

Good underlying growth

Interim report January-March 2016

Stockholm, 3 May 2016

Anders Nissen, CEO
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Agenda

Introduction

Anders Nissen

Financial review

Lia Nõu

Market and
business

Anders Nissen

Q&A

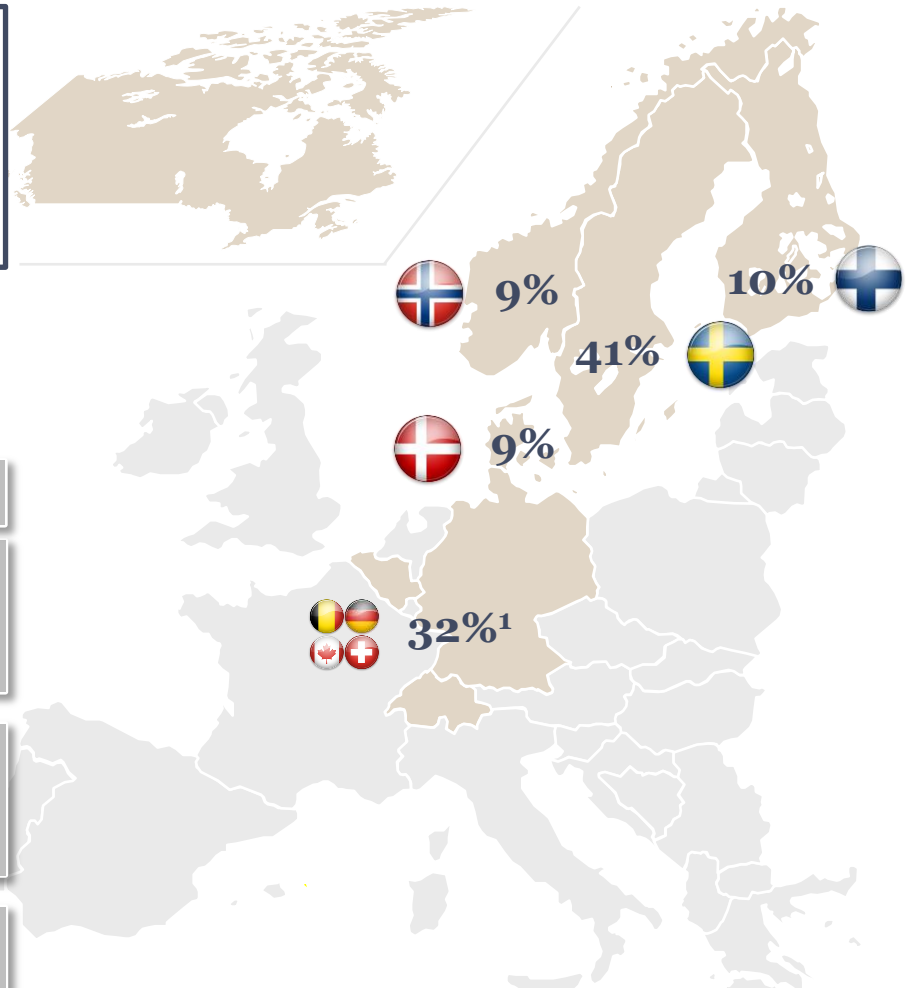
All participants

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 |
|-----------------------------------|----------------------------|----------------------------|
| 113 Hotel Properties | 94 Leased Out | 19 Operated |
| SEK 31.3bn Portfolio Market Value | 79% Portfolio Market Value | 21% Portfolio Market Value |
| | 5.8% Valuation Yield | 7.5% Valuation Yield |



Based on portfolio Market Value as of 31 March 2016 (rounded percentages)

Business highlights January – March 2016

Good underlying growth

- Good growth in revenue and profitability, despite negative effects from the terrorist attacks in Brussels and Easter, driven by:
 - (1) a favorable hotel market*
 - (2) organic growth from hotels coming back from renovation*
 - (3) acquired growth from the 18 hotels in Germany, consolidated 1 January*
- The negative effect on NOI in Operator Activities from the terrorist attacks in Brussels amounted to approximately MSEK 7 in the first quarter. Including this effect the total negative effect for FY 2016 is estimated to approximately MSEK 40, of which the main part will affect the second quarter.
- LFL¹ growth in NOI, adjusted for Easter, is estimated to 3-4 percent and 5-7 percent for Property Management and Operator Activities respectively.
- Divestment of eight hotels in Sweden.



Financial summary

Continued business progress

Key highlights

- Good underlying earnings growth.
- Reported LFL¹ growth in revenue and net operating income from Property Management of 1 percent and 1 percent, respectively.
- Reported LFL growth in revenue and net operating income from Operator Activities of 4 percent and -0.5 percent respectively.
- Cash earnings grew by 37 percent.
- During the period Jan-Mar 2016, Investment properties experienced an unrealised and realised portfolio value increase of 1.4 percent. For Operating properties (information purposes only) the unrealised increase was 1.2 percent.
- EPRA NAV per share amounted to SEK 112.16, an increase by SEK 4.45 or 4.1 percent from year-end 2015.

Financial summary table (MSEK)

| | Q1 2016 | Q1 2015 | Chng % | FY 2015 |
|---|---------------|---------|--------|---------------|
| Revenue <i>Property Management (Note 1,2)</i> | 386 | 332 | 16 | 1,543 |
| Net operating income (Note 1,2) <i>Property Management</i> | 320 | 260 | 23 | 1,280 |
| Net operating income (Note 2) <i>Operator Activities</i> | 54 | 51 | 6 | 416 |
| EBITDA (Note 1) | 350 | 290 | 21 | 1,603 |
| Profit for the period (Note 1,3,4) | 376 | 374 | 0 | 2,131 |
| Cash earnings (Note 1,3,4) | 235 | 171 | 37 | 1,130 |
| <i>Per share data (SEK)</i> | | | | |
| Cash earnings (Note 1,3,4) | 1.57 | 1.14 | 37 | 7.53 |
| EPRA NAV (Note 4) | 112.16 | 96.25 | 17 | 107.71 |

(Note 1) FY 2015 includes one-time gain of MSEK 60 in Q3. (Note 2) Reclassification of Mr Chip Hotel Kista in June 2015, Lillehammer Hotel in June 2015, and reclassification of Hotel Prince Philip in October 2015, and Thon Hotel Fagernes in January 2016 to Operator Activities. (Note 3) FY 2015 includes compensation for tax expense of MSEK 19. (Note 4) FY 2015 includes extra tax expense of MSEK -29 in Q4. The total number of shares outstanding before and after full dilution are 150 000 000.

Income statement

Improved revenues and profit

| (MSEK) | Q1 2016 | Q1 2015 | FY 2015 |
|---|------------|------------|--------------|
| Revenues Property Management | | | |
| Rental income | 374 | 319 | 1,431 |
| Other property income | 12 | 13 | 112 |
| Revenue Operator Activities | 442 | 367 | 2,046 |
| Total revenues | 828 | 699 | 3,589 |
| Costs Property Management | -66 | -72 | -263 |
| Costs Operator Activities | -424 | -348 | -1,767 |
| Gross profit | 338 | 279 | 1,559 |
| <i>- whereof gross profit Property Management</i> | <i>320</i> | <i>260</i> | <i>1,280</i> |
| <i>- whereof gross profit Operator Activities</i> | <i>18</i> | <i>19</i> | <i>279</i> |
| Central administration | -24 | -21 | -94 |
| Financial income | 0 | 1 | 3 |
| Financial expenses | -114 | -115 | -441 |
| Profit before changes in value | 200 | 144 | 1,027 |
| <i>Changes in value</i> | | | |
| Properties, unrealised | 200 | 363 | 1,387 |
| Properties, realised | 159 | — | 12 |
| Derivatives, unrealised | -124 | -33 | 203 |
| Profit before tax | 435 | 474 | 2,629 |
| Current tax | -1 | -5 | -35 |
| Deferred tax | -58 | -95 | -463 |
| Profit for the period | 376 | 374 | 2,131 |
| <i>Profit for the period attributable to the shareholders of the parent company</i> | <i>374</i> | <i>374</i> | <i>2,131</i> |
| <i>Profit for the period attributable to non-controlling shareholders of the parent company</i> | <i>2</i> | <i>—</i> | <i>—</i> |

Comments on the quarter

- › Favourable market conditions with renovated hotels gaining market shares and productivity improvements.
- › Consolidation of 18 hotel properties in Germany from 1 January 2016.
- › The negative effect on NOI in Operator Activities from the terrorist attacks in Brussels amounted to approximately MSEK 7 in the first quarter. Including this effect the total negative effect for FY 2016 is estimated to approximately MSEK 40, of which the main part will affect the second quarter.
- › LFL growth in NOI, adjusted for the Easter effect, is estimated to 3-4 percent for Property Management and 5-7 percent for Operator Activities.
- › Eight hotel properties in Sweden divested 31 March 2016.
- › Reclassification of Thon Hotel Fagernes 1 January 2016.
- › Grand Hotel Oslo under renovation.
- › Current tax expected to be higher in 2016 vs 2015.
- › Minority position.

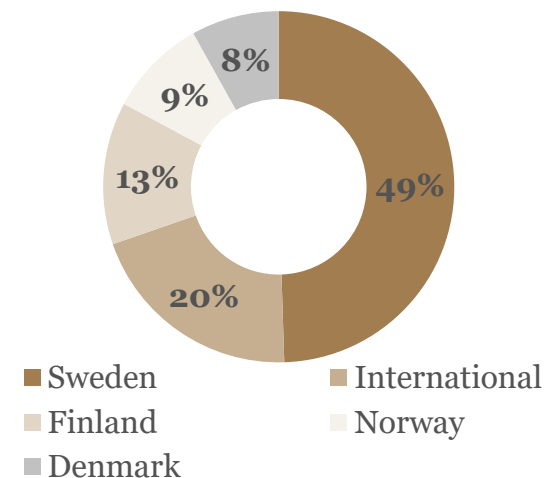
Growth in rental income and NOI

Property Management

| (MSEK) | Q1 2016 | Q1 2015 | FY 2015 |
|---|------------|------------|--------------|
| Net operating income – Property Management | | | |
| Rental income | 374 | 319 | 1,431 |
| Other property income | 12 | 13 | 112* |
| Costs | -66 | -72 | -263 |
| Net operating income (NOI) | 320 | 260 | 1,280 |

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

Property Management Rental income Jan-Mar 2016 in %



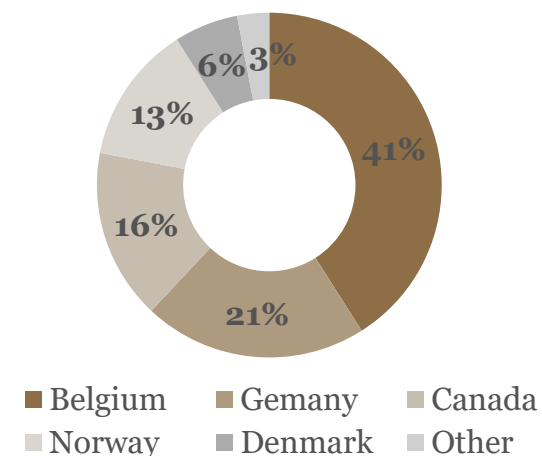
- › LFL rental income and NOI increased by 1 and 1 per cent, respectively.
- › 18 hotel properties in Germany consolidated 1 January 2016.
- › Newly renovated hotels with new concepts have continued to gain market shares.
- › Reclassification of Thon Hotel Fagernes 1 January 2016
- › Divestment of eight hotel properties 31 March 2016.

A negative Brussels effect

Operator Activities

| (MSEK) | Q1 2016 | Q1 2015 | FY 2015 |
|---|------------|------------|------------|
| Net operating income - Operator Activities | | | |
| Revenue | 442 | 367 | 2,046 |
| Costs | -424 | -348 | -1,767 |
| Gross profit | 18 | 19 | 279 |
| Add: Depreciation included in costs | 36 | 32 | 137 |
| Net operating income (NOI) | 54 | 51 | 416 |
| NOI margin | 12% | 14% | 20% |
| NOI margin adjusted for Grand Hotel Oslo | 15% | 14% | 23% |

Operator Activities
Revenues Jan-Mar 2016 in %



- LFL revenue growth of 4 percent and a slight contraction in net operating income of 0.5 percent. Both revenues and NOI reflect negative effects from the terror attacks in Brussels and Easter.
- Revenue and NOI shortfall in Brussels of MSEK 11 and MSEK 7 respectively in the first quarter. Negative NOI effect estimated at MSEK 40 in total for FY 2016.
- LFL RevPAR increased by 1 percent.

Property portfolio

Slight yield compression and strong cash flows

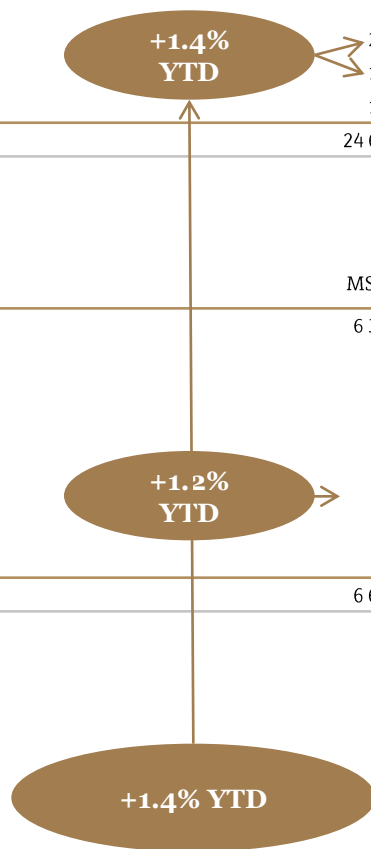
Change in value Investment properties

| | MSEK |
|--|--------|
| Investment properties, beginning of the period (January 1, 2016) | 25 062 |
| + Acquisitions | — |
| + Investments | 53 |
| - Divestments ¹ | -887 |
| +/- Reclassifications | -72 |
| +/- Unrealised changes in value | 200 |
| +/- Realised changes in value ² | 159 |
| +/- Change in currency exchange rates | 158 |
| Investment properties, end of period (March 31, 2016) | 24 673 |

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

| | MSEK |
|--|-------|
| Operating properties, market value beginning of the period (January 1, 2016) | 6 375 |
| + Acquisitions | — |
| + Investments | 31 |
| - Divestments | — |
| +/- Reclassifications | 72 |
| +/- Unrealised changes in value | 76 |
| +/- Realised changes in value | — |
| +/- Change in currency exchange rates | 95 |
| Operating properties, market value end of period (March 31, 2016) | 6 649 |

^{1,2} Refers to divestment of eight investment properties 31 March 2016.

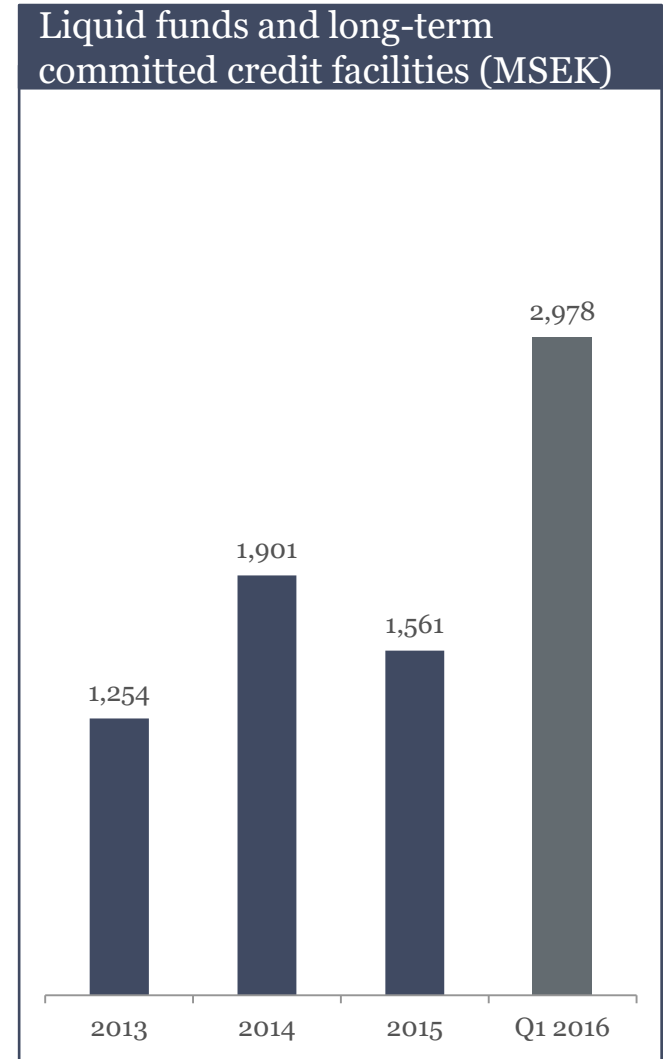
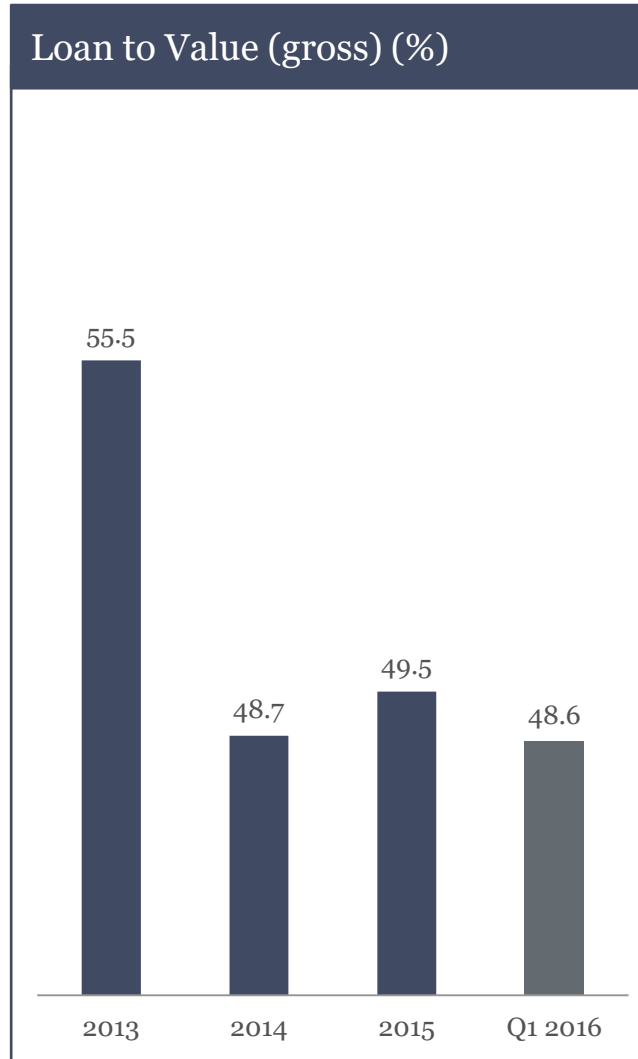
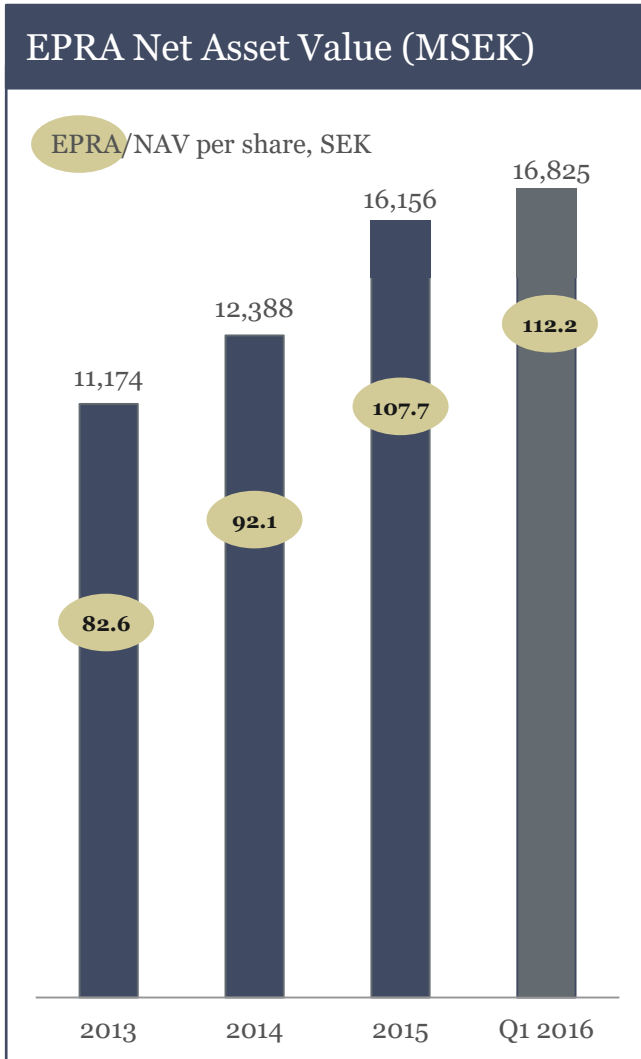


Comments

- Total property portfolio market value per 31 March, 2016, amounted to MSEK 31,322.
- Excludes eight hotels in Sweden divested for MSEK 850.
- Per 31 March, 2016, average valuation yield Investment properties 5.8 (Year-end 2015: 5.9) percent.
- Per 31 March, 2016, average valuation yield operating properties 7.5 (Year-end 2015: 7.5) 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 Thon Hotel Fagernes from Investment properties to Operating properties.

Financing and capital structure

Solid growth in EPRA NAV and maintained financial flexibility



Good underlying growth

Summary of financial section

- Reported LFL growth in NOI of 1 and -0.5 percent for Property Management and Operator Activities respectively.
- LFL growth in NOI adjusted for negative Easter effect amounted to approximately 3-4 percent for Property Management and approximately 5-7 percent for Operator Activities.
- The negative effect on NOI in Operator Activities from the terrorist attacks in Brussels amounted to approximately MSEK 7 in the first quarter. Including this effect the total negative effect for FY 2016 is estimated to approximately MSEK 40, of which the main part will affect the second quarter.
- Cash earnings of MSEK 235 (171) an increase of 37 percent.
- Solid financial flexibility based on cash earnings growth and low financial leverage.

Favourable market conditions

RevPAR development quarterly change (in local currency)

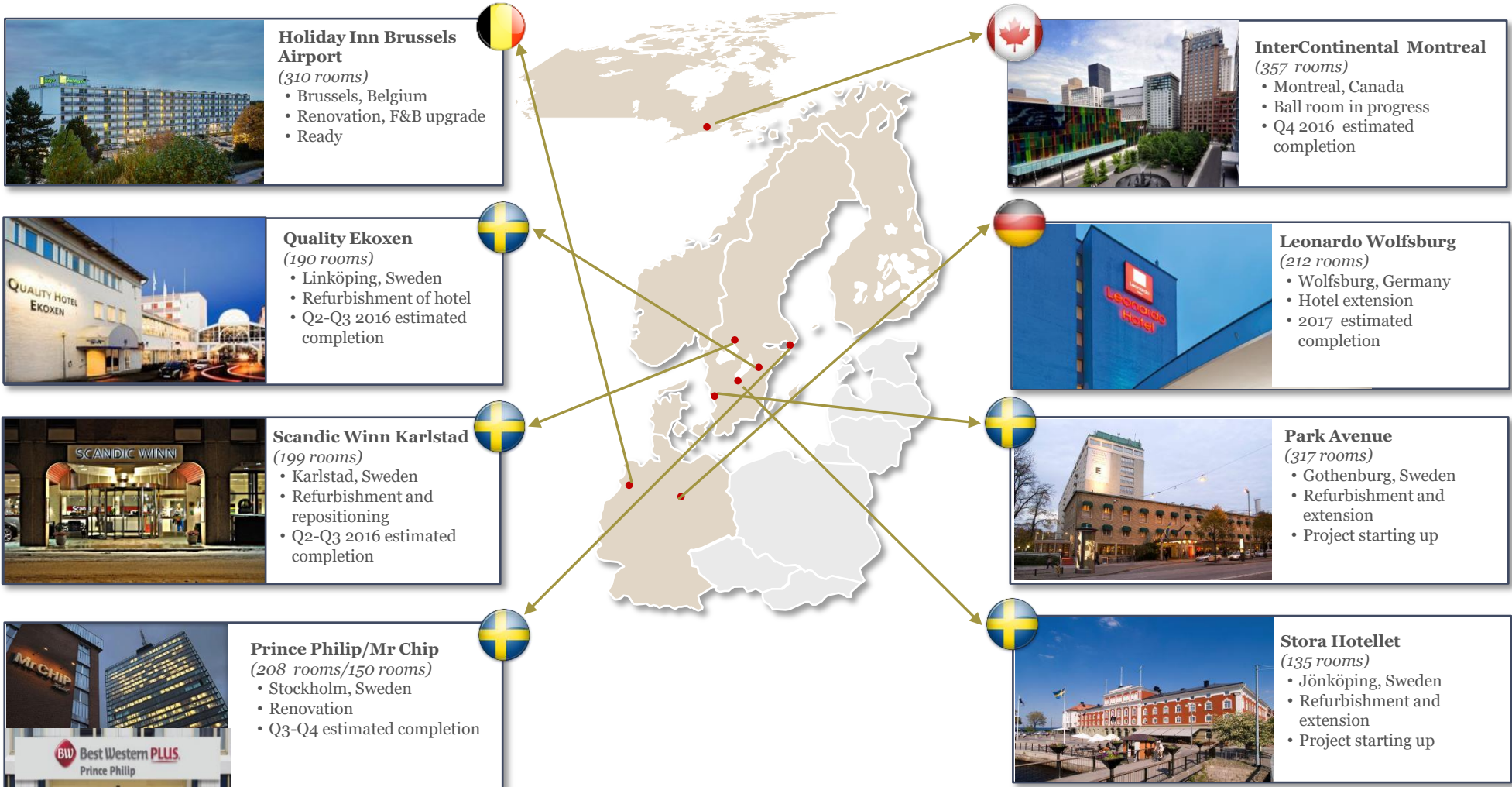
| | FY 2013 | FY 2014 | FY 2015 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| USA | 5% | 8% | 6% | 8% | 7% | 6% | 5% | 3% |
| New York ¹ | 4% | 3% | -2% | -4% | -2% | 1% | -2% | -1% |
| Montreal | 6% | 10% | 7% | 8% | 9% | 5% | 6% | 5% |
| Europe | 2% | 6% | 7% | 6% | 6% | 10% | 6% | 3% |
| London ¹ | 1% | 3% | 2% | 2% | -2% | 5% | 1% | -4% |
| Brussels | 2% | 3% | 2% | 2% | 8% | 13% | -10% | -8% |
| Berlin | 0% | 5% | 8% | 5% | 15% | 7% | 7% | 6% |
| Stockholm | 0% | 2% | 9% | 6% | -3% | 23% | 11% | 4% |
| Oslo | 4% | 1% | 8% | 1% | 14% | 10% | 7% | 2% |
| Helsinki | -5% | 2% | 2% | -1% | -3% | 6% | 6% | 6% |
| Copenhagen | 6% | 4% | 11% | 9% | 10% | 12% | 14% | 3% |

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.

Continuous portfolio investments to enhance performance

› Capex of c. MSEK 695 committed for future investments as of 31 March, 2016



Key growth drivers for cash earnings



➤ Thank you! Time for questions!

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Financial calendar:

- May 3, 2016 – Annual general meeting 2016
- May 24, 2016 - Capital market day in Brussels
- August 18, 2016 – Interim report, Q2 2016
- November 10, 2016 – Interim report, Q3 2016