

INTERIM REPORT JANUARY-JUNE 2018

Profitable growth and good returns



Interim presentation

13 July, 2018

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Profitable growth

20%

R12M

Return on equity²

1

Profitable acquisitions in new large markets

2

Continued strong development in Brussels

3

Good underlying demand in the hotel market

33%

Q2

29%

H1

Growth in total
net operating income¹

-0.6%

Q2

-0.3%

H1

LFL growth in NOI
Property Management³

15%

Q2

17%

H1

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.

Solid increase in total net operating income

Based on a combination of factors

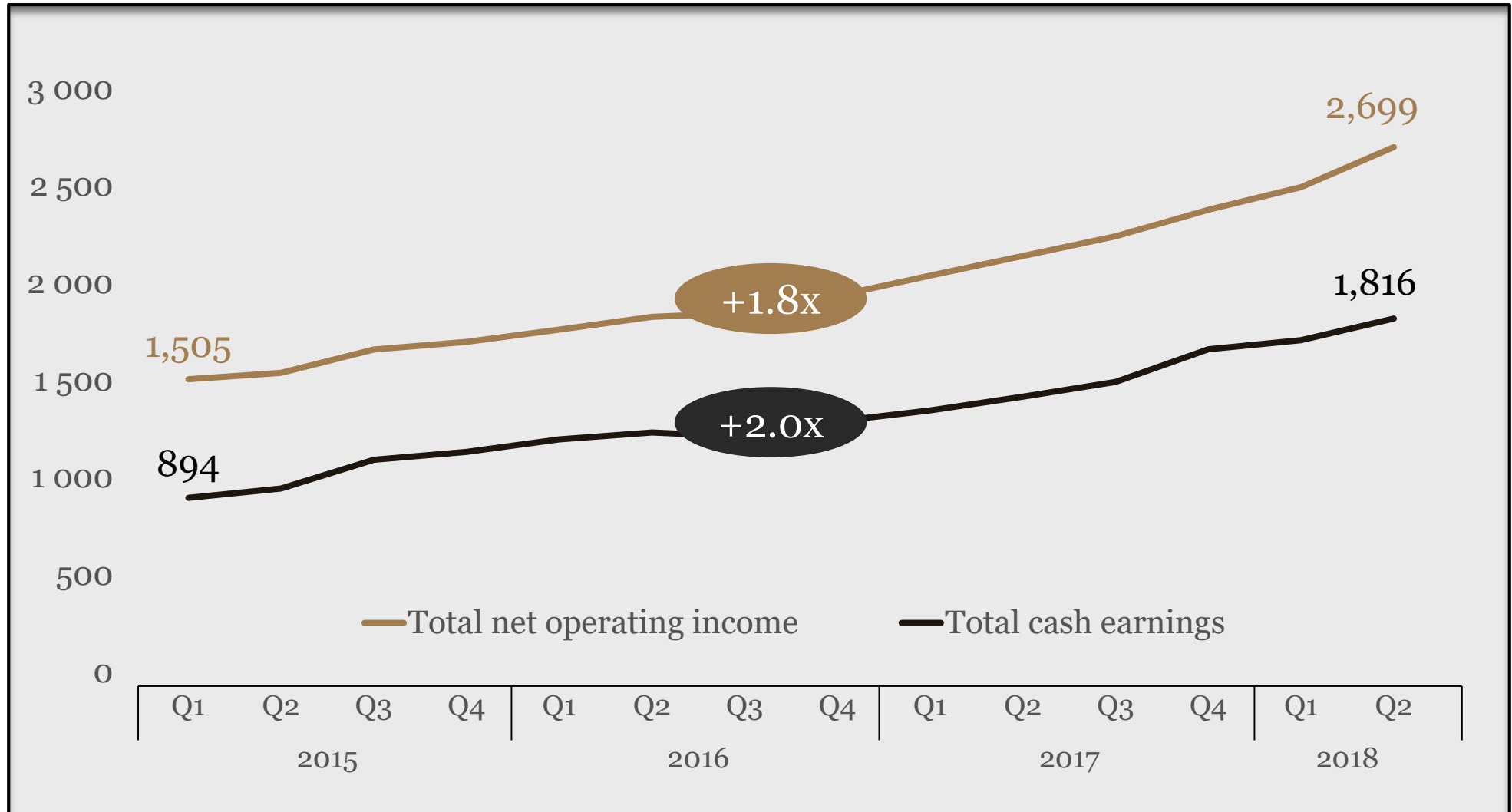


- + Strong performance in the UK and Ireland
- + Good development in Brussels
- + Seasonally strong quarter
- + Favourable market conditions

- Fewer business days in Europe (Germany)
- Weaker trade fair calendar in Germany
- Some renovation effects

Focus on profitable growth (R12M)

High business tempo reflected in earnings



Portfolio overview

Well-diversified portfolio dominated by revenue-based leases

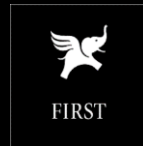
Pandox Group	Property Management	Operator Activities
<p>143 Hotel properties</p> <p>31,656 Rooms</p>	<p>128 Leased properties</p> <p>29,946 Rooms</p>	<p>15 Operated properties</p> <p>4,710 Rooms</p>
<p>SEK 53.1bn Property market value</p>	<p>86% Property market value</p>	<p>14% Property market value</p>
	<p>5.57% Valuation yield</p>	<p>7.27% Valuation yield</p>

Based on portfolio market value as of 30 June 2018 (rounded percentages)

The new world of Pandox



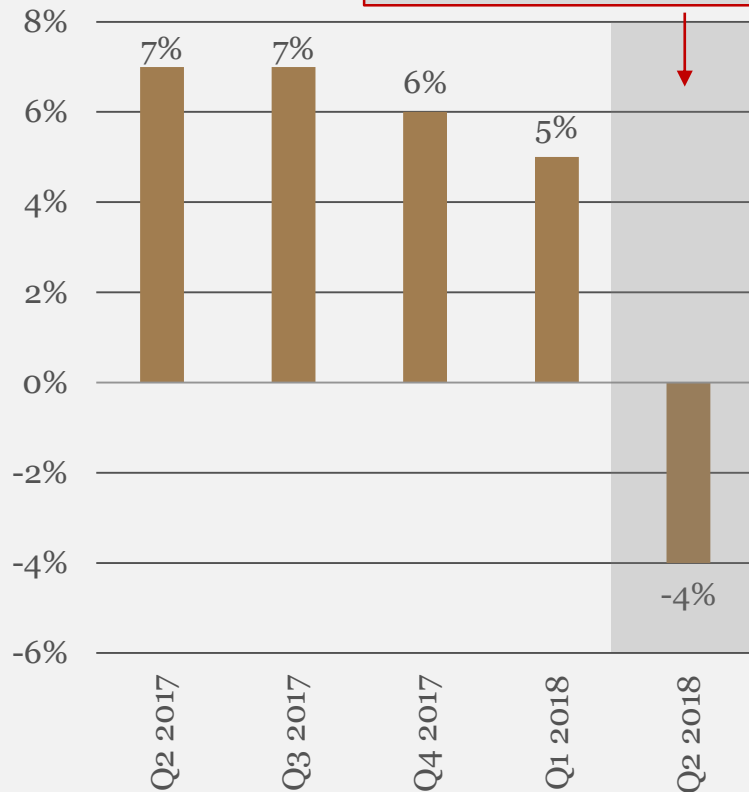
A broad selection of operators and brands



Good underlying demand (RevPAR Q1 y/y)

Europe (RevPAR)

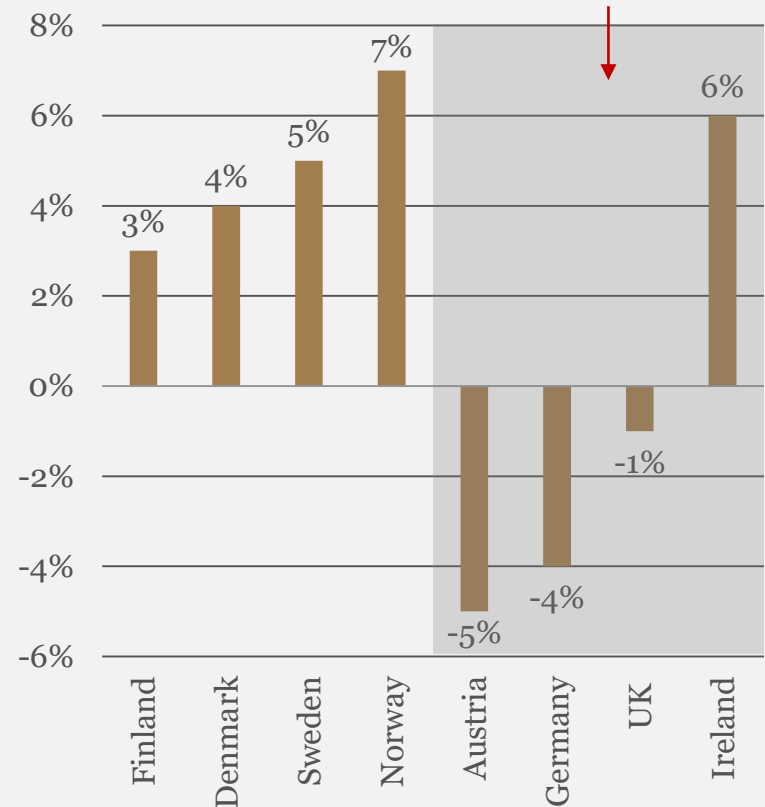
For the period April-May 2018



Source: STR Global

Selected countries (RevPAR)

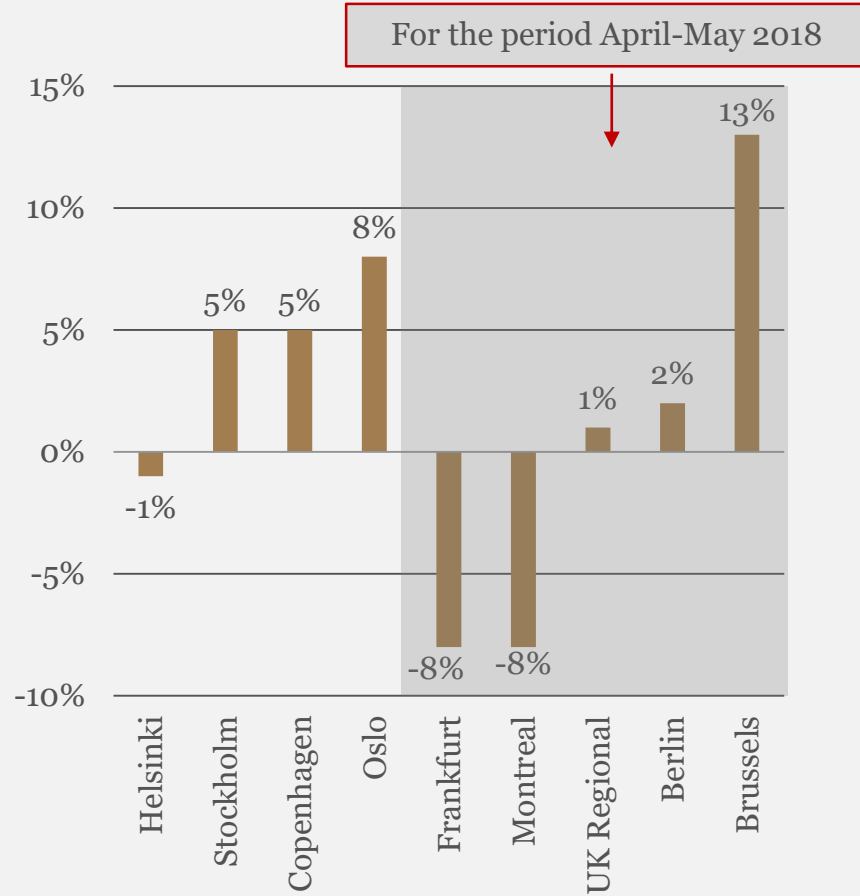
For the period April-May 2018



Source: STR Global, Benchmarking Alliance

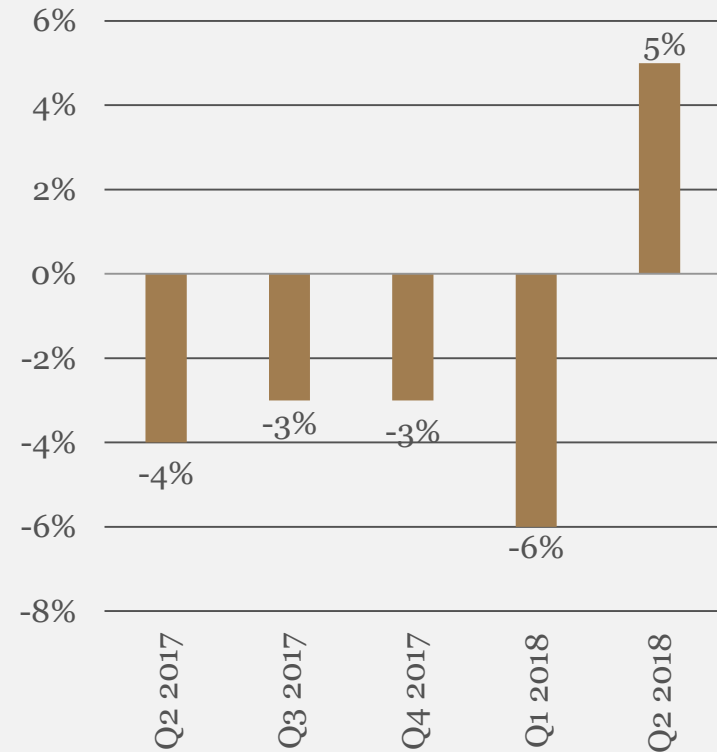
Stable positive growth in the Nordics (RevPAR Q1 y/y)

Key markets (RevPAR)



Source: STR Global, Benchmarking Alliance

Stockholm (RevPAR)



Source: Benchmarking Alliance

Financial highlights

Solid earnings growth

Key figures				
(MSEK)	Q2 2018	Q2 2017	chg %	FY 2017
Revenue				
<i>Property Management (Note 1)</i>	791	568	39	2,202
Net operating income				
<i>Property Management (Note 1)</i>	664	485	37	1,882
Net operating income				
<i>Operator Activities (Note 1)</i>	167	139	20	494
EBITDA (Note 1)	794	594	34	2,252
Profit for the period (Note 1)	763	887	-14	3,148
Cash earnings (Note 1)	536	425	26	1,660
Per share data (SEK)				
Earnings per share (Note 1,2,3)	4.53	5.61	-19	19.89
Cash earnings (Note 1,2,3)	3.18	2.67	19	10.46
EPRA NAV (Note 3)	153.97	125.67	n.m.	144.54

Comments on the quarter

- Property Management: LFL¹ increase in revenue of 0.5 percent and decrease in net operating income of 0.6 percent
- Operator Activities: LFL¹ increase in net operating income of 15 percent.
- EPRA NAV per share amounted to SEK 153.97, an increase by SEK 9.43 from year-end 2017. Adjusted for dividend and new share issue the annualised return was 20 percent.
- YTD Investment Properties experienced an unrealised and realised portfolio value increase of 1.0 percent. For Operating Properties (information purposes only) the unrealised value increase was 0.4 percent.

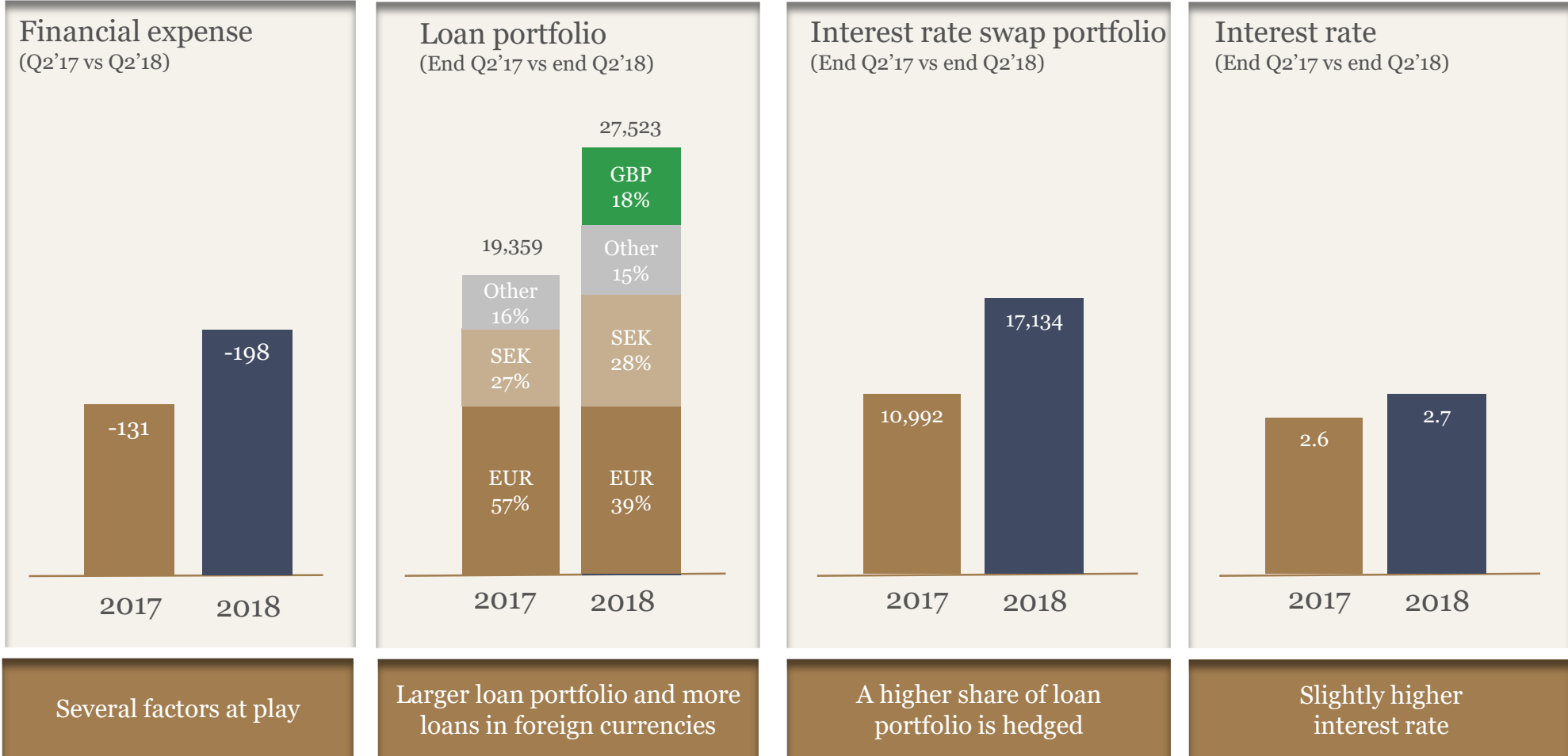
(Note 1) See page 23 in interim report January-March 2018 for summary of reclassifications, acquisitions and divestments.

(Note 2) Based on total and weighted number of shares 167,499,999 for Q2 2018, 157,499,999 for Q2 2017 and 157,856,163 for FY 2017.

(Note 3) After non-controlling interest.

Financial expense

More loans in foreign currencies



Good progress in the UK and Ireland

Property Management

Net operating income

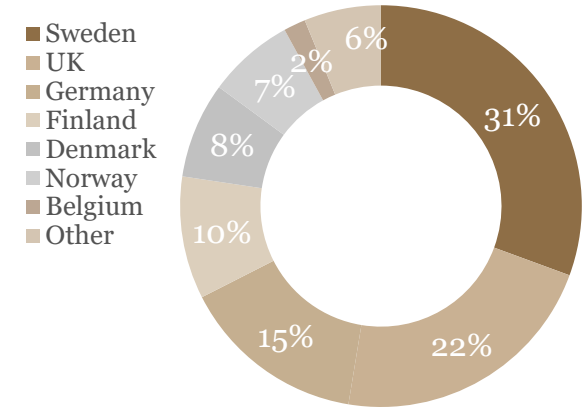
(MSEK)	Q1 2018	Q1 2017	FY 2017
Rental income	739	547	2,121
Other property income	52	21	81
Costs*	-127	-83	-321
Net operating income	664	485	1,882

*Including property administration costs

+30m

Included in Other property income and Costs due to change of reporting from net to gross in the UK and Ireland, of which half attributed to the first quarter

Rental income April-June 2018 in %



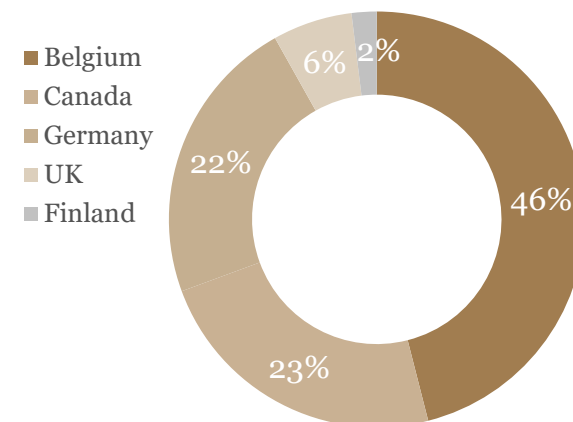
- Q2 2018 LFL¹ rental income increased by 0.5 percent and net operating decreased by 0.6 percent
- Strong development in the UK and Ireland (not in the comparable portfolio)
- Seasonally strong quarter but fewer business days in Germany
- Some negative renovation effects

Brussels drives earnings growth

Operator Activities

Net operating income			
(MSEK)	Q1 2018	Q1 2017	FY 2017
Revenue	565	555	2,067
Costs	-436	-462	-1,743
Gross Profit	129	93	324
Add: Depreciation included in costs	38	46	170
Net operating income	167	139	494
NOI margin	30%	25%	24%

Revenues April-June 2018 in %



- › Q1 2018 LFL¹ revenue increased by 3 percent and net operating income by 15 percent
- › NOI improvement driven by Brussels and to some extent Germany
- › Former Scandic Grand Place remains closed for renovation

Property portfolio

Marginally lower yields in the quarter

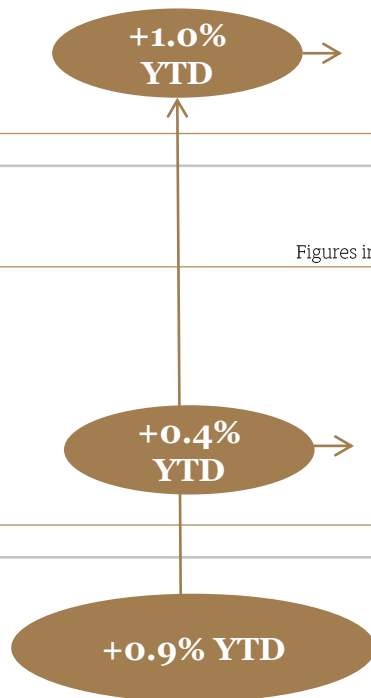
Change in value (MSEK)

Change in value Investment Properties

	Figures in MSEK
Investment Properties, beginning of the period (January 1, 2018)	42,548
+ Acquisitions ²⁾	15
+ Investments in current portfolio	162
- Divestments	—
+/- Reclassifications ¹⁾	657
+/- Revaluation of fixed assets to the profit for the year ¹⁾	117
+/- Unrealised changes in value	445
+/- Realised changes in value	—
+/- Change in currency exchange rates	1,800
Investment Properties, end of period (June 30, 2018)	45,744

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	131
- Divestments	—
+/- Reclassifications ¹⁾	-773
+/- Unrealised changes in value	27
+/- Realised changes in value	—
+/- Change in currency exchange rates	362
Operating Properties, market value (June 30, 2018)	7,320



Comments per 30 June, 2018

- Total property portfolio market value amounted to MSEK 53,064 (50,121)
- Average valuation yield for Investment Properties was 5.55 (5.57) percent and for Operating Properties 7.27 (7.27) 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

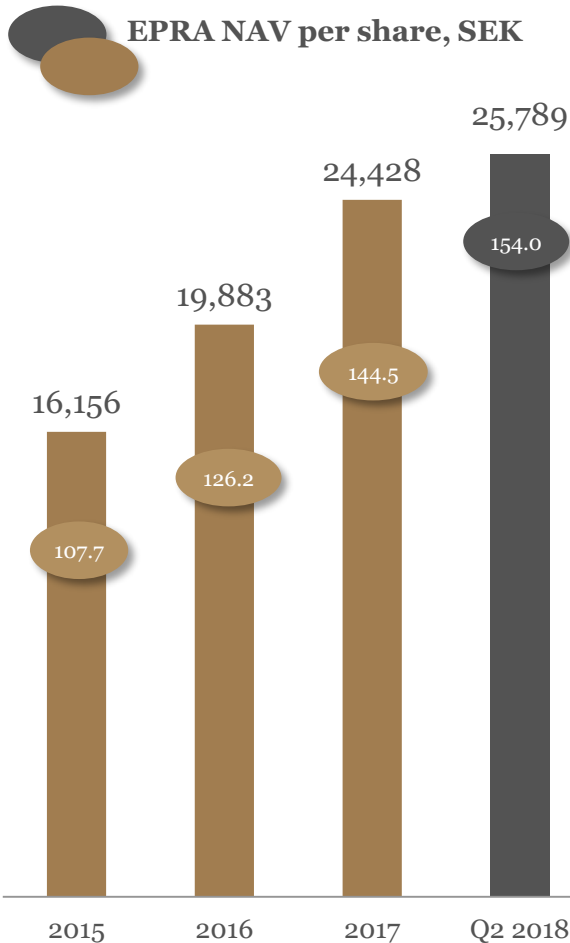
¹⁾ Refers to reclassification of two hotel properties to Property Management in Q1 2018.

²⁾ Refers to adjustment of acquisition.

Financing and capital structure

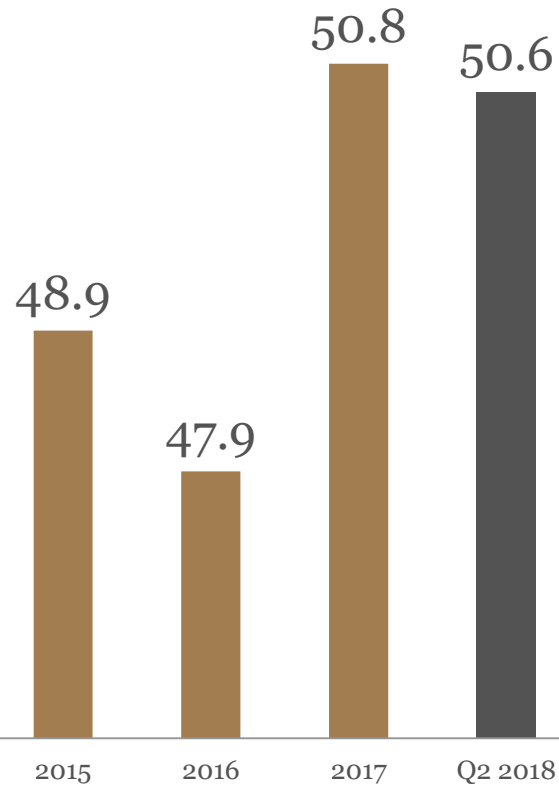
Solid growth in EPRA NAV and maintained financial flexibility

EPRA Net Asset Value (MSEK)

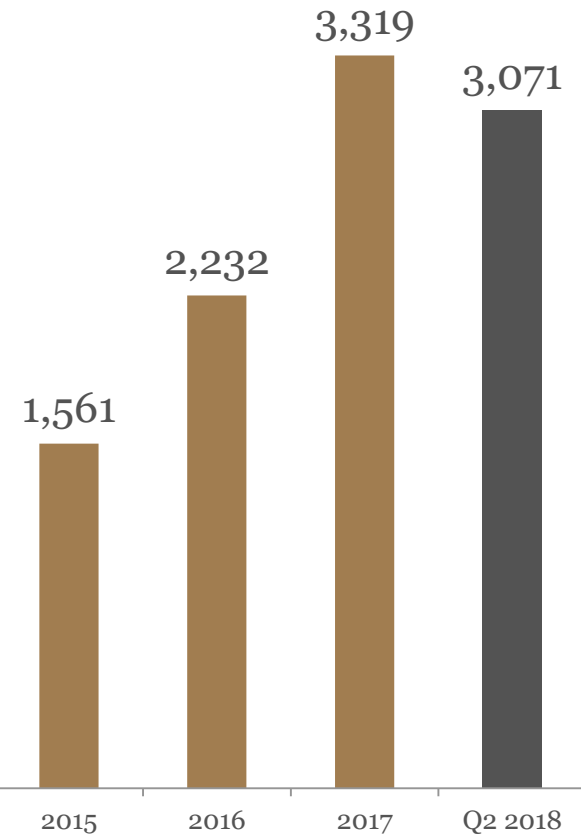


Loan to value (%)

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



Organic growth

Q&A

Du vet - vill vi verkligen "Go international" ere fan så viktigt att vi har en knivs-karp målbild. "No fuzz on the outlines" som jeg brukar säga.



Expand on demand - see the target and become your enemy. Heavy stuff asså.





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