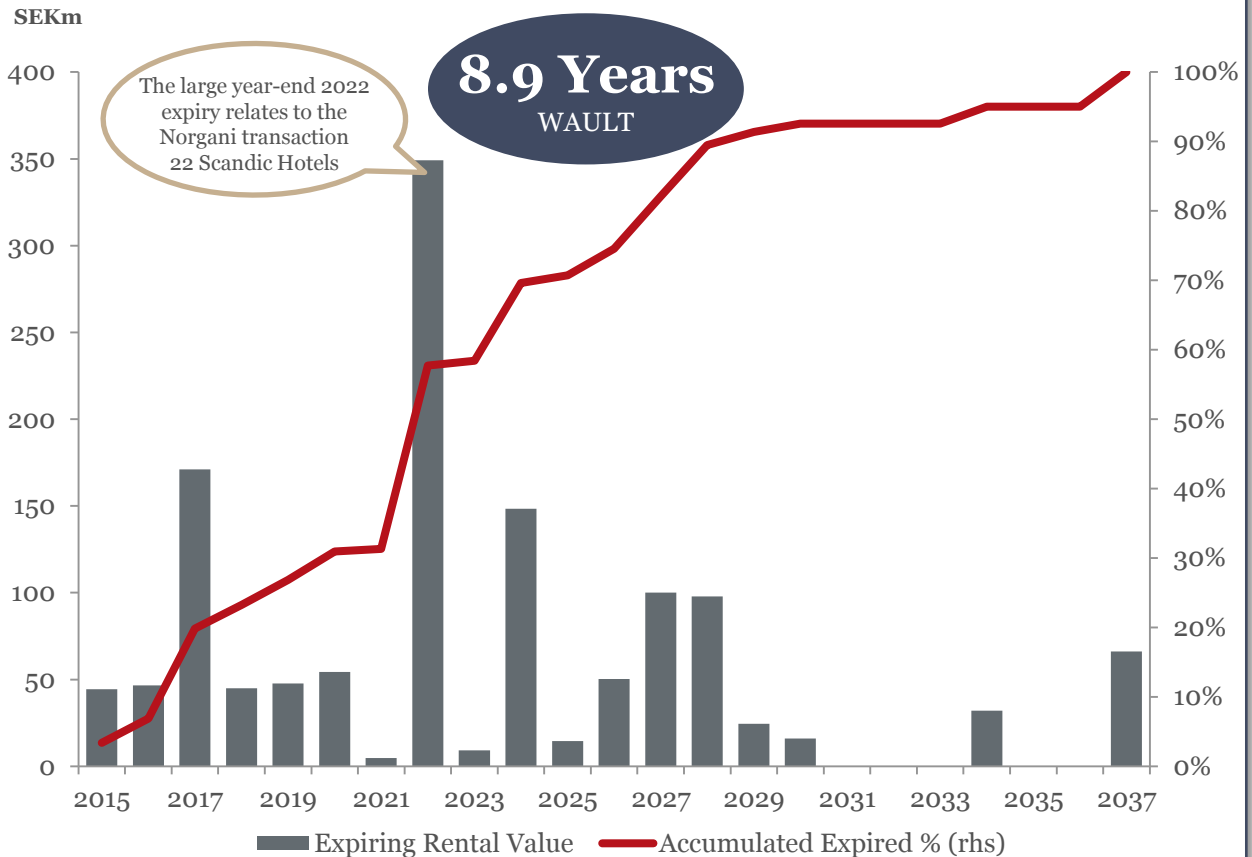
Lease terms providing income stability and rental upside



c.80% of NOI from leased hotels

- Long term leases with **8.9-year WAULT**¹
- **Approximately 95%** turnover based rents
- **Approximately 70%** minimum guaranteed rents and **5%** fixed lease

Weighted average unexpired lease term on Investment properties



As of June 30, 2015

Portfolio of high quality – flagship hotels

Well positioned to benefit from market growth and market share gains

3

Hilton Stockholm Slussen, Sweden (292 rooms)



Scandic Copenhagen, Denmark (486 rooms)



Scandic Park Helsinki, Finland (524 rooms)



Scandic Hasselbacken, Stockholm (113 rooms)



Hotel Berlin, Berlin, Germany (701 rooms)



Park Avenue Göteborg, Sweden (317 rooms)



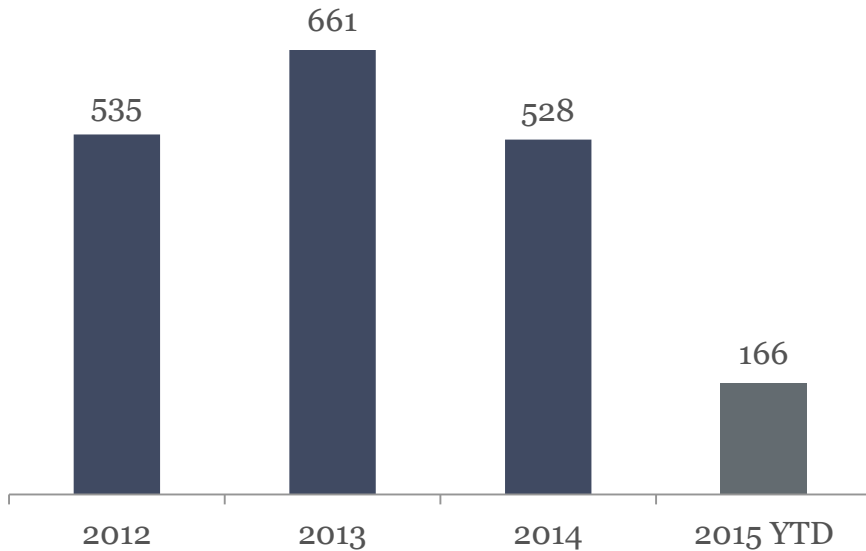
Well invested hotel portfolio

Extensive hotel renovations made in recent years



Investments Excluding Acquisitions¹ (MSEK)

- Extensive program of hotel renovations and upgrades with over **SEK 1.7bn** invested last 3 years



Project Shark (Scandic)

SEK
1.6 billion¹



- A joint venture investment program with Scandic to renovate, upgrade and develop 40 hotels across the Nordics
- Out of the 40 hotels, 23 were renovated with a common concept to create the highway hotels of the future

The Hotel, Brussels

EUR
35 million



- Repositioning and business development of an underperforming hotel
- Acquired in 2010, complete refurbishment of all rooms, conference, public areas and F&B in 2011-13

Radisson Blu Arlandia



- Airport hotel next to Arlanda airport in Stockholm
- Refurbishment of rooms and public areas in 2012-2014

Long experience of transforming underperforming assets

4

Three examples



InterContinental Montreal (357 rooms)



First Copenhagen, Denmark (215 rooms)



Crowne Plaza Brussels, Belgium (354 rooms)

Pandox's own operations create opportunities and minimizes risk



Key highlights of Operator activities (“Pandox Operations”)

- 17 hotels with 5,227 rooms
- Hotel operations and brand expertise
- Revenue centre in Brussels
- Organised from Stockholm but managed locally (Brussels and Oslo)
- Created as a response to the development of the hotel market
- Several hotels currently in ramp-up phase

Pandox operated hotels by brand and location

	Hotels	Rooms	% of rooms
Belgium	6	1,936	37%
Crowne Plaza Antwerpen		262	
Crowne Plaza Brussels - Le Palace		354	
Hilton Brussels City		284	
Holiday Inn Brussels Airport		310	
Hotel BLOOM! Brussels		305	
The Hotel, Brussels		421	
Germany	4	1,285	25%
Holiday Inn Lübeck		159	
Radisson Blu Bremen		235	
Radisson Blu Dortmund		190	
Hotel Berlin, Berlin		701	
Canada	2	962	18%
Hyatt Regency Montreal		605	
InterContinental Montreal		357	
Denmark	2	440	8%
First Hotel Copenhagen		215	
Urban House Copenhagen		225	
Norway	1	303	6%
Radisson Blu Lillehammer		303	
Finland	1	151	3%
Hotel Korpilampi, Espo		151	
Sweden	1	150	3%
Mr Chip, Kista		150	
TOTAL	17	5,227	100%

Experienced management team

Combines property and hotel operations' expertise



Anders Nissen
President & CEO
Employed since 1995

One of the founders of Pandox and has been the CEO of Pandox since the start in 1995

- Over 30 years of experience from the hotel and hospitality industry in the Scandinavian and international hotel market



Liia Nõu
Senior Vice President, CFO
Employed since 2007

Over 25 years of experience within financial administration and finance

- Former CFO of TDC Song Holding AB, Icon Medialab and Tele2 AB
- Ms. Nõu has also served in several capacities with Kuwait Petroleum Svenska AB (“Q8”)



Lars Haggström
Senior Vice President, Asset and Technical Development.
Employed since 2000



Aldert Schaaphok
Senior Vice President, Director International Operations.
Employed since 2004



Jonas Törner
Vice President, Business Intelligence
Employed since 2005



Thomas Backteman
IR Manager
Employed since 2015



Leif Kristen Olsen
Vice President, Area Manager, Sweden & Norway.
Employed since 2010



Erik Hvesser
Vice President, Area Manager, Sweden & Finland.
Employed since 2006



Helge Krogsbøl
Vice President, Director Operations Scandinavia.
Employed since 2012

Supported by Platform of c. 1,400 Professionals and an Experienced Board

Stable growth in key markets

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015
Europe	6%	4%	5%	7%	6%	6%	6%
Brussels	5%	4%	3%	1%	3%	2%	8%
Berlin	2%	1%	10%	5%	5%	5%	15%
Stockholm	4%	0%	3%	1%	2%	5%	-3%
Oslo	7%	-5%	3%	0%	1%	2%	14%
Helsinki	2%	0%	4%	3%	2%	-1%	-3%
Copenhagen	13%	2%	3%	1%	4%	8%	10%
Montreal	5%	7%	17%	7%	10%	8%	9%

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

RevPAR upside through lease structure and own operations

Sensitivity to RevPAR change as of June 30, 2015

Upside participation in lease contracts (June 30, 2015)

- Approximately 95 percent of rental income is turnover based
- Approximately 70 percent of lease agreements include a minimum rent level

- 1% change in RevPAR contributing to c. MSEK 10 in revenue growth based on 50/50 split of occupancy and rate

Direct participation through own operations

- Full exposure to underlying RevPAR development

- 1% change in RevPAR contributing to c. MSEK 17 in revenue growth based on 50/50 split of occupancy and rate

Continuous investment into portfolio to enhance performance

➤ Capex of c. MSEK 565 committed for future investments as of 30 June 2015



Scandic Winn Karlstad
(199 rooms)
• Karlstad, Sweden
• Refurbishment and repositioning
• 2016 estimated completion



Hilton Helsinki Strand
(190 rooms)
• Helsinki, Finland
• Refurbishment part of Project Shark
• 2015 estimated completion




Scandic Crown
(338 rooms)
• Gothenburg, Sweden
• Refurbishment of hotel
• 2016 estimated completion



Quality Ekoxen
(190 rooms)
• Linköping, Sweden
• Refurbishment of hotel
• 2016 estimated completion

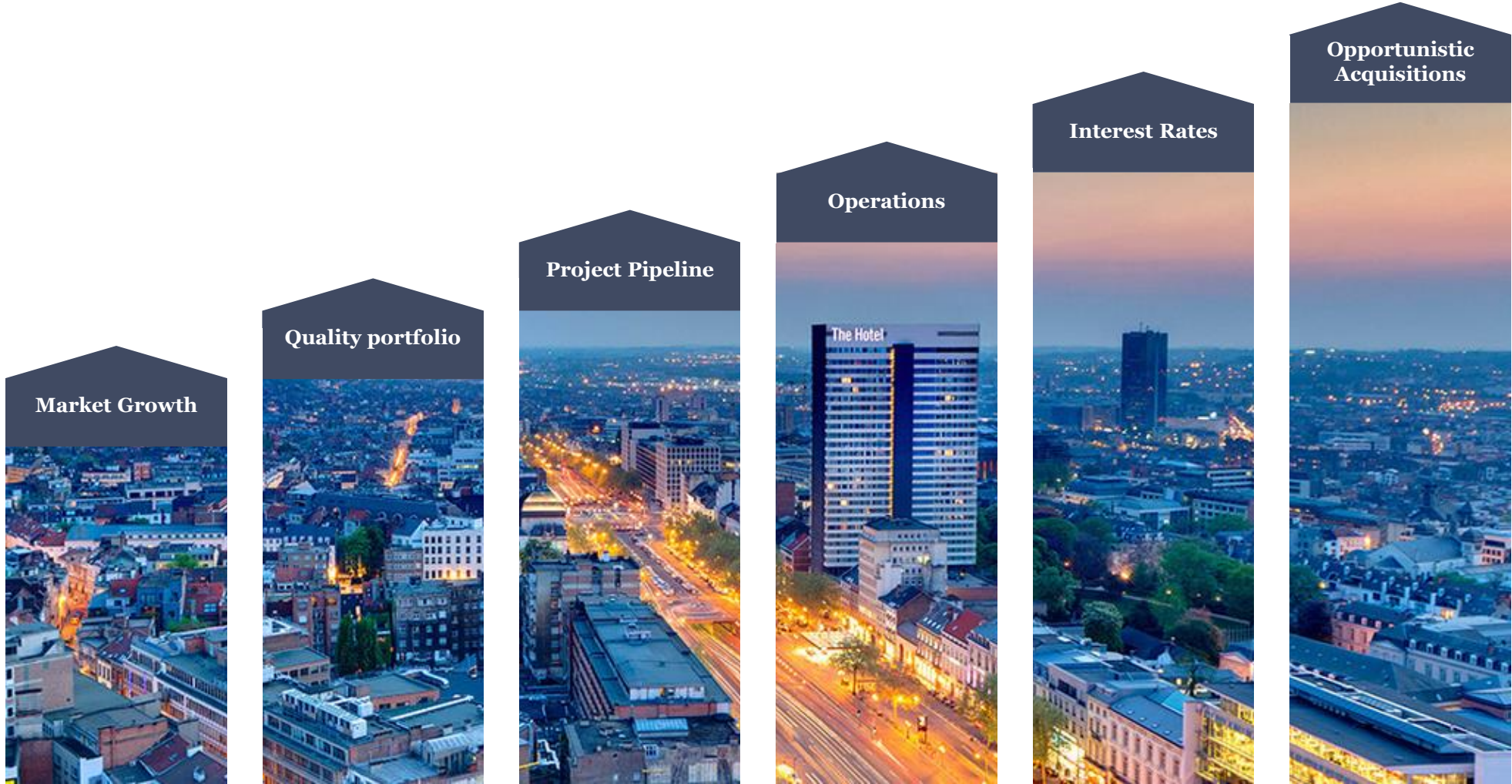


Scandic Mölndal
(208 rooms)
• Gothenburg, Sweden
• Refurbishment of hotel
• 2017 estimated completion



Urban House
(225 rooms)
• Copenhagen, Denmark
• Operations, refurbishment and repositioning
• 2015 estimated completion

Key growth drivers for cash earnings



Organic Growth

➤ Thank you! Time for questions!



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Sweden

www.pandox.se

- Nov 5 - Interim report for the period January - September 2015
- Nov 24 - Pandox Hotel Market Day