



A strong third quarter

Interim presentation for the third quarter 2015

Stockholm, 5 November 2015

Anders Nissen, CEO
Liia Nõu, CFO

Today's agenda

Introduction

Financial review

Business model
and value
proposition

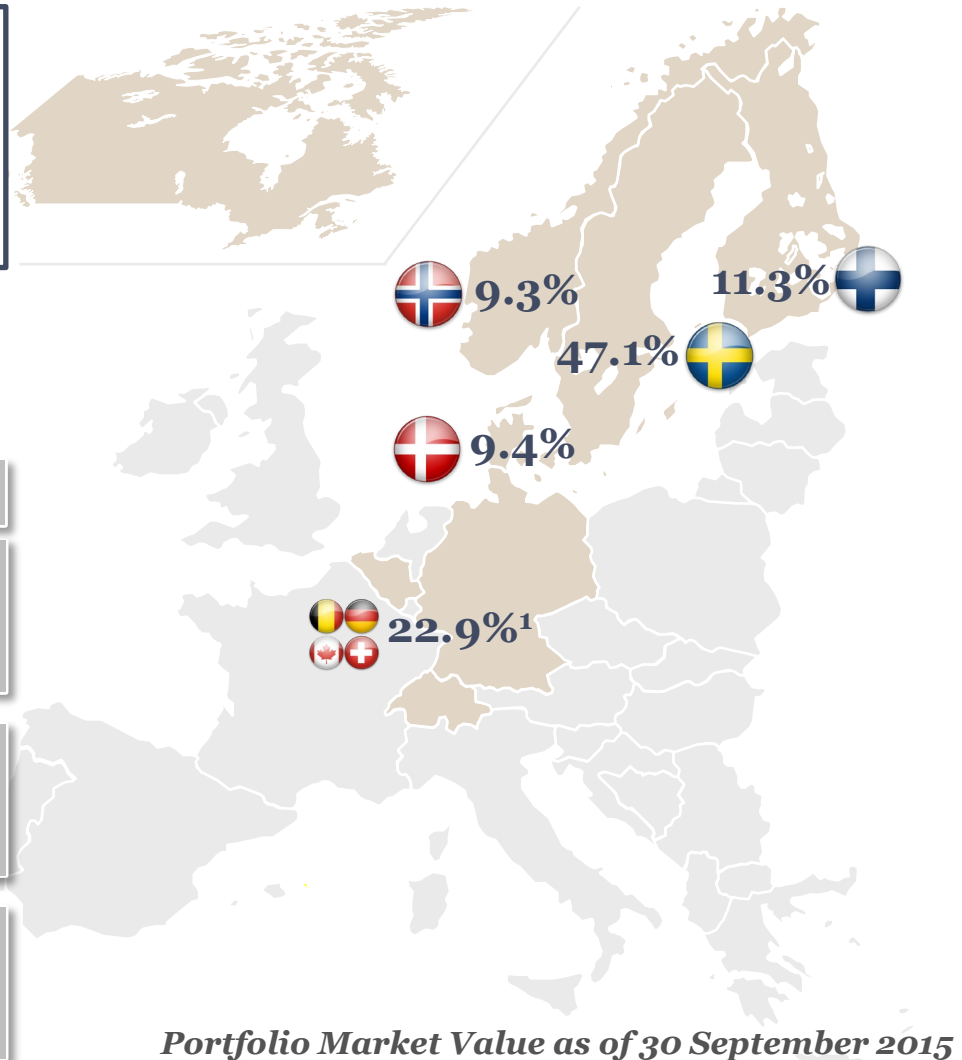
Q&A

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

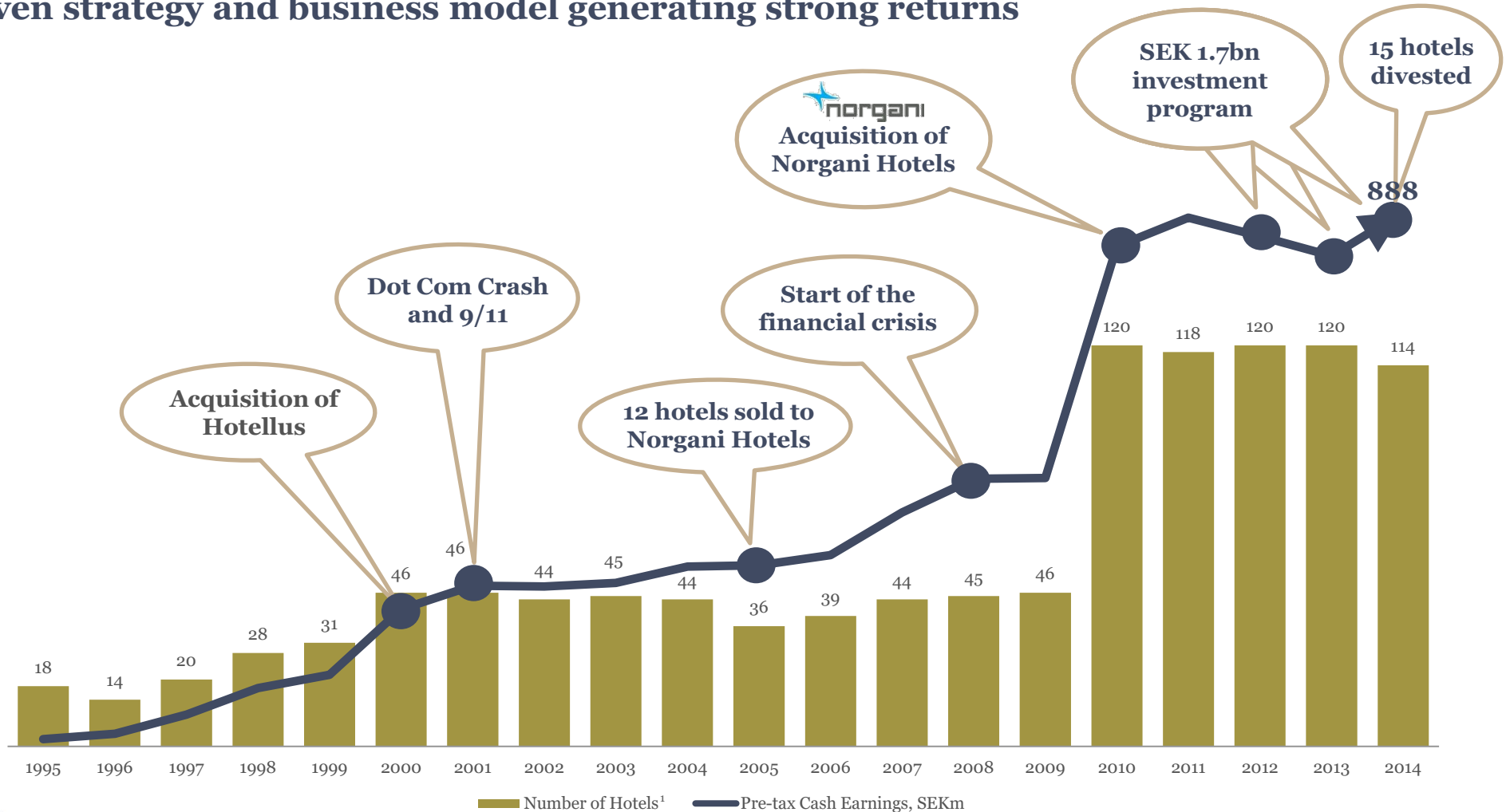


Pandex Group	Property Management	Operator Activities
104 Hotel Properties	87 Leased Out	17 Operated
SEK 27.7bn Portfolio Market Value	77% Portfolio Market Value	23% Portfolio Market Value
	5.9% Valuation Yield	7.6% Valuation Yield



Pandox 20 years

Proven strategy and business model generating strong returns



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.

Business highlights July – September 2015

A strong third quarter due to a combination of positive drivers

- Strong third quarter earnings supported by a combination of positive factors:
 - (1) a strong summer and an extraordinarily strong month of September in Stockholm*
 - (2) hotels returning from renovation and gaining market share with new concepts*
 - (3) high productivity in Operator Activities, and*
 - (4) lower financing costs*
- Clear improvements in net operating profit for both segments.
- Our outlook for 2015 remains unchanged.

Financial summary for the third quarter

Strong earnings improvement

Key highlights

- A strong quarter supported by a pick-up in market demand and good performance in both segments.
- Like-for-like growth¹ in revenue and net operating income from Property Management of 9.9 percent and 9.8 percent, respectively.
- Like-for-like growth¹ in net operating income from Operator Activities of 12.3 percent.
- Cash earnings grew by 26.6 percent adjusted for one-time items.
- During the period Jan-Sept 2015, Investment properties experienced an unrealised portfolio value increase of 4.3 percent. For Operating properties (information purposes only) the increase was 6.0 percent.
- By 30 September 2015, EPRA NAV per share amounted to SEK 104.45, an increase by SEK 12.34 compared with year-end 2014.

Financial summary table (MSEK)

	Q3 2015	Q3 2014	Chng %	9m 2015	9m 2014	Chng %
Revenue						
<i>Property Management (Note 1,2)</i>	458	380	21	1,178	1,119	5
Net operating income (Note 1,2)						
<i>Property Management</i>	403	310	30	974	897	9
Net operating income (Note 2)						
<i>Operator Activities</i>	115	88	31	312	239	31
EBITDA (Note 1)	495	377	31	1,223	1,083	13
Profit for the period (Note 1,3)	425	240	77	1,450	1,128	28
Cash earnings (Note 1,3)	407	259	57	896	679	32
<i>Per share data (SEK)</i>						
Cash earnings (Note 1,3,4)	2.71	1.73	57	5.97	4.53	32
EPRA NAV (Note 4)				104.45	89.66	16

(Note 1) Includes one-time revenue of MSEK 60 in Q3 2015.

(Note 2) Divestment of 15 Investment properties in April 2014, and reclassification of Urban House Copenhagen to Operator activities in April 2014, and reclassification of Mr Chip Hotel and Radisson Blu Lillehammer Hotel in June 2015 to Operator activities.

(Note 3) Includes compensation for previous tax expense of MSEK 19 in Q3 2015.

(Note 4) Retrospectively adjusted for share split in May 2015. The total number of shares outstanding before and after full dilution is 150 000 000.

Income statement

Substantial increase in both revenues and profit

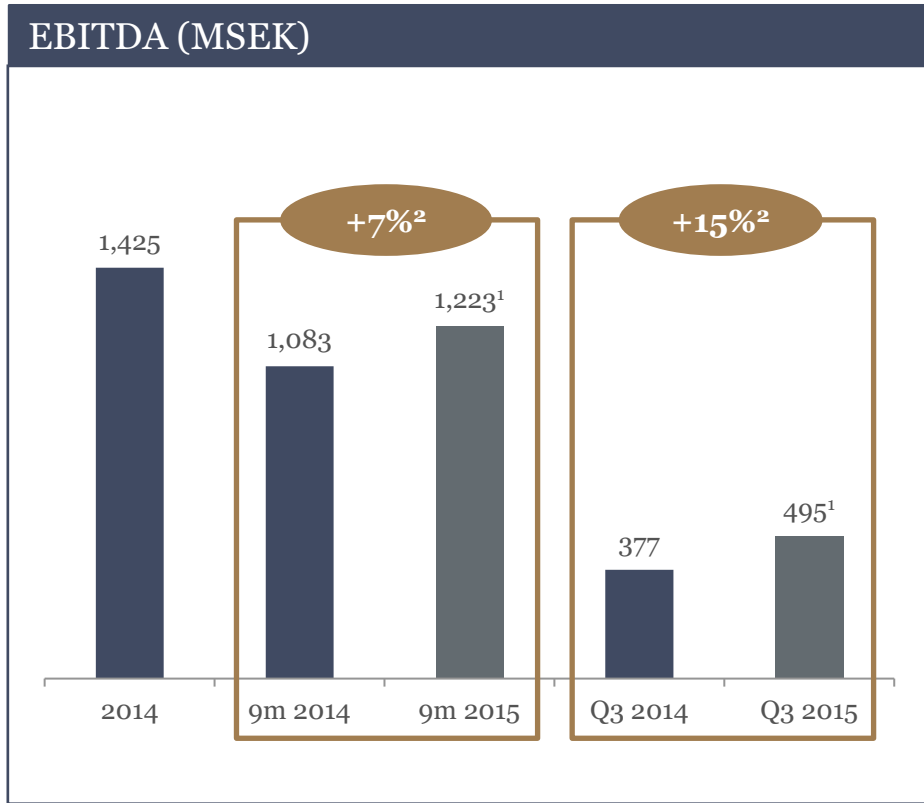
(MSEK)	Q3 2015	Q3 2014	9m 2015	9m 2014	FY 2014
Revenues Property Management					
Rental income	389	364	1,080	1,075	1,418
Other property income	69	16	98	44	60
Revenue Operator Activities	534	401	1,510	1,153	1,598
Total revenues	992	781	2,688	2,272	3 076
Costs Property Management	-55	-70	-204	-222	-292
Costs Operator Activities	-454	-334	-1 296	-987	-1,387
Gross profit	483	377	1,188	1,062	1,397
- whereof gross profit Property Management	403	310	974	897	1,186
- whereof gross profit Operator Activities	80	67	214	166	211
Central administration	-23	-21	-64	-53	-82
Financial income	1	1	2	4	5
Financial expenses	-106	-120	-335	-408	-541
Profit before changes in value	355	237	791	605	779
<i>Changes in value</i>					
Properties, unrealised	232	177	903	755	906
Properties, realised	—	—	8	291	291
Derivatives, unrealised	-73	-110	110	-454	-622
Profit before tax	514	304	1,812	1,197	1,354
Current tax	17	1	7	0	-16
Deferred tax	-106	-65	-369	-69	-85
Profit for the period	425	240	1,450	1,128	1,253

Comments on the third quarter 2015

- › Continued improvement in revenue and net operating income.
- › Exceptionally strong hotel market in some cities, renovated hotels coming back to market and gaining market shares with new concepts, strong productivity improvements and lower financing costs.
- › Revenues from Grand Hotel Oslo MSEK 57 (o) in the third quarter at lower operating margin.
- › Mr Chip Hotel and Radisson Blu Lillehammer reclassified 1 June 2015.
- › Reclassification of Hotel Prince Philip effectuated 1 October 2015.
- › Decrease in financial expenses reflects lower interest rates.

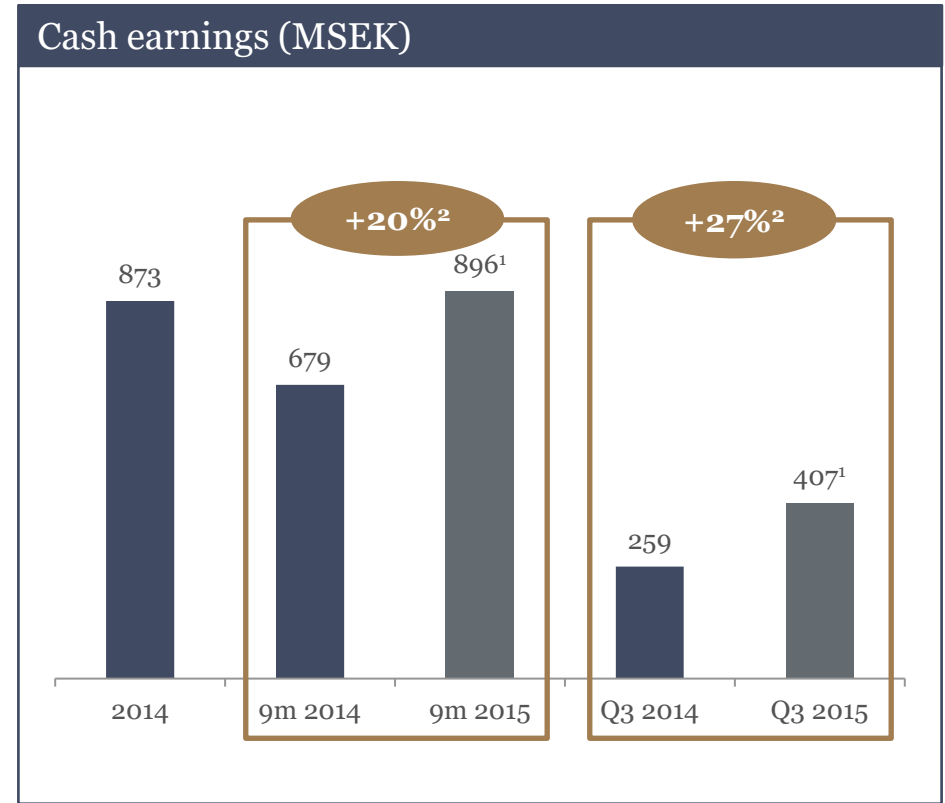
Key metrics

Stable growth in EBITDA and cash earnings



¹ Including one-time revenue of MSEK 60 related to mediation

² Excluding one-time items



¹ Including one-time revenue of MSEK 60 related to settlement and compensation for previous tax expense of MSEK 19

² Excluding one-time items

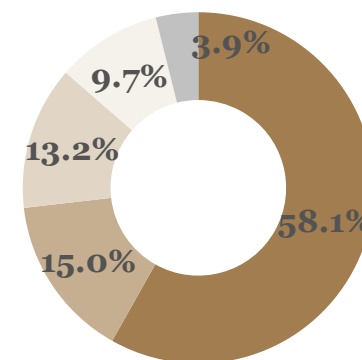
Substantial like-for-like growth

Property Management

(MSEK)	Q3 2015	Q3 2014	9m 2015	9m 2014	FY 2014
Net operating income – Property Management					
Rental income	389	364	1,080	1,075	1,418
Other property income*	69	16	98	44	60
Costs	-55	-70	-204	-222	-292
Net operating income	403	310	974	897	1,186

* Includes one-time revenue of MSEK 60 from mediation, and revenues from asset management agreements in the amount of MSEK 0.8 (o), in the third quarter.

Property Management Rental income Jan-Sept 2015 in %



■ Sweden ■ Finland ■ Norway
■ Denmark ■ International

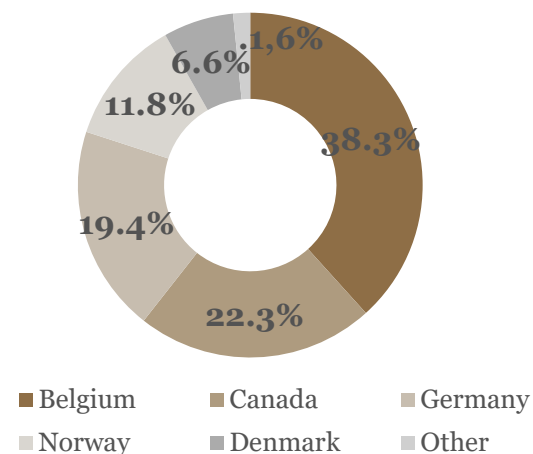
- Q3 2015 like-for-like rental income and net operating income increased by 9.9 and 9.8 per cent, respectively.
- Divestment of 15 hotel properties in April 2014.
- Reclassification of Mr Chip Hotel and Radisson Blu Lillehammer Hotel in June 2015. Reclassification of Hotel Prince Philip will be effectuated 1 October 2015.
- Newly renovated hotels coming back to the market with new concepts have taken market share.

Continued improvement in net operating income

Operator Activities

(MSEK)	Q3 2015	Q3 2014	9m 2015	9m 2014	FY 2014
Net operating income - Operator Activities					
Revenue	534	401	1,510	1,153	1,598
Costs	-454	-334	-1,296	-987	-1,387
Gross profit	80	67	214	166	211
Add: Depreciation included in costs	35	21	98	73	109
Net operating income	115	88	312	239	320

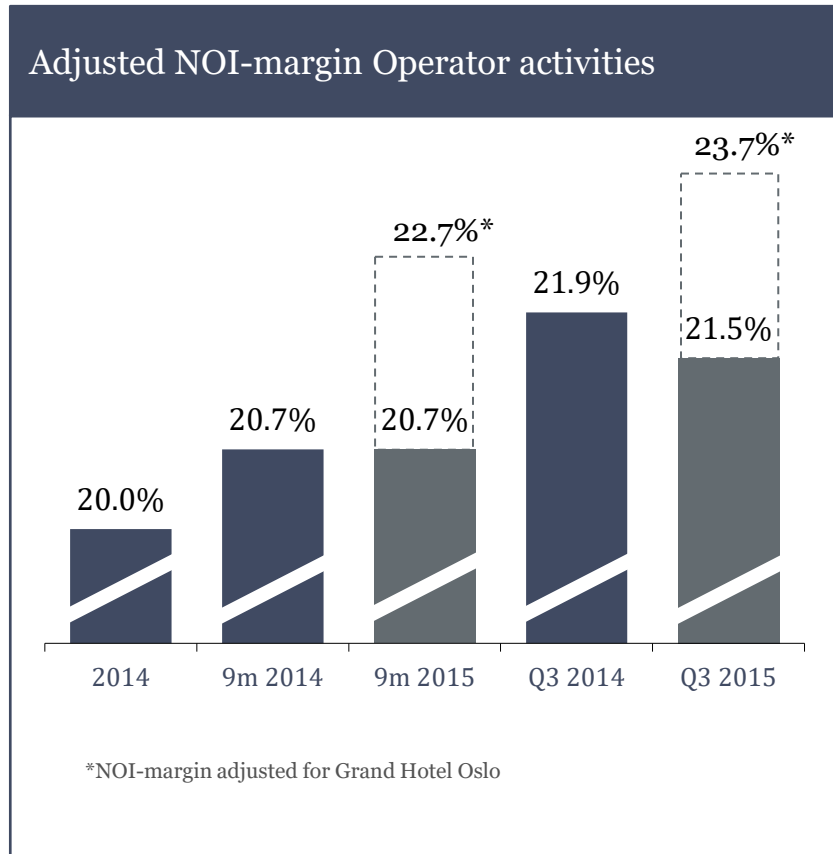
Operator Activities
Revenues Jan-Sept 2015 in %



- Revenue and net operating income like-for-like increased by 5.4 per cent and 12.3 per cent, respectively.
- Like-for-like RevPAR increased by 7.2 per cent.
- Revenues from Grand Hotel Oslo amounted to MSEK 57 (0) with a margin reflecting a different business model.
- Reclassifications: Mr Chip (June 1), Radisson Blu Lillehammer (June 1) and Hotel Prince Philip (from 1 October).

Grand Hotel Oslo

Adjusted NOI-margin to reflect different business model



Property portfolio

Some yield compression and strong cash flows

Change in value Investment properties

	MSEK
Investment properties, beginning of the period (January 1, 2015)	20,843
+ Acquisitions	—
+ Investments	134
- Divestments ¹	-8
+/- Reclassifications	-401
+/- Unrealised changes in value	903
+/- Realized changes in value ¹	8
+/- Change in currency exchange rates	-142
Investment properties, end of period (September 30, 2015) ^{2,3}	21,337

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

	MSEK
Operating properties, beginning of the period (January 1, 2015)	5,661
+ Acquisitions	—
+ Investments	97
- Divestments	—
+/- Reclassifications	401
+/- Unrealised changes in value	337
+/- Realized changes in value	—
+/- Change in currency exchange rates	-121
Operating properties, end of period (September 30, 2015)	6,375

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

2) Of which MSEK 151 attributable to Scandic Antwerp

3) Including Hotel Prince Philip



Comments

- Total property portfolio market value per 30 September, 2015, MSEK 27,712.
- Strong underlying cash flow generation in the portfolio.
- Per 30 September, 2015, average valuation yield Investment properties 5.9 (Year-end 2014: 6.1) percent
- Per 30 September, 2015, average valuation yield operating properties 7.6 (Year-end 2014: 7.9) percent
- External valuations performed on 25 per cent of the property portfolio in the third quarter, in line and confirms Pandox's internal valuations
- Reclassification of Mr Chip Hotel and Radisson Blu Lillehammer Hotel from Investment properties to Operating properties
- Agreement to divest Scandic Antwerp for EUR 16m, corresponding to MSEK 151, by 1 December 2015.

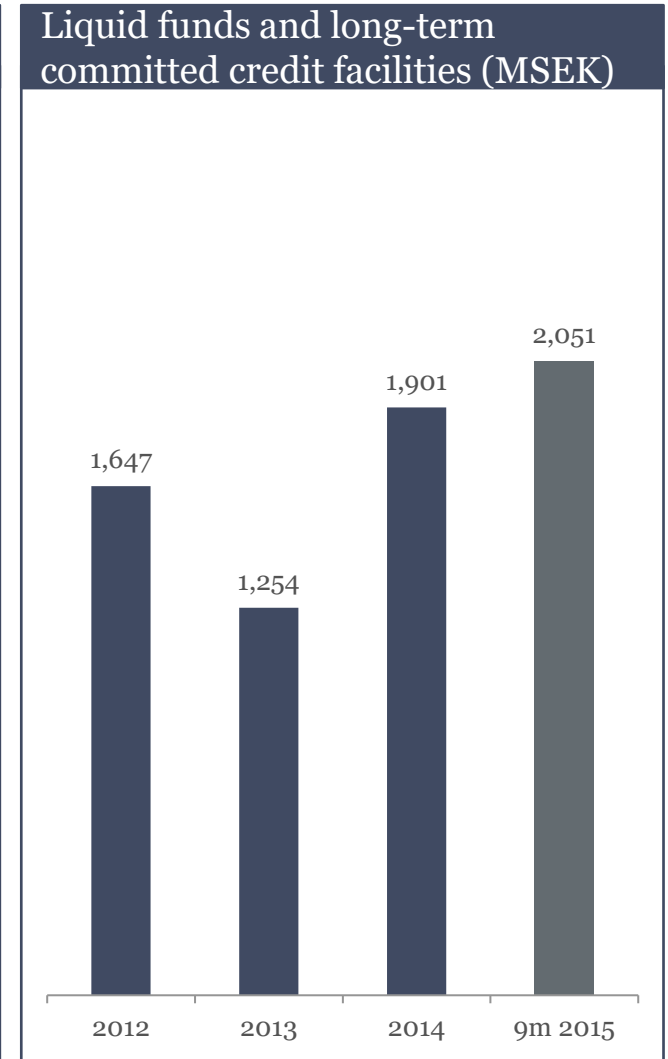
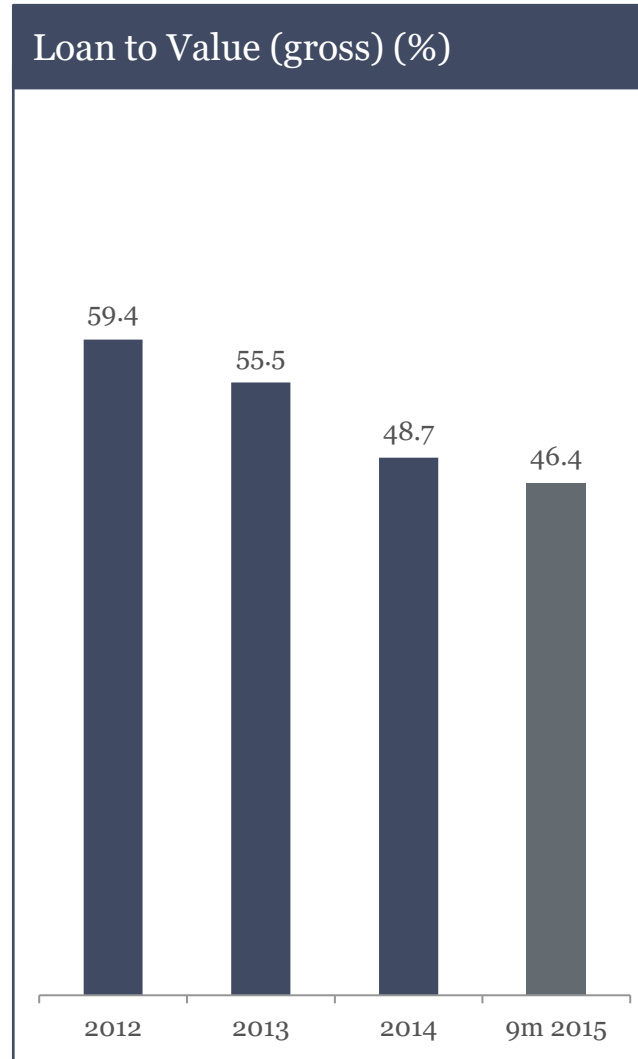
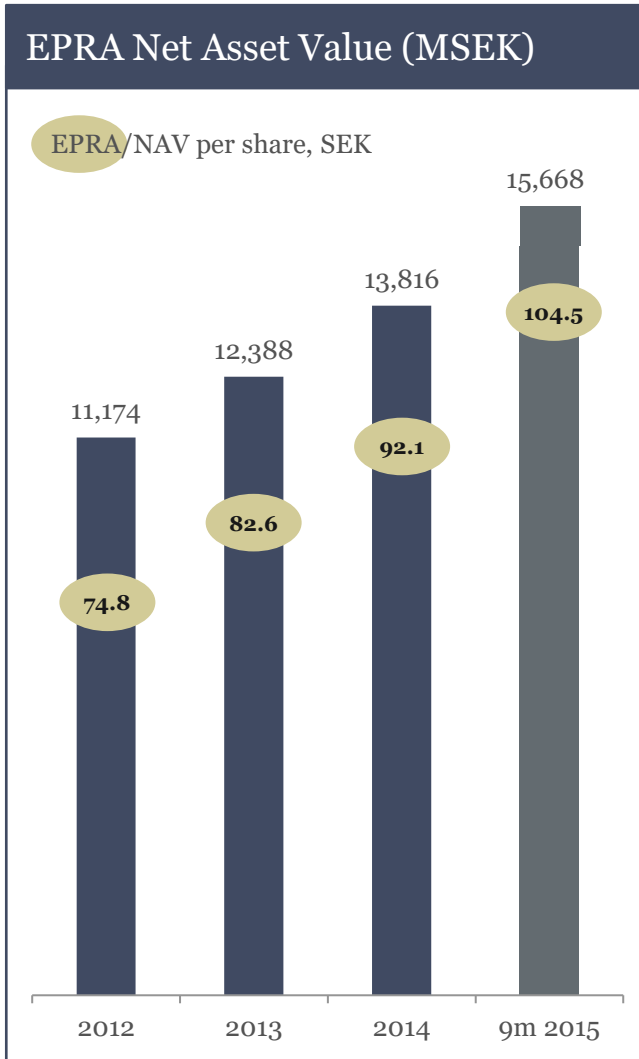
+4.3%
YTD

+6.0%
YTD

+4.7%
YTD

Financing and capital structure

Solid growth in EPRA NAV and increased financial flexibility



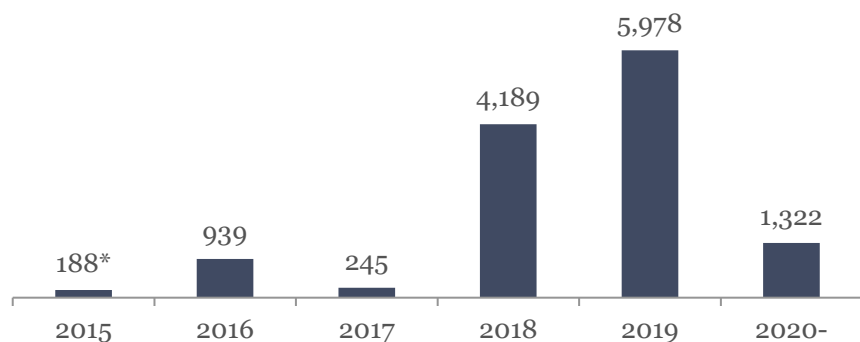
Financing and capital structure

Interest-bearing liabilities as of 30 September 2015

Key debt metrics

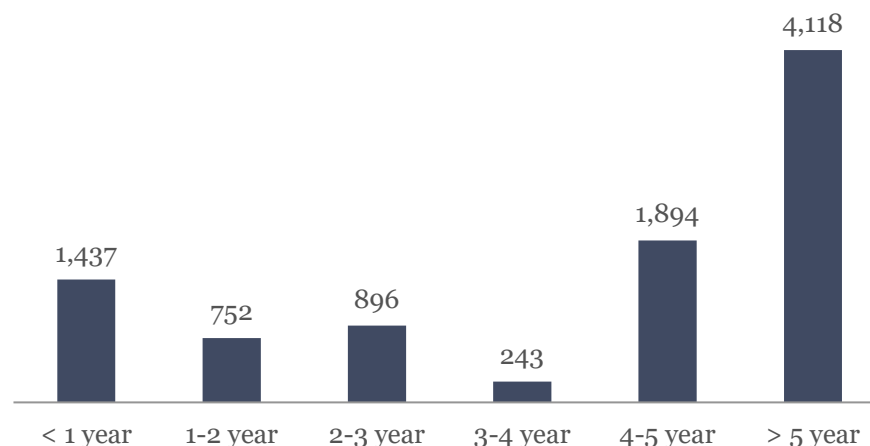
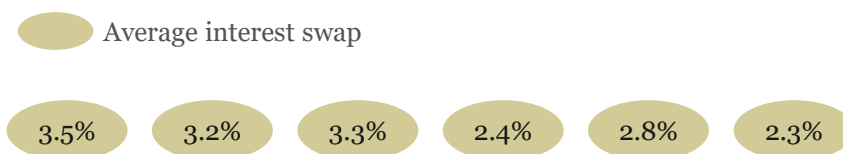
Gross interest-bearing debt (MSEK)	12,860
Net interest-bearing debt (MSEK)	12,225
Loan-to-Value ¹ (gross)	46.4%
Loan-to-Value ¹ (net)	44.1%
Average interest rate	3.2%
Average interest rate period	3.3 yrs
Average repayment period	3.5 yrs

Maturity profile of debt (MSEK)



* MSEK 188 refinanced in October 2015.

Maturity profile fixed and hedged debt



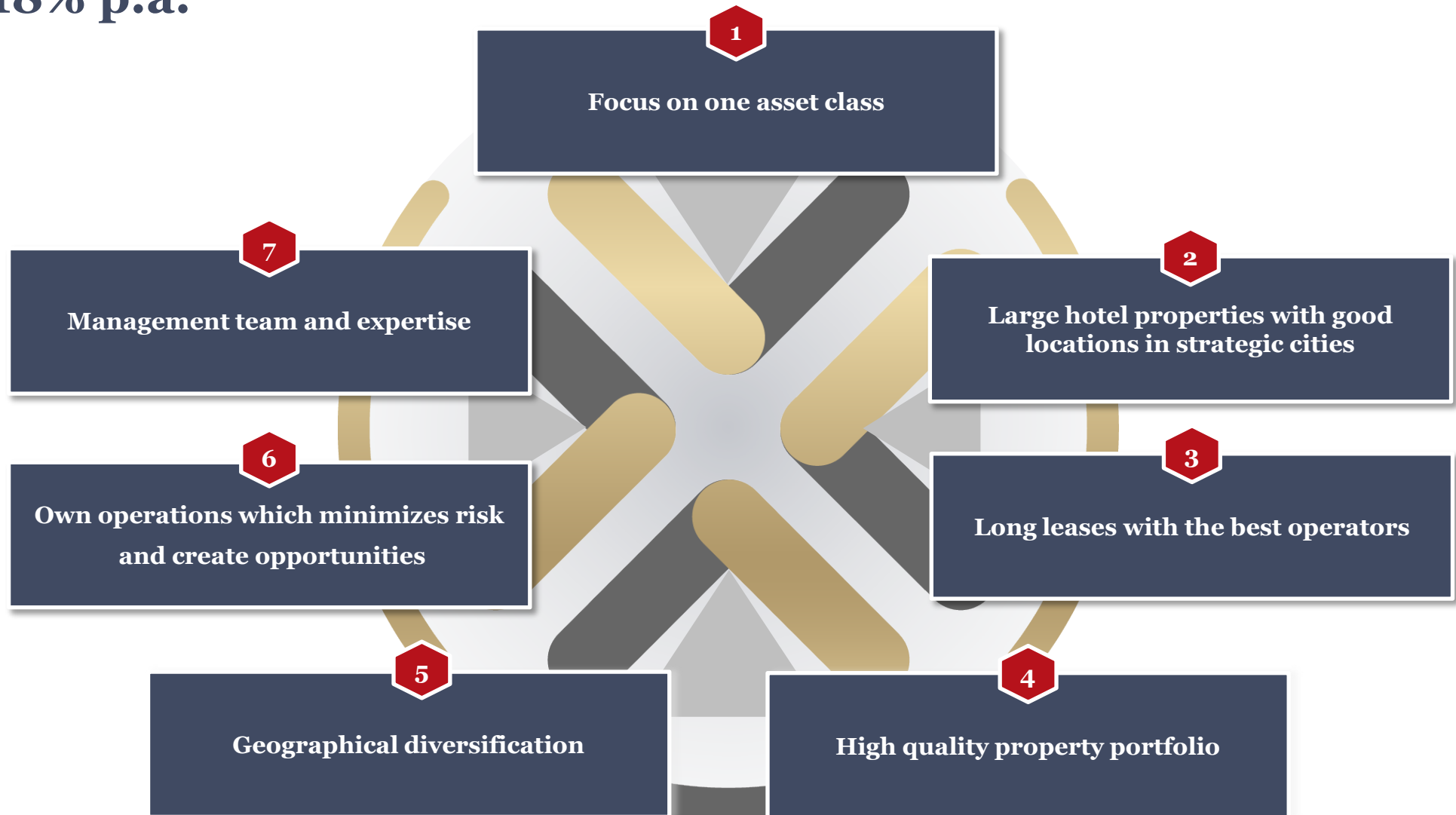
Total MSEK 9,339 hedged (61% > 1 year)

A strong third quarter

Summary and wrap-up of financial section

- A strong third quarter supported with a mix of a strong hotel market, strong growth effect from renovated hotels returning to full capacity, high productivity in Pandox operations and lower financial costs.
- 10 and 12 percent growth, LFL, in net operating income for Property Management and Operator Activities respectively.
- Cash earnings growth of 27 percent excluding one-time items.
- Net asset value (EPRA NAV) per share of SEK 104.5, an increase of 13 percent from year-end 2014.
- Financial flexibility based on strong cash earnings growth and low financial leverage.

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



Portfolio of high quality – flagship hotels

Well positioned to benefit from market growth and market share gains

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 Gothenburg, Sweden (317 rooms)



Strong growth in key markets in the third quarter

RevPAR growth supported by rising prices

RevPAR development quarterly change (in local currency)

	FY 2012	FY 2013	FY 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
<i>USA</i>	7%	5%	8%	6%	8%	8%	9%	8%	7%	6%
New York ¹	6%	4%	3%	-1%	5%	4%	1%	-4%	-2%	1%
Montreal	-2%	6%	10%	5%	7%	17%	7%	8%	9%	5%
<i>Europe</i>	5%	2%	6%	6%	4%	5%	7%	6%	6%	10%
London ¹	2%	1%	3%	7%	1%	2%	4%	2%	-2%	5%
Brussels	-2%	2%	3%	5%	4%	3%	1%	2%	8%	13%
Berlin	9%	0%	5%	2%	1%	10%	5%	5%	15%	7%
Stockholm	-5%	0%	2%	4%	0%	3%	1%	6%	-3%	23%
Oslo	-3%	4%	1%	7%	-5%	3%	0%	1%	14%	10%
Helsinki	4%	-5%	2%	2%	0%	4%	3%	-1%	-3%	6%
Copenhagen	5%	6%	4%	13%	2%	3%	1%	9%	10%	12%

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 overall assessment of the global hotel market.

RevPAR upside through lease structure and own operations

Sensitivity to RevPAR change as of September 30, 2015

Property Management

1% change in RevPAR
contributes to about
MSEK 10 in revenue
growth.

Operator Activities

1% change in RevPAR
contributes to about
MSEK 18* in revenue
growth.

*Based on 50/50 split of occupancy and rate.

Continuous investment into portfolio to enhance performance

➤ Capex of c. MSEK 550 committed for future investments as of 30 September, 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



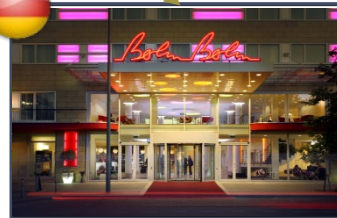
Radisson Blu Lillehammer
(303 rooms)
• Lillehammer, Norway
• Operations and refurbishment of hotel
• 2016 estimated completion



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

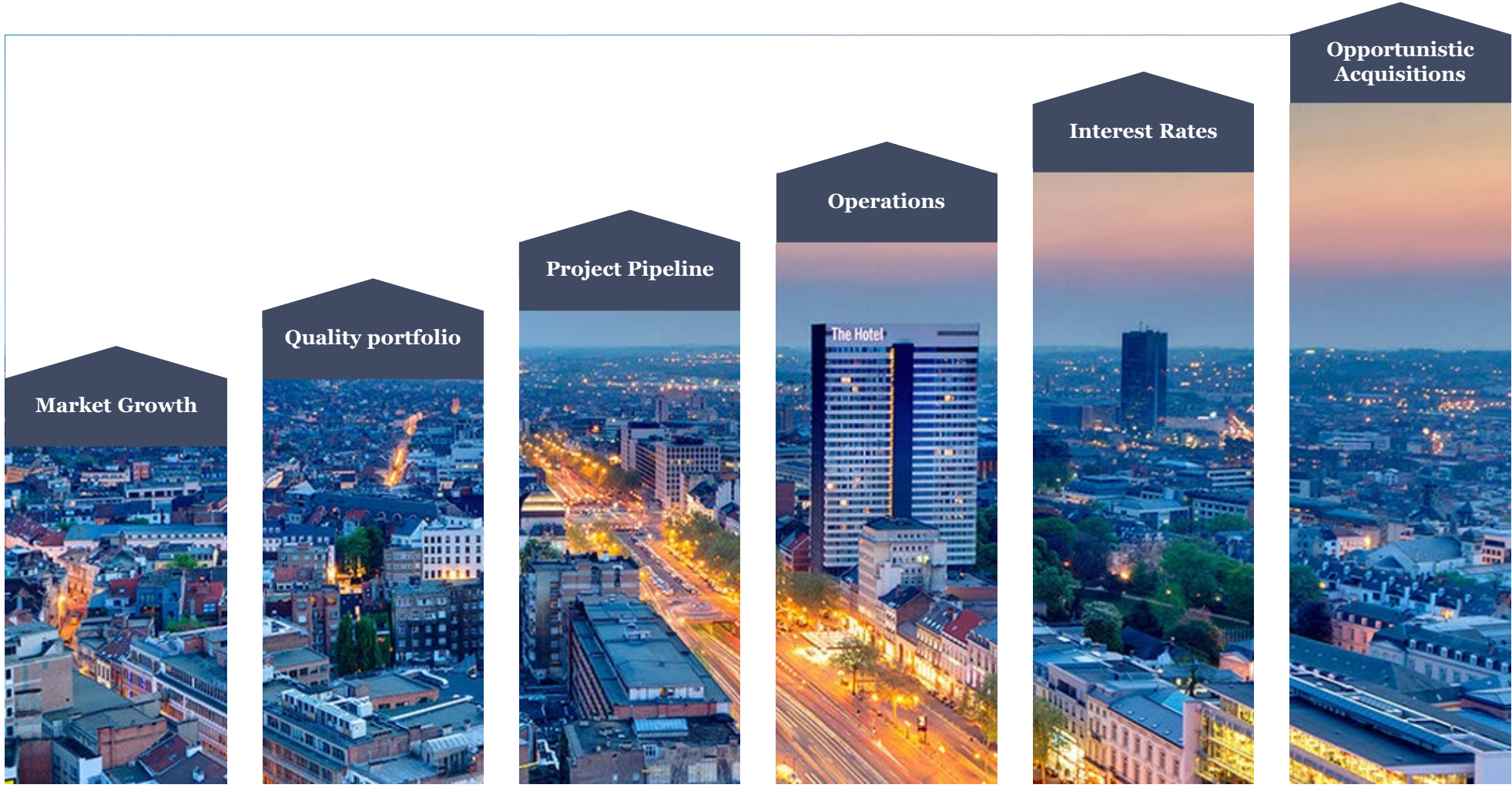


Scandic Mölndal
(208 rooms)
• Gothenburg, Sweden
• Refurbishment of hotel
• 2017 estimated completion



Hotel Berlin Berlin
(701 rooms)
• Berlin, Germany
• Operations, refurbishment and repositioning of hotel
• 2016 estimated completion

Key growth drivers for cash earnings



Organic Growth

➤ Thank you! Time for questions!

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Swedenwww.pandox.se**Financial calendar:**

- Nov 23 – Extraordinary shareholders' meeting
- Nov 24 - Pandox Hotel Market Day
- Feb 18, 2016 – Year-end report for the period Jan–Dec 2015
- May 3, 2016 – Annual general meeting 2016