



Good growth and profitability

Year-end 2015 report

Stockholm, 18 February 2016

Anders Nissen, CEO
Liia Nõu, CFO

Agenda

Introduction

Anders Nissen

Financial review

Lia Nõu

Market and
business

Anders Nissen

Q&A

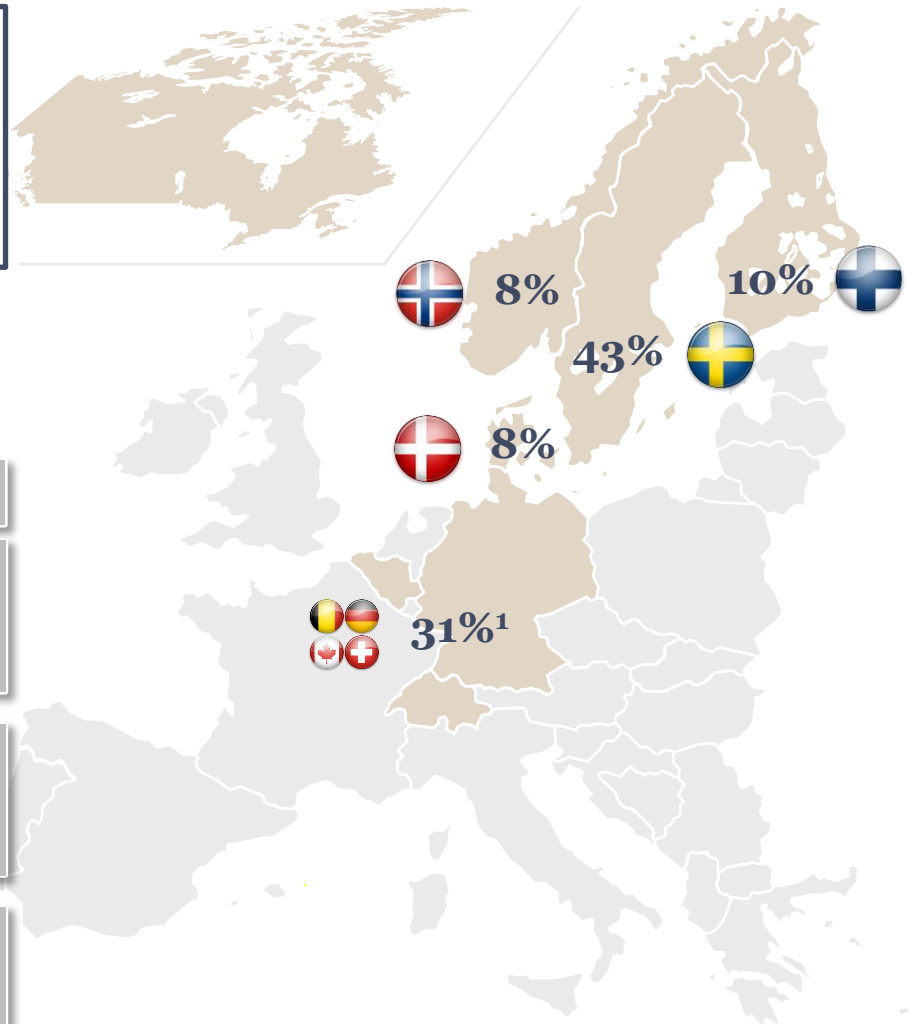
All participants

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
121 Hotel Properties	103 Leased Out	18 Operated
SEK 31.4bn Portfolio Market Value	80% Portfolio Market Value	20% Portfolio Market Value
	5.9% Valuation Yield	7.5% Valuation Yield



Portfolio Market Value as of 31 December 2015

Business highlights October – December 2015

An good fourth quarter and a strong year for Pandox

- Positive fourth quarter earnings despite MSEK 18 shortfall in Operator Activities' NOI in Brussels:
 - (1) strong hotel market*
 - (2) organic growth from hotels coming back from renovation*
 - (3) high productivity in Operator Activities*
 - (4) lower financing costs*
- Acquisition of 18 hotels in Germany.
- 2015 overall a strong year for Pandox with high growth and solid profitability.
- A dividend of 3.80 SEK per share proposed by the board of directors, representing just over 50 percent of cash earnings and in line with financial targets.

Financial summary for the fourth quarter

Continued positive earnings development

Key highlights

- A good quarter affected by a negative Brussels effect.
- Like-for-like growth in revenue and net operating income from Property Management of 6 percent and 11 percent, respectively.
- Like-for-like growth¹ in net operating income from Operator Activities of 15 percent.
- Cash earnings grew by 21 percent including extra tax expense of MSEK 29.
- During the period Jan-Dec 2015, Investment properties experienced an unrealised portfolio value increase of 6.7 percent. For Operating properties (information purposes only) the increase was 5.7 percent.
- EPRA NAV per share amounted to SEK 107.71, an increase by SEK 15.60 y-o-y. The increase in EPRA NAV adjusted for dividend was 18 percent.

Financial summary table (MSEK)

	Q4 2015	Q4 2014	Chng %	FY 2015	FY 2014	Chng %
Revenue						
<i>Property Management (Note 1,2)</i>	365	359	2	1,543	1,478	4
Net operating income (Note 1,2)						
<i>Property Management</i>	306	289	6	1,280	1,186	8
Net operating income (Note 2)						
<i>Operator Activities</i>	104	81	28	416	320	30
EBITDA (Note 1)	381	341	12	1,603	1,425	12
Profit for the period (Note 1,3,4)	681	124	449	2,131	1,253	70
Cash earnings (Note 1,3,4)	234	193	21	1,130	679	29
<i>Per share data (SEK)</i>						
Cash earnings (Note 1,3,4)	1.56	1.29	21	7.53	5.82	29
EPRA NAV (Note 4)				107.71	92.11	17

(Note 1) FY 2015 includes one-time gain of MSEK 60 in Q3 2015.

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

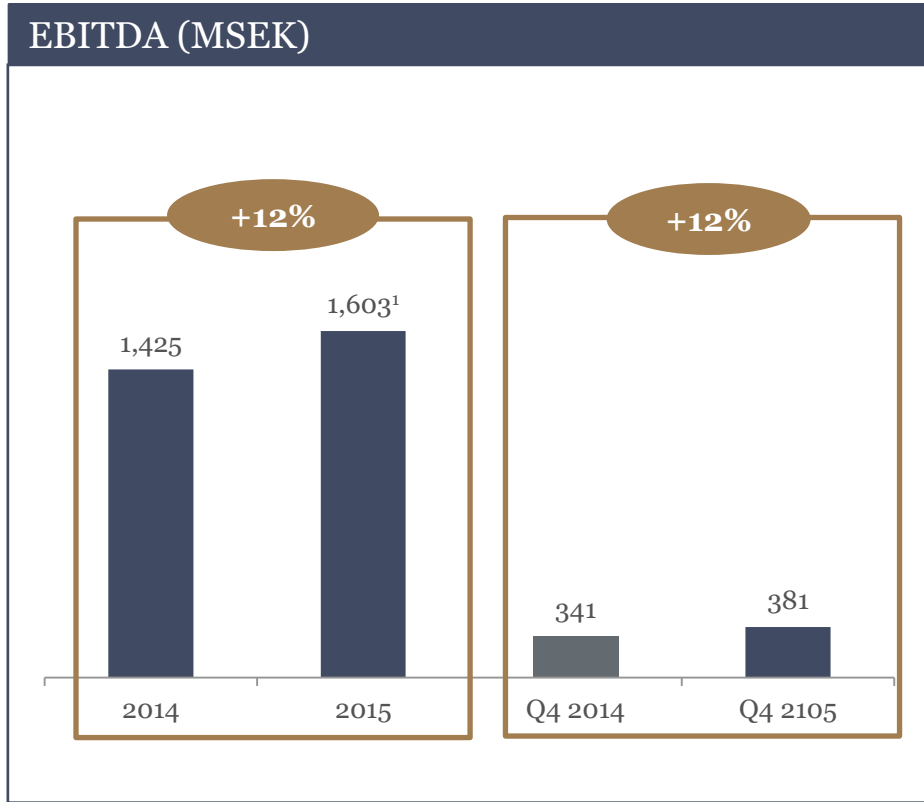
(Note 3) FY 2015 includes compensation for tax expense of MSEK 19 in Q3 2015.

(Note 4) FY 2015 includes extra tax expense of MSEK -29 in Q4 2015.

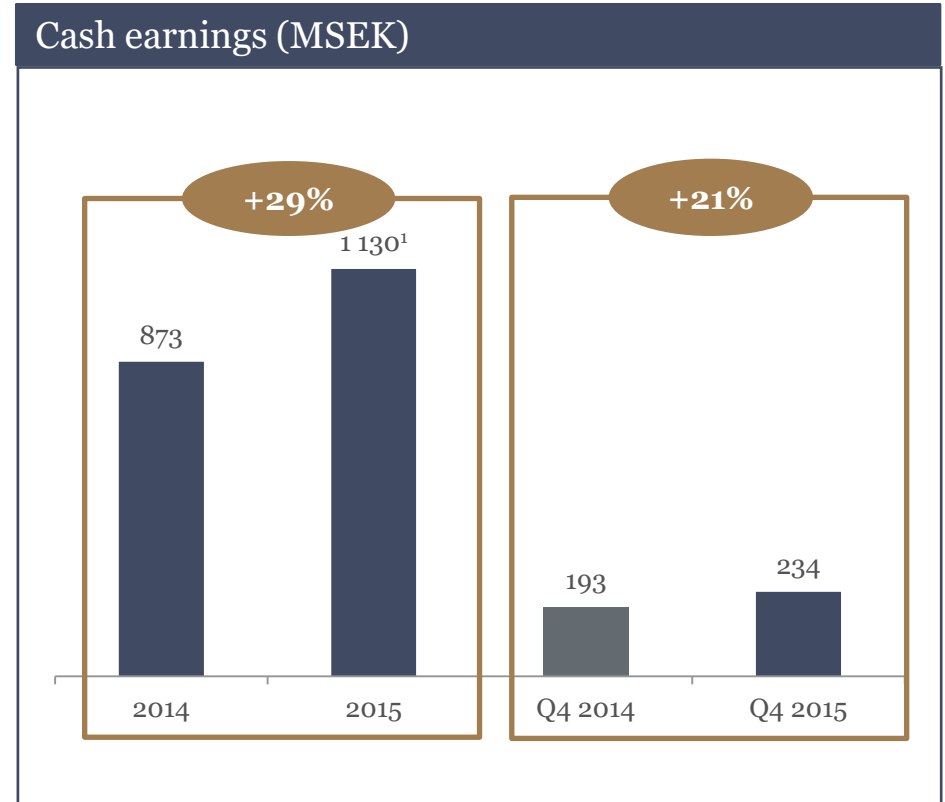
Retrospectively adjusted for share split in May 2015. The total number of shares outstanding before and after full dilution is 150 000 000.

Key metrics

Stable growth in EBITDA and cash earnings



¹Including one-time revenue of MSEK 60 related to mediation in Q3 2015.

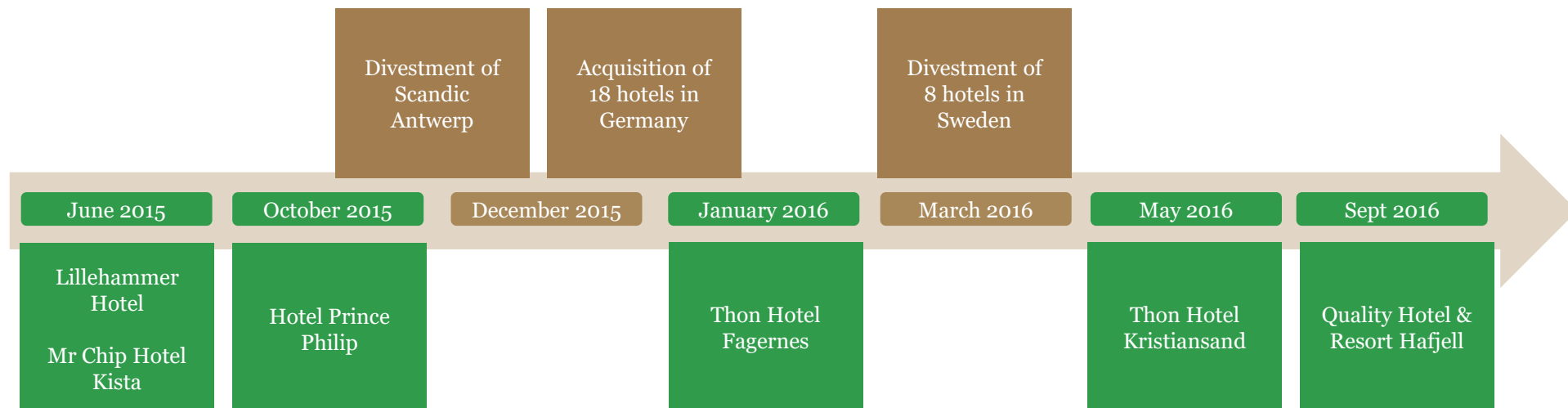


¹Including one-time revenue of MSEK 60 related to settlement and compensation for previous tax expense of MSEK 19 both in Q3 2015, as well as extra tax expense of MSEK -29 in Q4 2015.

Summary of announced portfolio changes

■ Property Management

■ Operator Activities



1

Property Management

Financial net effect of current acquisitions and divestments

Revenue	~MSEK 185
NOI	~MSEK 180
Cash earnings	~MSEK 110

2

Reclassifications from Property Management to Operator Activities

Financial net effect of reclassifications (R12M forward estimated)

	<u>Property Management</u>	<u>Operating Activities</u>
Revenue	~MSEK -75 (rental income)	~MSEK +300 (net sales)
NOI	~MSEK -65	~MSEK +75

Income statement

Substantial increase in both revenues and profit

(MSEK)	Q4 2015	Q4 2014	FY 2015	FY 2014
Revenues Property Management				
Rental income	351	343	1,431	1,418
Other property income	14	16	112	60
Revenue Operator Activities	536	445	2,046	1,598
Total revenues	901	804	3,589	3,076
Costs Property Management	-59	-70	-263	-292
Costs Operator Activities	-471	-400	-1,767	-1,387
Gross profit	371	334	1,559	1,397
- whereof gross profit Property Management	306	289	1,280	1,186
- whereof gross profit Operator Activities	65	45	279	211
Central administration	-30	-29	-94	-82
Financial income	1	1	3	5
Financial expenses	-106	-133	-441	-541
Profit before changes in value	236	173	1,027	779
<i>Changes in value</i>				
Properties, unrealised	484	151	1,387	906
Properties, realised	4	—	12	291
Derivatives, unrealised	93	-168	203	-622
Profit before tax	817	156	2,629	1,354
Current tax	-42	-16	-35	-16
Deferred tax	-94	-16	-463	-85
Profit for the period	681	124	2,131	1,253

Comments on the fourth quarter 2015

- › Overall, good market conditions with renovated hotels gaining market shares, continued productivity improvements and lower financing costs.
- › Security situation in Brussels led to NOI shortfall of MSEK 18 for Operator Activities in November and December.
- › Mr Chip Hotel and Lillehammer Hotel reclassified 1 June 2015, and Hotel Prince Philip 1 October 2015.
- › Scandic Antwerpen divested 1 December 2015.
- › Decrease in financial expenses reflects lower interest rates.

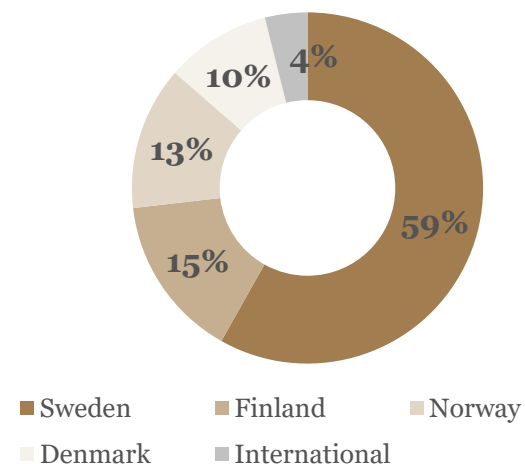
Solid rental income and NOI growth

Property Management

(MSEK)	Q4 2015	Q4 2014	FY 2015	FY 2014
Net operating income – Property Management				
Rental income	351	343	1,431	1,418
Other property income	14	16	112*	60
Costs	-59	-70	-263	-292
Net operating income	306	289	1,280	1,186

* Includes one-time revenue of MSEK 60 from mediation in the third quarter.

Property Management Rental income Jan-Dec 2015 in %



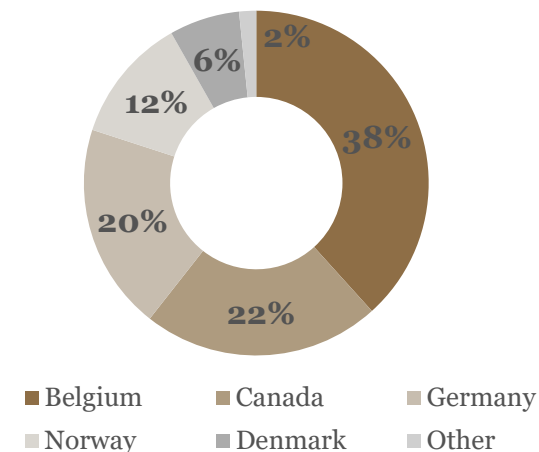
- › Q4 2015 like-for-like rental income and net operating income increased by 6 and 11 per cent, respectively.
- › Newly renovated hotels with new concepts have taken market share.
- › Reclassification of Mr Chip Hotel and Lillehammer Hotel 1 June 2015, and Hotel Prince Philip 1 October 2015.
- › Divestment of 15 hotel properties in April 2014 affects comparison.
- › 18 hotel properties in Germany consolidated (balance sheet) 31 December 2015, no earnings effect in Q4 2015-

Strong progress despite negative Brussels' effect

Operator Activities

(MSEK)	Q4 2015	Q4 2014	FY 2015	FY 2014
Net operating income - Operator Activities				
Revenue	536	445	2,046	1,598
Costs	-471	-400	-1,767	-1,387
Gross profit	65	45	279	211
Add: Depreciation included in costs	39	36	137	109
Net operating income	104	81	416	320
NOI margin	19%	18%	20%	20%
NOI margin adjusted for Grand Hotel Oslo	23%	18%	23%	18%

Operator Activities Revenues Jan-Dec 2015 in %



- Revenue and net operating income like-for-like decreased 1 percent and increased 15 percent, respectively.
- Revenue and NOI shortfall in Brussels of MSEK 25 and MSEK 18 respectively.
- Like-for-like RevPAR increased by 0.4 percent. Adjusted for Brussels RevPAR increased by 7 percent.
- Revenues from Grand Hotel Oslo amounted to MSEK 50 (0) with a margin reflecting a different business model.
- Reclassifications: Mr Chip (June 1), Lillehammer Hotel (June 1) and Hotel Prince Philip (from 1 October).

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	3 665
+ Investments	220
- Divestments ¹	-158
+/- Reclassifications	-517
+/- Unrealised changes in value	1 387
+/- Realised changes in value ²	12
+/- Change in currency exchange rates	-390
Investment properties, end of period (December 31, 2015)	25 062
<i>Less book value properties of assets held for sale</i>	<i>-728</i>
<i>Investment properties, adjusted end of period</i>	<i>24 335</i>

+6.7%
YTD

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

	MSEK
Operating properties, market value beginning of the period (January 1, 2015)	5 661
+ Acquisitions	—
+ Investments	172
- Divestments	—
+/- Reclassifications	517
+/- Unrealised changes in value	322
+/- Realised changes in value	—
+/- Change in currency exchange rates	-297
Operating properties, market value end of period (December 31, 2015)	6 375

+5.7%
YTD

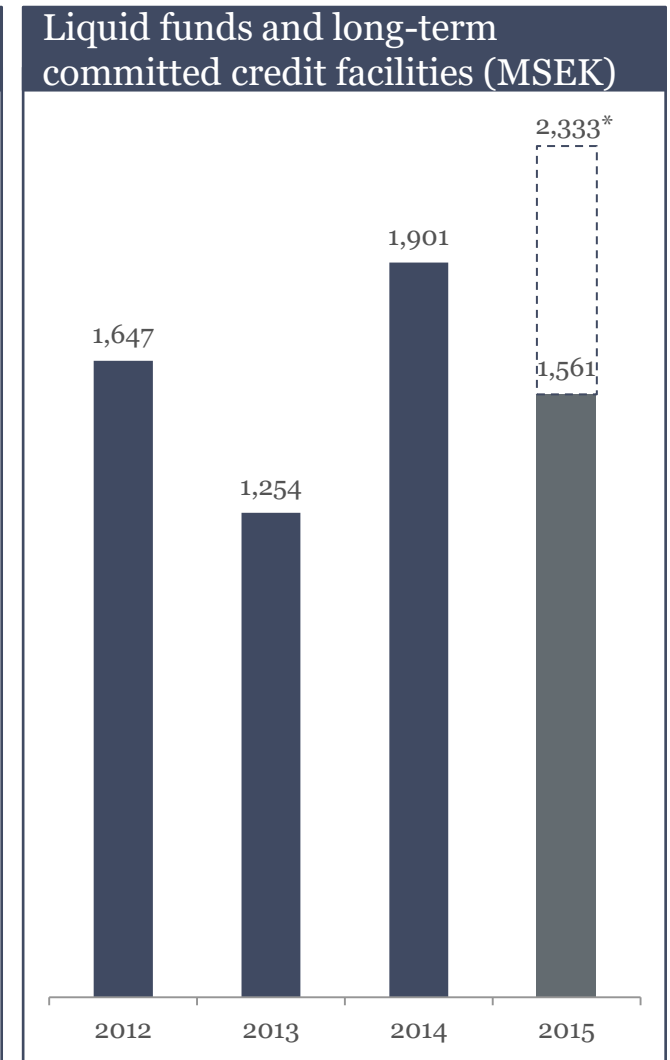
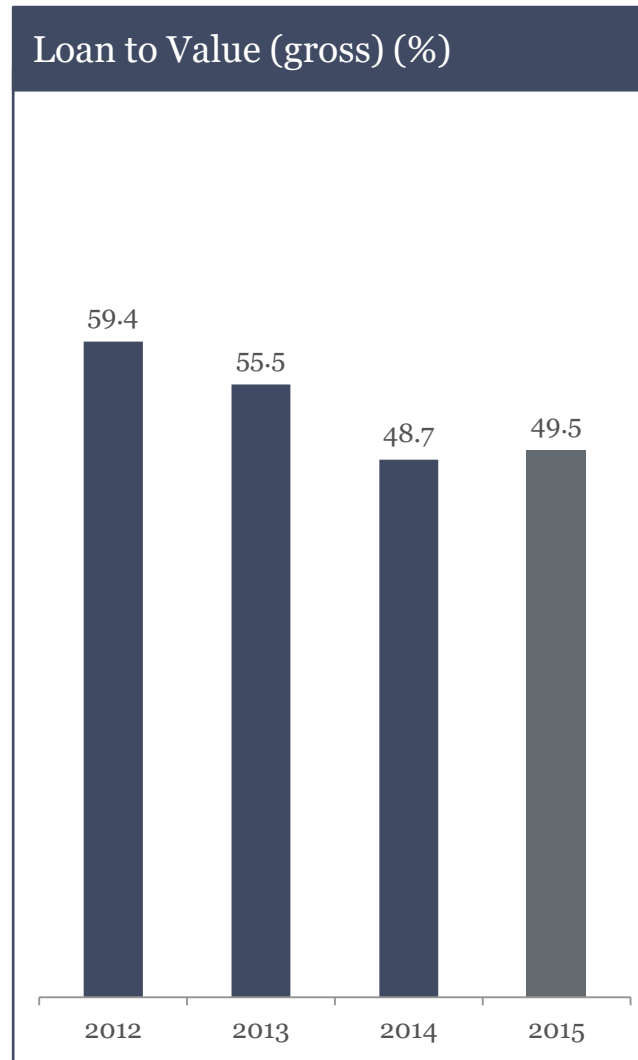
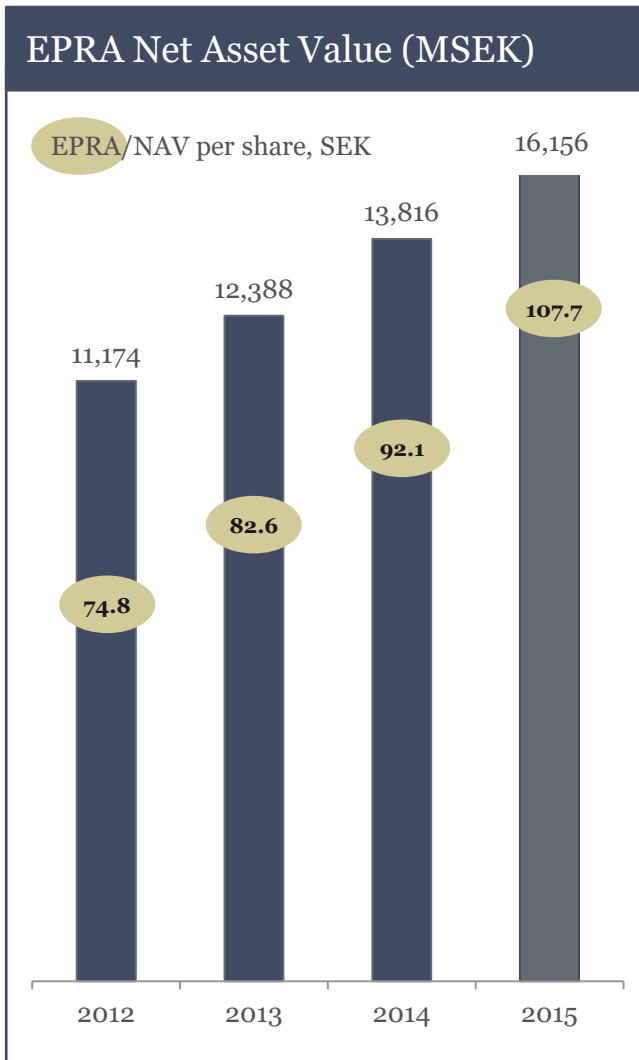
+6.4% YTD

Comments

- Total property portfolio market value per 31 December, 2015, amounted to MSEK 31,437.
- Includes 18 hotels in Germany acquired for MSEK 3,665.
- Per 31 December, 2015, average valuation yield Investment properties 5.9 (Year-end 2014: 6.1) percent
- Per 31 December, 2015, average valuation yield operating properties 7.5 (Year-end 2014: 7.9) percent
- External valuations performed on 25 percent of the property portfolio in the fourth quarter, in line and confirms Pandox's internal valuations
- Reclassification of Mr Chip Hotel, Lillehammer Hotel and Hotel Prince Philip from Investment properties to Operating properties
- Divestment of Scandic Antwerp for MSEK 151, December 1, 2015.

Financing and capital structure

Solid growth in EPRA NAV and maintained financial flexibility



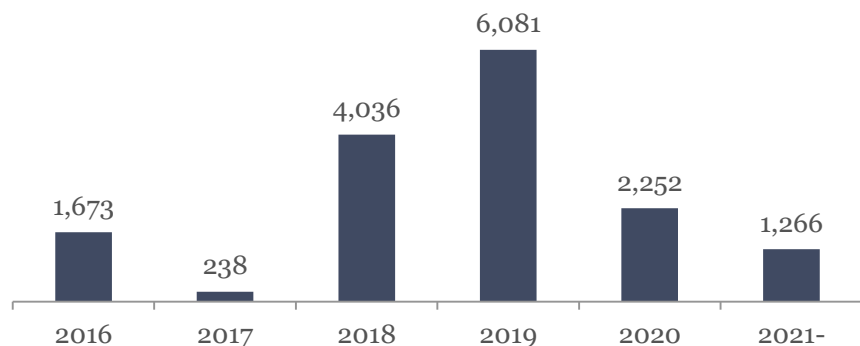
Financing and capital structure

Interest-bearing liabilities as of 31 December 2015

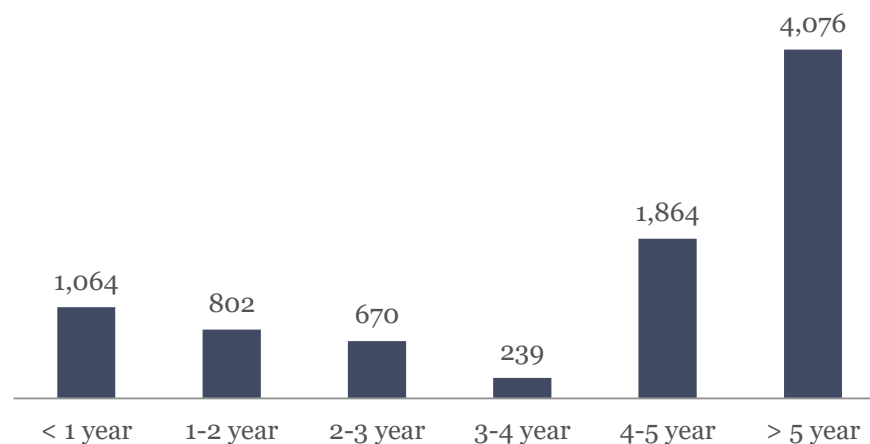
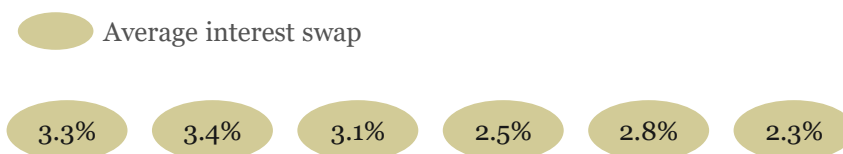
Key debt metrics

Gross interest-bearing debt (MSEK)	15,546
Net interest-bearing debt (MSEK)	15,376
Loan-to-Value ¹ (gross)	49.5%
Loan-to-Value ¹ (net)	48.9%
Average interest rate	2.8%
Average interest rate period	2.6 yrs
Average repayment period	3.4 yrs

Maturity profile of debt (MSEK)



Maturity profile fixed and hedged debt



Total MSEK 8,715 hedged (49% > 1 year)

A good fourth quarter and a strong year

Summary and wrap-up of financial section

- 12 and 15 percent growth, LFL, in net operating income for Property Management and Operator Activities respectively in the fourth quarter 2015.
- Cash earnings of MSEK 1,130 an increase of 29 percent for the full year 2015.
- Development of the portfolio with acquisition of 18 larger hotel properties in Germany, and planned divestment of 8 smaller hotel properties in Sweden.
- Continued financial flexibility based on strong cash earnings growth and low financial leverage.

The good trend continued in the fourth quarter

RevPAR development quarterly change (in local currency)

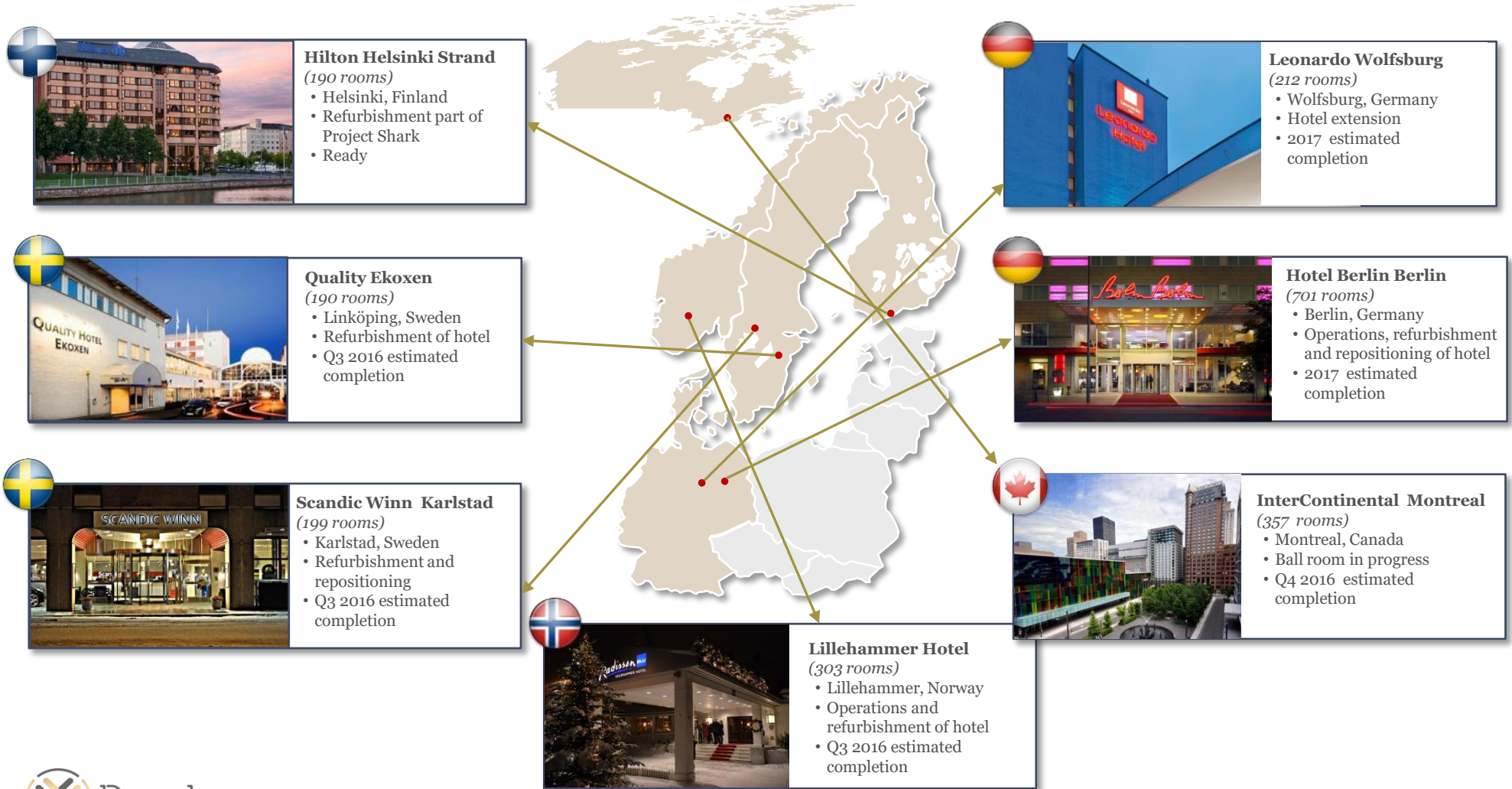
	FY 2012	FY 2013	FY 2014	FY 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
<i>USA</i>	7%	5%	8%	6%	6%	8%	8%	9%	8%	7%	6%	5%
New York ¹	6%	4%	3%	-2%	-1%	5%	4%	1%	-4%	-2%	1%	-2%
Montreal	-2%	6%	10%	7%	5%	7%	17%	7%	8%	9%	5%	6%
<i>Europe</i>	5%	2%	6%	7%	6%	4%	5%	7%	6%	6%	10%	6%
London ¹	2%	1%	3%	2%	7%	1%	2%	4%	2%	-2%	5%	1%
Brussels	-2%	2%	3%	2%	5%	4%	3%	1%	2%	8%	13%	-10%
Berlin	9%	0%	5%	8%	2%	1%	10%	5%	5%	15%	7%	7%
Stockholm	-5%	0%	2%	9%	4%	0%	3%	1%	6%	-3%	23%	11%
Oslo	-3%	4%	1%	8%	7%	-5%	3%	0%	1%	14%	10%	7%
Helsinki	4%	-5%	2%	2%	2%	0%	4%	3%	-1%	-3%	6%	6%
Copenhagen	5%	6%	4%	11%	13%	2%	3%	1%	9%	10%	12%	14%

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

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

Continuous investment into portfolio to enhance performance

› Capex of c. MSEK 780 committed for future investments as of 31 December, 2015



Key growth drivers for cash earnings



Organic Growth

➤ Thank you! Time for questions!

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Financial calendar:

- May 3, 2016 – Annual general meeting 2016
- May 4, 2016 – Interim report, Q1, January-March 2016
- May 24, 2016 - Capital market day in Brussels
- August 18, 2016 – Interim report, Q2, April-June 2016