

INTERIM REPORT JANUARY-MARCH 2018

A stable earnings development



Interim presentation

24 April, 2018

Anders Nissen, CEO
Liia Nõu, CFO

A stable earnings development

21%

Return on equity²

1

Profitable acquisitions

2

Positive effects from product development

3

A seasonally weak quarter and Easter effect

24%

Growth in total
net operating income¹

Flat

LFL growth in NOI
Property Management³

21%

LFL growth in NOI
Operator Activities³

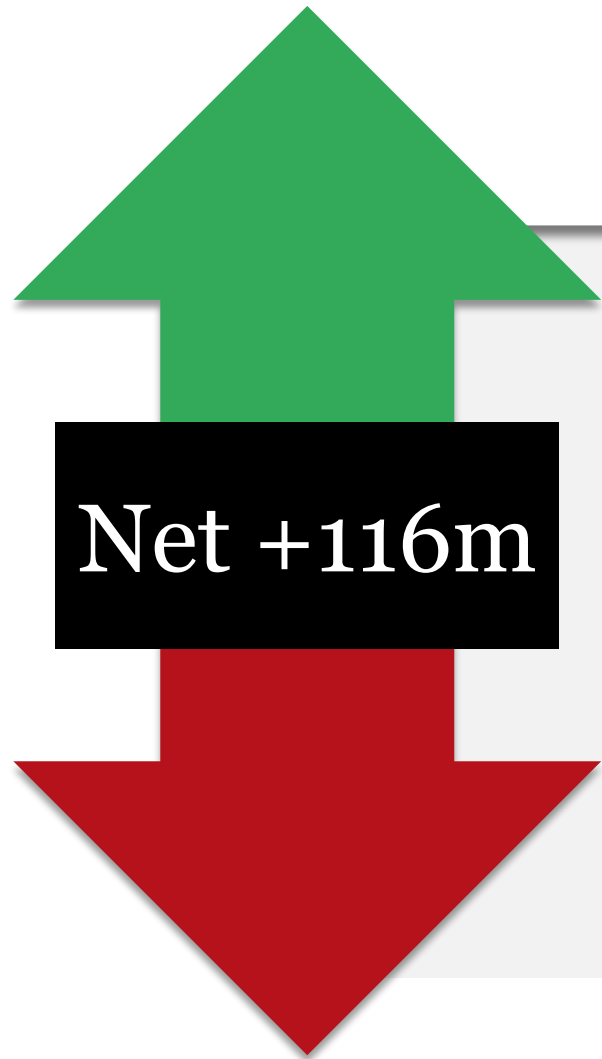
1) Measured as net operating income Property Management and gross profit plus depreciation Operating Activities.

2) Measured as growth in EPRA NAV, including dividend and excluding proceeds from directed share issue, at annual rate.

3) Adjusted for currency effects and comparable units.

Substantial increase in net operating income (total NOI)

Based on a combination of factors



- + Well-performing acquisitions
- + Positive development in the UK and Ireland
- + Positive mix effects in Property Management
- + Stable underlying market conditions
- Seasonally weak quarter
- Negative calendar effect
- Weaker trade fair calendar in Germany
- On-going capacity expansion in Stockholm

Focus on profitable growth

High business tempo

GROWTH FACTORS Q1'15 – Q1'18

ACQUISITIONS

INVESTMENTS

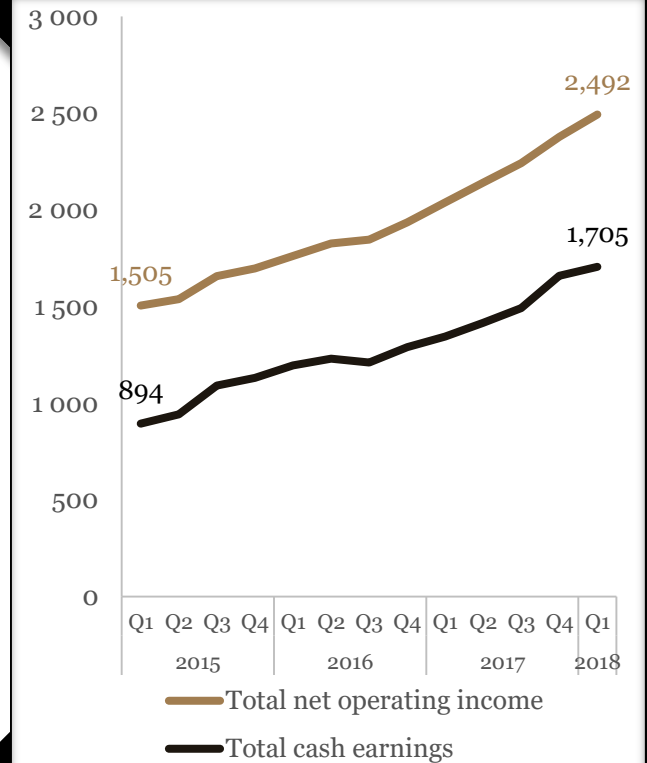
NEW LEASES

17bn 1.7bn +60

Structural growth in the tourism and travel market

Value-adding business model

OUTCOME (R12M)



Portfolio overview

Well-diversified portfolio dominated by revenue-based leases

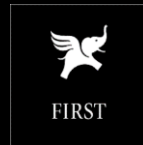
Pandox Group	Property Management	Operator Activities
143 Hotel properties	128 Leased properties	15 Operated properties
31,628 Rooms	29,918 Rooms	4,710 Rooms
SEK 52.1bn Property market value	86% Property market value	14% Property market value
	5.6% Valuation yield	7.3% Valuation yield

Based on portfolio market value as of 31 March 2018 (rounded percentages)

The new world of Pandox



A broad selection of operators and brands



Positive development in the UK and Ireland

Acquisition off to a good start



Well-established hotels with strong locations.

Good potential to gain market shares.



Good growth in the UK regional hotel market

RevPAR increased 2 percent vs a decrease of 1 percent in London.

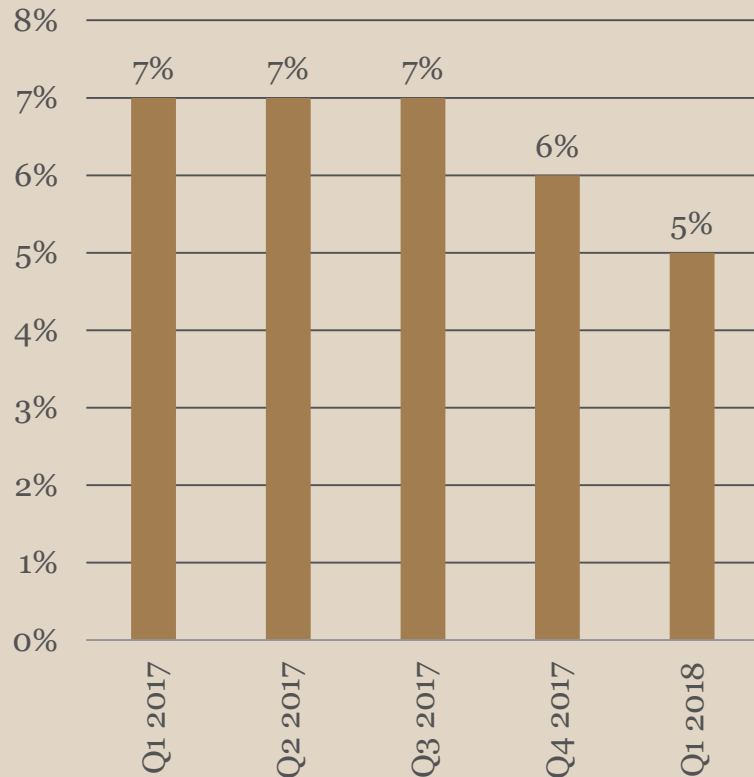


Strong growth in Ireland

RevPAR increased by 10 percent.

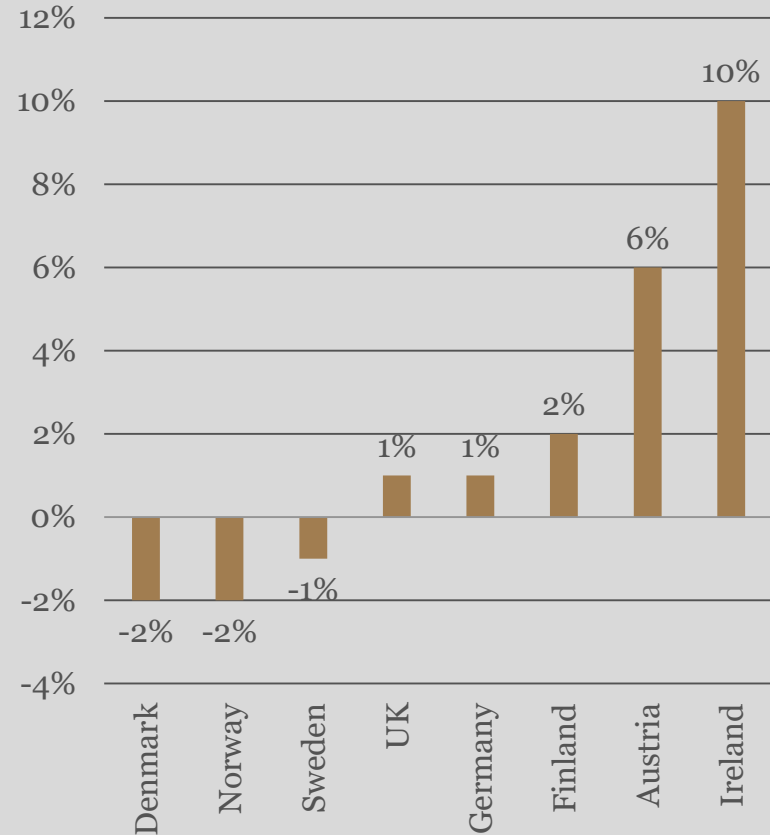
Good growth in Europe (RevPAR Q1 y/y)

Europe (RevPAR)



Source: STR Global

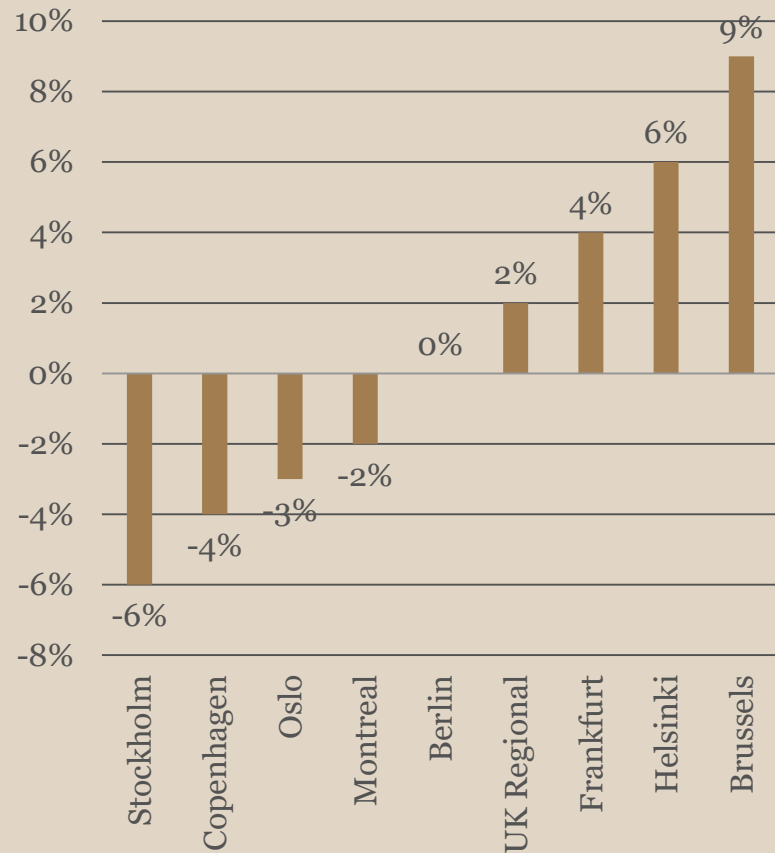
Selected countries (RevPAR)



Source: STR Global, Benchmarking Alliance

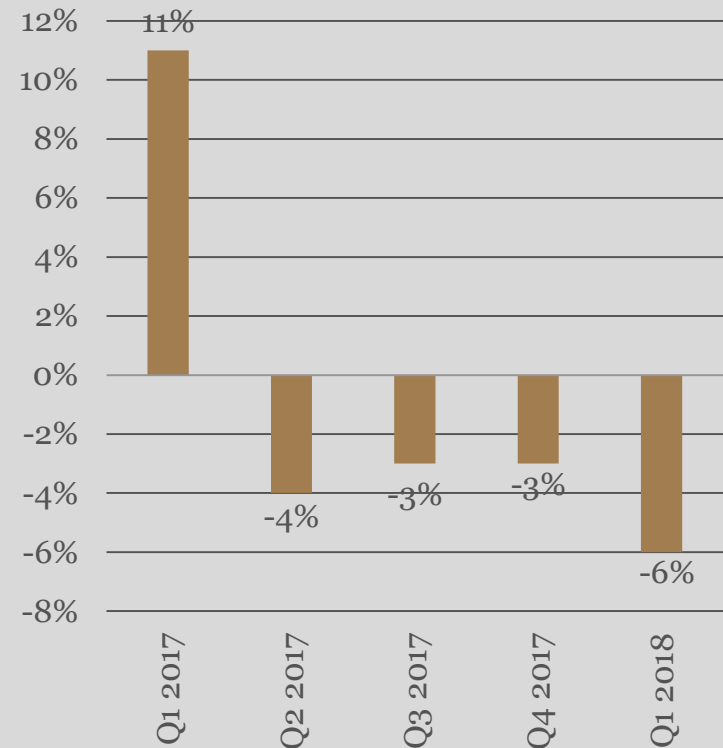
Easter weighed on Northern Europe (RevPAR Q1 y/y)

Key markets (RevPAR)



Source: STR Global, Benchmarking Alliance

Stockholm (RevPAR)



Source: Benchmarking Alliance

Financial highlights

Stable earnings development

Key figures

(MSEK)	Q1 2018	Q1 2017	chg %	FY 2017
Revenue	621	474	31	2,202
<i>Property Management (Note 1)</i>				
Net operating income	528	396	33	1,882
<i>Property Management (Note 1)</i>				
Net operating income	66	82	-20	494
<i>Operator Activities (Note 1)</i>				
EBITDA (Note 1)	560	450	24	2,252
Profit for the period (Note 1)	452	527	-14	3,148
Cash earnings (Note 1)	336	290	16	1,660
Per share data (SEK)				
Earnings per share (Note 1,2,3)	2.69	3.31	-19	19.89
Cash earnings (Note 1,2,3)	2.00	1.81	10	10.46
EPRA NAV (Note 3)	151.81	125.67	n.m.	144.54

(Note 1) See page 20 in interim report January-March 2018 for summary of reclassifications, acquisitions and divestments.

(Note 2) Based on total and weighted number of shares 167,499,999 for Q1 2018, 157,499,999 for Q1 2017 and 157,856,163 for FY 2017.

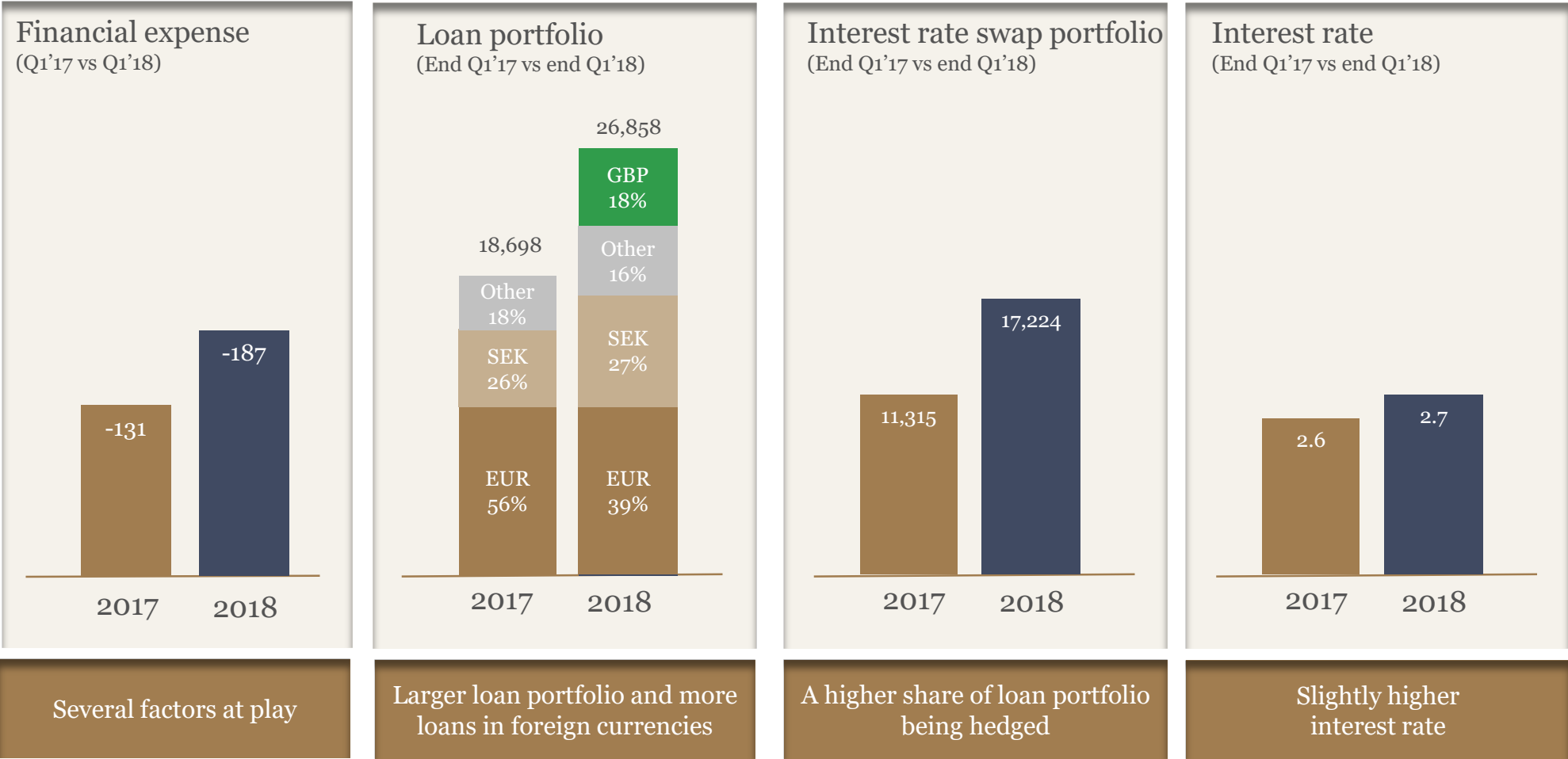
(Note 3) After non-controlling interest.

Comments on the quarter

- Property Management: LFL¹ growth in revenue and net operating income of 0.5 percent and 0.1 percent, respectively.
- Operator Activities: Improved profitability with a LFL¹ increase in net operating income of 21 percent.
- EPRA NAV per share amounted to SEK 151.81, an increase by SEK 7.27 from year-end 2017. Adjusted for dividend and new share issue the annualised return was 21 percent.
- YTD Investment Properties experienced an unrealised and realised portfolio value increase of 0.3 percent. For Operating Properties (information purposes only) the unrealised value increase was unchanged.

Financial expense

More loans in foreign currencies



Positive underlying growth

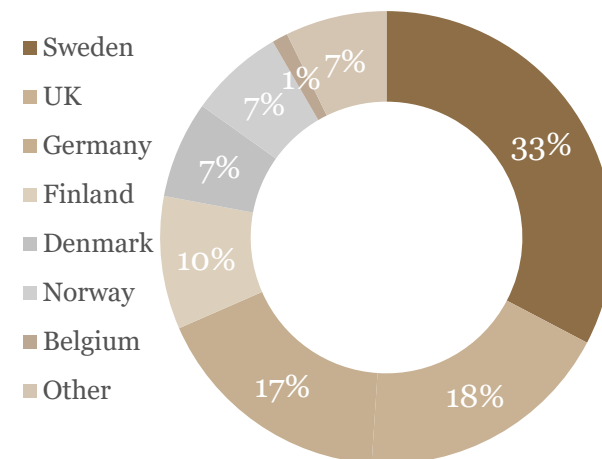
Property Management

Net operating income

(MSEK)	Q1 2018	Q1 2017	FY 2017
Rental income	600	456	2,121
Other property income	21	18	81
Costs*	-93	-88	-321
Net operating income	528	396	1,882

*Including property administration costs

Rental income Mar-Jan 2018 in %



- Q1 2018 LFL¹ rental income and net operating income increased by 0.5 percent and 0.1 percent, respectively
- Seasonally weak quarter with negative timing of Easter and challenging comparisons in some markets
- Positive development in the recently acquired portfolio in the UK and Ireland
- NH Brussels Bloom and NH Brussels EU Berlaymont reclassified to Property Management 1 February

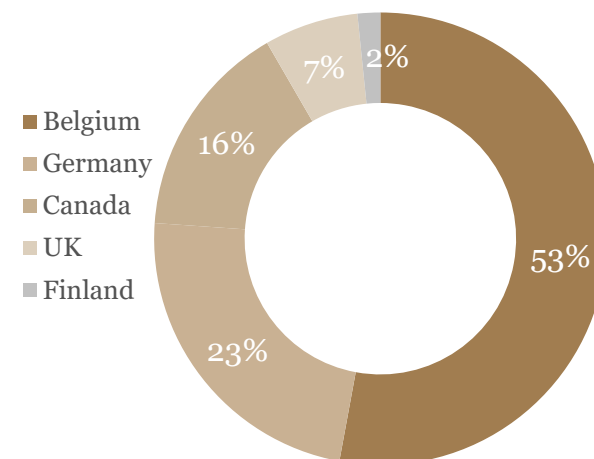
Brussels approaching pre-terror levels

Operator Activities

Net operating income

(MSEK)	Q1 2018	Q1 2017	FY 2017
Revenue	431	521	2,067
Costs	-404	-479	-1,743
Gross Profit	27	42	324
Add: Depreciation included in costs	39	40	170
Net operating income	66	82	494
NOI margin	15%	16%	24%

Revenues Jan-Mar 2018 in %



- Q1 2018 LFL¹ revenue increased by 4 percent and net operating income by 21 percent
- Seasonality, negative calendar effect while Montreal faced tough comparison and competing hotel capacity
- NOI improvement driven by Brussels now approaching the levels before the terror attacks 2015-2016
- NH Brussels Bloom and NH Brussels EU Berlaymont reclassified to Property Management 1 February
- Former Scandic Grand Place remains closed for renovation

Property portfolio

Marginally lower yields in the quarter

Change in value (MSEK)

Change in value Investment Properties

	Figures in MSEK
Investment Properties, beginning of the period (January 1, 2018)	42,548
+ Acquisitions ²⁾	3
+ Investments in current portfolio	90
- Divestments	—
+/- Reclassifications ¹⁾	657
+/- Revaluation of fixed assets to the profit for the year ¹⁾	117
+/- Unrealised changes in value	148
+/- Realised changes in value	—
+/- Change in currency exchange rates	1,437
Investment Properties, end of period (March 31, 2018)	44,999

**+0.3%
YTD**

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

	Figures in MSEK
Operating Properties, market value (January 1, 2018)	7,573
+ Acquisitions	—
+ Investments in current portfolio	80
- Divestments	—
+/- Reclassifications ¹⁾	-773
+/- Unrealised changes in value	0
+/- Realised changes in value	—
+/- Change in currency exchange rates	240
Operating Properties, market value (March 31, 2018)	7,121

**+0.0%
YTD**

+0.3% YTD

¹⁾ Refers to reclassification of two hotel properties to Property Management in Q1 2018.

²⁾ Refers to acquisition of Hilton London Heathrow Airport T4.

Comments per 31 March, 2018

- Total property portfolio market value amounted to MSEK 52,120 (50,121)
- Average valuation yield for Investment Properties was 5.6 (5.6) percent and for Operating Properties 7.3 (7.3) percent
- External valuations in line with and confirms Pandox's internal valuations

Portfolio changes 2018 YTD:

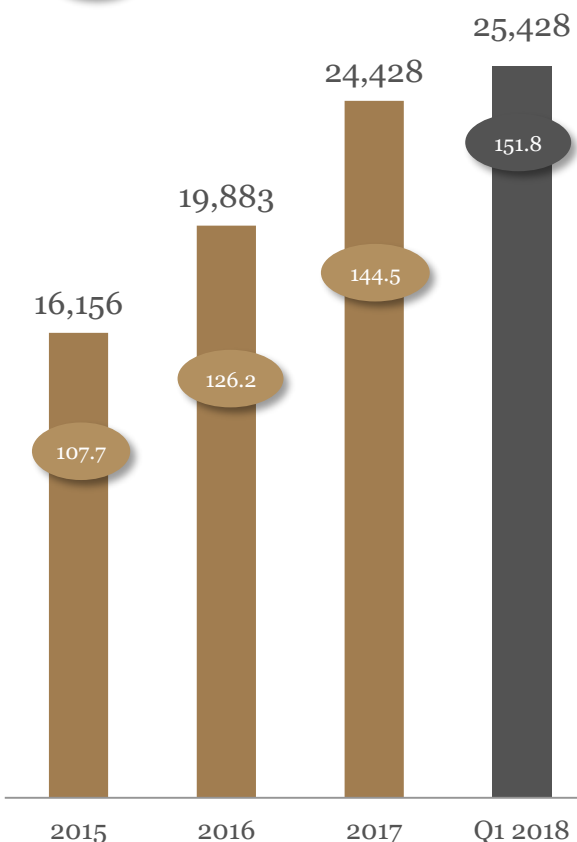
- Reclassification of two hotels to Property Management 1 February

Financing and capital structure

Solid growth in EPRA NAV and maintained financial flexibility

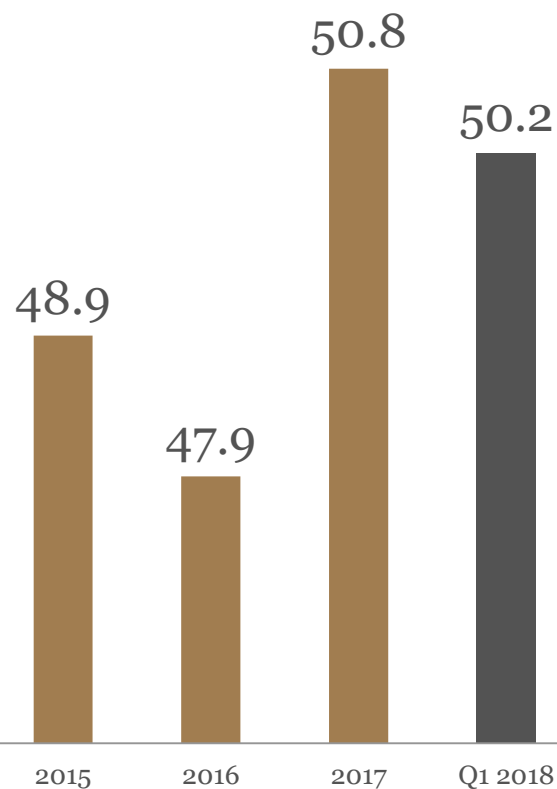
EPRA Net Asset Value (MSEK)

EPRA NAV per share, SEK

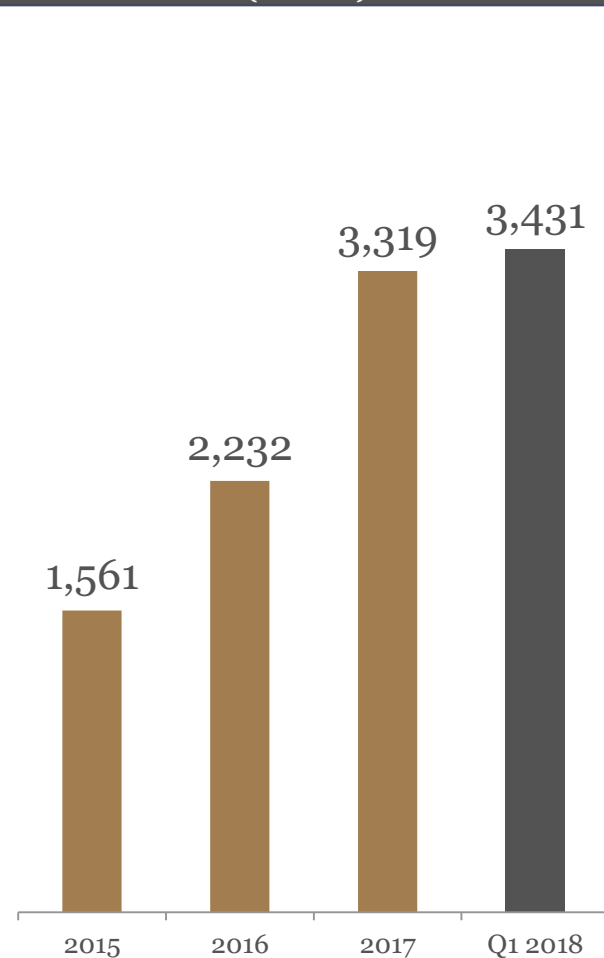


Loan to value (%)

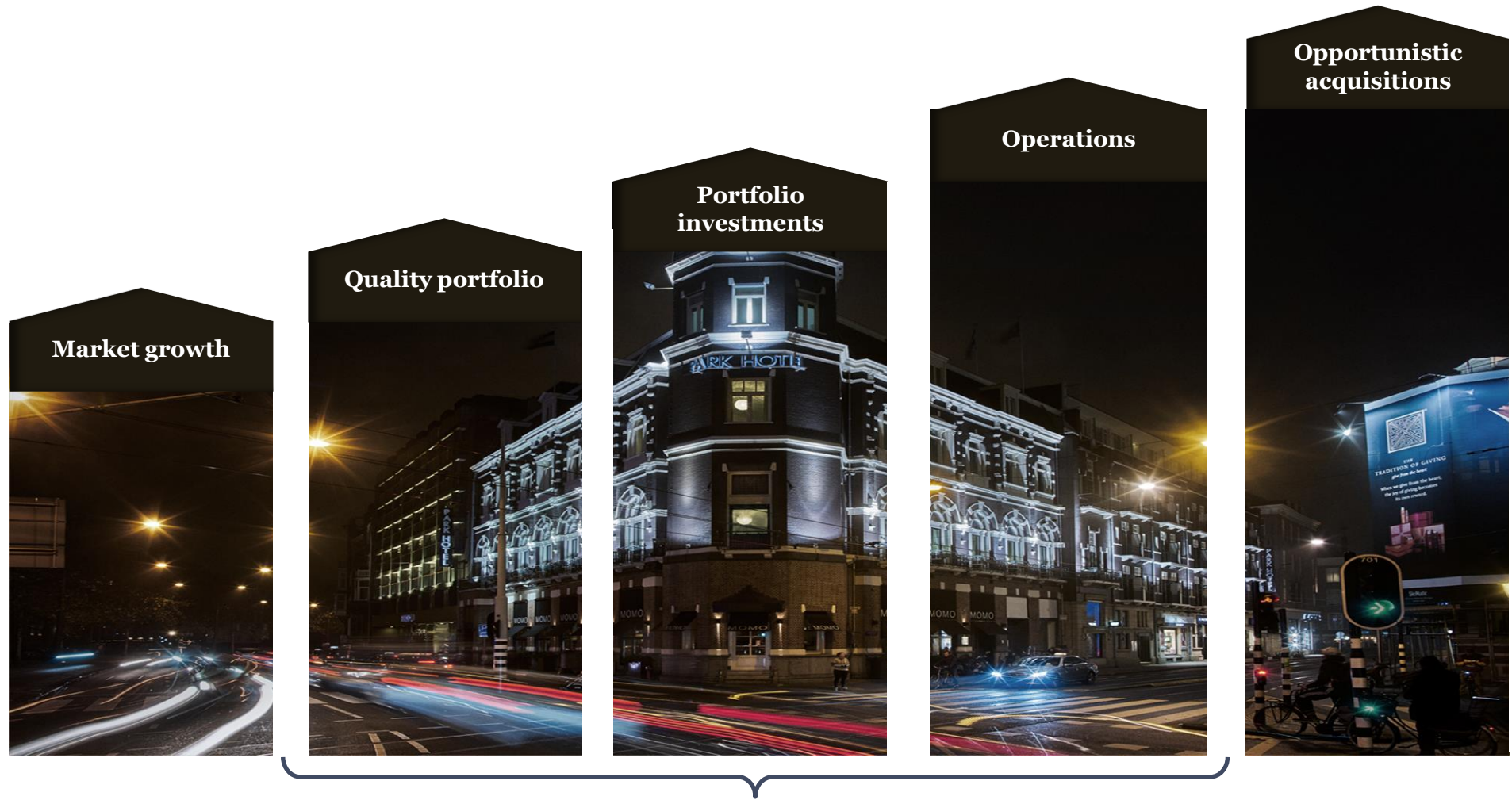
Renewed mandate from the AGM 2018 to issue new shares up to a maximum of 10 percent of total outstanding shares



Liquid funds and long-term unutilised credit facilities (MSEK)



The main drivers for growth in cash earnings



Q&A



Head office
Pandox AB (publ)
Box 15
SE-101 20 Stockholm
Sweden

Visiting address
Vasagatan 11
Stockholm
Sweden

Tel: +46 8 506 205
www.pandox.se
Org.nr. 556030-7885

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.