

Strong end to a strong year

Year-end report January-December 2016

Stockholm, 16 February 2017

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Forward-looking statements

This presentation 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 (publ), may cause actual developments and results to differ materially from the expectations expressed in this presentation.

A strong fourth quarter 2016...

20%

Return on equity¹

- 1 Strong hotel market.
- 2 Profitable acquisitions.
- 3 Good return on investments.

19%

Growth in cash earnings²

2%

Growth in NOI
Property Management³

10%

Growth in NOI
Operator Activities³

- 1) Measured as growth in EPRA NAV including dividend and excluding proceeds from directed share issue at annual rate.
- 2) Adjusted for one-time items of MSEK 50 net 2015.
- 3) Adjusted for currency effects and comparable units.

...and a solid full-year 2016

20%

Return on equity¹

- 1 Strong and dynamic hotel market.
- 2 Profitable acquisitions and investments.
- 3 High business tempo and efficiency.

19%

Growth in cash earnings²

7%

Growth in NOI
Property Management³

-1%

Growth in NOI
Operator Activities³

- 1) Measured as growth in EPRA NAV including dividend and excluding proceeds from directed share issue at annual rate.
- 2) Adjusted for extra tax cost of MSEK -29 in Q4 2015.
- 3) Adjusted for currency effects and comparable units.

Delivering on our promises

Main achievements from listing

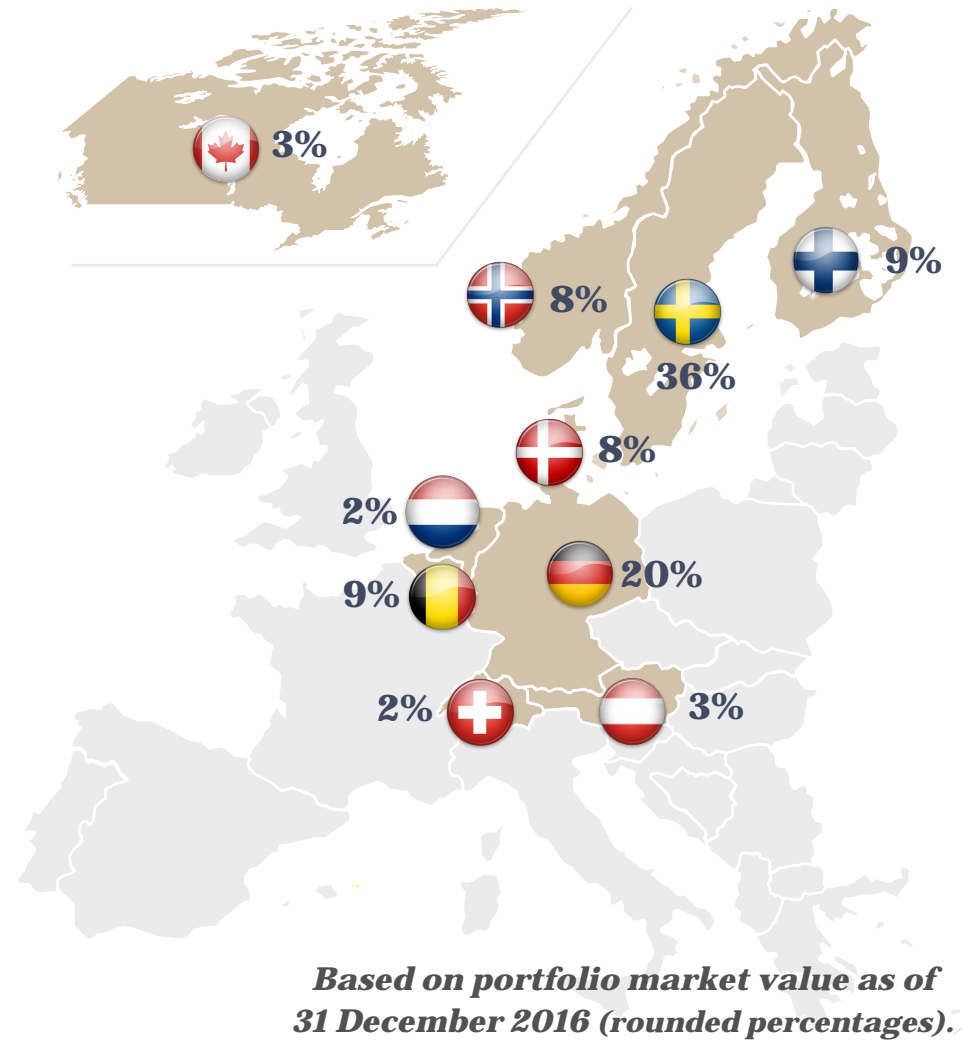
- ✓ **Profitable acquisitions and divestments**
26 hotels acquired for MSEK 8,300. Divestment of nine non-core assets for MSEK 1,000.
- ✓ **Expansion of lease portfolio**
Almost 40 acquired, extended and new long-term revenue-based lease agreements.
- ✓ **Active ownership model confirmed**
Taking over operations, develop and repositioning and lease out.
- ✓ **Cash-flow generating investments**
MSEK 750 invested and MSEK 1,035 in pipeline.
- ✓ **Continued high financial flexibility**
Directed share issue of MSEK 1,012.

Portfolio overview including the new assets

Increasingly well-diversified portfolio with 60/40 Nordic/International

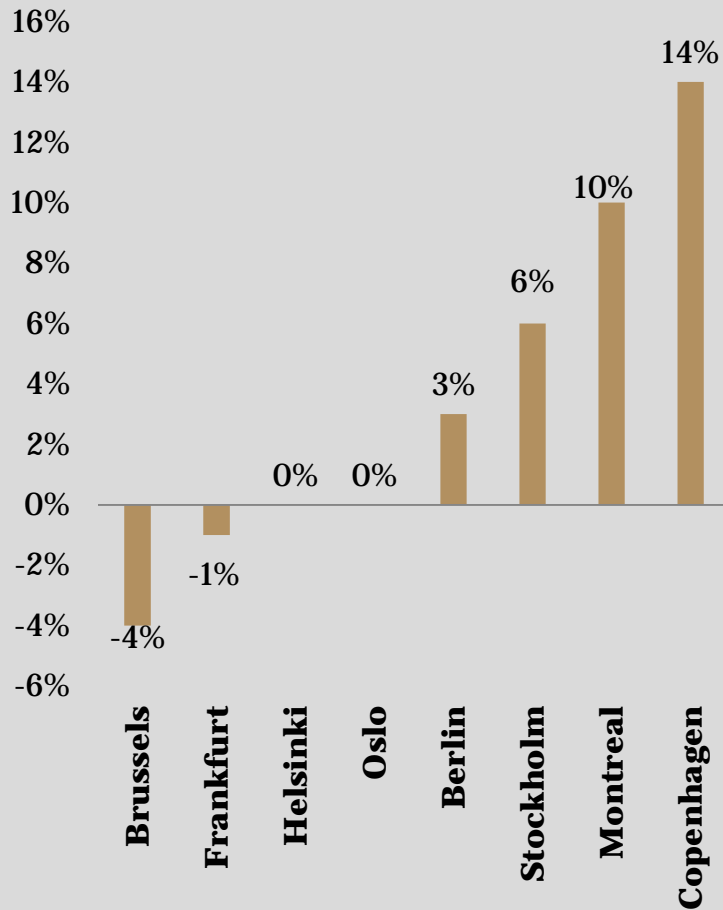
- Focused strategy on large hotel properties in the upper-medium to high-end segments in strategic locations.
- Active ownership model combining a large, attractive portfolio with excellent operational skills.

Pandox Group	Property Management	Operator Activities
120 Hotel Properties	98 Leased Properties	22 Operated Properties
SEK 38.2bn Portfolio Market Value	79% Property Market Value	21% Property Market Value
	5.7% Valuation Yield	7.5% Valuation Yield

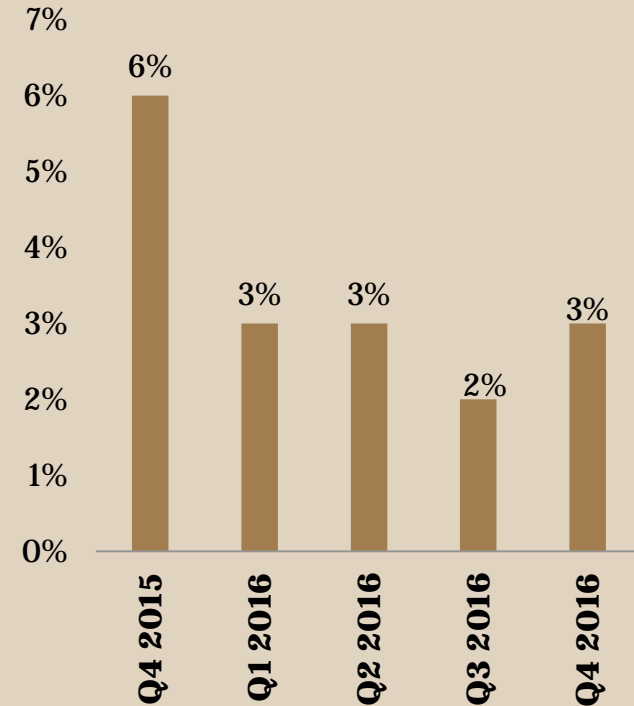


Sustained growth in important hotel markets (RevPAR Q4 y/y)

Key markets



Europe



Financial highlights October–December 2016

Strong end to a strong year

Key figures

(MSEK)	Q4 2016	Q4 2015	chg %	FY 2016	FY 2015	chg %
Revenue						
<i>Property Management (Note 1,2)</i>	458	365	25	1,787	1,543	16
Net operating income						
<i>Property Management (Note 1,2)</i>	368	306	20	1,495	1,280	17
Net operating income						
<i>Operator Activities (Note 2)</i>	130	104	25	439	416	6
EBITDA <i>(Note 1)</i>	464	381	22	1,817	1,603	13
Profit for the period <i>(Note 1,3,4)</i>	772	681	13	2,214	2,131	4
Cash earnings <i>(Note 1,3,4)</i>	314	234	34	1,289	1,130	14
Per share data (SEK)						
Cash earnings <i>(Note 1,3,4,5)</i>	2.05	1.56	31	8.49	7.53	13
EPRA NAV <i>(Note 4)</i>	-	-	-	126.24	107.71	17

(Note 1) FY 2015 includes one-time revenue of MSEK 60 in Q3 relating to mediation with Nordic Hospitality Group AS. (Note 2) Reclassification of The Hub Hotel & Livingroom in June 2015, Lillehammer Hotel in June 2015, Best Western Plus Hotel Prince Philip in October 2015, Thon Hotel Fagernes in January 2016, Thon Hotel Sørlandet in May 2016 and Meetingpoint Hafjell in September 2016 to Operator Activities. (Note 3) FY 2015 includes received tax compensation of MSEK 19 in Q3 and extra tax cost of MSEK -29 in Q4. (Note 4) Based on weighted number of shares before and after dilution of 151,059,782 for Q4 2016 and 150,266,393 for full year 2016. For information about previous years see page 22. (Note 5) After non-controlling interest.

Comments on the quarter

- Property Management: LFL¹ growth in revenue and net operating income of 6 percent and 2 percent, respectively.
- Operator Activities: Improved profitability with a LFL¹ increase in net operating income of 10 percent.
- Larger loan portfolio and commitment fees tied to unutilised credit facilities.
- EPRA NAV per share amounted to SEK 126.24, an increase by SEK 18.53 from year-end 2015. Adjusted for dividend and new share issue the annualised return is 20 percent.
- Investment Properties experienced an unrealised and realised portfolio value increase of 5.8 percent. For Operating Properties (information purposes only) the unrealised value increase was 3.5 percent.

Continued organic growth in rental income and NOI

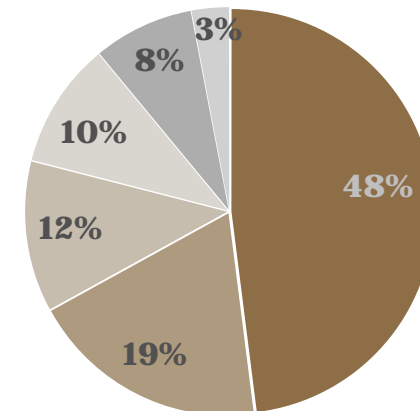
Property Management, comments on the fourth quarter 2016

Net operating income

(MSEK)	Q4 2016	Q4 2015	FY 2016	FY 2015
Rental income	433	351	1,717	1,431
Other property income	25	14	70	112
Costs*	-90	-59	-292	-263
Net operating income	368	306	1,495	1,280

*Including property administration costs

Rental income Oct-Dec 2016 in %



Sweden
 Germany
 Finland
 Denmark
 Norway
 Other

- LFL¹ rental income and net operating income increased by 6 percent and 2 percent, respectively.
- Stable demand from all guest segments and relatively limited new supply.
- Seven hotel properties in Europe included from 19 December 2016.

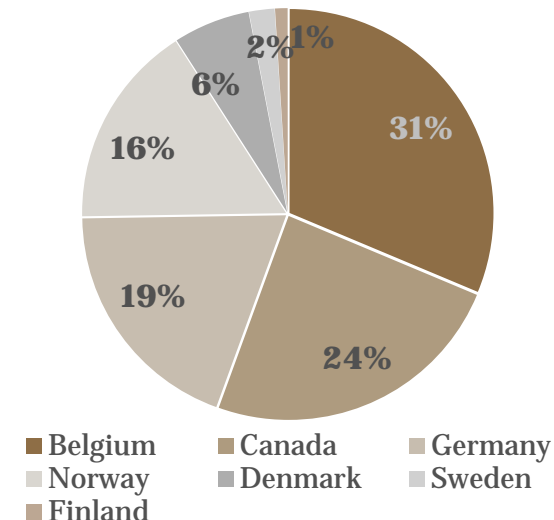
Improved profitability in Brussels

Operator Activities, comments on the fourth quarter 2016

Net operating income

(MSEK)	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenue	619	536	2,158	2,046
Costs	-528	-471	-1,866	-1,767
Gross Profit	91	65	292	279
Add: Depreciation included in costs	39	39	147	137
Net operating income	130	104	439	416
NOI margin	21%	20%	20%	20%
<i>NOI margin adjusted for Grand Hotel Oslo</i>	<i>24%</i>	<i>22%</i>	<i>23%</i>	<i>23%</i>

Revenues Oct-Dec 2016 in %



- › LFL¹ revenue was unchanged while net operating income increased by 10 percent.
- › NOI improvement mainly due to recovery in Brussels.
- › Improved profitability for repositioned hotels in Norway and Sweden.
- › Strong performance in Denmark, Canada and Germany

Property portfolio

Cash flow and yield compression explain value increase

Change in value (MSEK)

Investment Properties, beginning of the period (Jan 1, 2016)	25,062
+ Acquisitions	+3,970
+ Investments	173
- Divestments ¹	-887
+/- Reclassifications	-295
+/- Unrealised changes in value	1,301
+/- Realised changes in value ¹	159
+/- Change in currency exchange rates	680
Investment Properties, end of period (December 31, 2016)	30,163

Operating Properties (reported for information purposes only)

Operating Properties, market value beginning of the period (Jan 1, 2016)	6,375
+ Acquisitions	526
+ Investments	260
- Divestments	—
+/- Reclassifications	295
+/- Unrealised changes in value	225
+/- Realised changes in value	—
+/- Change in currency exchange rates	389
Operating Properties, market value end of period (December 31, 2016)	8,070

¹ Refers to divestment of eight Investment Properties 31 March 2016.

+5.8%
YTD

+3.5%
YTD

+5.4% YTD

Comments per 31 December 2016

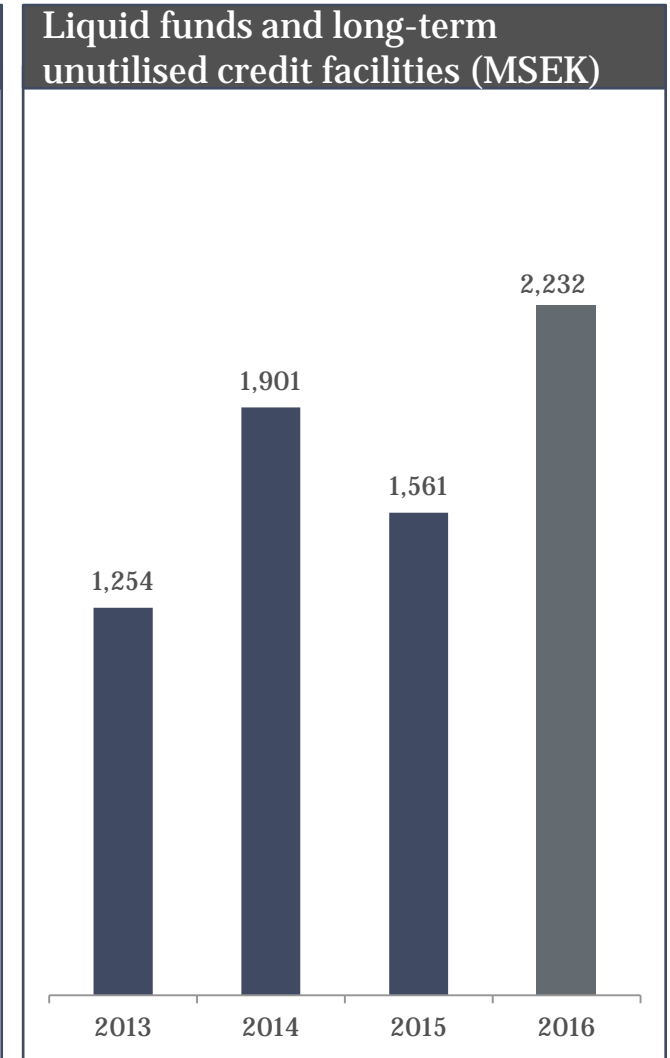
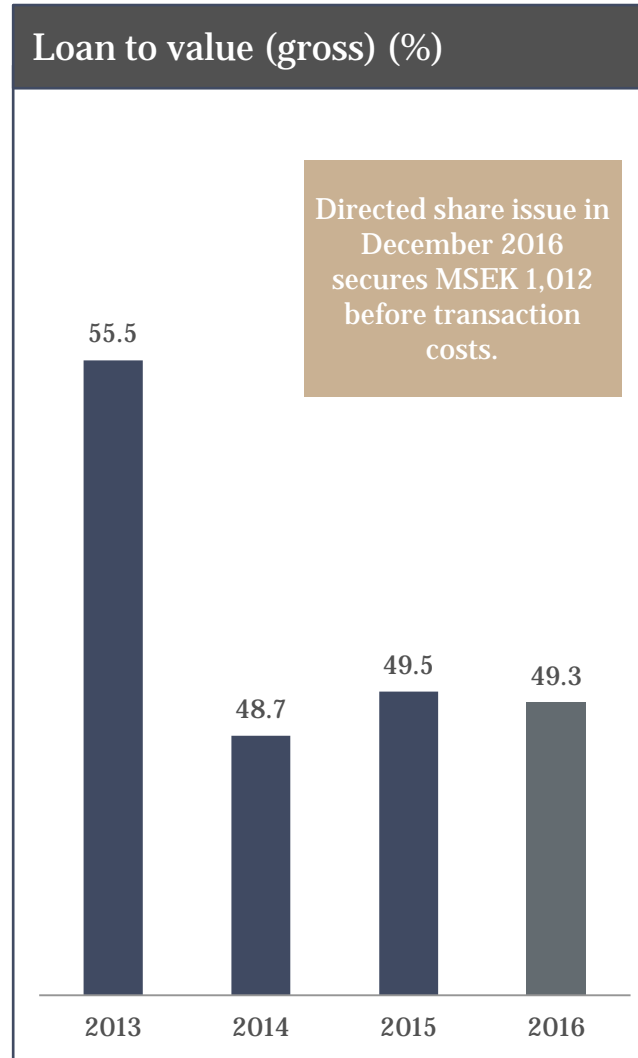
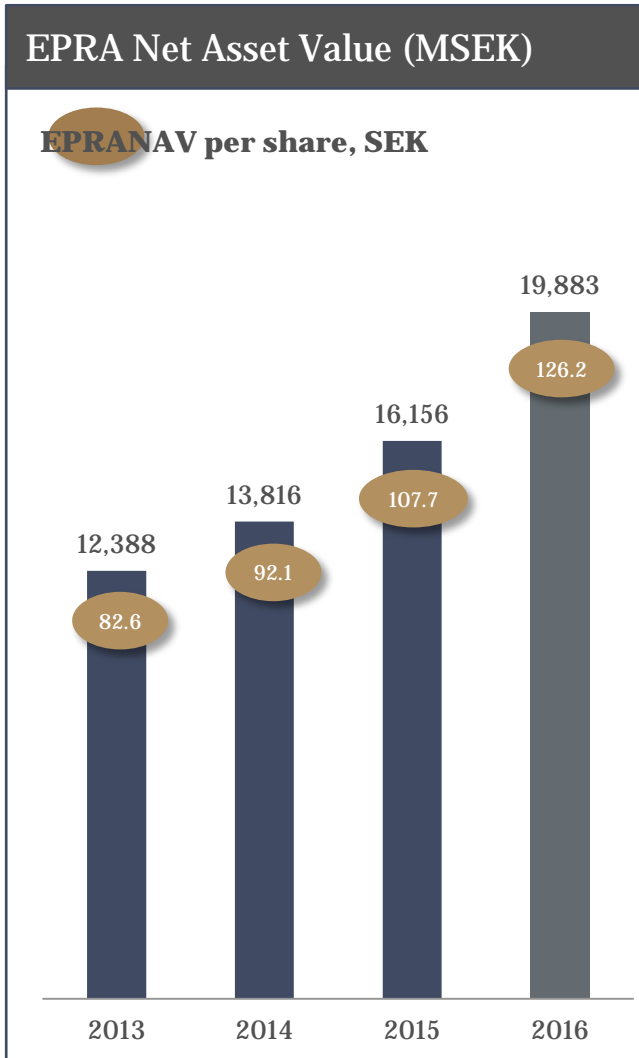
- Total property portfolio market value amounted to MSEK 38,233.
- Average valuation yield for Investment Properties was 5.7 (5.9) percent and for Operating Properties 7.5 (7.5) percent.
- External valuations in line with and confirms Pandox's internal valuations.

High level of activity:

- Reclassification of Thon Hotel Fagernes, Thon Hotel Sørlandet and Meetingpoint Hafjell to Operator Activities.
- Eight Swedish hotels divested for MSEK 850.
- Acquisition of seven European properties for 4,100 MSEK.
- Jan 1, 2017 Urban House Copenhagen reclassified to Property Management.

Financing and capital structure

Solid growth in EPRA NAV and loan to value compression y/y



A summary of the main drivers for growth in cash earnings



Q&A

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Financial calendar:

- 29 March 2017 – Annual General Meeting
- 4 May 2017 – Interim report Q1, January–March 2017
- 9 May 2017 – Capital Market Day 2017